SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997

Commission file number 1-13692

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

Delaware	23-2787918
Delaware	23-2800532
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

460 North Gulph Road, King of Prussia, PA 19406 (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(610) 337-7000
(REGISTRANTS' TELEPHONE NUMBER, INCLUDING AREA CODE)

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

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

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

INDICATE BY CHECK MARK WHETHER EACH REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES [X] NO [ ].

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

The aggregate market value of AmeriGas Partners, L.P. Common Units held by nonaffiliates of AmeriGas Partners, L.P. on December 1, 1997 was approximately $460,122,910. At December 1, 1997 there were outstanding 22,060,407 Common Units and 19,782,146 Subordinated Units, each representing limited partner interests.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1997 are incorporated by reference in Part II of this Form 10-K.

TABLE OF CONTENTS

PART I: BUSINESS

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

GENERAL

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

AmeriGas Propane, Inc. (the "General Partner"), a Pennsylvania corporation and an indirect, wholly owned subsidiary of UGI Corporation ("UGI"), serves as the sole general partner of AmeriGas Partners and the Operating Partnership. In addition to its aggregate 2% general partner interest in the Partnership, the General Partner and its affiliates own an aggregate 56.5% limited partner interest in the Partnership. The General Partner is responsible for managing and operating the Partnership. The common units of AmeriGas Partners, which represent limited partner interests, are traded on the New York Stock Exchange under the symbol "APU. "

The Partnership is the largest retail propane distributor in the United States, serving approximately 956,000 residential, commercial, industrial, agricultural and motor fuel customers from over 600 district locations in 45 states, as of September 30, 1997. The Partnership's operations are located primarily in the Northeast, Southeast, Great Lakes and West Coast regions of the United States and are conducted principally under the trade name AmeriGas. The retail propane sales volume of the Partnership was approximately 807 million gallons during the twelve months ended September 30, 1997. Based on the most recent information supplied by the American Petroleum Institute, management believes that the Partnership's sales volume in fiscal year 1997 constituted approximately 9% of the domestic retail market for propane (sales for other than chemical uses). The Partnership's executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and its telephone number is (610) 337-7000.

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

North Gulph Road, King of Prussia, Pennsylvania 19406, and its telephone number is (610) 337-7000.

BUSINESS STRATEGY

The Partnership's strategy is to continue to expand its operations and increase its market share both through the acquisition of local and regional propane distributors and through internal growth, including the opening of new district locations. These new district locations are known as "scratch-starts." Although less costly than acquisitions of existing businesses, scratch-starts typically do not reach target sales and profitability levels for a number of years. Acquisitions will be a principal element of growth for the Partnership, as the demand for propane is expected to remain relatively constant for the foreseeable future, with year-to-year industry volumes being affected primarily by weather patterns. According to the American Petroleum Institute, the domestic retail market for propane (annual sales for other than chemical uses) in 1995 was approximately 9.3 billion gallons. Based on this market estimate, and information published by LP-Gas Magazine, the General Partner believes there are numerous potential acquisition candidates because the propane industry is highly fragmented, with the ten largest retailers comprising approximately 35% of domestic sales.

In fiscal year 1997, the Partnership acquired a total of fourteen propane operations with aggregate annual retail sales of approximately 8.9 million gallons. It also opened 9 scratch-starts. In October 1997, the Partnership acquired two propane businesses with combined annual sales volume of approximately 2.6 million gallons. The increase in the number of publicly traded master limited partnerships engaged in the propane distribution business has intensified acquisition and expansion activity in the industry. There can be no assurance that the Partnership will find attractive acquisition candidates in the future, or that the Partnership will be able to acquire such candidates on economically acceptable terms

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

HISTORY OF THE PARTNERSHIP'S OPERATIONS

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

GENERAL INDUSTRY INFORMATION

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

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

PRODUCTS, SERVICES AND MARKETING

As of September 30, 1997, the Partnership distributed propane to approximately 956,000 customers from over 600 district locations in 45 states. The Partnership's operations are located primarily in the Northeast, Southeast, Great Lakes and West Coast regions of the United States. From many of its district locations, the Partnership also sells, installs and services equipment related to its propane distribution business, including heating and cooking appliances and, at some locations, propane fuel systems for motor vehicles. Typically, district locations are found in suburban and rural areas where natural gas is not available. Districts generally consist of an office, appliance showroom, warehouse and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. The Partnership also engages in the business of delivering liquefied petroleum gases by truck as a common carrier. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier in 48 states throughout the United States. It is also licensed as a carrier in Canada.

The Partnership sells propane primarily to five markets: residential, commercial/industrial, engine fuel, agricultural and wholesale. Approximately 79% of the Partnership's 1997 fiscal year sales (based on gallons sold) were to retail accounts (32% to residential customers, 29% to industrial/commercial customers, 11% to motor fuel customers and 7% to agricultural customers), and approximately 21% were to wholesale customers. Sales to residential customers

in fiscal 1997 represented approximately 41% of retail gallons sold and 53% of the Partnership's total propane margin. No single customer accounts for 1% or more of the Partnership's consolidated revenues.

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

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,400 to 2,600 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 100 gallons to approximately 1,200 gallons. The Partnership also delivers propane to retail customers in portable cylinders, which typically have a capacity of 5 to 30 gallons. When these cylinders are delivered to customers, empty cylinders are picked up for replenishment at district locations or are filled in place. In its wholesale operations, the Partnership principally sells propane to large industrial end-users and other propane distributors.

PROPANE SUPPLY AND STORAGE

Supplies of propane from the Partnership's sources historically have been readily available. In the year ended September 30, 1997, the Partnership purchased over half of its propane from 10 suppliers, including the Amoco companies (Amoco Canada and Amoco Oil Company, approximately 15%) and Warren Gas Liquids (formerly, Warren Petroleum Company), approximately 11%. Management believes that if supplies from either source were interrupted, it would be able to secure adequate propane supplies from other sources without a material disruption of its operations; however, the cost of procuring replacement supplies might be materially higher, and at least on a short-term basis, margins could be affected. Aside from Amoco and Warren, no single supplier provided more than 10% of the Partnership's total domestic propane supply in the fiscal year ended September 30, 1997. In certain market areas, however, some suppliers provide 70% to 80% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

The Partnership has over 300 sources of supply, and it also makes purchases on the spot market. The Partnership purchases its propane supplies from domestic and international suppliers. Approximately 70% of propane purchases by the Partnership in the 1997 fiscal year were on a contractual basis under one-year agreements subject to annual renewal. More than half of the supply contracts provide for pricing based upon posted prices at the time of delivery or the current prices established at major storage points such as Mont Belvieu, Texas, or Conway, Kansas. In addition, some agreements provide maximum and minimum seasonal purchase 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 facilities in Arizona, Rhode Island and several other locations.

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. In fiscal year 1997, when the average Mont Belvieu price per gallon of propane more than doubled between April 1, 1996 ($.34625) and December 16, 1996 ($.75), the Partnership was able to maintain its profitability through the use of hedging techniques designed to control product costs, as well as by passing on product cost increases. Product cost declined in 1997 and is now at more normal historic levels.

The Partnership expects to be able to secure adequate supplies for its customers during fiscal year 1998, however, periods of severe cold weather, supply interruptions, or other unforeseen events, could result in rapid increases in product cost. The General Partner is gradually expanding its product price risk management activities to reduce the effect of price volatility on its product costs. Current strategies include the use of summer storage, prepaid

contracts for future product delivery and, to some extent, derivative commodity instruments such as options and propane price swaps.

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

AVERAGE PROPANE SPOT MARKET PRICES

	Mont Belvieu	Conway
	(Cents per Gallon)	
Oct-92	35.5455	30.8693
Nov-92	32.6842	33.2171
Dec-92	31.0536	35.8452
Jan-93	33.8875	44.175
Feb-93	33.0921	34.7763
Mar-93	34.4565	34.9185
Apr-93	34.6488	32.9762
May-93	32.7813	32.3635
Jun-93	32.7216	33.9659
Jul-93	31.494	32.6845
Aug-93	30.7727	33.4943
Sep-93	30.1667	34.5179
Oct-93	29.5655	33.8214
Nov-93	27.7625	32.1375
Dec-93	24.7262	25.994
Jan-94	26.6131	25.7083
Feb-94	29.3487	27.7237
Mar-94	28.4674	26.875
Apr-94	28.8188	28.7875
May-94	29.619	28.7321
Jun-94	28.7898	27.9432
Jul-94	29.2438	27.9813
Aug-94	30.0598	29.462
Sep-94	30.1131	29.8333
Oct-94	32.5952	29.5298
Nov-94	34.6063	30.6938
Dec-94	33.4345	30.1607
Jan-95	32.8338	29.551
Feb-95	31.8687	28.9253
Mar-95	32.8372	30.0111
Apr-95	32.3126	30.0405
May-95	32.7534	31.2293
Jun-95	31.842	31.4955
Jul-95	30.8108	31.3834
Aug-95	31.3433	33.1724
Sep-95	31.3608	32.4765
Oct-95	30.946	32.7784
Nov-95	30.9531	32.7406
Dec-95	35.3219	38.1719
Jan-96	36	36.2415
Feb-96	40.8563	37.7688
Mar-96	37.2292	36.0119
Apr-96	35.5744	34.1071
May-96	34.9233	34.4773
Jun-96	34.925	36.3531
Jul-96	35.6339	37.2679
Aug-96	38.4403	37.9773
Sep-96	47.0156	44.7844
Oct-96	51.5734	51.5272
Nov-96	58.0493	63.4112
Dec-96	61.0446	84.2917
Jan-97	47.4545	63.392
Feb-97	38.7105	39.0197
Mar-97	38.5	37.2563
Apr-97	34.875	35.2614
May-97	35.3095	36.4762
Jun-97	34.4286	35.8631
Jul-97	34.9063	34.6278
Aug-97	37.0268	36.5268
Sep-97	38.6786	37.9524

COMPETITION

Propane is sold in competition with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers against suppliers of electricity, fuel oil and natural gas, principally on the basis of price, availability and portability. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. As previously stated, the Partnership is unable to predict the ultimate impact that electric utility deregulation may have on propane's current competitive price advantage. In the last two decades, many new homes were built to use electrical heating systems and appliances. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Operating efficiencies and other factors such as air quality and environmental advantages, however, generally make propane competitive with fuel oil as a heating source. Furnaces and appliances that burn propane will not operate on

fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many regions of the country where propane is sold for heating and cooking purposes.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Based on the most recent information supplied by the American Petroleum Institute, the 1995 domestic retail market for propane (annual sales for other than chemical uses) was approximately 9.3 billion gallons and, based on LP-GAS magazine rankings, the ten largest propane companies (including AmeriGas Partners) comprise approximately 35% of domestic sales. The Partnership's retail volume of approximately 807 million gallons in fiscal year 1997 represented approximately 9% of 1995 total domestic retail sales. The ability to compete effectively depends on reliability of service, responsiveness to customers and maintaining competitive retail prices.

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

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

PROPERTIES

As of September 30, 1997, the Partnership owned approximately 60% of its district locations. In addition, the Partnership subleases three one-million barrel underground storage caverns in Arizona to store propane and butane for itself and third parties. The Partnership also leases a 600,000 barrel refrigerated, above-ground storage facility in California, which could be used in connection with waterborne imports or exports of propane or butane. The California facility, which the Partnership operates, is currently subleased to several refiners for the storage of butane. The Partnership leases a 400,000 barrel storage facility in Rhode Island, which is owned by a third party. The Rhode Island facility is used to import propane.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. The Partnership has a fleet of approximately 385 transport trucks and 680 railroad tank cars, most of which are leased. In addition, the Partnership utilizes over 2,300 bobtail and rack trucks, and over 1,900 other delivery and service vehicles. More than 50% of these vehicles are owned. As of September 30, 1997, the Partnership owned more than 800,000 stationary storage tanks with typical capacities of 100 to 1,000 gallons and approximately 900,000 portable propane cylinders with typical capacities of 5 to 100 gallons. In addition, the Partnership owns over 2,000 large volume tanks which are used for its own storage requirements. Most of the Partnership's debt is secured by liens and mortgages on the Partnership's real and personal property.

TRADE NAMES; TRADE AND SERVICE MARKS

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

The General Partner has discontinued widespread use of the "Petrolane" trade name and conducts Partnership operations almost exclusively under the "AmeriGas" and "America's Propane Company" trade names. The General Partner has filed applications with the United States Patent and Trademark Office to register the mark "PPX-Prefilled Propane Xchange" for use in connection with the Partnership's cylinder exchange business.

SEASONALITY

The Partnership's retail sales volume is seasonal, with approximately 56% of the Partnership's fiscal year 1997 retail sales volume and approximately 83% of its earnings before interest, taxes, depreciation and amortization occurring during the five-month peak heating season from November through March, because many customers use propane for heating purposes. As a result of this seasonality, sales are concentrated in the Partnership's first and second fiscal quarters

(October 1 through March 31), and cash receipts are greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

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

GOVERNMENT REGULATION

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

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

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of

Transportation ("DOT"). With respect to general operations, National Fire Protection Association Pamphlets No. 54 and No. 58, which establish a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted as the industry standard in a majority of the states in which the Partnership operates.

The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety code applies to, among other things, a propane gas system which supplies 10 or more customers from a single source, and a propane system, any portion of which is located in a public place. The code requires operators of all gas systems to provide training and written instructions for employees, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and keep records of inspections and testing.

On December 13, 1996, the Research and Special Programs Administration ("RSPA"), a division of the DOT, issued an advisory notice that alerted persons involved in the design, manufacture, assembly, maintenance or transportation of hazardous materials in certain cargo tank motor vehicles, including the type of vehicles used by the Partnership, of a problem with emergency discharge systems. On February 19, 1997, RSPA issued an emergency interim final rule indicating that the emergency discharge control systems on the affected vehicles may not function as required by federal regulations under all operating conditions. The interim final rule specified the conditions under which the affected vehicles could continue to be operated. On August 18, 1997, after conducting a series of public hearings and workshops, RSPA issued a final rule which sets forth the requirements that must be satisfied to continue operating such vehicles. The final rule requires, among other things, that in the event of an unintentional release of product, the person attending the unloading operation must be able to promptly activate the internal self-closing stop valve on the motor vehicle and shut down all motive and auxiliary power equipment. The final rule provides alternative ways to comply with this requirement and permits the use of radio-controlled systems that are capable of stopping the transfer of propane by use of a transmitter carried by a qualified person who also satisfies the attendance requirements contained in the regulations. The Partnership is in the process of testing a radio-controlled system and plans to equip its bobtail vehicles with such a system unless the regulation is modified as a result of the pending administrative and legal proceedings. The Partnership filed an administrative appeal requesting reconsideration and a partial stay of the final rule which was denied on December 5, 1997. See "Legal Proceedings. "

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, 1997, the General Partner had 5,131 employees, including 303 temporary and part-time employees. UGI also performs certain financial and administrative services for the General

Partner on behalf of the Partnership and is reimbursed by the Partnership for its direct and indirect costs.

Approximately one percent of the General Partner's employees are represented by nine local labor unions which are affiliated with the International Brotherhood of Teamsters (8), and the Warehouse, Processing and Distribution Workers Union of the International Longshoremen's and Warehousemen's Union, AFL-CIO (1).

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings 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 and the matter set forth below.

U.S. Department of Transportation Administrative Proceeding. On or about September 17, 1997, the Operating Partnership and five other major interstate propane marketers jointly filed a Petition for Reconsideration and a Request for Partial Stay of Final Rule HM-225 (more commonly known as 49 C.F.R. Section 171.5, the "Final Rule") published by the Research and Special Programs Administration, a division of the U.S. Department of Transportation (the "DOT") on August 18, 1997. While the other marketers subsequently withdrew their petition and filed suit in federal court against the DOT, the Operating Partnership continued its administrative appeal. The appeal relates to the provisions of the Final Rule requiring passive emergency discharge control systems on cargo tank motor vehicles (also known as bobtails) or alternatively, the installation of radio-controlled systems on bobtails or the use of multiple attendants on such vehicles. On December 5, 1997, the appeal was denied. Management of the Operating Partnership is considering an appeal of the DOT decision.

The Operating Partnership is also monitoring the pending litigation on the Final Rule brought by other major marketers and parallel litigation by the propane industry's national trade association, the National Propane Gas Association. See "BUSINESS AND PROPERTIES - Government Regulation."

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

No matter was submitted to a vote of security holders during the last fiscal quarter of the 1997 fiscal year.

PART II: SECURITIES AND FINANCIAL INFORMATION

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

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

	PRICE RANGE		CASH
1997 FISCAL YEAR	HIGH	LOW	DISTRIBUTION
Fourth Quarter	$27.250	$24.125	$0.55
Third Quarter	$24.875	$22.250	0.55
Second Quarter	$25.000	$22.250	0.55
First Quarter	$25.125	$20.750	0.55

	PRICE RANGE		CASH
1996 FISCAL YEAR	HIGH	LOW	DISTRIBUTION
Fourth Quarter	$24.875	$22.750	$0.55
Third Quarter	24.625	22.375	0.55
Second Quarter	25.250	22.000	0.55
First Quarter	24.625	22.000	0.55

As of December 1, 1997, there were 1,113 record holders of the Partnership's Common Units. There is no established public trading market for the Partnership's subordinated units, representing limited partner interests ("Subordinated Units"). The Partnership makes quarterly distributions to its partners in an aggregate amount equal to its Available Cash (as defined) for such quarter. Available Cash generally means, with respect to any fiscal quarter of the

Partnership, all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. Certain reserves are maintained to provide for the payment of principal and interest under the terms of the Partnership's debt agreements and other reserves may be maintained to provide for the proper conduct of the Partnership's business, and to provide funds for distribution during the next four fiscal quarters. The full definition of Available Cash is set forth in the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., which is filed as an exhibit to this Report. The information concerning restrictions on distributions required by Item 5 is incorporated herein by reference to Notes 3 and 4 to the Partnership's Consolidated Financial Statements which are incorporated herein by reference. Distributions of Available Cash to the Subordinated Unitholders are subject to the prior rights of the Common Unitholders to receive the Minimum Quarterly Distribution ("MQD") for each quarter during the subordination period, and to receive any arrearages in the distribution of the MQD on the Common Units for prior quarters during the subordination period. The subordination period will not end earlier than April 1, 2000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 6. SELECTED FINANCIAL DATA

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

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

	Year Ended September 30,		April 19 to September 30,
	1997	1996	1995
FOR THE PERIOD:			
Income statement data:			
Revenues	$ 1,077,825	$ 1,013,225	$ 269,500
Operating income (loss)	110,373	72,866	(20,088)
Income (loss) before income taxes	44,715	10,084	(47,400)
Net income (loss)	43,980	10,238	(47,107)
Limited partners' interest in net income (loss)	43,540	10,136	(46,636)
Income (loss) per limited partner unit	1.04	.24	(1.12)
Cash distributions declared	2.20	2.20	.446
AT PERIOD END:			
Balance sheet data:			
Current assets	$ 183,091	$ 199,452 (b)	$ 199,438 (b)
Total assets	1,318,661	1,360,292 (b)	1,423,615 (b)
Current liabilities (excluding debt)	146,449	157,182 (b)	126,270 (b)
Total debt	718,728	707,453	657,726
Minority interest	5,043	5,497	6,704
Partners' capital	397,537	442,236	560,959
OTHER DATA:			
EBITDA (a)	$ 172,377	$ 134,497	$ 6,497
Capital expenditures	$ 24,470	$ 21,908	$ 11,282
Retail propane gallons sold (millions)	807.4	855.4	243.6

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

(b) Reclassified.

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

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

(a) On April 27, 1993, AmeriGas Propane changed its fiscal year end to September 23. Previously, AmeriGas Propane's fiscal year ended December 23. As a result of the change in fiscal year, the Selected Financial Data include data as of and for the nine-month transition period ended September 23, 1993.
(b) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.
(c) Excludes capital lease obligations.
(x) Not applicable.

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

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994	July 16 to September 23, 1993 (a)	QFB Partners (b) January 1 to July 15, 1993
INCOME STATEMENT DATA (FOR THE PERIOD):				
Revenues	$372,088	$589,709	$ 88,094	$354,116
Operating income (loss)	41,469	56,887	(4,694)	(22,009)
Income (loss) before extraordinary item and accounting change	1,390	(2,309)	(10,334)	(59,172)
Net income (loss)	485	(2,309)	(10,334)	328,042
Income (loss) per common share (c)	.05	(.22)	(.98)	
BALANCE SHEET DATA (AT PERIOD END):				
Current assets	$ (x)	$126,436	$132,948	$108,791
Total assets	(x)	914,212	947,669	929,667
Current liabilities (excluding debt)	(x)	114,518	96,699	86,904
Total debt	(x)	625,883	663,464	640,798
Common stockholders' equity	(x)	93,113	95,422	105,756
OTHER DATA:				
EBITDA (d)	$ 68,867	$102,922	$ 3,479	$ 11,639(e)
Capital expenditures (f)	$ 7,291	$ 22,077	$ 1,719	$ 3,480
Retail propane gallons sold (millions)	319.4	496.9	72.2	274.6

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

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

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

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

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

(f) Excludes capital lease obligations.

(x) Not applicable.

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

ANALYSIS OF RESULTS OF OPERATIONS

The following analysis compares the Partnership's results of operations for (1) the year ended September 30, 1997 ("Fiscal 1997") with the year ended September 30, 1996 ("Fiscal 1996") and (2) Fiscal 1996 with the 53 weeks ended September 30, 1995 ("Pro Forma Fiscal 1995"). Pro Forma Fiscal 1995 includes an additional week of results (i.e. the period September 24 to September 30, 1994) due to the difference in the Partnership's and the Predecessors' year ends.

The Pro Forma Fiscal 1995 statement of operations data was derived from the historical statements of operations of the Predecessors for the period September 24, 1994 to April 19, 1995 and the statement of operations of the Partnership from April 19, 1995 to September 30, 1995. The Fiscal 1995 pro forma statement of operations was prepared to reflect the effects of the Partnership Formation as if it had been completed as of September 24, 1994.

The Pro Forma Fiscal 1995 statement of operations data do not purport to present the results of operations of the Partnership had the formation of the Partnership actually been completed as of September 24, 1994. In addition, the Pro Forma Fiscal 1995 statement of operations data should be read in conjunction with the consolidated financial statements of the Partnership, the consolidated financial statements of Petrolane, and the combined financial statements of AmeriGas Propane, and the related notes thereto, appearing elsewhere in this Annual Report on Form 10-K. Significant pro forma adjustments reflected in the data include (a) the elimination of income taxes as a result of operating in a partnership structure; (b) an adjustment to interest expense resulting from the retirement of approximately $377 million of Petrolane term loans, the restructuring of Petrolane and AmeriGas Propane senior debt, and the issuance of an aggregate $210 million face value of notes of AmeriGas Partners and the Operating Partnership; (c) the elimination of management fees previously charged to Petrolane by UGI; (d) a net reduction in amortization expense resulting from the longer-term (40-year) amortization of the excess purchase price over fair value of 65% of the net identifiable assets of Petrolane, compared with the amortization of 65% of Petrolane's excess reorganization value over 20 years; and (e) the elimination of intercompany revenues and expenses.

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

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

	Year Ended Sept. 30, 1997	Year Ended Sept. 30, 1996	Pro Forma 53 Weeks Ended Sept. 30, 1995 (a)	April 19, 1995 to Sept. 30, 1995
Gallons sold:				
Retail	807.4	855.4	788.0	243.6
Wholesale	218.6	309.7	198.0	65.6
	1,026.0	1,165.1	986.0	309.2
Revenues:				
Retail propane	$ 868.2	$ 786.9	$ 692.7	$ 205.7
Wholesale propane	126.0	137.9	86.5	27.9
Other	83.6	88.4	99.4	35.9
	$ 1,077.8	$ 1,013.2	$ 878.6	$ 269.5
Total propane margin (b)	$ 430.2	$ 398.6	$ 373.5	$ 110.2
Total margin (b)	$ 477.4	$ 443.5	$ 419.6	$ 127.8
EBITDA (c)	$ 172.4	$ 134.5	$ 126.0	$ 6.5
Operating income (loss)	$ 110.4	$ 72.9	$ 63.7	$ (20.1)
Degree days - % (warmer) colder than normal (d)	(5.2)%	1.4%	(12.1)%	N.M.

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

AMERIGAS PROPANE
(Millions, except per gallon and percentages)

	Sept. 24, 1994 to April 19, 1995	Sept. 24, 1993 to April 23, 1994	Year Ended Sept. 23, 1994	Nine Months Ended Sept. 23, 1993 (a)
Gallons sold:				
Retail	225.0	242.4	332.4	231.3
Wholesale	32.5	53.3	74.3	43.6
	257.5	295.7	406.7	274.9
Revenues:				
Retail propane	$ 203.3	$ 222.9	$ 302.4	$ 217.7
Wholesale propane	14.8	20.1	28.1	18.8
Other	24.1	23.4	36.6	21.8
	$ 242.2	$ 266.4	$ 367.1	$ 258.3
Total propane margin (b)	$ 111.5	$ 126.5	$ 171.7	$ 118.5
Total margin (b)	$ 122.9	$ 138.3	$ 190.3	$ 130.7
EBITDA (c)	$ 46.0	$ 61.6	$ 69.5	$ 39.9
Operating income	$ 32.4	$ 48.2	$ 46.4	$ 24.3
Degree days - % (warmer) colder than normal (d)	(12.9)%	(2.9)%	(3.5)%	(6.9)%

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

(b) Revenues less related cost of sales.

(c) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.

(d) Based on the weighted average deviation from average degree days during the 30-year period 1951-1980 for the nine month period ended September 23, 1993, and the 30-year period 1961-1990 for the twelve month period ended September 23, 1994, the period September 24, 1993 to April 23, 1994 and the period September 24, 1994 to April 19, 1995, as contained in the National Weather Service Climate Analysis Center database, for geographic areas in which AmeriGas Propane operates.

PETROLANE
(Millions, except per gallon and percentages)

	Sept. 24, 1994 to April 19, 1995	Sept. 24, 1993 to April 23, 1994	Year Ended Sept. 23, 1994	Nine Months Ended Sept. 23, 1993 (38 weeks) (a)
Gallons sold:				
Retail	319.4	356.9	496.9	346.7
Wholesale	99.9	132.8	185.5	151.5
	419.3	489.7	682.4	498.2
Revenues:				
Retail propane	$ 283.7	$ 317.2	$ 437.0	$ 314.1
Wholesale propane	43.8	53.9	75.1	66.5
Other	44.6	49.8	77.6	61.6
	$ 372.1	$ 420.9	$ 589.7	$ 442.2
Total propane margin (b)	$ 151.8	$ 178.7	$ 243.1	$ 164.3
Total margin (b)	$ 168.9	$ 196.6	$ 270.7	$ 183.3
EBITDA (c)	$ 68.9	$ 89.3	$ 102.9	$ 15.1 (d)
Operating income (loss)	$ 41.5	$ 62.5	$ 56.9	$ (26.7)(d,e)
Degree days - % (warmer) colder than normal (f)	(12.6)%	(4.2)%	(3.2)%	(3.8)%

(a) On July 26, 1993, Petrolane changed its fiscal year end to September 23. Previously, Petrolane's fiscal year ended December 31. As a result of the change in fiscal year, the amounts above include combined amounts for the pre-reorganization accounting period January 1 to July 15, 1993 and the post-reorganization accounting period July 16 to September 23, 1993.

(b) Revenues less related cost of sales.

(c) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.

(d) Includes a charge of $16.6 million related to environmental matters and a charge of $5.6 million related to an adjustment of taxes other than income taxes.

(e) Due to the effects of "Fresh Start Accounting," these amounts are not meaningful for comparative purposes.

(f) Based on the weighted average deviation from average degree days during the 30-year period 1951-1980 for the 38 week period ended September 23, 1993, and the 30-year period 1961-1990, for the twelve month period ended September 23, 1994, the period September 24, 1993 to April 23, 1994 and the period September 24, 1994 to April 19, 1995, as contained in the National Weather Service Climate Analysis Center database, for geographic areas in which Petrolane operates.

PARTNERSHIP RESULTS OF OPERATIONS

FISCAL 1997 COMPARED WITH FISCAL 1996

Retail sales of propane decreased in Fiscal 1997 reflecting, in part, the effects of warmer heating-season weather. In addition, significantly higher and more volatile propane market prices during the first half of the Fiscal 1997 heating season resulted in customer conservation efforts. Wholesale volumes of propane sold were lower in Fiscal 1997 principally due to reduced low-margin sales of storage inventories.

Total revenues from retail propane sales increased $81.3 million reflecting a $125.5 million increase as a result of higher average retail propane selling prices partially offset by a $44.2 million decrease as a result of the lower volumes sold. The higher prices resulted principally from higher propane product costs experienced by the Partnership early in Fiscal 1997. The spot price of propane at Mont Belvieu, Texas, a major U.S. storage and distribution hub, increased dramatically during much of the last quarter of Fiscal 1996 and the first quarter of Fiscal 1997, rising to a high of 75 cents a gallon on December 16, 1996. Wholesale propane revenues decreased $11.9 million reflecting the lower wholesale volumes sold partially offset by higher average wholesale prices. Other revenues decreased $4.8 million primarily as a result of lower hauling and appliance sales and service revenues.

Total propane margin was greater in Fiscal 1997 because of higher average retail unit margins partially offset by lower volumes of propane sold. Although the Partnership's propane product costs were significantly higher in Fiscal 1997, the Partnership benefited from favorable fixed-price supply arrangements and, to a lesser extent, derivative commodity contracts entered into as part of its 1997 propane supply strategy. The higher Fiscal 1997 average retail unit margin also reflects the fact that retail unit margins in the prior-year period were adversely impacted by certain sales and marketing programs.

The increase in Fiscal 1997 operating income and earnings before interest expense, income taxes, depreciation and amortization (EBITDA) is the result of higher total margin, greater miscellaneous income, and a decrease in operating expenses. Total operating expenses were $316.4 million in Fiscal 1997 compared with $317.4 million in Fiscal 1996. The Fiscal 1996 operating expenses are net of $4.4 million from a refund of insurance premium deposits and $3.3 million from a reduction in accrued environmental costs. Excluding the impact of these items in Fiscal 1996, operating expenses declined $8.7 million reflecting in large part lower expenses related to sales and marketing programs and lower required accruals for general and automobile liability and workers' compensation costs. Miscellaneous income increased $2.9 million in Fiscal 1997 reflecting $4.7 million of income from the sale of the Partnership's 50% interest in Atlantic Energy, Inc. (Atlantic Energy), which owns and operates a liquefied petroleum gas storage terminal in Chesapeake, Virginia. The Partnership sold its interest in Atlantic Energy after determining that it was not a strategic asset.

Interest expense was $65.7 million in Fiscal 1997 compared with $62.8 million in Fiscal 1996 reflecting increased interest expense on the Partnership's Revolving Credit and Acquisition facilities principally as a result of higher amounts outstanding.

FISCAL 1996 COMPARED WITH PRO FORMA FISCAL 1995

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

Total revenues from retail propane sales increased $94.2 million reflecting a $59.2 million increase from the greater volumes sold and a $35.0 million increase as a result of higher average retail propane selling prices. Total cost of sales increased $110.7 million as a result of the higher volumes of propane sold and higher average propane product costs. The Partnership's propane product cost averaged approximately five cents a gallon higher in Fiscal 1996 than in Pro Forma Fiscal 1995. The spot price of propane at Mont Belvieu, Texas increased dramatically in August and September 1996, rising to 50.5 cents per gallon on September 30, 1996 compared to 31.63 cents per gallon a year earlier.

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

The increases in Fiscal 1996 operating income and EBITDA reflect principally the increase in total propane margin partially offset by higher operating and administrative expenses. Operating expenses in Fiscal 1996 are net of $4.4 million from a refund of insurance premium deposits and $3.3 million from a reduction in accrued environmental costs recorded in the quarter ended March 31. Operating expenses in Pro Forma Fiscal 1995 include $4.3 million in accruals for management reorganization activities. Operating expenses, exclusive of these items, increased $27.8 million reflecting higher payroll and employee compensation expenses associated with the Partnership's new management structure; higher vehicle and distribution expenses due in part to the higher retail volumes and severe eastern U.S. winter weather; higher expenses associated with sales and marketing programs; increased customer equipment repair and maintenance expenses; and incremental costs associated with acquisitions and new district locations.

FINANCIAL CONDITION AND LIQUIDITY

CAPITALIZATION AND LIQUIDITY

The Partnership's principal sources of funds are those generated by its operations and borrowings under the Operating Partnership's Bank Credit Agreement. Cash generated by operating activities in 1997 was sufficient to fund maintenance capital expenditures (which represent capital expenditures to maintain the operating capacity of the capital assets of the Partnership) and the Minimum Quarterly Distribution (MQD) of $.55 for each quarter on all Partnership units.

Effective September 15, 1997, the Operating Partnership amended and restated its Bank Credit Agreement. The Bank Credit Agreement consists of a Revolving Credit Facility and an Acquisition Facility. Obligations under the Bank Credit Agreement are collateralized by substantially all of the Operating Partnership's assets. The Revolving Credit Facility provides for borrowings of up to $100 million (including a $35 million sublimit for letters of credit). The Revolving Credit Facility may be used to fund working capital, capital expenditures, and interest and distribution payments. The Revolving Credit Facility expires September 15, 2002 but may, under certain conditions, be extended. The Operating Partnership's bank loans outstanding totaled $28 million at September 30, 1997 compared with $15 million at September 30, 1996.

The Bank Credit Agreement also includes a $75 million Acquisition Facility to finance propane business acquisitions. This facility operates as a revolving facility through September 15, 2000 at which time amounts then outstanding will convert to a quarterly amortizing four-year term loan. At September 30, 1997, borrowings under the Acquisition Facility totaled $37 million.

The ability of the Operating Partnership to borrow under the Bank Credit Agreement is subject to provisions which require, among other things, minimum interest coverage and maximum debt to EBITDA ratios, as defined. Based upon the calculation of such ratios as of September 30, 1997, the Operating Partnership had the ability to borrow the maximum amount available (See Note 4 to the Partnership's Consolidated Financial Statements).

The Operating Partnership also has a revolving credit agreement with the General Partner under which it may borrow up to $20 million to fund working capital, capital expenditures, and interest and distribution payments. The General Partner Credit Facility is coterminous with, and generally comparable to, the Revolving Credit Facility except that borrowings under the General Partner Facility are unsecured and subordinated to all senior debt of the Operating Partnership. UGI has agreed to contribute on an as needed basis through its subsidiaries up to $20 million to the General Partner to fund such borrowings.

Management believes that cash flow from operations as well as available borrowings under its credit facilities will be sufficient to meet the Partnership's liquidity needs for the foreseeable future.

The Partnership has assumed certain lease guarantees and scheduled claim obligations relating to certain former businesses of Petrolane, a predecessor company of the Partnership. The Partnership succeeded to Petrolane's agreements with third parties for payment indemnification relating to such obligations. At September 30, 1997, the lease guarantee obligations totaled approximately $67 million and scheduled claims of at least $68 million were pending. To date, the Partnership has not paid any amounts under the lease guarantee and scheduled claim obligations (See Note 9 to the Partnership's Consolidated Financial Statements).

PARTNERSHIP DISTRIBUTIONS

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in an amount equal to its Available Cash (as defined in the Amended and Restated Agreement of Limited Partnership) for such quarter, subject to limitations under its loan agreements. (For a description of Available Cash and the priority of its distribution to unitholders, see Note 3 to the Partnership's Consolidated Financial Statements). During 1997, 1996 and 1995, the Partnership paid the MQD of $.55 on all limited partner units outstanding. The amount of Available Cash needed during Fiscal 1997 to distribute the MQD on all such units as well as the 2% general partner interest was approximately $93.9 million ($48.5 million for the Common Units; $43.5 million for the Subordinated Units; and $1.9 million for the general partner interests). A reasonable proxy for the amount of distributable cash actually generated by the Partnership can be determined by subtracting cash interest expense and maintenance capital expenditures from the Partnership's EBITDA. Distributable cash as calculated for the Partnership's full fiscal years since its inception is as follows:

Year Ended September 30,	1997	1996
(Millions of dollars)		
EBITDA	$ 172.4	$134.5
Cash interest expense	(66.8)	(63.6)
Maintenance capital expenditures	(10.0)	(7.9)
Distributable cash flow	$ 95.6	$63.0

Although the level of distributable cash generated in 1996 was less than the full MQD, the Partnership had cash and short-term investment balances of $48.6 million at the beginning of the year. Due to the seasonal nature of its operating cash flows and working capital needs, the Partnership has used the Revolving Credit Facility on a short-term basis to fund a portion of distribution payments. The ability of the Partnership to continue to pay the full MQD on its Subordinated Units will depend upon a number of factors including the level of Partnership earnings, the cash needs of the Partnership's operations (including cash needed for maintenance and growth capital), and the Partnership's ability to finance externally such cash needs. Some of these factors are affected by conditions such as weather, competition in the markets served by the Partnership, and the cost of propane, which are beyond the control of the Partnership.

As further described in Note 3 to the Partnership's Consolidated Financial Statements, the Subordinated Units' period of subordination will generally extend until the first day of any quarter beginning on or after April 1, 2000 in respect of which certain cash performance and distribution measurements are attained. In addition, if the Partnership attains certain cash performance and distribution measurements, 4.9 million Subordinated Units may convert to Common Units on or after March 31, 1998 and an additional 4.9 million Subordinated Units may convert on or after

March 31, 1999. Based upon such cash performance measurements to date, it is unlikely that the cash performance measurements required for conversion will be attained during fiscal 1998.

CASH FLOWS

OPERATING ACTIVITIES. Cash flow from operating activities was $110.2 million in Fiscal 1997 compared with $48.4 million in Fiscal 1996. Cash flow from operations before changes in working capital was $109.9 million in Fiscal 1997 compared with $68.4 million in Fiscal 1996 reflecting a significant improvement in the Partnership's operating performance. Changes in operating working capital during Fiscal 1997 provided $.2 million of operating cash flow. During Fiscal 1996, changes in operating working capital required $20.1 million of operating cash flow principally from an increase in accounts receivable partially offset by an increase in accounts payable.

INVESTING ACTIVITIES. Cash expenditures for property, plant and equipment totaled $24.5 million (including maintenance capital expenditures of $10.0 million) in Fiscal 1997 compared with $21.9 million (including maintenance capital expenditures of $7.9 million) in Fiscal 1996. Proceeds from disposals of assets totaled $10.6 million in Fiscal 1997 compared with $5.4 million in Fiscal 1996. Fiscal 1997 proceeds include the sale of the Partnership's 50% interest in Atlantic Energy. Maturing short-term investments increased cash flows from investing activities by $9.0 million in Fiscal 1996. During Fiscal 1997, the Partnership acquired several propane businesses for $11.6 million in cash compared with $20.9 million for acquisitions in Fiscal 1996. In conjunction with one acquisition during Fiscal 1997, the Partnership issued 111,135 Common Units having a fair value of $2.6 million.

FINANCING ACTIVITIES. During Fiscal 1997, the Partnership declared and paid the MQD on all units and the General Partner's interest totaling $92.9 million. In addition, during each of Fiscal 1997 and Fiscal 1996, the Operating Partnership distributed $1.0 million to the General Partner in respect of the General Partner's 1.0101% interest in the Operating Partnership. During Fiscal 1997, net borrowings under the Operating Partnership's Revolving Credit Facility totaled $6 million compared with $15 million in Fiscal 1996. At September 30, 1997, the Partnership had $72 million available under the Revolving Credit Facility. The Partnership's cash needs are typically greatest during the first fiscal quarter due to increased working capital needs and interest and distribution payments. The Partnership also borrowed $7 million under its Acquisition Facility during Fiscal 1997. There were borrowings of $30 million under the Acquisition Facility and $7 million under the Special Purpose Facility during Fiscal 1996. During Fiscal 1997, the Partnership made long-term debt repayments of $3.0 million compared with repayments of $10.9 million in Fiscal 1996. Debt repayments in Fiscal 1996 included $8.4 million associated with UGI's contribution of the net assets of Oahu Gas Service, Inc.

Cash paid for Partnership formation fees and expenses during Fiscal 1996 represents the reimbursement by the Partnership of fees and expenses previously paid by AmeriGas, Inc. relating to the formation of the Partnership.

YEAR 2000 MATTERS

The Partnership has a number of information system improvement initiatives under way that will require increased expenditures during the next several years. These initiatives include the modification of certain computer software systems to be Year 2000 compliant. Although final cost estimates to modify current systems have yet to be determined, the Partnership does not expect such costs, which will be expensed when incurred, will have a material effect on the Partnership's results of operations.

IMPACT OF INFLATION

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

ACCOUNTING PRINCIPLES NOT YET ADOPTED

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" (SFAS 128) and SFAS No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 128 establishes standards for computing and presenting earnings per share and simplifies the previous standards for computing earnings per share found in Accounting Principles Board Opinion No. 15. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997. SFAS 130 establishes standards for reporting and displaying comprehensive income and its components in financial statements. SFAS 130 is effective for fiscal years beginning after December 15, 1997. In addition, the American Institute of Certified Public Accountants issued Statement of Position No. 96-1, "Environmental Remediation Liabilities" (SOP 96-1) in October 1996. SOP 96-1 provides guidance on the recognition, measurement, display and disclosure of environmental remediation liabilities. SOP 96-1 is effective for fiscal years beginning after December 15, 1996. The adoption of these standards is not expected to have a material effect on the Partnership's financial position or results of operations.

FORWARD-LOOKING STATEMENTS

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and financial statement schedules referred to in the index contained on pages F-2 through F-4 of this Report are incorporated herein by reference.

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

None.

PART III: MANAGEMENT AND SECURITY HOLDERS

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner 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 Note 10 to the Partnership's Consolidated Financial Statements.

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

DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

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

NAME	AGE	POSITION WITH THE GENERAL PARTNER
Lon R. Greenberg	47	Chairman, Director, President and Chief Executive Officer
Thomas F. Donovan	64	Director
Robert C. Forney	70	Director
James W. Stratton	61	Director
Stephen A. Van Dyck	54	Director
David I. J. Wang	65	Director
Brendan P. Bovaird	49	Vice President and General Counsel
Eugene V. N. Bissell	44	Vice President-Sales and Operations
Diane L. Carter	49	Vice President-Human Resources
R. Paul Grady	44	Vice President-Sales and Operations
William D. Katz	44	Vice President-Corporate Development
Robert H. Knauss	44	Vice President-Law and Associate General Counsel and Corporate Secretary
Charles L. Ladner	59	Vice President-Finance and Accounting
Gordon E. Regan, Jr.	45	Vice President-Purchasing and Transportation

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

Mr. Donovan was elected a Director of the General Partner on April 25, 1995. He retired as Vice Chairman of Mellon Bank on December 31, 1996, a position held since 1988. He continues to serve as a consultant and an advisory board member to Mellon Bank Corp. He also serves as a Director of Nuclear Electric Insurance Co. and Merrill Lynch International Bank, Inc.

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

Mr. Stratton was elected a Director of the General Partner on April 25, 1995. He is President and Director of Stratton Management Company (investment advisory and financial consulting firm) since 1972, and Chairman and Chief Executive Officer of FinDaTex (financial services firm). Mr. Stratton is a Director of UGI Corporation, UGI Utilities, Inc., Stratton Growth Fund, Stratton Monthly Dividend Shares, Inc., Stratton Small-Cap Yield Fund, Teleflex, Inc. and Unisource Worldwide, Inc.

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

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

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

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

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

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

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

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

Mr. Ladner was elected Vice President - Finance and Accounting effective April 28, 1997. He is also Senior Vice President - Finance of UGI Corporation (since 1978).

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

ITEM 11. EXECUTIVE COMPENSATION

The following table shows cash and other compensation paid or accrued to the General Partner's Chief Executive Officer and each of its four other most highly compensated executive officers, (collectively, the "Named Executives") for the last three fiscal years.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
					Awards	Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Other Annual Compensation ($) (2)	Securities Underlying Options/SARs Granted (#)	Long-Term Incentive ($)	All Other Compensation ($) (3)
Lon R. Greenberg (4)	1997	$509,827	$425,000	$ 7,671	200,000 (5)	$0	$ 14,233
President, Chairman,	1996	$465,000	$122,760	$ 7,359	0	$0	$ 10,462
and Chief Executive Officer	1995	$381,923	$ 0	$ 7,365	14,167 (6)	$0	$ 11,439
Charles L. Ladner (4)	1997	$254,762	$136,216	$ 8,235	75,000 (5)	$0	$ 6,923
Vice President-	1996	$245,000	$ 52,920	$ 8,881	0	$0	$ 6,480
Finance and Accounting	1995	$245,000	$ 42,998	$ 8,851	0	$0	$ 8,219
Eugene V.N. Bissell (7)	1997	$169,931	$ 74,812	$50,027	0	$0	$21,876
Vice President-Sales	1996	$123,750	$ 0	$ 0	5,000 (6)	$0	$ 0
and Operations							
R. Paul Grady (7)	1997	$166,603	$ 73,353	$ 3,281	0	$0	$23,544
Vice President-Sales	1996	$158,704	$ 0	$ 7,508	0	$0	$14,292
and Operations	1995	$139,174	$ 15,566	$ 5,126	0	$0	$ 5,298
Brendan P. Bovaird (4)	1997	$164,653	$ 64,449	$ 3,769	30,000 (5)	$0	$ 4,196
Vice President and	1996	$149,999	$ 21,853	$ 1,299	0	$0	$ 1,363
General Counsel	1995	$ 66,346	$ 8,663	$ 0	10,000 (6)	$0	$ 0

(1) Messrs. Greenberg, Ladner and Bovaird participate in the UGI Annual Bonus Plan. All other Named Executives participate in the AmeriGas Partners Annual Bonus Plan. Awards under both Plans are for the year reported, regardless of the year paid. Awards under both Plans are based on the achievement of pre-determined business and/or financial performance objectives which support business plans and goals. Bonus opportunities vary by position and currently range from 0% to 148% of base salary for Mr. Greenberg, 0% to 102% of base salary for Mr. Ladner, 0% to 65% of base salary for Mr. Bovaird, and for the other Named Executives, from 0 to an amount limited only by the Partnership's profitability.

(2) Amounts represent tax payment reimbursements for certain benefits, except for Mr. Bissell. In addition to a tax payment reimbursement of $7,563, Mr. Bissell received a $39,765 reimbursement of relocation expenses and other perquisites available to executive officers generally.

(3) The amounts represent contributions by the General Partner or UGI in accordance with the provisions of the AmeriGas Propane, Inc. Pension Plan ("APIPP"), the AmeriGas Propane, Inc. Employee Savings Plan (the "AmeriGas Employee Savings Plan"), the UGI Utilities, Inc. Employee Savings Plan (the "UGI Employee Savings Plan"), allocations under the UGI Corporation Senior Executive Retirement Plan (the "UGI Executive Retirement Plan"), and/or allocations under the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan (the "AmeriGas Executive Retirement Plan". During fiscal 1997, 1996 and 1995, the following contributions were made to the Named Executives: (i) under the AmeriGas Employee Savings Plan: Mr. Bissell, $4,902, $0 and $0; Mr. Grady, $7,048, $458 and $0; (ii) under the UGI Employee Savings Plan: Messrs. Greenberg and Ladner, $3,375, $3,375 and $3,375; Mr. Grady, $0, $0 and $2,962; and Mr. Bovaird, $3,375, $1,363 and $0; (iii) under the APIPP: Mr. Grady, $0, $11,875 and $1,526; (iv) under the UGI Executive Retirement Plan: Mr. Greenberg, $10,858, $7,087 and $8,064; Mr. Ladner, $3,548, $3,105 and $4,844; Mr. Grady, $0, $2,427 and $352; and Mr. Bovaird, $821, $0 and $0; (v) under the AmeriGas Executive Retirement Plan: Mr. Bissell, $16,974, $0 and $0; and Mr. Grady, $16,496, $0 and $0.

(4) Compensation reported for Messrs. Greenberg, Ladner and Bovaird is attributable to their respective positions of Chairman, President and Chief Executive Officer, Senior Vice President - Finance, and Vice President and General Counsel of UGI Corporation. Compensation for these individuals is also reported in the UGI Proxy Statement for the 1998 Annual Meeting of Shareholders and is not additive. None of them receives compensation from the General Partner.

(5) Non-qualified stock options granted under the UGI Corporation 1997 Stock Option and Dividend Equivalent Plan. The 1997 Plan consists of non-qualified stock option grants and the opportunity for participants to earn an amount equivalent to the dividends paid on shares covered by options, subject to a comparison of the total return realizable on a share of UGI Common Stock (the "UGI Return") with the total return achieved by each member of a group of comparable peer companies (the "SODEP Peer Group") over a three-year period beginning January 1, 1997 and ending December 31, 1999. Total return encompasses both changes in the per share market price and dividends paid on a share of UGI Common Stock.

(6) Non-qualified stock options granted under the UGI Corporation 1992 Non-Qualified Stock Option Plan.

(7) Effective October 1, 1996, the General Partner made grants to Messrs. Bissell and Grady under the AmeriGas Propane, Inc. Long-Term Incentive Plan ("LTIP"). Each grant represents the right to receive a like number of Common Units of the Partnership or their cash equivalent, in the discretion of the Compensation/Pension Committee of the Board of Directors, together with a cash payment equal to the distributions which would have been paid on a Common Unit during the performance period if a performance contingency is met. No portion of any LTIP grant will be paid if the performance contingency is not met by September 30, 2001. See the "Long-Term Incentive Plan - Awards in Last Fiscal Year" table for a description of the performance contingency. As of September 30, 1997, Mr. Bissell's LTIP grant represented 10,000 Common Units with a market value of $260,000 and Mr. Grady's LTIP grant represented 10,000 Common Units with a market value of $260,000. Market values are based on the September 30, 1997 closing price for the Common Units on the New York Stock Exchange.

OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants				
Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees (2)	Exercise or Base Price ($/Share)	Expiration Date	Grant Date Present Value (3)
Lon R. Greenberg	200,000	66%	$22.625	12/9/06	$486,000
Charles L. Ladner	75,000	25%	$22.625	12/9/06	$182,250
Eugene V.N. Bissell	0	0	-	-	-
R. Paul Grady	0	0	-	-	-
Brendan P. Bovaird	30,000	10%	$22.625	12/9/06	$72,900

(1) Non-qualified stock options granted on December 10, 1996 under the UGI Corporation 1997 Stock Option and Dividend Equivalent Plan (the "1997 SODEP"). This grant also includes the opportunity to earn an amount equivalent to the dividends paid during a three year performance period on shares covered by options. The option exercise price is not less than the fair market value of UGI's Common Stock on the date of the grant. These options were fully vested on the date of grant. Options granted under the Plan are nontransferable and are generally exercisable only while the optionee is employed by UGI or a subsidiary. Options are subject to adjustment in the event of recapitalization, stock splits, mergers, and other similar corporate transactions affecting UGI's Common Stock.

(2) A total of 305,000 stock options were granted to employees and executive officers of the General Partner during fiscal year 1997 under the 1997 SODEP.

(3) Based on the Black-Scholes option pricing model. The assumptions used in calculating the grant date present value are as follows:

- Three years of closing monthly stock price observations were used to calculate the stock volatility and dividend yield assumptions
- Stock volatility - .1676
- Stock's dividend yield - 6.54%
- Length of option term - 10 years
- Annualized risk-free interest rate - 6.36%
- Discount for risk of forfeiture - 0%

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

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

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-The-Money Options at Fiscal Year End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Lon R. Greenberg	-0-	$0	143,959 (1) 200,000 (3)	-0- -0-	$1,079,693 (2) $1,000,000 (4)	$0 $0
Charles L. Ladner	87,500	$527,595	75,000 (3)	-0-	$ 375,000 (4)	$0
Eugene V.N. Bissell	-0-	$0	1,000 (5)	4,000 (5)	$ 7,000 (6)	$28,000 (6)
R. Paul Grady	-0-	$0	17,000 (1) 2,000 (5)	-0- -0-	$ 127,500 (2) $ 15,000 (7)	$0 $0
Brendan P. Bovaird	-0-	$0	10,000 (1) 30,000 (3)	-0-	$ 75,000 (2) $150,000 (4)	$0 $0

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

(2) Value based on comparison of price per share at September 30, 1997 (fair market value $27.625) to 1992 Stock Option and Dividend Equivalent Plan option price ($20.125).

(3) Options granted under the 1997 Stock Option and Dividend Equivalent Plan.

(4) Value based on comparison of price per share at September 30, 1997 (fair market value $27.625) to 1997 Stock Option and Dividend Equivalent Plan option price ($22.625).

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

(6) Value based on comparison of price per share at September 30, 1997 (fair market value $27.625) to option grant price at December 18, 1995 (fair market value $20.625) under the terms of the 1992 Non-Qualified Stock Option Plan.

(7) Value based on comparison of price per share at September 30, 1997 (fair market value $27.625) to option grant price at January 2, 1992 (fair market value $20.125) under the terms of the 1992 Non-Qualified Stock Option Plan.

The General Partner adopted a Long-Term Incentive Plan for key executives effective October 1, 1996. Grants made under the Plan to the Named Executives are shown in the table below.

LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

Name	Number of Shares, Units or Other Rights (1)	Performance or Other Period until Maturation or Payout	Estimated Future Payouts under Non-Stock Price-Based Plans	
			Target (2) (# and $)	Maximum (3) (# and $)
Lon R. Greenberg	0	N/A	N/A	N/A
Charles L. Ladner	0	N/A	N/A	N/A
Eugene V. N. Bissell	10,000	3 to 5 years	11,000 Common Units; and $96,800	15,000 Common Units; and $99,000
R. Paul Grady	10,000	3 to 5 years	11,000 Common Units; and $96,800	15,000 Common Units; and $99,000
Brendan P. Bovaird	0	N/A	N/A	N/A

(1) Grants made under the Plan are subject to achievement of a performance contingency. Each grant represents the right to receive a like number of Common Units of the Partnership (or their cash equivalent, at the discretion of the Compensation/Pension Committee of the Board of Directors of the General Partner), together with the opportunity to receive a cash payment equal to distributions made on an equivalent number of Common Units during a performance period of up to five years. The performance contingency is Partnership financial and operating performance over a minimum of twelve consecutive calendar quarters ending no later than September 30, 2001, such that the Partnership's Subordinated Units convert to Common Units in accordance with the Partnership Agreement. See Note 3 to the Partnership's Consolidated Financial Statements for a summary of the conditions necessary for conversion of the Subordinated Units. No portion of any grant will be paid if the performance contingency is not met by September 30, 2001. Depending on the date of achievement of the contingency, payouts will range from 50% to 150% of the size of the awards shown above. In the event of a change of control, a portion of the grants may become payable pursuant to Agreements between the General Partner and Messrs. Bissell and Grady.

(2) Achievement of the performance contingency by September 30, 2000 results in payment of 110% of the grant.

(3) Achievement of the performance contingency by September 30, 1999 results in payment of 150% of the grant.

RETIREMENT BENEFITS

The following table shows the annual benefits upon retirement at age 65 in 1997 without regard to statutory maximums, for various combinations of final average earnings and lengths of service which may be payable to Messrs. Greenberg, Ladner and Bovaird under the Retirement Income Plan for Employees of UGI Utilities, Inc. and participating employers (the "UGI Retirement Plan") and the UGI Supplemental Executive Retirement Plan.

PENSION PLAN BENEFITS						
Final 5-Year Average Annual Earnings (2)	Annual Benefit for Years of Credited Service Shown (1)					
	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
$200,000	$57,000	$76,000	$95,000	$114,000	$133,000	$136,800(3)
$300,000	$85,500	$114,000	$142,500	$171,000	$199,500	$205,200(3)
$400,000	$114,000	$152,000	$190,000	$228,000	$266,000	$273,600(3)
$500,000	$142,500	$190,000	$237,500	$285,000	$332,500	$342,000(3)
$600,000	$171,000	$228,000	$285,000	$342,000	$399,000	$410,400(3)
$700,000	$199,500	$266,000	$332,500	$399,000	$465,500	$478,800(3)
$800,000	$228,000	$304,000	$380,000	$456,000	$532,000	$547,200(3)
$900,000	$256,500	$342,000	$427,500	$513,000	$598,500	$615,600(3)
$1,000,000	$285,000	$380,000	$475,000	$570,000	$665,000	$684,000(3)
$1,200,000	$342,000	$456,000	$570,000	$684,000	$798,000	$820,800(3)
$1,400,000	$399,000	$532,000	$665,000	$798,000	$931,000	$957,600(3)

(1) Annual benefits are computed on the basis of straight life annuity amounts. These amounts include pension benefits, if any, to which a participant may be entitled as a result of participation in a pension plan of a UGI subsidiary during previous periods of employment. The amounts shown do not take into account exclusion of up to 35% of the estimated primary Social Security benefit. The UGI Retirement Plan provides a minimum benefit equal to 25% of a participant's final 12 months' earnings, reduced proportionately for less than 15 years of credited service at retirement. The minimum UGI Retirement Plan Benefit is not subject to Social Security offset. Messrs. Greenberg, Ladner and Bovaird had 17, 23 and 2 years of estimated credited service, respectively, at September 30, 1997. Mr. Grady previously accumulated more than 4 years of credited service in the UGI Retirement Plan before joining the General Partner in 1995. Mr. Bissell previously

accumulated more than 5 years of credited service with UGI and its subsidiaries before joining the General Partner in 1995.

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

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

SEVERANCE PAY PLAN FOR SENIOR EXECUTIVE EMPLOYEES

Named Executives Employed by UGI Corporation. The UGI Corporation Senior Executive Employee Severance Pay Plan (the "UGI Severance Plan") assists certain senior level employees of UGI, including Messrs. Greenberg, Bovaird and Ladner in the event their employment is terminated without fault on their part. Specified 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 cause or as a result of the senior executive's death or disability.

Benefits payable include a lump sum cash payment in an amount approximately equal to the sum of (i) three months of compensation (18 months in the case of Mr. Greenberg), (ii) a pro rata portion of the senior executive's annual target bonus under the Annual Bonus Plan for the current year, provided that the employment termination date occurs during the first ten months of the fiscal year, or, if the employment termination date occurs during the last two months of the fiscal year, and the Chief Executive Officer determines not to use his discretion to pay a pro-rata portion of the executive's annual target bonus, the full bonus payable after the end of the fiscal year, assuming that (x) the weighting to be applied to the business/financial performance goals is 100%, and (y) the employee served the entire fiscal year, and (iii) separation pay determined in a manner consistent with that payable to employees generally, not exceeding 12 months of compensation. Certain employee benefits are continued for a specified period (the "Employee Benefit Period") not exceeding 15 months (30 months in the case of Mr. Greenberg) after termination, or the senior executive may be paid a lump sum equal to the present value of such benefits.

In order to receive benefits under the UGI Severance Plan, a senior executive 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. The senior executive is also required to cooperate in attending to matters pending at the time of his or her termination of employment.

Named Executives Employed by AmeriGas Propane. The AmeriGas Propane, Inc. Executive Employee Severance Pay Plan (the "AmeriGas Severance Plan") assists certain senior level employees of the General Partner including Messrs. Bissell and Grady 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 cause or as a result of the senior executive's death or disability.

Benefits payable include a lump sum cash payment in an amount approximately equal to the sum of (i) three months of compensation (6 months in the case of the Chief Executive Officer), (ii) a pro rata portion of the senior executive's annual target bonus under the Annual Bonus Plan for the current year, provided that the employment termination date occurs during the first ten months of the fiscal year, or, if the employment termination date occurs during the last two months of the fiscal year, and the Chief Executive Officer determines not to use his discretion to pay a pro-rata portion of the executive's annual target bonus, the full bonus payable after the end of the fiscal year, assuming that (x) the weighting to be applied to the business/financial performance goals is 100%, and (y) the employee served the entire fiscal year, and (iii) separation pay determined in a manner consistent with that payable to employees generally, not exceeding 12 months of compensation (including target bonus). Minimum separation pay ranges from six to twelve month's base salary, depending on the executive's employment grade. Certain employee benefits are continued for a specified period (the "Employee Benefit Period") not exceeding 15 months (30 months in the case of the Chief Executive Officer) after termination, or the senior executive may be paid a lump sum equal to the present value of such benefits. The AmeriGas Severance Plan also provides for payment in cash of an amount approximately equal to all distribution equivalents credited (including those that would be credited during the Employee Benefit Period) under the AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan and successor plans.

In order to receive benefits under the AmeriGas Severance Plan, a senior executive 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. The senior executive is also required to cooperate in attending to matters pending at the time of his or her termination of employment.

CHANGE OF CONTROL ARRANGEMENTS

Named Executives Employed By UGI Corporation. Messrs. Greenberg, Ladner and Bovaird each have an agreement with UGI Corporation (the "Agreement") which provides certain benefits in the event of a change of control. The Agreements operate independently of the UGI Severance Plan, continue through July 2002, and are automatically extended in one-year increments thereafter unless, prior to a change of control, UGI terminates an Agreement. In the

absence of a change of control, each Agreement will terminate when, for any reason, the executive terminates his employment with UGI or its subsidiaries.

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

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

An executive who is terminated with rights to severance compensation under an Agreement will be entitled to receive an amount equal to 1.0 or 1.5 (2.5 in the case of Mr. Greenberg) times his average total cash remuneration for the preceding five calendar years. If the severance compensation payable under the Agreement, either alone or together with other payments to an executive, would constitute "excess parachute payments," as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the executive will receive an additional amount, such that the net amount retained after payment of applicable taxes is equal to the total severance compensation payable.

Named Executives Employed by the General Partner. Messrs. Bissell and Grady each have an agreement with the General Partner (the "Agreement") which provides certain benefits in the event of a change of control. The Agreements operate independently of the AmeriGas Severance Plan, continue through July 2002, and are automatically extended in one-year increments thereafter unless, prior to a change of control, the General Partner terminates an Agreement. In the absence of a change of control, each Agreement will terminate when, for any reason, the executive terminates his employment with the General Partner or any of its subsidiaries.

A change of control is generally deemed to occur if : (i) a change of control of UGI, as defined above, occurs, (ii) the General Partner, AmeriGas Partners or the Operating Partnership is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation or partnership in a transaction in which the former shareholders of the General Partner, or former limited partners, as the case may be, do not own more than 50% of the outstanding common stock and combined voting power, or the outstanding common units of such partnership, after the transaction, unless the Executive Committee of the Board of Directors of the General Partner determines at the time of such transaction that the circumstances do not warrant the implementation of the provisions of the Agreement, (iii) the General Partner, AmeriGas Partners or the Operating Partnership is liquidated or dissolved, (iv) UGI and its subsidiaries fail to own fifty-one percent (51%) of the general partnership interests of AmeriGas Partners or the Operating Partnership, (unless the Executive Committee determines otherwise), (v) UGI and its subsidiaries fail to own fifty-one percent (51%) of the combined voting power of the General Partner's then outstanding voting securities, (unless the Executive Committee determines otherwise), (vi) AmeriGas Propane, Inc. is removed as the general partner of AmeriGas Partners by vote of the limited partners, or AmeriGas Propane, Inc. is removed as the general partner of AmeriGas Partners or the Operating Partnership as a result of judicial or administrative proceedings.

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

An executive who is terminated with rights to severance compensation under an Agreement will be entitled to receive an amount equal to 1.0 times his average total cash remuneration for the preceding five calendar years, and, unless payment shall already have been made pursuant to the AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan ("LTIP"), an additional amount representing up to 110% (based on length of service) of the fair market value of the Common Units underlying grants made to the executive under the LTIP. If the severance compensation payable under the Agreement, either alone or together with other payments to an

executive, would constitute "excess parachute payments," as defined in Section 280G of the Code, the executive will receive an additional amount, such that the net amount retained after payment of applicable taxes is equal to the total severance compensation payable.

BOARD OF DIRECTORS

Officers of the General Partner receive no additional compensation for service on the Board of Directors or on any Committee of the Board. The General Partner pays an annual retainer of $22,000 to all other directors and an attendance fee of $1,000 for each Board meeting. For service on Committees, the General Partner pays an annual retainer of $2,000 to each Committee Chairman and an attendance fee of $1,000 for each Committee meeting attended. The General Partner reimburses directors for expenses incurred by them (such as travel expenses) in serving on the Board and Committees. The General Partner determines all expenses allocable to the Partnership, including expenses allocable to the services of directors.

COMPENSATION/PENSION COMMITTEE

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

OWNERSHIP OF LIMITED PARTNERSHIP UNITS BY CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding each person known by the Partnership to have been the beneficial owner of more than 5% of the Partnership's voting securities representing limited partner interests as of December 1, 1997. AmeriGas Propane, Inc. is the sole general partner of the Partnership.

TITLE OF CLASS	NAME AND ADDRESS (5) OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common Units	UGI Corporation	4,347,272 (1)	19.7%
	AmeriGas, Inc.	4,347,272 (2)	19.7%
	AmeriGas Propane, Inc.	4,347,272 (3)	19.7%
	Petrolane Incorporated	1,407,911 (4)	6.4%
Subordinated Units	UGI Corporation	19,782,146 (1)	100.0%
	AmeriGas, Inc.	19,782,146 (2)	100.0%
	AmeriGas Propane, Inc.	19,782,146 (6)	100.0%
	Petrolane Incorporated	6,432,000 (7)	33.0%

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

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

(3) Includes 2,939,361 Common Units for which AmeriGas Propane, Inc. has sole voting and investment power, and 1,407,911 Common Units held by its subsidiary, Petrolane.

(4) Petrolane has sole voting and investment power.

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

(6) Includes 13,350,146 Subordinated Units for which AmeriGas Propane, Inc. has sole voting and investment power, and 6,432,000 Subordinated Units held by its subsidiary, Petrolane.

(7) Petrolane has sole voting and investment power.

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

The table below sets forth as of December 1, 1997 the beneficial ownership of Partnership Common Units by each director and each of the Named Executives currently serving the General Partner, as well as by the directors and all of the executive officers of the General Partner as a group. No director, Named Executive or executive officer beneficially owns (i) any Subordinated Units, or (ii) more than 1% of the Partnership's Common Units. The total number of Common Units beneficially owned by the directors and executive officers of the General Partner as a group represents less than 1% of the Partnership's outstanding Common Units.

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)
Lon R. Greenberg	1,500 (2)
Thomas F. Donovan	1,000
Robert C. Forney	1,600
James W. Stratton	1,000
Stephen A. Van Dyck	1,000
David I. J. Wang	5,000
Eugene V.N. Bissell	1,500
Brendan P. Bovaird	200
Charles L. Ladner	1,000
R. Paul Grady	2,300
Directors and executive officers as a group (14 persons)	16,100

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

(2) 1,000 Units are owned by Mr. Greenberg's adult children; 500 Units are held by Mr. Greenberg as custodian for a dependent child.

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 December 9, 1997, the beneficial ownership of UGI Common Stock by each director and each of the Named Executives, as well as by the directors and the executive officers of the General Partner as a group. Mr. Greenberg is the beneficial owner of approximately 1.2% of UGI's Common Stock. All other directors, Named Executives and executive officers own less than 1% of UGI's outstanding shares. The total number of shares beneficially owned by the directors and executive officers as a group (including 428,959 shares subject to options exercisable within 60 days), represents approximately 2% of UGI's outstanding shares.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES AND NATURE OF BENEFICIAL OWNERSHIP EXCLUDING OPTIONS (1)(2)		NUMBER OF STOCK OPTIONS	TOTAL
Lon R. Greenberg	90,360		293,959	384,319
Thomas F. Donovan	0		0	0
Robert C. Forney	12,186		4,000	16,186
James W. Stratton	8,779		5,000	13,779
Stephen A. Van Dyck	0		0	0
David I. J. Wang	20,894		5,000	25,894
Eugene V.N. Bissell	5,397		1,000	6,397
Brendan P. Bovaird	8,147	(3)	40,000	48,147
R. Paul Grady	7,373		19,000	26,373
Charles L. Ladner	47,607	(3)	50,000	97,607
Directors and executive officers as a group (14 persons)	219,637	(3)	428,959	648,596

(1) This column shows shares held in the individual's name individually or jointly with others, or in the name of a bank, broker or nominee for the individual's account.

(2) Included in the number of shares shown above are Deferred Units ("Units") acquired through the UGI Corporation 1997 Directors' Equity Compensation Plan. Units are neither actual shares nor other securities, but each Unit will be converted to one share of common stock and paid out to directors upon their retirement or termination of service. The number of Units included for the respective directors is as follows: Messrs. Stratton (7,351 Units), Forney (7,358 Units) and Wang (6,466).

(3) Includes the number of shares represented by units held in the UGI Stock Fund of the 401(k) Employee Savings Plan based on September 30, 1997 Savings Plan statements.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The General Partner employs persons responsible for managing and operating the Partnership. The Partnership reimburses the General Partner for the direct and indirect costs of providing these services, including all compensation and benefit costs.

The Operating Partnership has a revolving line of credit up to a maximum of $20 million from the General Partner available until September 15, 2002, the termination date of the Revolving Credit Facility. Any loans under this agreement will be unsecured and subordinated to all senior debt of the Operating Partnership. The facility fees for this line of credit are computed on the same basis as the facility fees under the Revolving Credit Facility, and totaled $68,800 in fiscal year 1997. Interest rates are based on one-month offshore interbank borrowing rates. The interest rate for a recent Revolving Credit Facility borrowing from November 18, 1997 to December 18, 1997 is 6.1875%, representing a 5.6875% one-month Offshore Rate, plus an Applicable Margin of .50%. See Note 4 to the Partnership's Consolidated Financial Statements, which are filed as an exhibit to this Report.

The Partnership and the General Partner also have extensive ongoing relationships with UGI and its affiliates. UGI performs certain financial and administrative services for the General Partner on behalf of the Partnership. UGI does not receive a fee for such services, but is reimbursed for all direct and indirect expenses incurred in connection therewith, including all compensation and benefit costs. A wholly owned subsidiary of UGI provides the Partnership with general liability, automobile and workers' compensation insurance for up to $500,000 over the Partnership's self-insured retention. Another wholly owned subsidiary of UGI leases office space to the General Partner for its headquarters staff. In addition, a UGI master policy provides accidental death and business travel and accident insurance coverage for employees of the General Partner. The General Partner is billed directly by the insurer for this coverage. As discussed under "Business -- Trade Names; Trade and Service Marks," UGI, Petrolane and the General Partner have licensed the trade names "AmeriGas," "America's Propane Company" and "Petrolane" and the related service marks and trademark to the Partnership on a royalty-free basis. Finally, the Partnership obtains management information services from the General Partner, and reimburses the General Partner for its direct and indirect expenses related to those services. The rental payments and insurance premiums charged to the Partnership by UGI and its affiliates are comparable to amounts charged by unaffiliated parties. In fiscal year 1997, the Partnership paid UGI and its affiliates $12,033,835 for the services and expense reimbursements referred to in this paragraph.

PART IV: ADDITIONAL EXHIBITS, SCHEDULES AND REPORTS

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

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

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

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

(3) LIST OF EXHIBITS:

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

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

INCORPORATION BY REFERENCE				
Exhibit No.	Exhibit	Registrant	Filing	Exhibit
3.2	Certificate of Incorporation of AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	3.3
3.3	Bylaws of AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	3.4
4.1	Indenture dated as of April 19, 1995 among AmeriGas Partners, L.P., AmeriGas Finance Corp., and First Union National Bank (formerly, First Fidelity Bank, National Association) as Trustee	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.1
4.2	Specimen Certificate of Notes	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.2
4.3	Registration Rights Agreement dated as of April 19, 1995 among Donaldson, Lufkin & Jenrette Securities Corporation, Smith Barney, Inc., AmeriGas Partners, L.P. and AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.3
4.4	Note Agreement dated as of April 12, 1995 among The Prudential Insurance Company of America, Metropolitan Life Insurance Company, and certain other institutional investors and AmeriGas Propane, L.P., New AmeriGas Propane, Inc. and Petrolane Incorporated	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.8
*4.5	First Amendment dated as of September 12, 1997 to Note Agreement dated as of April 12, 1995			

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
	INCORPORATION BY REFERENCE			
*10.1	Amended and Restated Credit Agreement dated as of September 15, 1997 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Bank of America National Trust and Savings Association, as Agent, First Union National Bank, as Syndication Agent and certain banks			
*10.2	Agreement dated as of May 1, 1996 between TE Products Pipeline Company, L.P., and AmeriGas Propane, L.P.			
10.3	Intercreditor and Agency Agreement dated as of April 19, 1995 among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., Bank of America National Trust and Savings Association ("Bank of America") as Agent, Mellon Bank, N.A. as Cash Collateral Sub-Agent, Bank of America as Collateral Agent and certain creditors of AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.2
10.4	General Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association and Mellon Bank, N.A.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.3
10.5	Subsidiary Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association as Collateral Agent and Mellon Bank, N.A. as Cash Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.4

INCORPORATION BY REFERENCE

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.6	Restricted Subsidiary Guarantee dated as of April 19, 1995 by AmeriGas Propane, L.P. for the benefit of Bank of America National Trust and Savings Association, as Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.5
10.7	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.6
10.8	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
10.9	Stock Purchase Agreement dated May 27, 1989, as amended and restated July 31, 1989, between Texas Eastern Corporation and QFB Partners	Petrolane Incorporated/ AmeriGas, Inc.	Registration on Form S-1 (No. 33-69450)	10.16(a)
10.10	Amended and Restated Sublease Agreement dated April 1, 1988, between Southwest Salt Co. and AP Propane, Inc. (the "Southwest Salt Co. Agreement")	UGI Corporation	Form 10-K (9/30/94)	10.35
10.11	Letter dated September 26, 1994 pursuant to Article 1, Section 1.2 of the Southwest Salt Co. Agreement re option to renew for period of June 1, 1995 to May 31, 2000	UGI Corporation	Form 10-K (9/30/94)	10.36
*10.12	Financing Agreement dated as of November 5, 1997 between AmeriGas Propane, Inc. and AmeriGas Propane, L.P.			

INCORPORATION BY REFERENCE				
Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.13	Agreement by Petrolane Incorporated and certain of its subsidiaries parties thereto ("Subsidiaries") for the Sale of the Subsidiaries' Inventory and Assets to the Goodyear Tire & Rubber Company and D.C.H., Inc., as Purchaser, dated as of December 18, 1985	Petrolane Incorporated	Form 10-K (9/23/94)	10.13
10.14**	UGI Corporation 1992 Stock Option and Dividend Equivalent Plan, as amended May 19, 1992	UGI Corporation	Form 10-Q (6/30/92)	10(ee.)
10.15**	UGI Corporation Annual Bonus Plan dated March 8, 1996	UGI Corporation	Form 10-Q (6/30/96)	10.4
10.16**	AmeriGas Partners, L.P. Annual Bonus Plan dated March 8, 1996	AmeriGas Partners, L.P.	Form 10-Q (6/30/96)	10.1
10.17**	1997 Stock Purchase Loan Plan	UGI Corporation	Form 10-K (9/30/97)	10.16
10.18**	UGI Corporation Senior Executive Employee Severance Pay Plan effective January 1, 1997	UGI Corporation	Form 10-K (9/30/97)	10.12
10.19**	AmeriGas Propane, Inc. Executive Employee Severance Pay Plan effective January 1, 1997	AmeriGas Partners, L.P.	Form 10-Q (12/31/96)	10.1
10.20**	UGI Corporation 1992 Non-Qualified Stock Option Plan	AmeriGas Partners, L.P.	Form 10-K (9/30/95)	10.19
10.21**	Amendment No. 1 to the UGI Corporation 1992 Non-Qualified Stock Option Plan	UGI Utilities, Inc.	Form 10-Q (6/30/97)	10

INCORPORATION BY REFERENCE				
Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.22**	Form of Change of Control Agreement between UGI Corporation and Lon R. Greenberg	UGI Corporation	Form 10-K (9/30/97)	10.13
10.23**	Form of Change of Control Agreement between UGI Corporation and Charles L. Ladner	UGI Corporation	Form 10-K (9/30/97)	10.14
10.24**	Form of Change of Control Agreement between UGI Corporation and Mr. Bovaird	UGI Corporation	Form 10-K (9/30/97)	10.15
*10.25**	Form of Change of Control Agreement between AmeriGas Propane, Inc. and Messrs. Bissell and Grady			
*10.26**	AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan effective October 1, 1996			
*10.27**	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan effective October 1, 1996			
10.28**	UGI Corporation 1997 Stock Option and Dividend Equivalent Plan	UGI Corporation	Form 10-Q (3/31/97)	10.2

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
		INCORPORATION BY REFERENCE		
*13	Pages 10 through 23 of the AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1997			
*21	Subsidiaries of AmeriGas Partners, L.P.			
*27.1	Financial Data Schedule of AmeriGas Partners, L.P.			
*27.2	Financial Data Schedule of AmeriGas Finance Corp.			
*99	Cautionary Statements Affecting Forward-looking Information			

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

(b) Reports on Form 8-K.

During the last quarter of the 1997 fiscal year, neither the Partnership nor AmeriGas Finance Corp. filed any Current Reports on Form 8-K.

SIGNATURES

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

AMERIGAS PARTNERS, L.P.

Date: December 15, 1997

By: AmeriGas Propane, Inc.
its General Partner

By: Charles L. Ladner

Charles L. Ladner
Vice President -
Finance and Accounting

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 15, 1997 by the following persons on behalf of the Registrant and in the capacities with AmeriGas Propane, Inc., General Partner, indicated.

SIGNATURE	TITLE
Lon R. Greenberg - --- Lon R. Greenberg	President, Chairman and Chief Executive Officer (Principal Executive Officer) and Director
Charles L. Ladner - --- Charles L. Ladner	Vice President - Finance and Accounting (Principal Financial Officer and Principal Accounting Officer)

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

SIGNATURES

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

AMERIGAS FINANCE CORP.

Date: December 15, 1997

By: Charles L. Ladner

Charles L. Ladner
Vice President -
Finance and Accounting

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 15, 1997 by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title
Lon R. Greenberg - --- Lon R. Greenberg	President (Principal Executive Officer) and Director
Charles L. Ladner - --- Charles L. Ladner	Vice President - Finance and Accounting (Principal Financial Officer and Principal Accounting Officer) and Director
Brendan P. Bovaird - --- Brendan P. Bovaird	Director

AMERIGAS PARTNERS, L.P.
AMERIGAS FINANCE CORP.

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON

FORM 10-K FOR THE FISCAL

YEAR ENDED SEPTEMBER 30, 1997

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements of AmeriGas Partners, L.P. and subsidiaries, together with the report thereon of Arthur Andersen dated November 14, 1997, listed in the following index, are included in AmeriGas Partners' 1997 Annual Report to Unitholders and are incorporated herein by reference. With the exception of the pages listed in this index and information incorporated in Items 5 and 8, the 1997 Annual Report to Unitholders is not to be deemed filed as part of this Report.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (continued)

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (continued)

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

AMERIGAS FINANCE CORP.

FINANCIAL STATEMENTS
for the years ended September 30, 1997 and 1996 and the period
March 13, 1995 (date of incorporation)
to September 30, 1995

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To AmeriGas Finance Corp.:

We have audited the accompanying balance sheets of AmeriGas Finance Corp. (a Delaware corporation and a wholly owned subsidiary of AmeriGas Partners, L.P.) as of September 30, 1997 and 1996, and the related statements of stockholder's equity for the years ended September 30, 1997 and 1996 and the period March 13, 1995 to September 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the balance sheets and statements of stockholder's equity referred to above present fairly, in all material respects, the financial position of AmeriGas Finance Corp. as of September 30, 1997 and 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois
November 14, 1997

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

BALANCE SHEETS

	September 30,	
ASSETS	1997	1996
Cash	$1,000	$1,000
Total assets	$1,000	$1,000
STOCKHOLDER'S EQUITY		
Common stock, $.01 par value; 100 shares authorized; 100 shares issued and outstanding	$ 1	$ 1
Additional paid-in capital	999	999
Total stockholder's equity	$1,000	$1,000

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

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

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE MARCH 13, 1995	$ --	$ --	$ --
Subscription for AmeriGas Finance Corp. Common Stock	1	999	
BALANCE SEPTEMBER 30, 1995	1	999	--
BALANCE SEPTEMBER 30, 1996	1	999	--
BALANCE SEPTEMBER 30, 1997	$ 1	$ 999	$ --

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

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

NOTE TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1997 AND 1996

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

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

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

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

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

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

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

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

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

ARTHUR ANDERSEN LLP

Chicago, Illinois
December 4, 1995

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENT OF INCOME
(THOUSANDS OF DOLLARS)

	September 24, 1994 to April 19, 1995
Revenues (note 1):	
Propane	$ 218,078
Other	24,107
	242,185
Costs and expenses:	
Cost of sales - propane	106,596
Cost of sales - other	12,693
Operating and administrative expenses	62,706
Operating and administrative expenses - related parties (note 6)	22,440
Depreciation and amortization (note 1)	13,589
Miscellaneous income - related parties (note 6)	(6,512)
Miscellaneous income, net (note 7)	(1,709)
	209,803
Operating income	32,382
Interest expense	14,569
Income before income taxes	17,813
Income taxes (notes 1 and 3)	14,891
Income before extraordinary loss and accounting change	2,922
Extraordinary loss - debt restructuring (note 2)	(11,892)
Change in accounting for postemployment benefits (note 4)	(1,650)
Net loss	$ (10,620)

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

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENT OF CASH FLOWS
(THOUSANDS OF DOLLARS)

	September 24, 1994 to April 19, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (10,620)
Adjustments to reconcile net loss to net cash provided by continuing operating activities:	
Depreciation and amortization	13,589
Deferred income taxes, net	5,538
Provision for uncollectible accounts	1,202
Extraordinary loss - debt restructuring	11,892
Change in accounting for postemployment benefits	1,650
Gain on sale of property, plant and equipment	(363)
Other, net	(772)
	22,116
Net change in:	
Accounts receivable	(5,998)
Inventories	7,152
Accounts payable	(3,903)
Receivable from / payable to related parties, net	4,641
Other current assets and liabilities	5,963
Net cash provided by operating activities	29,971
CASH FLOWS FROM INVESTING ACTIVITIES:	
Expenditures for property, plant and equipment	(5,605)
Proceeds from disposals of property, plant and equipment	1,098
Acquisitions of businesses, net of cash acquired	(156)
Net cash used by investing activities	(4,663)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment of dividends	(5,286)
Repayment of long-term debt	(852)
Net cash used by financing activities	(6,138)
Cash and cash equivalents increase	$ 19,170
CASH AND CASH EQUIVALENTS:	
End of period	$ 37,743
Beginning of period	18,573
Increase	$ 19,170

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

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
(THOUSANDS OF DOLLARS)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit
Balance September 23, 1994	$ -	$ 192,794	$ (6,195)
Net loss			(10,620)
Dividends - cash		(5,286)	
Balance April 19, 1995	$ -	$ 187,508	$ (16,815)

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

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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

COMBINATION AND CONSOLIDATION PRINCIPLES

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

COMBINED STATEMENTS OF CASH FLOWS

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

Interest paid during the period September 24, 1994 to April 19, 1995 (the 1995 seven-month period) was $14,525. Income taxes paid during the 1995 seven-month period were $5,341.

REVENUE RECOGNITION

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

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

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

GOODWILL AND OTHER INTANGIBLES

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

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

INCOME TAXES

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

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

2. MERGER WITH AMERIGAS PROPANE, L.P.

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

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

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

3. INCOME TAXES

The provision for income taxes consists of the following:

	September 24, 1994 to April 19, 1995
Current:	
Federal	$ 8,155
State	1,198
	9,353
Deferred	5,538
Total income taxes	$14,891

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

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

4. PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Employees of the Company participated in the AmeriGas Propane, Inc. Pension Plan (AmeriGas Propane Plan), a noncontributory defined contribution pension plan. Company contributions to the AmeriGas Propane Plan represented a percentage of each covered employee's salary. AmeriGas Propane also sponsored a 401(k) savings plan, the AmeriGas Propane, Inc. Savings Plan (Savings Plan), for its employees. Generally, participants could

contribute up to 6% of their compensation on a before-tax basis. The Company could, at its discretion, match a portion of employees' contributions to the Savings Plan. The cost of benefits under the AmeriGas Propane Plan and the Savings Plan for the 1995 seven-month period totaled $1,105.

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

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

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

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

	September 24, 1994 to April 19, 1995
Discount rate	8.7%
Health care cost trend rate	10.0-5.5

Increasing the health care cost trend rate one percent increases the net periodic postretirement benefit cost for the 1995 seven-month period by approximately $11.

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

5. COMMITMENTS AND CONTINGENCIES

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

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

Partnership on April 19, 1995 pursuant to the Merger and Contribution Agreement, these contingent liabilities were assumed by the Operating Partnership.

6. RELATED PARTY TRANSACTIONS

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

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

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

In order to achieve cost reductions and operational efficiencies in overlapping geographical markets, during the year ended September 23, 1994 AmeriGas Propane and Petrolane closed certain district locations and entered into a customer services agreement (Customer Services Agreement). Pursuant to the Customer Services Agreement, AmeriGas Propane served customers of closed Petrolane districts, and Petrolane served customers of closed AmeriGas Propane districts. Fees under the Customer Services Agreement generally represented a percentage, based upon retail gallon sales, of district operating expenses. Fees billed by Petrolane to AmeriGas Propane under the Customer Services Agreement totaled $6,879 for the 1995 seven-month period and are reflected in operating and administrative expenses related parties. Fees billed to Petrolane under the

Customer Services Agreement totaled $5,307 for the 1995 seven-month period and are reflected in miscellaneous income - related parties.

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

7. MISCELLANEOUS INCOME

Miscellaneous income comprises the following:

	September 24, 1994 to April 19, 1995
Interest income	$ 509
Gain on sale of fixed assets	363
Finance charges	564
Rental income	97
Other	176
	$1,709

8. SUPPLEMENTAL FINANCIAL INFORMATION (UNAUDITED)

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS
for the period September 24, 1994
to April 19, 1995

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

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

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

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

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

ARTHUR ANDERSEN LLP

Chicago, Illinois
December 4, 1995

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE)

	September 24, 1994 to April 19, 1995
Revenues (note 2):	
Propane	$ 327,479
Other	44,609
	372,088
Costs and expenses:	
Cost of sales - propane (note 6)	175,690
Cost of sales - other	27,463
Selling, general and administrative expenses	79,838
Selling, general and administrative expenses - related parties (note 6)	20,469
Depreciation and amortization (note 2)	27,398
Taxes - other than income taxes	8,491
Miscellaneous (income) - related parties (note 6)	(6,879)
Miscellaneous (income) expense, net	(1,851)
	330,619
Operating income	41,469
Interest expense	29,966
Income before income taxes and change in accounting	11,503
Income taxes (note 3)	10,113
Income before change in accounting	1,390
Change in accounting for postemployment benefits (note 4)	(905)
Net income	$ 485
Earnings per common share (note 2):	
Earnings before accounting change	$ 0.13
Change in accounting for postemployment benefits	(.08)
Net income per share	$ 0.05
Average shares outstanding (thousands)	10,501

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

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(THOUSANDS OF DOLLARS)

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

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

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(THOUSANDS OF DOLLARS)

	Common Stock					
	Class A		Class B		Additional paid-in capital	Accumulated deficit
	Shares	Amount	Shares	Amount		
Balance - September 23, 1994	3,150,240	$ 32	7,350,562	$ 74	$ 105,650	$ (12,643)
Net income						485
Balance - April 19, 1995	3,150,240	$ 32	7,350,562	$ 74	$ 105,650	$ (12,158)

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

PETROLANE INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

REORGANIZATION AND EMERGENCE FROM CHAPTER 11 BANKRUPTCY

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

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

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

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

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

On April 19, 1995, a subsidiary of AmeriGas acquired by merger (the "Petrolane Merger") the approximately 65% of Petrolane common shares outstanding not already owned by UGI or AmeriGas and combined the propane business and assets of Petrolane, AmeriGas Propane, Inc., a Delaware Corporation (AmeriGas Propane), and AmeriGas Propane-2, Inc. (the "Partnership Formation"). Under the terms of the Petrolane Merger approved by the Company's Class B shareholders (other than UGI) on April 12, 1995, 6,850,562 shares of the Company's Class B Common Stock not held by UGI were converted into the right to receive $16.00 per share in cash and all other rights associated with such shares expired. The Petrolane Merger consideration of approximately $109.6 million was financed with the proceeds of a private placement of $110 million of First Mortgage Notes of the Operating Partnership. Immediately after the Petrolane Merger, Petrolane, pursuant to a Conveyance and Contribution Agreement, conveyed (the "Petrolane Conveyance") substantially all of its assets and liabilities to AmeriGas Propane, L.P. (the "Operating Partnership"), a Delaware limited partnership and subsidiary of AmeriGas Partners, L.P. (AmeriGas Partners), a Delaware limited partnership and AmeriGas Propane and AmeriGas Propane-2, Inc. (AGP-2) merged into the Operating Partnership (the

"Formation Merger"). As a result of the Formation Merger and the Petrolane Conveyance, AmeriGas Propane, Inc., a Pennsylvania corporation and the general partner of AmeriGas Partners (the "General Partner"), and Petrolane each received a limited partner interest in the Operating Partnership, and the Operating Partnership received substantially all of the assets and assumed substantially all of the liabilities of AmeriGas Propane, AmeriGas Propane-2, Inc., Petrolane and their respective operating subsidiaries. The net book value of the assets contributed by Petrolane to the Operating Partnership exceeded the liabilities assumed by $77.4 million. Immediately after the Petrolane Conveyance, Petrolane conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 1,407,911 Common Units and 6,432,000 Subordinated Units of AmeriGas Partners. Both Common and Subordinated Units represent limited partner interests in AmeriGas Partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

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

FRESH START ACCOUNTING

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Interest paid for the 1995 seven-month period was $33.9 million. Income taxes paid for the 1995 seven-month period were $3.6 million.

REVENUE RECOGNITION

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

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

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

REORGANIZATION VALUE IN EXCESS OF AMOUNTS ALLOCABLE TO IDENTIFIABLE ASSETS

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

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

INCOME TAXES

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

NET EARNINGS PER SHARE

Net earnings per share for the 1995 seven-month period is based on the weighted average number of shares of Class A and Class B common stock outstanding during those periods.

3. INCOME TAXES

The Company's provision for income taxes for the 1995 seven-month period consists of the following:

	September 24, 1994 to April 19, 1995
	(Thousands)
Current:	
Federal	$ 2,936
State	567
	3,503
Deferred	6,610
Total income tax expense	$10,113

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

	September 24, 1994 to April 19, 1995
	(Thousands)
Statutory federal tax rate	35.0%
Difference in tax rate due to:	
State income taxes, net of federal income tax benefit	9.3
Nondeductible amortization of excess reorganization value	43.4
Other nondeductible expenses	.5
Other	(.3)
Effective tax rate	87.9%

4. PENSION PLAN AND POSTEMPLOYMENT BENEFITS

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

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

5. COMMITMENTS AND CONTINGENCIES

The Company utilized leased assets under both capital and operating leases. The aggregate operating lease rental expense charged to operations for the 1995 seven-month period was $3.2 million.

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

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

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

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

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

6. RELATED PARTY TRANSACTIONS

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

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

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

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

7. SUPPLEMENTAL FINANCIAL INFORMATION (UNAUDITED)

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

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

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

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

BALANCE SHEETS
(Thousands of dollars)

	September 30,	
	1997	1996
ASSETS		
Accounts receivable	$ 5,063	$ 5,063
Investment in AmeriGas Propane, L.P.	494,233	538,664
Deferred charges	2,911	3,217
Total assets	$502,207	$546,944
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 29	$ 67
Accrued interest	4,641	4,641
Total current liabilities	4,670	4,708
Long-term debt	100,000	100,000
Partners' capital:		
Common unitholders	208,253	230,376
Subordinated unitholders	185,310	207,439
General partner	3,974	4,421
Total partners' capital	397,537	442,236
Total liabilities and partners' capital	$502,207	$546,944

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,		April 19 to September 30,
	1997	1996	1995
Operating expenses	$ (29)	$ (36)	$ --
Equity in income (loss) of AmeriGas Propane, L.P.	54,439	20,676	(42,414)
Interest expense	(10,430)	(10,402)	(4,693)
Net income (loss)	$ 43,980	$ 10,238	$(47,107)

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

STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	Year Ended September 30, 1997	Year Ended September 30, 1996	April 19 to September 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 43,980	$ 10,238	$ (47,107)
Reconciliation of net income (loss) to net cash from operating activities:			
Equity in (income) loss of AmeriGas Propane, L.P.	(54,438)	(20,676)	42,414
Increase in accounts receivable	--	(113)	--
Increase (decrease) in accounts payable	(37)	35	--
Increase in accrued interest	--	85	4,556
Amortization of deferred debt issuance costs	306	305	137
Net cash used by operating activities	(10,189)	(10,126)	--
CASH FLOWS FROM INVESTING ACTIVITIES:			
Contribution to AmeriGas Propane, L.P.	(26)	--	(447,433)
Distributions from AmeriGas Propane, L.P.	103,050	102,853	18,797
Net proceeds from issuance of Common Units	--	--	349,751
Net cash provided (used) by investing activities	103,024	102,853	(78,885)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions	(92,861)	(92,727)	(18,797)
Capital contribution from General Partner	26	--	432
Issuance of long-term debt associated with Partnership Formation	--	--	97,250
Net cash provided (used) by financing activities	(92,835)	(92,727)	78,885
Cash and cash equivalents increase	$ --	$ --	$ --
CASH AND CASH EQUIVALENTS:			
End of period	$ --	$ --	--
Beginning of period	$ --	$ --	$ --
Increase	$ --	$ --	$ --

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Balance at beginning of period	Charged (credited) to costs and expenses	Other	Balance at end of period
YEAR ENDED SEPTEMBER 30, 1997				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 6,579	$ 6,986	$(5,690)(1)	$ 7,875
Allowance for amortization of other deferred costs	$ 244	$ 170	$ --	$ 414
Allowance for amortization of deferred financing costs	$ 2,238	$ 1,553	$ --	$ 3,791
Other reserves:				
Self-insured property and casualty liability	$ 42,332	$ 9,421	$ (9,897)(2)	$ 41,856
Insured property and casualty liability	$ 19,024	$ 3,345	$(20,568)(2)	$ 1,801
Environmental and other	$ 15,629	$ 4,565	$ (1,126)(2)	$ 19,133
			65 (4)	
YEAR ENDED SEPTEMBER 30, 1996				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 4,647	$ 5,568	$(3,636)(1)	$ 6,579
Allowance for amortization of other deferred costs	$ 74	$ 170	$ --	$ 244
Allowance for amortization of deferred financing costs	$ 690	$ 1,548	$ --	$ 2,238
Other reserves:				
Self-insured property and casualty liability	$ 43,908	$ 12,401	$(13,977)(2)	$ 42,332
Insured property and casualty liability	$ 12,246	$ 6,778	$ --	$ 19,024
Environmental and other	$ 25,591	$(7,127)	$(2,645)(2)	$ 15,629
			(190)(4)	

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Balance at beginning of period	Charged (credited) to costs and expenses	Other	Balance at end of period
APRIL 19, 1995 TO SEPTEMBER 30, 1995				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 7,257	$ 778	$(3,388)(1)	$ 4,647
Allowance for amortization of other deferred costs	$ 417	$ 191	$ (534)(4)	$ 74
Allowance for amortization of deferred financing costs	$ --	$ 690	$ --	$ 690
Other reserves:				
Self-insured property and casualty liability	$ 43,849	$5,901	$(6,081)(2)	$ 43,908
			239 (4)	
Insured property and casualty liability	$ 7,800	$6,546	$(2,100)(2)	$ 12,246
Environmental and other	$ 32,282	$ 242	$(3,081)(2)	$ 25,591
			(3,852)(4)	

(1) Uncollectible accounts written off, net of recoveries.
(2) Payments.
(3) Represents amounts for Petrolane Incorporated (Petrolane) as a result of the purchase on April 19, 1995 of the 65% of the common stock of Petrolane not already owned by UGI or its subsidiary AmeriGas, Inc.
(4) Other adjustments.

[ARTHUR ANDERSEN LLP LETTERHEAD]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in the AmeriGas Partners, L.P. annual report to unitholders for the year ended September 30, 1997, incorporated by reference in this Form 10-K, and have issued our report thereon dated November 14, 1997. Our audits were made for the purpose of forming an opinion on those consolidated financial statements taken as a whole. The schedules listed in the index on page F-2 are the reponsibility of the management of AmeriGas Propane, Inc. and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP
- ------------------------
ARTHUR ANDERSEN LLP

Chicago, Illinois
November 14, 1997

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
4.5	First Amendment dated as of September 12, 1997 to Note Agreement dated as of April 12, 1995
10.1	Amended and Restated Credit Agreement dated as of September 15, 1997 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Bank of America National Trust and Savings Association, as Agent, First Union National Bank, as Syndication Agent and certain banks
10.2	Agreement dated as of May 1, 1996 between TE Products Pipeline Company, L.P., and AmeriGas Propane, L.P.
10.12	Financing Agreement dated as of November 5, 1997 between AmeriGas Propane, Inc. and AmeriGas Propane, L.P.
10.25	Form of Change of Control Agreement between AmeriGas Propane, Inc. and Messrs. Bissell and Grady
10.26	AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan
10.27	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan effective October 1, 1996
13	Pages 10 through 23 of the AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1997.
21	Subsidiaries of AmeriGas Partners, L.P.
27.1	Financial Data Schedule of AmeriGas Partners, L.P.
27.2	Financial Data Schedule of AmeriGas Finance Corp.
99	Cautionary Statements Affecting Forward-looking Information

EXHIBIT 4.5

FIRST AMENDMENT dated as of September 12, 1997 (the "First Amendment") to the NOTE AGREEMENT dated as of April 12, 1995 (the "Agreement") by and among AMERIGAS PROPANE, L.P., a Delaware limited partnership (the "Company"), AMERIGAS PROPANE, INC., a Pennsylvania corporation formerly known as New AmeriGas Propane, Inc. (the "General Partner"), PETROLANE INCORPORATED, a Pennsylvania corporation and successor by merger to Petrolane Incorporated, a California corporation ("Petrolane"; the Company, the General Partner and Petrolane being hereinafter collectively referred to as the "Obligors"), and each of the noteholders listed in Schedule I to the Agreement as amended hereby (the "holders").

WHEREAS, the parties hereto desire to amend the Agreement as set forth below;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows.

1. Amendments to the Agreement. Effective as of the Effective Date (as hereinafter defined), the Agreement is hereby amended as follows:

1.1. Amendments to Section 10.1.

(a) Section 10.1 of the Agreement is hereby amended by deleting the first sentence thereof in its entirety and by inserting in lieu thereof the following new sentence:

> "The Company will not permit the ratio of Total Debt of the Company and its Restricted Subsidiaries to EBITDA as at any fiscal quarter end to exceed 5.25 to 1.00. For purposes of determining compliance with the ratio of Total Debt to EBITDA, as set forth above, (A) EBITDA shall be determined as at the end of each fiscal quarter for (I) the four fiscal quarters then ended or (II) the eight fiscal quarters then ended and divided by 2, whichever is greater, and (B) Total Debt shall be determined as at the end of each fiscal quarter."

(b) Section 10.1(e) of the Agreement is hereby amended to read in its entirety as follows:

> "(e) The Company may become and remain liable with respect to Indebtedness incurred for any purpose permitted by the Revolving Credit Facility, and any Indebtedness incurred for any such permitted purpose which replaces, extends, renews, refunds or refinances any such Indebtedness, in whole or in part, in an aggregate principal amount at any time not in excess of $175,000,000 less the aggregate principal amount outstanding under the Acquisition Facility;"

(c) Section 10.1(f) of the Agreement is hereby amended to read in its entirety as follows:

> "(f) the Company may become and remain liable with respect to Indebtedness, in addition to that otherwise permitted by the foregoing subdivisions of this Section 10.1, if on the date the Company becomes liable with respect to any such additional Indebtedness and immediately after giving

effect thereto and to the substantially concurrent repayment of any other Indebtedness (i) the ratio of Consolidated Cash Flow to Consolidated Pro Forma Debt Service is equal to or greater than 2.50 to 1.0, (ii) the ratio of Consolidated Cash Flow to Average Consolidated Pro Forma Debt Service is equal to or greater than 1.25 to 1.0, and (iii) if such Indebtedness is incurred other than for the purposes described in clause (A) below, the Company would not be permitted to incur any additional Indebtedness pursuant to Section 10.1(e) under the Revolving Credit Facility or any extension, renewal, refunding, replacement or refinancing thereof; provided that if such Indebtedness (A) is incurred by the Company (x) to finance the making of expenditures for the improvement or repair of (to the extent such improvements and repairs may be capitalized on the books of the Company in accordance with GAAP) or additions to (including additions by way of acquisitions or capital contributions of businesses and related assets) the General Collateral, or (y) by assumption in connection with additions (including additions by way of acquisitions or capital contributions of businesses and related assets) to the General Collateral and (B) is to be secured under the Security Documents as provided in Section 10.2(m), then the Company may become liable with respect to any such additional Indebtedness only if the Company would not be permitted to incur any additional Indebtedness under Section 10.1(b);"

1.2. Amendment to Section 10.2(l). Section 10.2(l) of the Agreement is hereby amended by deleting the words "or the Special Purpose Facility" from such Section.

1.3. Amendments to Section 10.22. Section 10.22 of the Agreement is hereby amended by deleting subsection (e) thereof in its entirety and by redesignating subsection (f) thereof (and any internal references thereto) as subsection (e) thereof.

1.4. Amendment to Section 13.1.

(a) Section 13.1 of the Agreement is hereby amended by deleting the definition of "Consolidated Adjusted Gross Worth" in its entirety.

(b) Section 13.1 of the Agreement is hereby amended further by deleting the definition of "Consolidated Gross Worth" in its entirety.

(c) Section 13.1 of the Agreement is hereby amended further by adding thereto the following additional defined terms in alphabetical order:

EBIT means, for any period, the Company's and its Restricted Subsidiaries' consolidated net income (not including extraordinary gains or losses) plus interest charges and income tax expense in each case for such period, as determined in accordance with GAAP.

EBITDA means, for any period, EBIT plus the Company's and its Restricted Subsidiaries' depreciation and amortization of property, plant and equipment and intangible assets, in each case as taken into account in calculating Consolidated Net Income, in each case for such period, as determined in accordance with GAAP.

For the purpose of calculating EBITDA for any period (the "Applicable Period"), EBITDA shall be adjusted by the addition of the EBITDA of any Asset Acquisitions made during the Applicable Period, as if such Asset Acquisitions occurred on the first day of the Applicable Period plus the addition of the "Savings Factor".

The "Savings Factor" shall equal, with respect to any Asset Acquisition, an amount equal to 50% of the difference between (a) Actual Acquisition Expense minus (b) Pro Forma Acquisition Expense. "Actual Acquisition Expense" means an amount equal to the personnel expenses and non personnel costs and expenses (which would be deducted from gross profits in calculating costs and EBITDA) related to the operation of any Asset Acquisition from the beginning of the Applicable Period to the date of the purchase of the Asset Acquisition. "Pro Forma Acquisition Expense" means an amount equal to the personnel and non personnel costs and expenses (which would be deducted from gross profits in calculating costs and EBITDA) that would have been incurred with respect to the operation of any Asset Acquisition for the period from the beginning of the Applicable Period to the date of purchase of the Asset Acquisition, on the assumption that the ongoing personnel and non personnel cost and expense savings realized as of the date of the Asset Acquisition had been realized on the first day of the Applicable Period. In no event shall the aggregate Savings Factor for any Applicable Period exceed 10% of EBITDA for the Company and its Restricted Subsidiaries for such Applicable Period.

(d) Section 13.1 of the Agreement is hereby further amended by deleting from the defined term "Credit Agreement" the words "and the Special Purpose Facility", and by inserting the word "and" in lieu of the comma immediately prior to the words "the Revolving Credit Facility."

2. Conditions to Effectiveness of this First Amendment. This First Amendment shall become effective only upon the satisfaction in full (or waiver by the Required Holders) of the following conditions precedent (the first date upon which each such condition shall have been so satisfied or waived being herein referred to as the "Effective Date"):

(a) No Defaults. On the Effective Date (after giving effect to this First Amendment), no Default or Event of Default shall have occurred and be continuing.

(b) Credit Agreement. The Credit Agreement shall have been amended to delete the first sentence of Section 8.1 thereof and by adding a covenant thereto substantially the same as the covenant added as Section 10.1(i) of the Agreement by this First Amendment. The covenants and events of default set forth in the Credit Agreement shall not have been otherwise amended in any material respect.

(c) First Amendment. Each of the Obligors and the Required Holders shall have executed this First Amendment, and counterparts hereof bearing the signatures of the Obligors shall have been delivered to the holders together with a notice from the Company to each holder as to the satisfaction of this condition and the condition specified in clause (b) of this Section 2.

(d) Fees. Without limiting the provisions of Section 16.1 of the Agreement, special counsel to the holders shall have received its reasonable fees, charges and disbursements to the extent reflected in a statement of such special counsel rendered to the Company.

3. Agreement; Terms. Except as expressly amended hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof, and this First Amendment shall not be deemed to waive or amend any provision of the Agreement except as expressly set forth herein. As used in the Agreement, the terms "this Agreement," "herein," "hereinafter," "hereunder," "hereto" and words of similar import shall mean and refer to, from and after the Effective Date, unless the context otherwise specifically requires, the Agreement as amended by this First Amendment. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Agreement.

4. Headings. Section headings in this First Amendment are included herein for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof.

5. Counterparts. This First Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument, and all signatures need not appear on any one counterpart.

6. Expenses. The Company agrees to pay all reasonable out-of-pocket expenses incurred by the holders in connection with the preparation of this First Amendment, including, but not limited to, the reasonable fees, charges and disbursements of counsel for the holders as provided for in Section 16.1 of the Agreement.

7. Governing Law. This First Amendment shall be governed by, and construed in accordance with, the laws of the State of New York (other than any conflicts of law rule which might result in the application of the laws of any other jurisdiction).

8. Ratification and Confirmation of Security Documents. The Company hereby ratifies and confirms the provisions of the Security Documents for the benefit from time to time of the holders of the Notes.

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

AMERIGAS PROPANE, L.P.

By: AmeriGas Propane, Inc.,
its general partner

By: s/Charles L. Ladner

Charles L. Ladner
Vice President - Finance and
Accounting

AMERIGAS PROPANE, INC.

By: s/Charles L. Ladner

Charles L. Ladner
Vice President - Finance and
Accounting

PETROLANE INCORPORATED

By: s/Brendan P. Bovaird

Brendan P. Bovaird
Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: s/Robert G. Gwin

Robert G. Gwin
Vice President

PRUCO LIFE INSURANCE COMPANY

By: s/Randall M. Kob

Randall M. Kob
Vice President

METROPOLITAN LIFE INSURANCE COMPANY

By: s/James A. Wiviott

James A. Wiviott
Assistant Vice President

THE EQUITABLE LIFE INSURANCE SOCIETY OF
THE UNITED STATES

By:

Name:
Title:

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA INVESTMENTS, INC.

By: s/James G. Schelling

James G. Schelling
Managing Director

CIGNA PROPERTY AND CASUALTY INSURANCE
COMPANY

By: CIGNA INVESTMENTS, INC.

By: s/James G. Schelling

James G. Schelling
Managing Director

CENTURY INDEMNITY COMPANY

By: CIGNA INVESTMENTS, INC.

By: s/James G. Schelling

James G. Schelling
Managing Director

LIFE INSURANCE COMPANY OF NORTH AMERICA

By: CIGNA INVESTMENTS, INC.

By: s/James G. Schelling

James G. Schelling
Managing Director

TEACHERS INSURANCE AND ANNUITY
ASSOCIATION OF AMERICA

By: s/Thomas E. Solano

Thomas E. Solano
Director Private Placements

THE TRAVELERS INSURANCE COMPANY

By: s/Robert M. Mills

Robert M. Mills
Investment Officer

EXHIBIT 10.1

EXECUTION COPY

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AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of September 15, 1997

among

AMERIGAS PROPANE, L.P.,
AMERIGAS PROPANE, INC.,
PETROLANE INCORPORATED,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
as Agent,

FIRST UNION NATIONAL BANK
as Syndication Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BANCAMERICA SECURITIES, INC.

- ---

Florida documentary stamp tax in the full amount required by law has been paid on the mortgages recorded in Florida that secure this Amended and Restated Credit Agreement.

CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "Agreement") is entered into as of September 15, 1997, among AMERIGAS PROPANE, L.P., a Delaware limited partnership (the "Company"), AMERIGAS PROPANE, INC., a Pennsylvania corporation (the "General Partner"), PETROLANE INCORPORATED, a Pennsylvania corporation ("Petrolane"; the Company, the General Partner and Petrolane are, on a joint and several basis, the "Borrowers"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks, and FIRST UNION NATIONAL BANK, as Syndication Agent.

WHEREAS, AmeriGas Propane, Inc. ("AmeriGas"), a Delaware corporation, AmeriGas Propane-2, Inc. ("AGP-2"), a Pennsylvania corporation, and Petrolane Incorporated, a California corporation ("California Petrolane"), were engaged in the business (the "Business") of wholesale and retail sales, distribution and storage of propane gas and related petroleum derivative products and the retail sale of propane related supplies and equipment, including home appliances;

WHEREAS, AmeriGas and AGP-2 were indirect wholly-owned subsidiaries of UGI Corporation, a Pennsylvania corporation ("UGI");

WHEREAS, UGI directly or indirectly owned approximately 35% of the outstanding equity interests of California Petrolane;

WHEREAS, the Company was formed to acquire and operate the Business;

WHEREAS, by virtue of a series of mergers and asset transfers involving AmeriGas, AGP-2, California Petrolane and their respective Subsidiaries (the "Formation Transactions"), California Petrolane retained certain assets (the "Retained Assets") and liabilities, and the Company acquired (either directly or indirectly through asset acquisitions or the acquisition of stock of Subsidiaries of AmeriGas and California Petrolane), substantially all the assets of AmeriGas, AGP-2, California Petrolane (other than the Retained Assets), and their respective Subsidiaries used in the conduct of the Business (the "Assets");

WHEREAS, immediately after giving effect to the Formation Transactions, (a) New AmeriGas Propane, Inc., a newly formed Pennsylvania corporation which was an indirect wholly-owned subsidiary of UGI and assumed the name AmeriGas Propane, Inc. on the Original Closing Date (as defined below), was the sole general partner of the Company, (b) AmeriGas Partners, L.P., a Delaware limited partnership (the "Public Partnership"), was the sole limited partner of the Company, and (c) the General Partner was the owner of all the outstanding shares of California Petrolane;

WHEREAS, Petrolane is successor by merger to California Petrolane;

WHEREAS, the Borrowers, the Banks and the Agent are parties to the Existing Credit Agreement (as defined below), pursuant to which the Banks have (a) made revolving credit loans to the Borrowers and have issued or participated in letters of credit for the account of the Borrowers, in each case for working capital and general corporate purposes in an aggregate principal amount of up to $70,000,000 at any one time outstanding, (b) made revolving credit and term loans to the Borrowers to finance acquisitions in an aggregate principal amount of up to $75,000,000 at any one time outstanding and (c) made term loans to Borrowers solely for certain special purposes in an aggregate principal amount of up to $30,000,000;

WHEREAS, the Borrowers have requested that (i) the $70,000,000 of Revolving Commitments and $30,000,000 of Special Purpose Commitments under (and as defined in) the Existing Credit Agreement and the related Revolving Loans and Special Purpose Loans outstanding under (and as defined in) the Existing Credit Agreement be refinanced and converted into $100,000,000 of Revolving Commitments and Revolving Loans under this Agreement, the proceeds of which are to be used by the Borrowers for working capital and general corporate purposes, (ii) the $75,000,000 of Acquisition Commitments under (and as defined in) the Existing Credit Agreement and the related Acquisition Loans outstanding under (and as defined in) the Existing Credit Agreement be refinanced and converted into $75,000,000 of Acquisition Commitments and Acquisition Loans under this Agreement, the proceeds of which are to be used by the Borrowers to finance acquisitions and (iii) the Existing Credit Agreement otherwise be amended and restated in its entirety as set forth below in this Agreement; and

WHEREAS, the Banks are willing, on the terms and subject to the conditions set forth in this Agreement, to amend and restate the terms of the Existing Credit Agreement and to extend credit under this Agreement as more particularly hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree to amend and restate the Existing Credit Agreement as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Defined Terms. The following terms have the following meanings:

"Acquired Debt" means with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person merged with or into or became a Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person and (ii) Indebtedness encumbering any asset acquired by such specified Person.

"Acquired Portion" has the meaning specified in Section 11.10(a).

"Acquisition Commitment" has the meaning specified in Section 2.1(a).

"Acquisition Commitment Percentage" has the meaning specified in Section 11.10(a).

"Acquisition Loan" has the meaning specified in Section 2.1(a).

"Acquisition Loan Termination Date" means the earlier to occur of:

(a) September 15, 2000; and

(b) the date on which the Acquisition Commitments terminate in accordance with the provisions of this Agreement.

"Affected Bank" has the meaning specified in Section 4.7.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means BofA in its capacity as agent for the Banks hereunder, and any successor agent arising under Section 10.9.

"Agent-Related Persons" means BofA in its capacity as Agent and any successor agent arising under Section 10.9, together with their respective Affiliates (including, in the case of BofA in its capacity as Agent, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on the signature page hereto in relation to the Agent, or such other address as the Agent may from time to time specify by notice to the Borrowers and the Banks.

"AGP-2" has the meaning specified in the recitals hereto.

"Agreement" has the meaning specified in the introductory clause hereto.

"Annual Limit" has the meaning specified in Section 8.4.

"Applicable Margin" means

(i) with respect to Base Rate Loans, 0%; and

(ii) with respect to Offshore Rate Loans,

the applicable margin set forth below at such time as a Pricing Tier (the "Pricing Tier") set forth below is applicable:

Pricing Tier	Funded Debt Ratio	Margin
I	<1.75x	0.2000%
II	=>1.75 x but <2.75x	0.2500%
III	=>2.75 x but <3.25x	0.3500%
IV	=>3.25 x but <3.75x	0.5000%
V	=>3.75x but <4.25x	0.6250%
VI	=>4.25x but <4.75	0.8250%
VII	=>4.75	1.0000%

For the purpose of determining the applicable Pricing Tier above, EBITDA shall be determined as at the end of each fiscal quarter for the four fiscal quarters then ending and Funded Debt shall be determined as at the end of each fiscal quarter. Pricing changes shall be effective on the later of (i) 45 days after the end of each of the first three fiscal quarters of each fiscal year and 90 days after each fiscal year end and (ii) the Agent's receipt of financial statements hereunder for such fiscal quarter or fiscal year. For the period from the date hereof through December 29, 1997, Pricing Tier IV shall be deemed applicable.

"Arranger" means BancAmerica Securities, Inc., a Delaware corporation.

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged with or into the Company or any Restricted Subsidiary, (b) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Restricted Subsidiary) which constitute all or substantially all of the assets of such Person or (c) the acquisition by the Company or any Restricted Subsidiary of any division or line of business of any Person (other than a Restricted Subsidiary).

"Asset Sale" has the meaning specified in Section 8.8(c).

"Assets" has the meaning specified in the recitals hereto.

"Assignee" has the meaning specified in Section 11.9(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

"Available Cash" as to any calendar quarter means

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

(b) the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Company and the Restricted Subsidiaries (including reserves for future capital expenditures) subsequent to such quarter, (ii) provide funds for distributions under Sections 5.3(a), (b) and (c) or 5.4(a) of the partnership agreement of the Public Partnership (such Sections as in effect on the Restatement Effective Date, together with all related definitions, being hereby incorporated herein in the form included in such partnership agreement on the Restatement Effective Date and without regard to any subsequent amendments or waivers of the provisions of, or any termination of, such partnership agreement) in respect of any one or more of the next four quarters, or (iii) comply with applicable law or any debt instrument or other agreement or obligation to which the Company or any Restricted Subsidiary is a party or its assets are subject; provided, however, that Available Cash attributable to any Restricted Subsidiary shall be excluded to the extent dividends or distributions of such Available Cash by such Restricted Subsidiary are not at the date of determination permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or other regulation.

In addition, without limiting the foregoing, Available Cash shall reflect a reserve equal to 50% of the interest to be paid on the Mortgage Notes and the Acquisition Loans in the next fiscal quarter and, beginning with a date three fiscal quarters before a scheduled principal payment date on the Mortgage Notes, the Revolving Loans or the Acquisition Loans, 25% of the aggregate principal amount thereof due on any such payment date in the third succeeding fiscal quarter, 50% of the aggregate principal amount due on any such quarterly payment date in the second succeeding fiscal quarter and 75% of the aggregate principal amount due on any quarterly payment date in the next succeeding fiscal quarter on such notes and facilities. The foregoing reserves for principal amounts to be paid shall be reduced by the aggregate amount of advances available to the Company from responsible financial institutions under binding, irrevocable credit facility commitments (and which are subject to no conditions which the Company is unable to meet) and letters of credit to be used to refinance such principal (so long as no

reimbursement obligation with respect to any such letter of credit would come due within three quarters).

"Average Consolidated Pro Forma Debt Service" means as of any date of determination, the average amount payable by the Company and the Restricted Subsidiaries on a consolidated basis during all periods of four consecutive calendar quarters, commencing with the calendar quarter in which such date of determination occurs and ending June 30, 2010, in respect of scheduled principal and interest payments with respect to all Indebtedness of the Company and the Restricted Subsidiaries outstanding on such date of determination, after giving effect to any Indebtedness proposed on such date to be incurred and to the substantially concurrent repayment of any other Indebtedness (a) including actual payments of Capitalized Lease Liabilities, (b) assuming, in the case of Indebtedness (other than Indebtedness referred to in clause (c) below)) bearing interest at fluctuating interest rates which cannot be determined in advance, that the rate actually in effect on such date will remain in effect throughout such period, (c) including only actual interest (but not principal) payments associated with the Indebtedness incurred pursuant to Section 8.1(e) during the most recent four consecutive calendar quarters, and (d) treating the principal amount of all Indebtedness outstanding as of such date of determination under a revolving credit or similar agreement (other than the Indebtedness incurred pursuant to Section 8.1(e)) as maturing and becoming due and payable on the scheduled maturity date or dates thereof (including the maturity of any payment required by any commitment reduction or similar amortization provision), without regard to any provision permitting such maturity date to be extended (except for such extensions as may be made in the sole discretion of the borrower thereunder and without any conditions that remain to be fulfilled by the borrower or waived by the lender thereunder).

"Bank" has the meaning specified in the introductory clause hereto.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 101, et seq.).

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate" (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.)

Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"BofA" means Bank of America National Trust and Savings Association, a national banking association.

"Borrowers" has the meaning specified in the introductory clause hereto.

"Borrowing" means a borrowing hereunder consisting of Loans of the same Type made to the Borrowers on the same day by the Banks (or in the case of Swingline Loans, by BofA) and, in the case of Offshore Rate Loans, having the same Interest Period, in either case under Article II.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.3.

"Business" has the meaning specified in the recitals hereto.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Philadelphia or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"California Petrolane" has the meaning specified in the recitals hereto.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Stock" means with respect to any Person, any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, including, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers upon a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, and any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock.

"Capitalized Lease Liabilities" means all monetary obligations of the Company or any of its Restricted Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the principal components thereof.

"Cash Collateralize" means to pledge and deposit with or deliver to the Agent, for the benefit of the Agent, the Issuing Bank and the Banks, as additional collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Agent and the Issuing Bank (which documents are

hereby consented to by the Banks). Derivatives of such term shall have corresponding meanings.

"Cash Equivalents" has the meaning specified in Section 8.4(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Change of Control" means (i) UGI shall fail to own directly or indirectly 100% of the general partnership interests in the Company, or, if the Company shall have been converted to a corporate form, at least 51% of the voting shares of the Company; or (ii) UGI shall fail to own directly or indirectly at least a 30% ownership interest in the Company.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, in each case as in effect from time to time.

"Collateral Agency Agreement" means the Intercreditor and Agency Agreement dated as of April 19, 1995 among the Borrowers, the Restricted Subsidiaries, the Agent, the holders of the Mortgage Notes and the Collateral Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"Collateral Agent" means BofA, in its capacity as Collateral Agent under the Collateral Agency Agreement.

"Commitment", as to each Bank, means its Revolving Commitment and its Acquisition Commitment.

"Commitment Letter" shall mean that certain letter, dated as of August 8, 1997, among the Borrowers, the Agent and the Arranger.

"Commitment Termination Date Extension Request" means a request substantially in the form of Exhibit C.

"Company" has the meaning specified in the introductory clause hereto.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated Cash Flow" means with respect to the Company and the Restricted Subsidiaries for any period, (1) the sum of, without duplication, the amounts for such period, taken as a single accounting period, of (a) Consolidated Net Income, (b) Consolidated Non-Cash Charges, (c) Consolidated Interest Expense and (d) Consolidated Income Tax Expense less (2) any non-cash items increasing Consolidated Net Income for such period that had previously been added to Consolidated Net Income when incurred as a Consolidated Non-Cash Charge. Consolidated Cash Flow shall be calculated after giving effect, on a pro forma basis for the four full fiscal quarters immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Cash Flow, to,

without duplication, any Asset Sales or Asset Acquisitions (including without limitation any Asset Acquisition giving rise to the need to make such calculation as a result of the Company or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Debt) occurring during the period commencing on the first day of such period to and including the date of the transaction (the "Reference Period"), as if such Asset Sale or Asset Acquisition occurred on the first day of the Reference Period; provided, however, that Consolidated Cash Flow generated by an acquired business or asset shall be determined by the actual gross profit (revenues minus cost of goods sold) of such acquired business or asset during the immediately preceding four full fiscal quarters in the Reference Period minus the pro forma expenses that would have been incurred by the Company and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of personnel expenses for employees retained or to be retained by the Company and the Restricted Subsidiaries in the operation of such acquired business or asset and non-personnel costs and expenses incurred by the Company and the Restricted Subsidiaries in the operation of the Company's business at similarly situated Company facilities or Restricted Subsidiary facilities.

"Consolidated Income Tax Expense" means with respect to the Company and the Restricted Subsidiaries for any period, the provision for federal, state, local and foreign income taxes of the Company and the Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to the Company and the Restricted Subsidiaries for any period, without duplication, the sum of (i) the interest expenses of the Company and the Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP, including without limitation (a) any amortization of debt discount, (b) the net cost under Interest Rate Agreements, (c) the interest portion of any deferred payment obligation, (d) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and (e) all accrued interest plus (ii) the interest component of capital leases paid, accrued or scheduled to be paid or accrued by the Company and the Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means the net income of the Company and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP and as adjusted to exclude (i) net after-tax extraordinary gains or losses, (ii) net after-tax gains or losses attributable to Asset Sales, (iii) the net income or loss of any Person which is not a Restricted Subsidiary and which is accounted for by the equity method of accounting, provided that Consolidated Net Income shall include the amount of dividends or distributions actually paid to the Company or any Restricted Subsidiary, (iv) the net income or loss prior to the date of acquisition of any Person combined with the Company or any Restricted Subsidiary in a pooling of interest, (v) the net income of any Restricted

Subsidiary to the extent that dividends or distributions of such net income are not at the date of determination permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or other regulation and (vi) the cumulative effect of any changes in accounting principles.

"Consolidated Net Worth" means, of any Person, at any date of determination, the total partners' equity (in the case of a partnership) or stockholders' equity (in the case of a corporation) of such Person at such date, as would be shown on a balance sheet (consolidated, if applicable) of such Person and, if applicable, its Subsidiaries (Restricted Subsidiaries in the case of the Company) prepared in accordance with GAAP (less, in the case of the Company, the Net Amount of Unrestricted Investment as of such date).

"Consolidated Non-Cash Charges" means, with respect to the Company and the Restricted Subsidiaries for any period, the aggregate depreciation, amortization and any other non-cash charges resulting in write downs in non-current assets, in each case reducing Consolidated Net Income of the Company and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Pro Forma Debt Service" means as of any date of determination, the total amount payable by the Company and the Restricted Subsidiaries on a consolidated basis during the four consecutive calendar quarters next succeeding the date of determination, in respect of scheduled principal and interest payments with respect to Indebtedness of the Company and the Restricted Subsidiaries outstanding on such date of determination, after giving effect to any Indebtedness proposed on such date to be incurred and to the substantially concurrent repayment of any other Indebtedness (a) including actual payments of Capitalized Lease Liabilities, (b) assuming, in the case of Indebtedness (other than Indebtedness referred to in clause (c) below) bearing interest at fluctuating interest rates which cannot be determined in advance, that the rate actually in effect on such date will remain in effect throughout such period, (c) including only actual interest (but not principal) payments associated with the Indebtedness incurred pursuant to Section 8.1(e) during the most recent four consecutive calendar quarters, and (d) treating the principal amount of all Indebtedness outstanding as of such date of determination under a revolving credit or similar agreement (other than the Indebtedness incurred pursuant to Section 8.1(e)) as maturing and becoming due and payable on the scheduled maturity date or dates thereof (including the maturity of any payment required by any commitment reduction or similar amortization provision), without regard to any provision permitting such maturity date to be extended (except for such extensions as may be made in the sole discretion of the borrower thereunder and without any conditions that remain to be fulfilled by the borrower or waived by the lender thereunder).

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse (otherwise than for collection or deposit in the ordinary course of business), (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations) of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security

therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument (other than any Letter of Credit) issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (d) in respect of any Swap Contract. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations, shall be equal to the maximum reasonably anticipated liability in respect thereof.

"Control Affiliate" means UGI, the Public Partnership, the General Partner and any Person controlling or controlled by, or under common control with, UGI, the Public Partnership or the General Partner (other than the Company or any of its Subsidiaries).

"Conversion/Continuation Date" means any date on which, under Section 2.4, any Borrower (a) converts Loans of one Type to the other Type, or (b) continues as Offshore Rate Loans, but with a new Interest Period, Offshore Rate Loans having Interest Periods expiring on such date.

"Covered Persons" shall have the meaning specified in the definition of Restricted Payment.

"Credit Extension" means and includes (a) the making of any Loan hereunder, and (b) the Issuance of any Letters of Credit hereunder.

"Decreasing Bank" has the meaning specified in Section 11.10.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Designation Amounts" has the meaning specified in Section 7.13.

"Designee" has the meaning specified in Section 7.13.

19

"Disinterested Directors" means, with respect to any transaction or series of transactions with Affiliates, a member of the Board of Directors of the General Partner who has no financial interest, and whose employer has no financial interest, in such transaction or series of transactions.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"EBIT" means, for any period, the Company's and its Restricted Subsidiaries' consolidated net income (not including extraordinary gains or losses) plus interest charges and income tax expense in each case for such period, as determined in accordance with GAAP.

"EBITDA" means, for any period, EBIT plus the Company's and its Restricted Subsidiaries' depreciation and amortization of property, plant and equipment and intangible assets, in each case as taken into account in calculating Consolidated Net Income, in each case for such period, as determined in accordance with GAAP.

For the purposes of calculating the Applicable Margin, the rate of the facility fees payable pursuant to Section 2.10(b) and the Leverage Ratio, EBITDA for any period (the "Applicable Period") shall be adjusted by the addition of the EBITDA of any Asset Acquisitions made during the Applicable Period, as if such Asset Acquisitions occurred on the first day of the Applicable Period, plus the addition of the "Savings Factor"; provided, however, that in the case of calculating the Applicable Margin or the rate of the facility fees payable pursuant to Section 2.10(b), the Savings Factor shall be added only for the purpose of causing the Pricing Tier to remain the same (or to limit its increase) and not to decrease it, i.e. the Savings Factor may be used to maintain pricing or limit any increase in pricing, not to decrease pricing.

The "Savings Factor" shall equal, with respect to any Asset Acquisition, an amount equal to 50% of the difference between (a) Actual Acquisition Expense minus (b) Pro Forma Acquisition Expense. "Actual Acquisition Expense" means an amount equal to the personnel expenses and non personnel costs and expenses (which would be deducted from gross profits in calculating costs and EBITDA) related to the operation of any Asset Acquisition from the beginning of the Applicable Period to the date of the purchase of the Asset Acquisition. "Pro Forma Acquisition Expense" means an amount equal to the personnel and non-personnel costs and expenses (which would be deducted from gross profits in calculating costs and EBITDA) that would have been incurred with respect to the operation of any Asset Acquisition for the period from the beginning of the Applicable Period to the date of purchase of the Asset Acquisition, on the assumption that the ongoing personnel and non personnel cost and expense savings realized as of the date of the Asset Acquisition had been realized on the first day of the Applicable Period. In no event shall the aggregate Savings Factor for any Applicable Period exceed 10% of EBITDA for the Company and its Restricted Subsidiaries for such Applicable Period.

"Effective Amount" means: (a) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and

prepayments or repayments of Loans occurring on such date; and (b) with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $100,000,000; and (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $100,000,000, provided that such bank is acting through a branch or agency located in the United States.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental matters.

"ERISA" means the Employee Retirement Income Security Act of 1974 and the regulations thereunder. References to sections of ERISA also refer to any successor sections.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the failure to make a required contribution to a Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA; (c) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (d) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (e) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Eurodollar Reserve Percentage" has the meaning specified in the definition of "Offshore Rate".

"Event of Default" has the meaning specified in Section 9.1.

"Excess Sale Proceeds" has the meaning specified in Section 8.8(c)(ii)(B).

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Acquisition Commitment Percentage" has the meaning specified in Section 11.10(a).

"Existing Credit Agreement" means that certain Credit Agreement, dated as of April 12, 1995, among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, the financial institutions party thereto and Bank of America National Trust and Savings Association, as Agent, as amended up to but not including the Restatement Effective Date.

"Existing Revolving Commitment Percentage" has the meaning specified in Section 11.10(a).

"FDIC" means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fee Letter" has the meaning specified in Section 2.10(a).

"Foreign Bank" means a Bank that is organized under the laws of any jurisdiction other than the United States or a State or a political subdivision thereof.

"Formation Transactions" has the meaning specified in the recitals hereto.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Funded Debt" means, as of any date of determination, (i) indebtedness of the Company and/or its Restricted Subsidiaries for borrowed money or for the deferred

purchase price of property or services, other than indebtedness for trade payables and non-recourse indebtedness which is not required by GAAP to be classified as a liability on the balance sheet of the debtor, (ii) Capitalized Lease Liabilities, and (iii) Contingent Obligations. For purposes of this definition, undrawn letters of credit shall not constitute Funded Debt.

"Funded Debt Ratio" means the ratio of (a) Funded Debt to (b) EBITDA.

"GAAP" has the meaning specified in Section 1.3.

"General Collateral" means, collectively, the Mortgaged Property, and the properties referred to as the "Collateral" in the General Security Agreement and each Subsidiary Security Agreement and as the "Security" in the Collateral Agency Agreement.

"General Partner" has the meaning specified in the introductory clause hereto.

"General Security Agreement" means the General Security Agreement, dated as of April 19, 1995, among the Borrower, the Collateral Agent, and Mellon Bank, N.A., as Cash Collateral Sub-Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation".

"Hazardous Material" means

(a) any "hazardous substance", as defined by CERCLA;

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended;

(c) any petroleum product other than propane; or

(d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"Honor Date" has the meaning specified in Section 3.3(b).

"Increasing Bank" has the meaning specified in Section 11.10.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables and accrued expenses arising in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all Capitalized Lease Liabilities; (g) all net obligations with respect to Swap Contracts; (h) all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; (i) all Redeemable Capital Stock of such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends; (j) any Preferred Stock of any Subsidiary of such Person valued at the sum of the liquidation preference thereof or any mandatory redemption payment obligations in respect thereof plus, in either case, accrued dividends thereon and (k) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (j) above.

For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock, such fair market value shall be determined in good faith by the board of directors or a similar governing body of the issuer of such Redeemable Capital Stock. For purposes of this definition, undrawn letters of credit shall not constitute Indebtedness.

"Indemnified Liabilities" has the meaning specified in Section 11.5.

"Indemnified Parties" has the meaning specified in Section 11.5.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of a Person's creditors generally or any substantial

portion of a Person's creditors; in each case undertaken under U.S. Federal, state or foreign law, including in each case the Bankruptcy Code.

"Interest Payment Date" means, as to any Offshore Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the last Business Day of each calendar quarter; provided, however, that if any Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period is also an Interest Payment Date.

"Interest Period" means, as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrowers in their Notice of Borrowing or Notice of Conversion/Continuation;

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period for any Loan shall extend beyond its Maturity Date; and

(iv) no Interest Period applicable to an Acquisition Loan or portion thereof shall extend beyond any date upon which is due any scheduled principal payment in respect of Acquisition Loans unless the aggregate principal amount of Acquisition Loans represented by Base Rate Loans or Offshore Rate Loans having Interest Periods that will expire on or before such date, equals or exceeds the amount of such principal payment.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect the Company against fluctuations in interest rates on Parity Debt.

"Investment" means, as applied to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, and any other item which would be classified as an "investment" on a balance sheet of such Person prepared in accordance with GAAP, including without limitation any direct or indirect contribution of such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest (it being understood that a

25

direct or indirect purchase or other acquisition by such Person of assets of any other Person (other than stock or other securities) shall not constitute an "Investment" for purposes of this Agreement). For purposes of Section 8.4(c), the amount involved in Investments made during any period shall be the aggregate cost to the Company and its Restricted Subsidiaries of all such Investments made during such period, determined in accordance with GAAP, but without regard to unrealized increases or decreases in value, or write-ups, write-downs or write-offs, of such Investments and without regard to the existence of any undistributed earnings or accrued interest with respect thereto accrued after the respective dates on which such Investments were made, less any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investments (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings (in the form of dividends not constituting a return of capital, interest or otherwise) on such Investments or as loans from any Person in whom such Investments have been made).

"Investment Limit" has the meaning specified in Section 8.4.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"Issuance Date" has the meaning specified in Section 3.1(a).

"Issue" means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms Issued, Issuing and Issuance have corresponding meanings.

"Issuing Bank" means BofA in its capacity as issuer of one or more Letters of Credit hereunder, together with any replacement letter of credit issuer arising under Section 10.l(b) or Section 10.9.

"L/C Advance" means each Bank's participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Amendment Application" means an application form for amendment or renewal of outstanding standby letters of credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

"L/C Application" means an application form for issuances of standby letters of credit as shall at any time be in use at the Issuing Bank, as the Issuing Bank shall request.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which shall not have been reimbursed on the date when made or converted into a Borrowing of Revolving Loans under Section 3.3(c).

"L/C Commitment" means the commitment of the Issuing Bank to Issue, and the commitment of the Banks severally to participate in, Letters of Credit from time to time

Issued or outstanding under Article III, in an aggregate amount not to exceed on any date the amount of the Revolving Commitment, it being understood that the L/C Commitment is a part of the Revolving Commitments rather than a separate, independent commitment.

"L/C Obligations" means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all outstanding L/C Borrowings.

"L/C-Related Documents" means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document executed by a Borrower relating to any Letter of Credit, including any of the Issuing Bank's standard form documents for letter of credit issuances, as the same may be amended, supplemented or otherwise modified from time to time.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 11.2, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

"Letters of Credit" means any standby letters of credit issued by the Issuing Bank pursuant to Article III.

"Leverage Ratio" means, as of any date of determination, the ratio of (i) Total Debt to (ii) EBITDA.

"License Agreements" means, collectively, (a) the Software License Agreement, dated April 19, 1995, by and among the General Partner, the Public Partnership, and the Company relating to the FAST and Stars I and II proprietary software systems, (b) the Trademark License Agreement, dated April 19, 1995, by and among Petrolane, the General Partner, the Public Partnership and the Company, (c) the Trademark License Agreement, dated April 19, 1995, by and among UGI, AmeriGas, Inc., the General Partner, the Public Partnership and the Company and (d) the Trademark License Agreement, dated April 19, 1995, by and among the General Partner, the Public Partnership and the Company, as the same may be amended, modified or supplemented from time to time.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Bank to the Borrowers under Article II, and may be a Base Rate Loan or an Offshore Rate Loan (each, a "Type" of Loan), and includes any Revolving Loan, Acquisition Loan or Swingline Loan; provided, that no Swingline Loan may be an Offshore Rate Loan.

"Loan Documents" means this Agreement, any Notes, the Fee Letter, the Security Documents and the L/C Related Documents.

"Long Term Funded Debt" means, as applied to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures one year or more from the date of execution of the instruments governing any such Indebtedness or, if applicable, the execution of any instrument extending the maturity date of such Indebtedness, provided that Long Term Funded Debt shall include any Indebtedness which does not otherwise come within the foregoing definition but which is directly or indirectly renewable or extendible at the option of the debtor to a date one year or more (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from the date of execution of the instruments governing any such Indebtedness or, if applicable, the execution of any instrument extending the maturity date of such Indebtedness.

"Margin Stock" means "margin stock" as such term is defined in Regulation G, T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse effect on the business, assets or financial condition of the Company and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company or any Restricted Subsidiary to perform any of its obligations under this Agreement, the Notes or the Security Documents to which it is a party; or (c) a material impairment of the legal, valid, binding and enforceable nature of the Security Documents or of the validity and priority of the Liens created thereby on the General Collateral.

"Maturity Date" means the Revolving Termination Date, in respect of the Revolving Loans, and the last scheduled principal installment date for Acquisition Loans, in respect of the Acquisition Loans.

"Mortgage Notes" mean the First Mortgage Notes of the Borrowers, dated as of April 12, 1995, in the aggregate original principal amount of $518,000,000, as the same may be amended, supplemented or otherwise modified.

"Mortgaged Property" means the real properties referred to as the "Mortgaged Property" in the granting clauses of the Mortgages.

"Mortgages" shall have the meaning specified in the definition of Security Documents.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, with respect to which the Company or any ERISA Affiliate may have any liability.

"Net Amount of Unrestricted Investment" means the sum of, without duplication, (x) the aggregate amount of all Investments made after the date hereof pursuant to Section 8.4(h) (computed as provided in the last sentence of the definition of Investment) and (y) the aggregate of all Designation Amounts in connection with the designation of Unrestricted Subsidiaries pursuant to the provisions of Section 7.13 less all Designation Amounts in respect of Unrestricted Subsidiaries which have been designated as Restricted Subsidiaries in accordance with the provisions of Section 7.13 and otherwise reduced in a manner consistent with the provisions of the last sentence of the definition of Investment.

"Net Proceeds" means with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents net of (i) brokerage commissions and other fees and expenses (including without limitation fees and expenses of legal counsel and accountants and fees, expenses and discounts or commissions of underwriters, placement agents and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to such Asset Sale, (iv) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve required in accordance with GAAP against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale and (v) amounts required to be applied to the repayment of Indebtedness (other than the Notes and the Parity Debt) secured by a Lien on the asset or assets sold in such Asset Sale.

"New Banks" shall have the meaning specified in Section 2.15(b).

"Note" means a promissory note executed by the Borrowers in favor of a Bank pursuant to Section 2.2(b), substantially in the form of Exhibit G-1 (in the case of Acquisition Loans) or Exhibit G-2 (in the case of Revolving Loans), as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Note Agreements" means the separate Note Agreements, each dated as of April 12, 1995, among the Borrowers and the holders of the Mortgage Notes, as the same may be amended, supplemented or otherwise modified from time to time.

"Notice Date" shall have the meaning specified in Section 2.15.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A-1, in the case of a Swingline Loan, and Exhibit A-2 in the case of any other Loan.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by any or all of the Borrowers or other Obligors to any Bank, the Agent, or any Indemnified Party, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Obligor" means any Borrower or any other Person (other than the Agent or any Bank) obligated under any Loan Document.

"Officers' Certificate" means as to any corporation, a certificate executed on its behalf by the Chairman of the Board of Directors (if an officer) or its President or one of its Vice Presidents, and its Treasurer, or Controller, or one of its Assistant Treasurers or Assistant Controllers, and, as to any partnership, a certificate executed on behalf of such partnership by its general partner in a manner which would qualify such certificate (a) if such general partner is a corporation, as an Officers' Certificate of such general partner hereunder or (b) if such general partner is a partnership or other entity, as a certificate executed on its behalf by Persons authorized to do so pursuant to the constituting documents of such partnership or other entity.

"Offshore Rate" means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

$$\text{Offshore Rate} = \frac{\text{IBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Reserve Percentage" means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities); and

"IBOR" means the rate of interest per annum (rounded upward to the next 1/16 of 1%, if necessary) determined by the Agent as the rate at which dollar deposits in the approximate amount of BofA's Offshore Rate Loan for such Interest Period would be offered by BofA's Grand Cayman Branch, Grand

Cayman B.W.I. (or such other office as may be designated for such purpose by BofA), to major banks in the offshore dollar interbank market at their request at approximately 10:00 a.m. (New York City time) two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means a Loan that bears interest based on the Offshore Rate.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation and as to any partnership, its partnership agreement, certificate of partnership and related agreements, as the same may be amended, supplemented or otherwise modified from time to time.

"Original Closing Date" means April 19, 1995.

"Other Taxes" means (i) any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents and (ii) any nonrecurring intangible personal property taxes payable under Sections 199 and 201 of the Florida Statutes.

"Parity Debt" means the Mortgage Notes and other Indebtedness of the Company (other than Indebtedness hereunder) incurred in accordance with Sections 8.1(a), (b), (e) and (f) and secured by the respective Liens of the Security Documents in accordance with Sections 8.3(j), (k), (l) and (m).

"Participant" has the meaning specified in Section 11.9(d).

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Company, as in effect on the Restatement Effective Date, and as the same may from time to time be amended, supplemented or otherwise modified.

"Partnership Unrestricted Subsidiaries" means the Unrestricted Subsidiaries of the Public Partnership as defined in the Public Partnership Indenture as in effect on the Restatement Effective Date.

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA) with respect to which the Company or any ERISA Affiliates may have any liability.

"Permitted Banks" has the meaning specified in Section 8.4.

"Permitted Insurers" means (a) insurers with ratings of A or better according to Best's Insurance Reports, or with comparable ratings from a comparable rating agency for insurance companies whose principal offices are located outside of the United States and Canada, and with assets of no less than $500 million and (b) the underwriters at Lloyd's, London.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority or other entity.

"Petrolane" has the meaning specified in the introductory clause hereto.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), which is preferred as to the payment of distributions or dividends, or upon any voluntary or involuntary liquidation or dissolution of such Person, over shares or units of Capital Stock of any other class of such Person.

"Pricing Tier" has the meaning specified in the definition of "Applicable Margin."

"Pro Rata Share" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the combined Commitments of all Banks.

"Public Partnership" has the meaning specified in the recitals hereto.

"Public Partnership Indenture" means the Indenture among the Public Partnership, AmeriGas Finance Corp., and First Fidelity Bank, National Association, as trustee, with respect to the Public Partnership Notes, as the same may be amended, supplemented or otherwise modified from time to time.

"Public Partnership Notes" means the notes issued on April 19, 1995, jointly and severally, by the Public Partnership and AmeriGas Finance Corp., in the aggregate principal amount of $100 million, as the same may be amended, supplemented or otherwise modified from time to time.

"Purchase Money Lien" has the meaning specified in Section 8.3(n).

"Redeemable Capital Stock" means any shares of any class or series of Capital Stock, that, either by the terms thereof, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the date of the last scheduled payment of any Loan then outstanding or is redeemable at the option of the holder thereof at any time prior to such date, or is convertible into or exchangeable for Indebtedness at any time prior to such date.

"Reference Period" shall have the meaning specified in the definition of Consolidated Cash Flow.

"Replacement Bank" has the meaning specified in Section 4.7.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Banks" means at any time Banks then holding at least 66-2/3% of the then aggregate unpaid principal amount of the Loans (assuming that any outstanding Swingline Loans were converted into Revolving Loans or participated in by the Banks pursuant to Section 2.16) and L/C Borrowings and risk participations in outstanding Letters of Credit (or in the case of the Issuing Bank, the amount of the outstanding Letters of Credit minus risk participations of the other Banks therein), or, if no amounts are outstanding, Banks then having at least 66-2/3% of the aggregate amount of the Commitments.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as in effect from time to time.

"Responsible Officer" means the chief executive officer or the president of the Company, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Restatement Effective Date" means the date on which all conditions precedent set forth in Section 5.1 are satisfied or waived by the Banks (or, in the case of Section 5.1(i), waived by the Person entitled to receive such payment).

"Restricted Payment" means with respect to each of the Company and its Restricted Subsidiaries (the "Covered Persons"), (a) in the case of any Covered Person that is a partnership, (i) any payment or other distribution, direct or indirect, in respect of any partnership interest in such Covered Person, except a distribution payable solely in additional partnership interests in such Covered Person, and (ii) any payment, direct or indirect, by such Covered Person on account of the redemption, retirement, purchase or other acquisition of any partnership interest in such Covered Person, except to the extent that such payment consists of additional partnership interests in such Covered Person; or (b) in the case of any Covered Person that is a corporation, (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of such Covered Person then outstanding, except a dividend payable solely in shares of stock of such Covered Person, and (ii) any payment, direct or indirect, by such Covered Person on account of the redemption, retirement, purchase or other acquisition of any shares of any class of stock of such Covered Person then outstanding, or of any warrants, rights or options, to acquire any such shares, except to the extent that such payment consists of shares of Capital Stock of such Covered Person.

"Restricted Subsidiary" means any Subsidiary of the Company organized under the laws of the United States or any state thereof or Canada or any province thereof or the District of Columbia, none of the Capital Stock or ownership interests of which is owned by Unrestricted Subsidiaries and substantially all of the operating assets of which are located in, and substantially all of the business of which is conducted within, the United States or Canada and which is designated as a Restricted Subsidiary in Schedule 6.2 or which shall be designated as a Restricted Subsidiary by the General Partner at a subsequent date as provided in Section 7.13; provided, however, that (a) to the extent a newly formed or acquired Subsidiary is not declared either a Restricted Subsidiary or an Unrestricted Subsidiary within 90 days of its formation or acquisition, such Subsidiary shall be deemed a Restricted Subsidiary and (b) a Restricted Subsidiary may be designated as an Unrestricted Subsidiary in accordance with the provisions of Section 7.13.

"Retained Assets" has the meaning specified in the recitals hereto.

"Revolving Commitment" has the meaning specified in Section 2.1.

"Revolving Commitment Percentage" has the meaning specified in Section 11.10(a).

"Revolving Loan" has the meaning specified in Section 2.1.

"Revolving Termination Date" means the earlier to occur of:

(a) September 15, 2002, as such date may be extended pursuant to Section 2.15 hereof; and

(b) the date on which the Revolving Commitments terminate in accordance with the provisions of this Agreement.

"Routine Permits" has the meaning specified in Section 6.8(a).

"Sale and Lease-Back Transaction" of a Person (a "Transferor") means any arrangement (other than between the Company and a Wholly-Owned Restricted Subsidiary or between Wholly-Owned Restricted Subsidiaries) whereby (a) property (the "Subject Property") has been or is to be disposed of by such Transferor to any other Person with the intention on the part of such Transferor of taking back a lease of such Subject Property pursuant to which the rental payments are calculated to amortize the purchase price of such Subject Property substantially over the useful life of such Subject Property, and (b) such Subject Property is in fact so leased by such Transferor or an Affiliate of such Transferor.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Security Documents" means (a) the Collateral Agency Agreement, (b) each of (i) the mortgage, assignment of leases and rents, security agreement, financing statement and fixture filings made by the Company in favor of the Collateral Agent, and (ii) the deed of trust, assignment of leases and rents, security agreement, financing statement and fixture filings made by the Company in favor of the Collateral Agent, each dated as of the Original Closing Date and covering one or more of the Mortgaged Properties located in the counties listed on Schedule 6.8(b), those executed after the Original Closing Date by the Company as required by Section 7.10 and those executed by Restricted Subsidiaries after the Original Closing Date as required by Section 7.9, in each case substantially in the form of Exhibit E (as each of the same may be amended, supplemented or otherwise modified from time to time, collectively, the "Mortgages"), (c) the General Security Agreement, (d) the Subsidiary Security Agreement and (e) the Subsidiary Guarantee.

"Senior Indebtedness" means the Obligations, the obligations of the Borrowers under the Mortgage Notes and obligations of the Company with respect to Parity Debt.

"Significant Subsidiary Group" means any Subsidiary of the Company which is, or any group of Subsidiaries of the Company all of which are, at any time of determination, subject to one or more of the proceedings or conditions described in subdivision (f) or (g) of Section 9.1 and which Subsidiary or group of Subsidiaries accounted for (or in the case of a recently formed or acquired Subsidiary would have so accounted for on a pro forma basis) more than 1% of consolidated operating revenues of the Company for the fiscal year most recently ended or more than 1% of consolidated total assets of the Company as of the end of the most recently ended fiscal quarter, in each case computed in accordance with GAAP.

"Specified Mortgage" means any Mortgage covering the Mortgaged Property identified on Schedule 9.1(d).

"Subject Property" shall have the meaning specified in the definition of Sale and Lease-Back Transaction.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, joint venture, association, trust or other entity of which (or in which) more than 50% of (a) the issued and outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time Capital Stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interests in the capital or profits of such partnership, limited liability company, joint venture or association with ordinary voting power to elect a majority of the board of directors (or Persons performing similar functions) of such partnership, limited liability company, joint venture or association, or (c) the beneficial interests in such trust or other entity with ordinary voting power to elect a majority of the board of trustees (or Persons performing similar functions) of such trust or other entity, is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries, or by one or more of such Person's other Subsidiaries.

"Subsidiary Guarantee" means that certain Restricted Subsidiary Guarantee, dated as of April 19, 1995, by all of the Restricted Subsidiaries for the benefit of the Collateral Agent as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary Security Agreement" means that certain Subsidiary Security Agreement, dated as of April 19, 1995, among all of the Restricted Subsidiaries, the Collateral Agent and Mellon Bank, N.A., as Cash Collateral Sub-Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"Surety Instruments" means all letters of credit (including standby and commercial), bankers acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement (including any master agreement and any agreement, whether or not in writing, relating to any single transaction) that is an interest rate swap agreement, basis swap, forward rate agreement, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, forward foreign exchange agreement, rate cap, collar or floor agreement, currency swap agreement, cross-currency rate swap agreement, swaption, currency option or any other, similar agreement (including any option to enter into any of the foregoing).

"Swingline Loan" has the meaning specified in Section 2.16.

"Syndication Agent" has the meaning specified in the introductory clause hereto.

"Taxes" means any and all present or future taxes, levies, imposts or withholdings, and all penalties, interest and additions to taxes with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income or capital by the jurisdiction (or any

political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office.

"Total Assets" means as of any date of determination, the consolidated total assets of the Company and the Restricted Subsidiaries as would be shown on a consolidated balance sheet of the Company and the Restricted Subsidiaries prepared in accordance with GAAP as of that date.

"Transferor" shall have the meaning specified in the definition of Sale and Lease-Back Transaction.

"Total Debt" means as of any date of determination, the aggregate principal amount of all Indebtedness of the Company and the Restricted Subsidiaries at the time outstanding (other than Indebtedness permitted by Section 8.1(c)). For purposes of computing the Leverage Ratio pursuant to Section 8.14, Total Debt shall also include the obligations described in clause (c) of the definition of "Contingent Obligation."

"Type" has the meaning specified in the definition of "Loan."

"UGI" has the meaning specified in the recitals hereto.

"United States" and "U.S." each means the United States of America.

"Unrestricted Subsidiary" means a Subsidiary of the Company which is not a Restricted Subsidiary.

"Wholly-Owned Restricted Subsidiary" means any Restricted Subsidiary that is also a Wholly-Owned Subsidiary of the Company.

"Wholly-Owned Subsidiary" means, as applied to any Subsidiary of any Person, a Subsidiary in which (other than directors' qualifying shares required by law) 100% of the Capital Stock of each class having ordinary voting power, and 100% of the Capital Stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by such Person, or by one or more of such Person's other Wholly-Owned Subsidiaries, or both.

1.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "including" is not limiting and means "including without limitation."

(ii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are independent and shall each be performed in accordance with their terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent's or Banks' involvement in their preparation.

1.3 Accounting Principles. (a) Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles in effect in the United States of America from time to time ("GAAP"). Notwithstanding the foregoing, if the Borrowers, the Required Banks or the Agent determines that a change in GAAP from that in effect on the date hereof has altered the treatment of certain financial data to its detriment under this Agreement, such party may seek of the others a renegotiation of any financial covenant affected thereby. If the Borrowers, the Required Banks and Agent cannot agree on renegotiated covenants, then, for the purposes of this Agreement, GAAP will refer to generally accepted accounting principles on the date just prior to the date on which the change that gave rise to the renegotiation occurred.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.1 Amounts and Terms of Commitments.

(a) The Acquisition Credit. Each Bank severally agrees, on the terms and conditions set forth herein, to make loans to the Borrowers (each such loan, an "Acquisition Loan") from time to time on any Business Day during the period from the Restatement Effective Date to the Acquisition Loan Termination Date in an aggregate principal amount not to exceed at any time outstanding the amount set forth opposite such Bank's name on Schedule 2.1 (such amount as the same may be reduced under Section 2.5 or Section 2.7 or as reduced or increased as a result of one or more assignments under Section 11.9, the Bank's "Acquisition Commitment"). Within the limits of each Bank's Acquisition Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.1(a), prepay under Section 2.6 and reborrow under this Section 2.1(a). On the Restatement Effective Date, the aggregate outstanding principal amount of the Acquisition Loans under (and as defined in) the Existing Credit Agreement shall be (i) automatically deemed to be Acquisition Loans under this Agreement for all purposes of this Agreement and the other Loan Documents and (ii) continued as Base Rate Loans or Offshore Rate Loans under this Agreement, as the case may be; provided, that any Offshore Rate Loan so continued shall be continued only until the last day of the applicable Interest Period for such Loan.

(b) The Revolving Credit. Each Bank severally agrees, on the terms and conditions set forth herein, to make loans to the Borrowers (each such loan, a "Revolving Loan") from time to time on any Business Day during the period from the Restatement Effective Date to the Revolving Termination Date, in an aggregate principal amount not to exceed at any time outstanding the amount set forth opposite such Bank's name on Schedule 2.1 (such amount as the same may be reduced under Section 2.5 or Section 2.7 or reduced or increased as a result of one or more assignments under Section 11.9, the Bank's "Revolving Commitment"); provided, that after giving effect to any Borrowing of Revolving Loans, the Effective Amount of all outstanding Revolving Loans plus the Effective Amount of all L/C Obligations plus the Effective Amount of all Swingline Loans shall not exceed the Revolving Commitments. On the Restatement Effective Date, the aggregate outstanding principal amount of the Revolving Loans and Special Purpose Loans under (and as defined in) the Existing Credit Agreement shall be (i) automatically deemed to be Revolving Loans under this Agreement for all purposes of this Agreement and the other Loan Documents and (ii) continued as Base Rate Loans or Offshore Rate Loans under this Agreement, as the case may be; provided, that any Offshore Rate Loan so continued shall be continued only until the last day of the applicable Interest Period for such Loan. Within the limits of each Bank's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.1(b), prepay under Section 2.6 and reborrow under this Section 2.1(b). As a subfacility of the Banks' Revolving Commitments, the Borrowers may request the Issuing Bank to Issue Letters of Credit from time to time pursuant to Article III. In addition, the Borrowers may request BofA to make Swingline Loans to the Borrowers from time to time pursuant to Section 2.16.

2.2 Loan Accounts. (a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks to the Borrowers and the interest and principal payments thereof. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Loans. In case of a discrepancy between the entries in the Agent's books and any Bank's books, such Bank's books shall be rebuttably presumptively correct.

(b) Upon the request of any Bank made through the Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrowers with respect thereto. Each such Bank is irrevocably authorized by the Borrowers to so endorse its Note(s) and each Bank's record shall be rebuttable presumptive evidence of the amount of the Loans made by such Bank to the Borrowers and the interest and principal payments thereof; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Borrowers hereunder or under any such Note to pay any amount owing with respect to the Loans made by such Bank.

(c) Each Bank represents that at no time shall any part of the funds used to make any Loan constitute, or deemed under ERISA, the Code or any other applicable law, or any ruling or regulation issued thereunder, or any court decision, to constitute, the assets of any employee benefit plan (as defined in section 3(3) of ERISA) or any plan (as defined in section 4975(e)(1) of the Code).

2.3 Procedure for Borrowing. (a) Each Borrowing of Loans (other than Swingline Loans) shall be made upon the Borrowers' irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 12:00 noon) (New York City time) (i) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans; and (ii) one Business Day prior to the requested Borrowing Date, in the case of Base Rate Loans, specifying:

(A) the amount of the Borrowing, which shall be in an aggregate minimum amount of $5,000,000 in the case of Offshore Rate Loans or $1,000,000 in the case of Base Rate Loans, or any multiple of $1,000,000 in excess thereof; provided, however, that the Borrowers may request (x) up to two Borrowings of Base Rate Loans in a minimum amount of $500,000 in any fiscal quarter and (y) Borrowings of Base Rate Loans in such amount as is necessary to pay to the Agent the amounts required by the last sentence of Section 2.13(a);

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising the Borrowing;

(D) whether the Loans comprising the Borrowing shall be Acquisition Loans or Revolving Loans; and

(E) the duration of the Interest Period applicable to the Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing (or a deemed notice of Borrowing under Section 2.16(b))and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Borrowers at the Agent's Payment Office by 1:00 p.m. (New York City time) on the Borrowing Date requested by the Borrowers in funds immediately available to the Agent. The proceeds of all such Loans will then be made available to the Borrowers by the Agent on the Borrowing Date by wire transfer in accordance with written instructions provided to the Agent by such Borrowers of like funds as received by the Agent.

(d) After giving effect to any Borrowing, there may not be more than ten different Interest Periods in effect.

2.4 Conversion and Continuation Elections. (a) The Borrowers may, upon irrevocable written notice to the Agent in accordance with Section 2.4(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Loans, to convert any such Loans (or any part thereof in an amount not less than $5,000,000 in the case of a conversion to an Offshore Rate Loan or $1,000,000 in the case of a conversion to a Base Rate Loan, or that is in an integral multiple of $1,000,000 in excess thereof) into Loans of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue as Offshore Rate Loans any Offshore Rate Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $5,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrowers to continue such Loans as, and convert such Loans into, Offshore Rate Loans shall terminate.

(b) The Borrowers shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 12:00 noon (New York City time) (i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued

as Offshore Rate Loans; and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Loans to be converted or continued;

(C) the Type of Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period the Borrowers have failed to select timely a new Interest Period to be applicable to the Offshore Rate Loans having the expired Interest Period or if any Default or Event of Default then exists, the Borrowers shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Borrowers, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(e) Unless the Required Banks otherwise agree, during the existence of a Default or unless all the Banks otherwise agree, during the existence of an Event of Default, the Borrowers may not elect to have a Loan converted into or continued as an Offshore Rate Loan.

(f) After giving effect to any conversion or continuation of Loans, there may not be more than ten different Interest Periods in effect.

2.5 Voluntary Termination or Reduction of Commitments. The Borrowers may, upon prior notice to the Agent and the Banks no later than 11:00 a.m. (New York City time) two Business Days' prior to a proposed termination, terminate the Revolving Commitments or the Acquisition Commitments, or permanently reduce the Commitments by an aggregate minimum amount of $3,000,000 or any multiple of $1,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof subject to Sections 2.6 and 4.4, (a) the then Effective Amount of all Revolving Loans and Swingline Loans plus the then Effective Amount of all L/C Obligations would exceed the amount of the Revolving Commitments then in effect or (b) the then Effective Amount of all outstanding Acquisition Loans would exceed the amount of the Acquisition Commitments then in effect. Once reduced in accordance with this Section 2.5, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued facility fees to, but not including, the effective date of any reduction or termination of Commitments,

shall be paid on the last day of each calendar quarter and the effective date of any such termination.

2.6 Optional Prepayments. Subject to Section 4.4, the Borrowers may, at any time or from time to time, upon not less than three Business Days' prior notice to the Agent, in the case of Offshore Rate Loans, or one Business Day's prior notice to the Agent, in the case of Base Rate Loans, prepay Loans in whole or in part. Such notice of prepayment shall be irrevocable and specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and whether the Loans to be prepaid are Acquisition Loans, Revolving Loans or Swingline Loans. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Borrowers, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with, in the case of Offshore Rate Loans, accrued interest to such date on the amount prepaid and any amounts required pursuant to Section 4.4. Optional prepayments of Acquisition Loans after the Acquisition Loan Termination Date shall be applied to the installments thereof pro rata among the remaining maturities.

2.7 Mandatory Prepayments of Loans; Mandatory Commitment Reductions.

(a) Asset Sales. In the event that any Asset Sale results in Excess Sale Proceeds which are not applied as provided in Section 8.8 (c)(ii)(B)(x), such Excess Sale Proceeds shall be applied to the prepayment of Senior Indebtedness on a pro rata basis based upon the aggregate principal amount of Senior Indebtedness then outstanding (assuming, with respect to revolving debt, that the maximum commitment amount is outstanding); provided, however, that the amounts that would be applicable to payments to the Banks hereunder shall be applied first to outstanding amounts under the Acquisition Commitments (and if after the Acquisition Loan Termination Date, applied to the remaining installments of the Acquisition Loans pro rata), then to outstanding amounts under the Revolving Commitments. Such prepayments shall be allocated among the Banks according to their respective Pro Rata Shares. The Acquisition Commitments and Revolving Commitments shall be reduced by the amount of such prepayments applied to outstanding principal amounts thereunder, and any such reduction shall be applied to each Bank according to its Pro Rata Share. If the amount of such Excess Sale Proceeds applicable to payment to the Banks hereunder exceeds the amount of the outstandings under the Commitments, the Commitments shall be reduced by such excess, by reduction, first to the Acquisition Commitments (if prior to the Acquisition Loan Termination Date) and then to the Revolving Commitments, and any such reduction shall be applied to each Bank in accordance with its Pro Rata Share.

(b) Excess Outstandings. If on any date the Effective Amount of L/C Obligations exceeds the L/C Commitment, the Borrowers shall Cash Collateralize on such date the outstanding Letters of Credit in an amount equal to the excess of the maximum amount then available to be drawn under the Letters of Credit over the L/C Commitment. Subject to Section 4.4, if on any date after giving effect to any Cash Collateralization made on such date pursuant to the preceding sentence, the Effective Amount of all Revolving Loans and L/C Obligations exceeds the Revolving Commitments, the Borrowers shall immediately, and without notice or demand,

prepay the outstanding principal amount of the Revolving Loans and/or L/C Advances by an amount equal to such excess.

(c) Other Prepayments. In the event of a prepayment or mandatory repurchase of the Mortgage Notes or other Parity Debt not governed by Section 2.7(a) after the Acquisition Loan Termination Date, the Loans shall be prepaid in a pro rata amount, such pro rata amount based upon the maximum commitment amount of Mortgage Notes and Parity Debt plus the Commitments hereunder. Such prepayment shall be applied first to the installments of the Acquisition Loans then to the Revolving Loans (with a concurrent reduction of the Revolving Commitments).

2.8 Repayment. (a) The Acquisition Credit. The Borrowers shall repay to the Banks the Acquisition Loans in equal quarterly payments at each fiscal quarter end commencing with the first fiscal quarter end after the Acquisition Loan Termination Date and ending on a date 4 years after the Acquisition Loan Termination Date.

(b) The Revolving Credit. The Borrowers shall repay to the Banks in full on the Revolving Termination Date the aggregate principal amount of Revolving Loans outstanding on such date, together with all accrued and unpaid interest thereon.

(c) Swingline Loans. The Borrowers shall repay to BofA in full the aggregate principal amount of each Swingline Loan, together with all accrued and unpaid interest thereon, upon the earlier of (a) 5 calendar days following the date on which such Swingline Loan was funded by BofA and (b) the Revolving Termination Date.

2.9 Interest. (a) Each Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate (other than with respect to Swingline Loans) or the Base Rate, as the case may be (and subject to the Borrowers' right to convert to the other Type of Loan under Section 2.4), plus the Applicable Margin.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Offshore Rate Loans under Section 2.6 or 2.7 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Required Banks. Interest on each Swingline Loan shall be for the sole account of BofA (except to the extent the other Banks have funded the purchase of participations therein pursuant to subsection 2.16(b)).

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any other Loan Document is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Borrowers agree to pay interest on such unpaid principal or other amount, from the date such amount becomes due to the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand (but not

more frequently than once per week), at a fluctuating rate per annum equal to the Base Rate plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Borrowers to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Borrowers shall pay such Bank interest for such period at the highest rate permitted by applicable law.

2.10 Fees. (a) Arrangement, Agency Fees. The Borrowers shall pay a transaction fee to the Arranger for the Arranger's own account, and shall pay an agency fee to the Agent for the Agent's own account, as required by the letter agreement ("Fee Letter") among the Company, the Agent and the Arranger dated August 8, 1997.

(b) Facility Fees. The Company shall pay on the last day of each calendar quarter to the Agent for the account of each Bank a facility fee on the daily average amount of (i) such Bank's Revolving Commitment (whether or not used) from the date hereof until the Revolving Termination Date and (ii) such Bank's Acquisition Commitment (whether or not used) from the date hereof until the Acquisition Loan Termination Date, in each case at the rate per annum set forth below for each Pricing Tier as such Pricing Tier is applicable:

Pricing Tier	Funded Debt Ratio	Facility Fee Rate
I	<1.75x	0.1000%
II	(greater than or equal to) 1.75x but <2.75x	0.1250%
III	(greater than or equal to) 2.75x but <3.25x	0.1500%
IV	(greater than or equal to) 3.25x but <3.75x	0.2000%
V	(greater than or equal to) 3.75x but <4.25x	0.2500%
VI	(greater than or equal to) 4.25x but <4.75x	0.3000%
VII	(greater than or equal to) 4.75x	0.3750%

For the purpose of determining the applicable Pricing Tier pursuant to this Section 2.10(b), EBITDA shall be determined as at the end of each fiscal quarter for the four fiscal quarters then ending and Funded Debt shall be determined as at the end of each fiscal quarter. Pricing changes shall be effective on the later of (i) 45 days after the end of each of the first three fiscal quarters of each fiscal year and 90 days after each fiscal year end and (ii) the Agent's receipt of financial

statements hereunder for such fiscal quarter or fiscal year. For the period from the date hereof through December 29, 1997, Pricing Tier IV shall be deemed applicable.

(c) Upfront Fees. On or prior to the Restatement Effective Date, the Borrowers shall pay to the Agent for the account of each Bank an upfront fee in the amount of 0.05% multiplied by such Bank's Commitment (whether or not used). Such upfront fees are for the credit facilities committed by each Bank under this Agreement and are fully earned when paid. The upfront fees paid to each Bank are solely for its own account and are nonrefundable.

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

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Borrowers and the Banks in the absence of manifest error.

2.12 Payments by the Borrowers. (a) All payments to be made by the Borrowers shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrowers shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 1:00 p.m. (New York City time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 1:00 p.m. (New York City time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue to such Business Day.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Borrowers prior to the date on which any payment is due to the Banks that the Borrowers will not make such payment in full as and when required, the Agent may assume that the Borrowers have made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrowers have not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.13 Payments by the Banks to the Agent, etc. (a) Unless the Agent receives notice from a Bank on or prior to the Restatement Effective Date or, with respect to any Borrowing after the Restatement Effective Date, at least one Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent

for the account of the Borrowers the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrowers on such date a corresponding amount. If and to the extent any Bank shall not have made the full amount of its Pro Rata Share of any Borrowing available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Borrowers such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Borrowers of such failure to fund and, upon demand by the Agent, the Borrowers shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date. No Bank shall be entitled to take any action to protect or enforce its rights arising out of any Loan Document without the prior written consent of the Required Banks, including the exercise, or attempt to exercise, any right of set-off, banker's lien, or any similar such action, against any deposit account or property of the Borrowers held by any such Bank.

2.14 Sharing of Payments, etc. If, other than as expressly provided elsewhere herein, including with respect to Swingline Loans, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, except pursuant to Sections 2.15, 4.7, 11.1, and 11.9) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrowers agree that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.12) with respect to such participation as fully as if such Bank were the direct creditor of the Borrowers in the amount of such participation. The Agent will keep records (which shall

be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.15 Revolving Termination Date. (a) The Revolving Commitments shall terminate and each Bank shall be relieved of its obligations to make any Revolving Loan on the Revolving Termination Date. The Borrowers may from time to time request an extension of the Revolving Termination Date for an additional one-year period by executing and delivering to the Agent a Commitment Termination Date Extension Request at least 60 but not more than 90 days prior to the then scheduled Revolving Termination Date. The Revolving Termination Date shall be so extended if the Agent shall have received from each Bank on or prior to the 30th day preceding the then scheduled Revolving Termination Date a duly executed counterpart of such Commitment Termination Date Extension Request. Each Bank may in its sole and absolute discretion withhold its consent to any such Commitment Termination Date Extension Request.

(b) Notwithstanding the foregoing, if the Agent shall have received duly executed counterparts of a Commitment Termination Date Extension Request from Banks representing, in the aggregate, 80% or more of the Revolving Commitments, but less than 100% of the Revolving Commitments, on or prior to the 30th day preceding the then scheduled Revolving Termination Date, the Agent shall so notify (the date of such notice being the "Notice Date") the Borrowers and the Borrowers shall have the right to seek a substitute bank or banks (the "New Banks") which New Banks would meet the requirements to be Eligible Assignees, acceptable to the Agent and the Borrowers (which may be one or more of the Banks) to replace the Bank or Banks which have not delivered a counterpart of such Commitment Termination Date Extension Request by such time; provided that such New Banks shall replace such nonrenewing Banks on all such nonrenewing Banks' Commitments, Loans, L/C Obligations and L/C Advances, so the Pro Rata Share of any New Bank of the Acquisition Commitments, Revolving Commitments, Loans, L/C Obligations and L/C Advances shall be the same. If any Revolving Termination Date shall not have been extended pursuant to clause (a) above, the Borrowers shall elect, by delivering to the Agent at least four Business Days' prior to the then scheduled Revolving Termination Date a written notice of election, either (i) not to extend such Revolving Termination Date, in which case such Revolving Termination Date shall not be so extended for any Bank irrespective of whether such Bank has or has not sent its duly executed counterpart of the Commitment Termination Date Extension Request or (ii) if the aggregate Revolving Commitments of the Banks who have delivered duly executed counterparts of a Commitment Termination Date Extension Request represent at least 80% of the Revolving Commitments, to extend such current Revolving Termination Date, in which case (x) the Revolving Termination Date shall be extended for an additional period of one year from the then scheduled Revolving Termination Date, and (y) the Revolving Commitments shall be reduced on the then scheduled Revolving Termination Date to an amount equal to the aggregate of the Revolving Commitments of the Banks who had delivered duly executed counterparts of a Commitment Termination Date Extension Request on or prior to the 30th day preceding the then scheduled Revolving Termination Date, plus the aggregate Revolving Commitments of the New Banks and (z) the Commitments shall be reduced on the then scheduled Revolving Termination Date to an amount equal to (1) the aggregate of the Commitments of the Banks who have delivered executed counterparts of a Commitment Termination Date Extension Request on or prior to the 30th day

preceding the then scheduled Revolving Termination Date plus (2) the aggregate Commitments of the New Banks, and the Borrowers shall pay (such payment to be made on such Revolving Termination Date) in full all Revolving Loans and Acquisition Loans plus all accrued interest and fees (including any amounts owed under Section 4.4) owing to each such non-renewing Bank and each such non-renewing Bank (to the extent that such Loans have not been acquired by the new Banks) shall no longer have any Commitment for purposes of this Agreement and each other Loan Document. If the Borrowers shall not have delivered such a written notice of election to the Agent on or prior to the then scheduled Revolving Termination Date, such Revolving Termination Date shall not be extended.

2.16 Swingline Loans.

(a) Subject to the satisfaction of each of the conditions set forth in Section 5.2 and in this Section 2.16, BofA agrees, at the request of the Borrowers made through the Agent as set forth below, from time to time during the period from the Restatement Effective Date to the Revolving Termination Date, to make short-term loans to the Borrowers not to exceed in the aggregate at any one time outstanding the principal sum of $15,000,000, to be used for working capital purposes and general purposes of the Company and the Restricted Subsidiaries (each such loan, a "Swingline Loan"). The availability of Swingline Loans is conditioned on the satisfaction of each of the following conditions (in addition to those contained in Section 5.2): (i) each Swingline Loan shall bear interest from the time made until the time repaid, or until the time, if any, that such Swingline Loan is converted into a Base Rate Loan as provided below, at the rate(s) from time to time applicable to Base Rate Loans hereunder; (ii) at the time of making of any Swingline Loan, the sum of the Effective Amount of all outstanding Swingline Loans plus the Effective Amount of all outstanding Revolving Loans plus the Effective Amount of all L/C Obligations, without duplication, shall not exceed the aggregate Revolving Commitments; (iii) each Swingline Loan, when made, all interest accrued thereon, and all reimbursable costs and expenses incurred or payable in connection therewith, shall constitute an Obligation of Borrowers hereunder; and (iv) each request for a Swingline Loan from BofA pursuant to this Section 2.16 shall be made by the Borrowers to the Agent, shall be funded by BofA through the Agent, and shall be repaid by the Borrowers through the Agent (in order that the Agent may keep an accurate record of the outstanding balance at any time of Swingline Loans so as to monitor compliance with the terms and provisions hereof). Each Swingline Loan shall be made upon the Borrowers' irrevocable written notice delivered to the Agent substantially in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 1:00 p.m. (New York City time) on the requested date of such Swingline Loan), specifying:

(i) the amount of the Swingline Loan, which shall be in a minimum amount of $1,000,000 or any multiple of $1,000,000 in excess thereof; and

(ii) the requested date of such Swingline Loan, which shall be a Business Day.

(b) If any Swingline Loan made pursuant to this Section 2.16, and in compliance with the conditions set forth in the immediately preceding paragraph of this Section 2.16, is not repaid by the Borrowers on or before the fifth calendar day following the day

that it was funded by BofA, the Borrower shall be deemed to have given notice of a Borrowing of a Revolving Loan in the amount of such Swingline Loan on such fifth calendar day to automatically (unless an Insolvency Proceeding has been commenced with respect to any Borrower on or prior to such date) effect a conversion of such Swingline Loan into a Revolving Loan which is a Base Rate Loan, and each Bank shall fund to the Agent, for the account of BofA, such Bank's ratable share of such Revolving Loan, based on such Bank's Pro Rata Share; provided, that if any Insolvency Proceeding has been commenced with respect to any Borrower on or prior to the date on which such Swingline Loan is so converted, and in lieu of funding its Pro Rata Share of a Revolving Loan, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from BofA a participation in such Swingline Loan equal to the product of such Bank's Pro Rata Share times the amount of such Swingline Loan.

(c) Each Bank's obligation in accordance with this Agreement to make Revolving Loans upon the failure of a Swingline Loan to be repaid in full when due, or to purchase participations in such Swingline Loans, shall, in each case, be absolute and unconditional and without recourse to BofA and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against BofA, the Borrowers or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

ARTICLE III

THE LETTERS OF CREDIT

3.1 The Letter of Credit Subfacility. (a) On the terms and conditions set forth herein (i) the Issuing Bank agrees, (A) from time to time on any Business Day during the period from the Restatement Effective Date to the Revolving Termination Date to issue Letters of Credit for the account of the Borrowers, and to amend or renew, extend the expiration of or increase the amount of Letters of Credit previously issued by it, in accordance with Sections 3.2(c) and 3.2(d), and (B) to honor drafts under the Letters of Credit; and (ii) the Banks severally agree to participate in Letters of Credit Issued for the account of the Borrowers; provided, that the Issuing Bank shall not be obligated to Issue, and no Bank shall be obligated to participate in, any Letter of Credit if as of the date of Issuance of such Letter of Credit (the "Issuance Date") (x) the Effective Amount of all L/C Obligations plus the Effective Amount of all Revolving Loans plus the Effective Amount of all Swingline Loans exceeds the amount of the Revolving Commitment or (y) the Effective Amount of all L/C Obligations exceeds $35,000,000. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrowers' ability to obtain Letters of Credit shall be fully revolving, and, accordingly, the Borrowers may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed.

(b) The Issuing Bank shall not Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from

Issuing such Letter of Credit, or any Requirement of Law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Restatement Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Restatement Effective Date and which the Issuing Bank in good faith deems material to it;

(ii) the Issuing Bank has received written notice from any Bank, the Agent or the Company, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit is (A) more than 360 days after the date of Issuance, unless the Required Banks have approved such expiry date in writing, or (B) after the Revolving Termination Date, unless all of the Banks have approved such expiry date in writing;

(iv) any requested Letter of Credit is now otherwise in form and substance acceptable to the Issuing Bank, or the Issuance of a Letter of Credit shall violate any applicable policies of the Issuing Bank;

(v) such Letter of Credit is in a face amount less than $500,000 or to be denominated in a currency other than Dollars.

3.2 Issuance, Amendment and Renewal of Letters of Credit. (a) Each Letter of Credit shall be issued upon the irrevocable written request of the Borrowers received by the Issuing Bank (with a copy sent by the Borrowers to the Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of issuance. Each such request for issuance of a Letter of Credit shall be by facsimile, confirmed promptly in an original writing, in the form of an L/C Application, and shall specify in form and detail satisfactory to the Issuing Bank: (i) the proposed date of issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as the Issuing Bank may require.

(b) At least one Business Day prior to the Issuance of any Letter of Credit, the Issuing Bank will confirm with the Agent (by telephone or in writing) that the Agent has received a copy of the L/C Application or L/C Amendment Application from the Borrowers and, if not, the Issuing Bank will provide the Agent with a copy thereof. Unless the Issuing Bank has received,

on or before the Business Day immediately preceding the date the Issuing Bank is to issue a requested Letter of Credit, (A) notice from the Agent directing the Issuing Bank not to issue such Letter of Credit because such issuance is not then permitted under Section 3.1(a) as a result of the limitations set forth in the proviso contained in the first sentence thereof or (B) a notice described in Section 3.1(b)(ii), then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrowers in accordance with the Issuing Bank's usual and customary business practices.

(c) From time to time while a Letter of Credit is outstanding and prior to the Revolving Termination Date, the Issuing Bank will, upon the written request of the Borrowers received by the Issuing Bank (with a copy sent by the Borrowers to the Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, amend any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall be made by facsimile made in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to the Issuing Bank: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the Issuing Bank may reasonably require. The Issuing Bank shall not amend any Letter of Credit if: (A) the Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms of this Agreement; or (B) the beneficiary of any such Letter of Credit does not accept the proposed amendment to the Letter of Credit. The Agent will promptly notify the Banks of the receipt by it of any L/C Application or L/C Amendment Application.

(d) The Issuing Bank and the Banks agree that, while a Letter of Credit is outstanding and prior to the Revolving Termination Date, at the option of the Borrowers and upon the written request of the Borrowers received by the Issuing Bank (with a copy sent by the Borrowers to the Agent) at least three Business Days (or such shorter time as the Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of notification of renewal, the Issuing Bank shall authorize the automatic renewal of any Letter of Credit issued by it. Each such request for renewal of a Letter of Credit shall be made by facsimile, confirmed promptly in an original writing, in the form of an L/C Amendment Application, and shall specify in form and detail satisfactory to the Issuing Bank: (i) the Letter of Credit to be renewed; (ii) the proposed date of notification of renewal of the Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of the Letter of Credit; and (iv) such other matters as the Issuing Lender may reasonably require. The Issuing Bank shall not renew any Letter of Credit if: (A) the Issuing Bank would have no obligation at such time to issue or amend such Letter of Credit in its renewed form under the terms of this Agreement; or (B) the beneficiary of such Letter of Credit does not accept the proposed renewal of the Letter of Credit. If any outstanding Letter of Credit shall provide that it shall be automatically renewed in accordance with its terms unless the beneficiary thereof receives notice from the Issuing Bank that such Letter of Credit shall not be renewed, and if at the time of renewal the Issuing Bank would be required to authorize the automatic renewal of such Letter of Credit in accordance with this Section 3.2(d) upon the request of the Borrowers but the Issuing Bank shall not have received any L/C Amendment Application from the Borrowers with respect to such renewal or other written direction by the

Borrowers with respect thereto, the Issuing Bank shall nonetheless be permitted to allow such Letter of Credit to renew, and the Borrowers and the Banks hereby authorize such renewal, and, accordingly, the Issuing Bank shall be deemed to have received an L/C Amendment Application from the Borrowers requesting such renewal.

(e) The Issuing Bank may, at its election (or as required by the Agent at the direction of the Required Banks), deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than the Revolving Termination Date.

(f) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(g) The Issuing Bank will also deliver to the Agent, concurrently or promptly following its delivery of a Letter of Credit, or amendment to or renewal of a Letter of Credit, to an advising bank or a beneficiary, a true and complete copy of each such Letter of Credit or amendment to or renewal of a Letter of Credit.

3.3 Risk Participations, Drawings and Reimbursements.

(a) Immediately upon the Issuance of each Letter of Credit, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank a participation in such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Bank times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of each such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Bank will promptly notify the Company. The Borrowers shall reimburse the Issuing Bank prior to 1:00 p.m. (New York City time), on each date that any amount is paid by the Issuing Bank under any Letter of Credit (each such date, an "Honor Date"), in an amount equal to the amount so paid by the Issuing Bank. In the event the Borrowers fail to reimburse the Issuing Bank for the full amount of any drawing under any Letter of Credit by 1:00 p.m. (New York City time) on the Honor Date, the Issuing Bank will promptly notify the Agent and the Agent will promptly notify each Bank thereof, and the Borrowers shall be deemed to have requested that Base Rate Loans be made by the Banks to be disbursed on the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the Revolving Commitment and subject to the conditions set forth in Section 5.2. Any notice given by the Issuing Bank or the Agent pursuant to this Section 3.3(b) may be oral if immediately confirmed in writing (including by facsimile); provided that the lack of such an immediate confirmation. shall not affect the conclusiveness or binding effect of such notice.

(c) Each Bank shall upon any notice pursuant to Section 3.3(b) make available to the Agent for the account of the Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share of the amount of the drawing, whereupon the participating Banks shall (subject to Section 3.3(e)) each be deemed to have made a Revolving

Loan consisting of a Base Rate Loan to the Borrowers in that amount. If any Bank so notified fails to make available to the Agent for the account of the Issuing Bank the amount of such Bank's Pro Rata Share of the amount of the drawing by no later than 3:00 p.m. (New York City time) on the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. The Agent will promptly give notice of the occurrence of the Honor Date, but failure of the Agent to give any such notice in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.3 (other than the obligation to pay interest for the period prior to the notice).

(d) With respect to any unreimbursed drawing that is not converted into Revolving Loans consisting of Base Rate Loans to the Borrowers in whole or in part, because of the Borrowers' failure to satisfy the conditions set forth in Section 5.2 or for any other reason, the Borrowers shall be deemed to have incurred from the Issuing Bank an L/C Borrowing in the amount of such drawing, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Base Rate plus 2%, and each Bank's payment to the Issuing Bank pursuant to Section 3.3(c) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.3.

(e) Each Bank's obligation in accordance with this Agreement to make Revolving Loans or L/C Advances, as contemplated by this Section 3.3, as a result of a drawing under a Letter of Credit, shall be absolute and unconditional and without recourse to the Issuing Bank and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against the Issuing Bank, the Borrowers or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, however, that each Bank's obligation to make Revolving Loans under this Section 3.3 is subject to the conditions set forth in Section 5.2.

3.4 Repayment of Participations. (a) Upon (and only upon) receipt by the Agent for the account of the Issuing Bank of immediately available funds from the Borrowers (i) in reimbursement of any payment made by the Issuing Bank under the Letter of Credit with respect to which any Bank has paid the Agent for the account of the Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.3 or (ii) in payment of interest thereon, the Agent will pay to each Bank, in the same funds as those received by the Agent for the account of the Issuing Bank, the amount of such Bank's Pro Rata Share of such funds, and the Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay the Agent for the account of the Issuing Bank.

(b) If the Agent or the Issuing Bank is required at any time to return to the Borrowers, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Borrowers to the Agent for the account of the Issuing Bank pursuant to Section 3.4(a) in reimbursement of a payment made under any

Letter of Credit or interest or fee thereon, each Bank shall, on demand of the Agent, forthwith return to the Agent or the Issuing Bank the amount of its Pro Rata Share of any amounts so returned by the Agent or the Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to the Agent or the Issuing Bank, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.5 Role of the Issuing Bank. (a) Each Bank and the Borrowers agree that, in paying any drawing under a Letter of Credit, the Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft and certificates expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Agent-Related Person nor any of the respective correspondents, participants or assignees of the Issuing Bank shall be liable to any Bank for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Banks (including the Required Banks, as applicable); (ii) any action taken or omitted in the absence of negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) Except as otherwise provided in this clause (c), the Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as they may have against the beneficiary or transferee at law or under any other agreement. No Agent-Related Person, nor any of the respective correspondents, participants or assignees of the Issuing Bank, shall be liable or responsible for any of the matters described in clauses (i) through (vii) of Section 3.6; provided that, anything in such clauses to the contrary notwithstanding, the Borrowers may have a claim against the Issuing Bank, and the Issuing Bank may be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrowers which the Borrowers prove were caused by the Issuing Bank's willful misconduct or gross negligence or the Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) the Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.6 Obligations Absolute. Subject to the proviso contained in the second sentence of Section 3.5(c), the obligations of the Borrowers under this Agreement and any L/C-Related Document to reimburse the Issuing Bank for a drawing under a Letter of Credit, and to repay any L/C Borrowing and any drawing under a Letter of Credit converted into Revolving Loans, shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this

Agreement and each such other L/C-Related Document under all circumstances, including the following:

(i) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrowers in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;

(iv) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(v) any payment by the Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by the Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the obligations of the Borrowers in respect of any Letter of Credit; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower or a guarantor.

3.7 Cash Collateral Pledge. Upon notice from the Agent or the Required Banks, if, as of the Revolving Termination Date, or upon the occurrence of an Event of Default, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrowers shall, unless waived by the Required Banks, immediately Cash Collateralize the L/C Obligations in an amount equal to the L/C Obligations.

3.8 Letter of Credit Fees. (a) The Borrowers shall pay to the Agent for the account of each of the Banks a letter of credit fee with respect to the Letters of Credit at a percentage rate per annum equal to the Applicable Margin for Revolving Loans consisting of Offshore Rate Loans (as in effect from time to time) on the average daily maximum amount available to be drawn of the outstanding Letters of Credit, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter based upon Letters of Credit outstanding for that quarter as calculated by the Agent.

(b) The Borrowers shall pay to the Issuing Bank a letter of credit fronting fee for each Letter of Credit Issued by the Issuing Bank equal to 0.125% per annum of the face amount (or increased face amount, as the case may be) of such Letter of Credit, as computed by the Agent.

(c) The letter of credit fees payable under Section 3.8(a) and the fronting fees payable under Section 3.8(b) shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter during which Letters of Credit are outstanding, commencing on the first such quarterly date to occur after the Restatement Effective Date, through the Revolving Termination Date (or such later date upon which the outstanding Letters of Credit shall expire), with the final payment to be made on the Revolving Termination Date (or such later expiration date).

(d) The Borrowers shall pay to the Issuing Bank from time to time on demand the normal issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Bank relating to letters of credit as from time to time in effect.

3.9 Uniform Customs and Practice. The Uniform Customs and Practice for Documentary Credits as published by the International Chamber of Commerce most recently at the time of issuance of any Letter of Credit shall (unless otherwise expressly provided in the Letters of Credit) apply to all Letters of Credit.

ARTICLE IV

TAXES, YIELD PROTECTION AND ILLEGALITY

4.1 Taxes. (a) Except as provided in Section 4.1(c), any and all payments by the Borrowers to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Borrowers shall pay all Other Taxes.

(b) The Borrowers agree to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or the Agent and any liability (including penalties, interest, additions to tax and expenses arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted). Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent provides written proof of payment of the related Taxes or Other Taxes to the Borrowers.

(c) If the Borrowers shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Borrowers shall make such deductions and withholdings;

(iii) the Borrowers shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrowers shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after their receipt of a written request therefor by Agent, the Borrowers shall furnish the Agent the original or a certified copy of a receipt evidencing any payment by the Borrowers of Taxes or Other Taxes, or other evidence of payment satisfactory to the Agent.

(e) If the Borrowers are required to pay additional amounts to any Bank or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Borrowers which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

(f) No Foreign Bank shall be entitled to claim that the provisions of this Section 4.1 apply to it with respect to Taxes unless such Foreign Bank shall have delivered to the Borrowers, prior to the time that any payments are to be made under this Agreement to such Foreign Bank, a properly completed (i) Treasury Form 4224, specifying that the payments to be received by such Foreign Bank pursuant to this Agreement are effectively connected with the conduct of a United States trade or business or (ii) Treasury Form 1001, specifying that the payments to be received by such Foreign Bank pursuant to this Agreement are wholly exempt from United States federal income tax pursuant to the provisions of an applicable income tax treaty with the United States and, in either case, has otherwise complied with Section 10.10 hereof. Each Foreign Bank that shall have provided a Form 4224 or a Form 1001 to the Borrowers, if permitted by law, shall be required to provide the Borrowers with a new form (also showing no withholding) no later than 3 years from the date that it provided the original form to the Borrowers in order to claim advantage of this Section 4.1 from and after such time.

4.2 Illegality. (a) If the introduction after the date hereof of any Requirement of Law, or any change after the Restatement Effective Date in any Requirement of Law, or in the

interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted after the Restatement Effective Closing Date that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Borrowers through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Borrowers that the circumstances giving rise to such determination no longer exist.

(b) If it is unlawful for any Bank to maintain any Offshore Rate Loan, the Borrowers shall, upon receipt by the Company of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Borrowers are required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Borrowers shall borrow from the affected Bank, in the amount of such prepayment, a Base Rate Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Loans has been so terminated or suspended, the Borrowers may elect, by giving notice to the Bank through the Agent that all Loans which would otherwise be made by the Bank as Offshore Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank.

4.3 Increased Costs and Reduction of Return. (a) If, due to either (i) the introduction after the date hereof of, or any change after the date hereof (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate or in respect of the assessment rate payable by any Bank to the FDIC for insuring U.S. deposits) in or in the interpretation of any law or regulation applicable to any Bank (other than any such introduction or change announced prior to the date hereof) or (ii) the compliance by any Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) not in effect prior to the date hereof, there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, or participating in Letters of Credit, or, in the case of the Issuing Bank, any increase in the cost to the Issuing Bank of agreeing to issue, issuing or maintaining any Letter of Credit or of agreeing to make or making, funding or maintaining any unpaid drawing under any Letter of Credit, then the Borrowers shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank or the Issuing Bank, as the case may be, additional amounts as are sufficient to compensate such Bank or the Issuing Bank, as the case may be, for such increased costs.

(b) If (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by any Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, in each case occurring after the date hereof, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's commercially reasonable policies with respect to capital adequacy and such Bank's or such corporation's desired return on capital) the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, upon written demand of such Bank to the Borrowers through the Agent, the Borrowers shall pay to the Bank, from time to time as specified by the Bank or such controlling corporation, additional amounts sufficient to compensate the Bank for such increase.

4.4 Funding Losses. Excluding losses or expenses incurred by a Bank pursuant to Section 4.2, the Borrowers shall reimburse each Bank and hold each Bank harmless from any loss or expense (but excluding in any event all consequential or exemplary damages) which the Bank may sustain or incur as a consequence of:

(a) the failure of the Borrowers to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of the Borrowers to borrow, continue or convert into an Offshore Rate Loan after the Borrowers have given (or are deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation (except as a result of a breach by a Bank of its obligations hereunder);

(c) the failure of the Borrowers to make any prepayment in accordance with any notice delivered under Section 2.6;

(d) the repayment or prepayment (including pursuant to Section 2.7) or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.4 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Borrowers to the Banks under this Section and under Section 4.3(a), each Offshore Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the IBOR used in determining the Offshore Rate for such Offshore Rate Loan by matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded. Each Bank shall exercise its reasonable efforts to minimize such losses, costs and

expenses, except that each Bank shall not be obligated to take any action to reduce net balances due to its non-U.S. offices from its U.S. offices.

4.5 Inability to Determine Rates. If the Agent or the Required Banks determine that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate applicable pursuant to Section 2.9(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Borrowers and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans hereunder shall be suspended until the Agent upon the instruction of the Required Banks revokes such notice in writing. Upon receipt of such notice, the Borrowers may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrowers do not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Borrowers, in the amount specified in the applicable notice submitted by the Borrowers, but such Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans.

4.6 Certificates of Banks. Except as specifically provided in Section 4.1, any Bank claiming reimbursement or compensation under this Article IV shall deliver to the Borrowers (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and the circumstances giving rise to such claim, and such certificate shall be prima facie evidence of the correctness thereof. Each Bank agrees to deliver such certificate to the Borrowers within reasonable time after it determines the additional amount required to be paid under this Article IV; provided, however, that in no event shall any Bank deliver such Certificate to the Borrowers more than 180 days after any vice-president of such Bank knows, or upon the discharge of such vice-president's duties in the ordinary course should have known, of the occurrence of an event giving rise to the additional amount required to be paid in respect of this Article IV and if it fails to deliver such Certificate within such 180 day period, the Borrowers will not be obligated for any costs incurred prior to 180 days before such notice. The Borrowers shall pay such Bank the amount shown as due on any such certificate timely delivered in accordance with the foregoing within ten days after its receipt of the same; provided, however, that the Borrowers shall not be required to pay any amounts (other than with respect to Taxes under Section 4.1) which were due for any period occurring more than 90 days prior to the Borrowers' receipt of such certificate (other than periods with respect to which such costs or expenses are retroactively imposed). This Article IV shall survive termination of this Agreement and payment of the outstanding Notes. Notwithstanding the foregoing provisions of this Article IV, the Borrowers shall not be liable for any increased cost pursuant to this Article IV if and to the extent that such increased cost results from the change in any Bank's Lending Office and such change (x) is made solely in the discretion of such Bank and not required by any applicable Requirement of Law or Governmental Authority, (y) is made for such Bank's benefit and without any benefit to the Borrowers, and (z) results, at the time of such change, in an increased cost greater than that which would have been incurred had the Bank not so changed its Lending Office. Each Bank shall use its reasonable efforts to avoid or minimize increased costs under this Article IV unless, in the sole opinion of such Bank, such action would adversely affect it.

4.7 Substitution of Banks. Upon the receipt by the Borrowers from any Bank (an "Affected Bank") of a claim for compensation under Section 4.3, the Borrowers may: (i) request the Affected Bank to use its best efforts to obtain a replacement bank or financial institution satisfactory to the Borrowers to acquire and assume all or a ratable part of all of such Affected Bank's Loans and Commitments (a "Replacement Bank"); (ii) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Loans and Commitments; or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld); provided, that any Replacement Bank shall meet the requirements to be an Eligible Assignee and shall purchase the same pro rata share of the Loans, L/C Obligations, L/C Borrowings and the Acquisition Commitment and the Revolving Commitment and the replacement shall be made pursuant to an assignment subject to the provisions of Section 11.9.

4.8 Survival. The agreements and obligations of the Borrowers, the Agent and the Banks in this Article IV shall survive the payment of all other Obligations.

ARTICLE V

CONDITIONS PRECEDENT

5.1 Conditions of Initial Credit Extension. The effectiveness of the amendment and restatement of the Existing Credit Agreement is subject to the condition that the Agent shall have received all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and any Notes. This Agreement and any Notes requested by the Banks pursuant to Section 2.2(b), duly executed by each party thereto;

(b) Resolutions; Incumbency.

(i) Copies of partnership authorizations for the Company and resolutions of the board of directors of each of the General Partner, Petrolane and the Restricted Subsidiaries authorizing the transactions contemplated hereby to which it is a party, certified as of the Restatement Effective Date by the Secretary or an Assistant Secretary of such Person;

(ii) A certificate of the Secretary or Assistant Secretary of each of the General Partner, Petrolane and the Restricted Subsidiaries certifying the names and true signatures of its officers authorized to execute, deliver and perform, as applicable, on behalf of such Person the Loan Documents to which it is a party;

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the General Partner and Petrolane and the Certificate of Limited Partnership and the

Partnership Agreement of the Company, in each case as in effect on the Restatement Effective Date, certified by the Secretary or an Assistant Secretary of the General Partner or Petrolane, as applicable, as of the Restatement Effective Date; and

(ii) a good standing certificate for each of Petrolane and the General Partner (and where available, the Company) from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization, as applicable, and each other state where the applicable Person is qualified to do business as a foreign corporation, in each case as of a recent date;

(d) Legal Opinions. An opinion of Morgan, Lewis & Bockius LLP, special counsel for the Obligors, in form and substance reasonably satisfactory to the Banks;

(e) Amendments to Selected Mortgages. Amendments to the Mortgages recorded in Arizona, Connecticut, Florida, Georgia, Hawaii and New Jersey as to which Mortgagee's title insurance has been obtained in form and substance satisfactory to each Bank, duly executed and delivered by the Company and each Restricted Subsidiary, as applicable.

(f) Title Policies. Title endorsements or their equivalents with respect to the title insurance policies issued in connection with the Mortgages to insure the obligations of the Borrowers to the Banks under this Agreement and the Mortgage Notes shall have been issued in form and substance reasonably satisfactory to Collateral Agent.

In addition, the Borrowers shall have paid or made arrangements to pay to the title companies all expenses and premiums of the title companies in connection with the issuance of such endorsements and all recording and stamp taxes payable in connection with recording each amendment to the Mortgages in the appropriate offices.

(g) Recordation. The amendments to the Mortgages described in subsection (e) above, fully executed and delivered to the Collateral Agent in a form suitable for being duly recorded, published, registered and filed. The Borrowers shall have paid, or shall have made arrangements to pay, all taxes, fees and other governmental charges due in connection with the execution, delivery, recording, publishing, registration and filing of such documents or instruments.

(h) Insurance. Insurance complying with the provisions of the Collateral Agency Agreement shall be in full force and effect and the Agent shall have received a certificate to that effect from independent insurance brokers or consultants as shall be reasonably satisfactory to the Required Banks, dated the Restatement Effective Date.

(i) Payment of Fees. Evidence of payment by the Borrowers of all accrued and unpaid fees, costs and expenses to the extent due and payable hereunder (subject to the limitations set forth in Section 11.4) on the Restatement Effective Date to the Agent, the Arranger and the Banks, together with Attorney Costs of the Agent to the extent invoiced prior to or on the Restatement Effective Date, plus such additional amounts of Attorney Costs as shall constitute the Agent's reasonable estimate by category of Attorney Costs incurred or to be incurred by it

through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Borrowers and the Agent) including any such costs, fees and expenses arising under or referenced in Sections 2.10 and 11.4.

(j) Ownership. UGI shall own indirectly at least 56% of the limited partnership interests of the Company.

(k) Certificate. A certificate signed by a Responsible Officer, dated as of the Restatement Effective Date, stating that:

(i) the representations and warranties contained in Article VI are true and correct in all material respects on and as of such date, as though made on and as of such date except (x) as affected by the completion of the transactions referred to herein and (y) to the extent that such representations and warranties expressly relate to an earlier time or date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier time or date;

(ii) there has occurred since June 30, 1997, no event or circumstance that has resulted in or presents a reasonable likelihood of having, a Material Adverse Effect; and

(iii) the condition set forth in clause (j) above shall have been completed.

(l) Payments under Existing Credit Agreement. All interest and fees accrued to but not including the Restatement Effective Date, and all other amounts payable, under the Existing Credit Agreement, that have been invoiced by the Agent at least three days prior to the Restatement Effective Date, (i) in the case of each bank party to the Existing Credit Agreement which is not a Bank under this Agreement, shall have been paid by the Borrowers to each such Bank on or prior to the Restatement Effective Date and (ii) in the case of each bank party to the Existing Credit Agreement which is a Bank under this Agreement, shall be paid on (x) the first Interest Payment Date to occur after the Restatement Effective Date, in the case of interest or (y) the last Business Day of the calendar quarter containing the Restatement Effective Date, in the case of fees and all other amounts payable under the Existing Credit Agreement.

(m) Consent of Holders of First Mortgage Notes. Evidence that each of the Borrowers and the Required Holders (as defined in the Note Agreements) has consented to amending each of the Note Agreements by deleting the financial covenant contained in the first sentence of Section 10.1 of the Note Agreements and inserting in its place the financial covenant contained in Section 8.14 hereof.

(n) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request.

At the request of the Borrowers or any Bank, the Agent will confirm in writing to the Banks, with a copy to the Borrowers, whether, and to what extent, the above conditions have been fulfilled.

5.2 Conditions to All Borrowings. The obligation of each Bank to make any Loan (including its initial Loan), the obligation of the Issuing Bank to Issue any Letter of Credit (including the initial Letter of Credit) and the obligation of BofA to make any Swingline Loan (including the initial Swingline Loan) is subject to the satisfaction of the following conditions precedent on or prior to the relevant Borrowing Date or Issuance Date:

(a) Notice of Borrowing. The Agent shall have received a Notice of Borrowing; or in the case of any Issuance of any Letter of Credit, the Issuing Bank and the Agent shall have received an L/C Application or L/C Amendment Application, as required under Section 3.2.

(b) Continuation of Representations and Warranties. The representations and warranties in Article VI shall be true and correct in all material respects on and as of such Borrowing Date or Issuance Date, with the same effect as if made on and as of such Borrowing Date or Issuance Date (except to the extent such representations and warranties expressly relate to an earlier time or date, in which case they shall have been true and correct in all material respects as of such earlier time or date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing or Issuance.

Each Notice of Borrowing, L/C Application or L/C Amendment Application submitted or deemed submitted by the Borrowers hereunder shall constitute a representation and warranty by the Borrowers hereunder, as of the date of each such notice and as of each Borrowing Date and Issuance Date that the conditions in Section 5.2 are satisfied.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank as set forth below in Sections 6.1 through 6.14 and Sections 6.17 through 6.23, Petrolane represents and warrants to the Agent and each Bank as set forth below in Section 6.15, and the General Partner represents and warrants to the Agent and each Bank as set forth below in Section 6.16 that:

6.1 Organization, Standing, etc. The Company is a limited partnership duly organized, validly existing and in good standing under the Delaware Revised Uniform Limited Partnership Act and has all requisite partnership power and authority to own and operate its properties (including without limitation the Assets owned and operated by it), to conduct its business, to enter into this Agreement and such other Loan Documents to which it is a party and to carry out the terms of this Agreement and such other Loan Documents. The General Partner is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to own and operate its properties, to act as the sole general partner of the Company and to execute and deliver in its individual capacity and in its capacity as the sole general partner of the Company this Agreement and such other Loan Documents to which the Borrowers or the General Partner is a

party and to carry out the terms of this Agreement and such other Loan Documents. Petrolane is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, has succeeded to all assets and liabilities of California Petrolane by merger and has all requisite corporate power and authority to own and operate its properties, to conduct its business and to execute and deliver the Loan Documents to which Petrolane is a party and to carry out the terms of this Agreement and such other Loan Documents. Each Restricted Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite corporate power and authority to own and operate its properties (including without limitation the Assets owned and operated by it), to conduct its business and to execute and deliver the Security Documents to which such Restricted Subsidiary is a party and to carry out the terms of this Agreement and such other Security Documents.

6.2 Partnership Interests and Subsidiaries. The sole general partner of the Company is the General Partner, which on the Restatement Effective Date owns a 1.0101% general partnership interest in the Company and is an indirect Wholly-Owned Subsidiary of UGI. On the Restatement Effective Date (a) the only limited partner of the Company is the Public Partnership, which owns a 98.9899% limited partnership interest in the Company, and (b) the Company does not have any partners other than the General Partner and the Public Partnership. As of the Restatement Effective Date, the Company does not have any Subsidiary other than as set forth on Schedule 6.2 or any Investments in any Person (other than as set forth on Schedule 6.2 or Investments of the types described in Section 8.4(a)).

6.3 Qualification; Corporate or Partnership Authorization. The Company is duly qualified or registered and is in good standing as a foreign limited partnership for the transaction of business, and each of the General Partner, Petrolane and the Restricted Subsidiaries is qualified or registered and is in good standing as a foreign corporation for the transaction of business, in the states listed in Schedule 6.3, which are the only jurisdictions in which the nature of their respective activities or the character of the properties they own, lease or use makes such qualification or registration necessary as of the Restatement Effective Date and in which the failure so to qualify or to be so registered as of the Restatement Effective Date would have a Material Adverse Effect. Each of the Company, the General Partner and Petrolane has taken all necessary partnership action or corporate action, as the case may be, to authorize the execution, delivery and performance by it of this Agreement and each of the other Loan Documents to which it is a party. Each Restricted Subsidiary has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of the Security Documents to which it is a party. Each of the Company, the General Partner and Petrolane has duly executed and delivered each of this Agreement and the other Loan Documents to which it is a party, and each of them constitutes the Company's, the General Partner's or Petrolane's, as the case may be, legal, valid and binding obligation enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. Each Restricted Subsidiary has duly executed and delivered each of the Security Documents to which it is a party, and each of them constitutes such Restricted Subsidiary's legal, valid and binding obligation enforceable against it in accordance with its terms,

except as such enforceability may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

6.4 Financial Statements. The audited consolidated financial statements of the Company and its consolidated Subsidiaries for the fiscal year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, and the unaudited balance sheet, statement of operations, statement of cash flows and statement of partners capital of the Company and its consolidated Subsidiaries for the fiscal period ended June 30, 1997, have been prepared in accordance with GAAP applied on a consistent basis throughout the periods specified (except as described in the footnotes thereto) and present fairly, in all material respects, the financial position of the Company as of the respective dates specified (except for the absence of footnotes and subject to changes resulting from normal year-end audit adjustments, in the case of unaudited financial statements).

6.5 Changes, etc. Except as contemplated by this Agreement or the other Loan Documents, (a) for the period from June 30, 1997 to and including the Restatement Effective Date, none of the Company and any of its Restricted Subsidiaries has incurred any material liabilities or obligations, direct or contingent, nor entered into any material transaction, in each case other than in the ordinary course of its business, and (b) since the date of the last financial statements delivered pursuant to Section 6.4 or 7.1 there has not been any material adverse change in or effect on the financial condition or prospects of the Company or in the Business or Assets. Since June 30, 1997, no Restricted Payment of any kind has been declared, paid or made by the Company other than Restricted Payments permitted by Section 8.5.

6.6 Tax Returns and Payments. Each of the Company, the General Partner, Petrolane and the Restricted Subsidiaries has filed all material tax returns required by law to be filed by it or has properly filed for extensions of time for the filing thereof, and has paid all material taxes, assessments and other governmental charges levied upon it or any of its properties, assets, income or franchises which are shown to be due on such returns, other than those which are not past due or are presently being contested in good faith by appropriate proceedings diligently conducted for which such reserves or other appropriate provisions, if any, as shall be required by GAAP have been made. The Company is a limited partnership and so long as it is a limited partnership it will be treated as a pass-through entity for U.S. federal income tax purposes and as of the Restatement Effective Date is not subject to taxation with respect to its income or gross receipts under applicable state (other than Hawaii, Illinois, Michigan, New Hampshire, Tennessee and Wisconsin) laws.

6.7 Indebtedness. As of the Restatement Effective Date, none of the Company, the General Partner, Petrolane and their respective Subsidiaries has any secured or unsecured Indebtedness outstanding, except as set forth in Schedule 6.7 and other than the Indebtedness represented by this Agreement, the other Loan Documents and the Mortgage Notes. As of the Restatement Effective Date, no instrument or agreement to which the Company or any of its Subsidiaries is a party or by which the Company or any such Subsidiary is bound (other than this Agreement and the agreements governing the Mortgage Notes and other than as indicated in Schedule 6.7) contains any restriction on the incurrence by the Company or any of its Subsidiaries of additional Indebtedness.

6.8 Transfer of Assets and Business. (a) As of the Restatement Effective Date, except as set forth in Schedule 6.8(a), each of the Company and its Subsidiaries is in possession of, and operating in compliance in all material respects with, all franchises, grants, authorizations, approvals, licenses, permits (other than permits required by Environmental Laws), easements, rights-of-way, consents, certificates and orders (collectively, the "Permits") required (i) to own, lease or use its properties (including without limitation to own, lease or use the Assets owned, leased or used by it) and (ii) considering all such Permits in the possession of, and complied with by, the General Partner, Petrolane, the Company and its Subsidiaries taken together, to permit the conduct of the Business as now conducted and proposed to be conducted, except for those Permits (collectively, the "Routine Permits") (x) which are routine or administrative in nature and are expected in the reasonable judgment of the Company to be obtained or given in the ordinary course of business after the Restatement Effective Date, or (y) which, if not obtained or given, would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect. Schedule 6.8(a) sets forth a list of substantially all of the consents that may be required to transfer those Permits (other than Routine Permits) constituting an interest in Assets which have not been obtained as of the date hereof, and each of the Company and the General Partner has requested the consent of all parties listed thereon for the transfer of such Permits.

(b) On the Restatement Effective Date, each of the Company and its Subsidiaries has (i) good and marketable title to substantially all of the Assets constituting real property and (ii) good and sufficient title to substantially all of the Assets constituting personal property for the use and operation of such personal property as it is used on the date hereof, in each case subject to no Liens except such as are permitted by Section 8.3. Schedule 6.8(b) contains a list of, as of the date hereof, (x) counties where the Assets are located and (y) each Mortgaged Property with the address of each such Mortgaged Property. The Assets owned by the Company and its Subsidiaries on the Restatement Effective Date are substantially all of the assets and properties necessary to enable the Company and its Subsidiaries to conduct the Business. Subject to such exceptions as would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect, (A) on the date hereof the Company and its Subsidiaries enjoy peaceful and undisturbed possession under all leases and subleases necessary in any material respect for the conduct of the Business, and (B) as of the Restatement Effective Date, all such leases and subleases are valid and subsisting and are in full force and effect. Except to perfect, preserve and protect Liens permitted by Section 8.3 and Liens which will be discharged on the Restatement Effective Date, as of the Restatement Effective Date, (x) no presently effective financing statements under the Uniform Commercial Code which name any of the Company, the General Partner, Petrolane or their respective Subsidiaries as debtor, and which individually or in the aggregate relate to any material part of the Assets, are on file in any jurisdiction in which any of the Assets are (or have been) located or the Company, the General Partner, Petrolane or any such Subsidiary is organized or has its principal place of business and (y) none of the Company, the General Partner, Petrolane and any such Subsidiary has signed, or authorized the filing by or on behalf of any secured party of, any presently effective financing statements which individually or in the aggregate relate to any material part of the Assets.

6.9 Litigation, etc. As of the date hereof and the Restatement Effective Date, there is no action, proceeding or investigation pending or, to the knowledge of the Company upon

reasonable inquiry, threatened against the Company, Petrolane, the Public Partnership, the General Partner or any of their respective Subsidiaries, and there is no action proceeding or investigation pending or, to the knowledge of the Company upon reasonable inquiry, threatened against the Company or its Restricted Subsidiaries, (a) which questions the validity or enforceability of this Agreement, the other Loan Documents or any action taken or to be taken pursuant to this Agreement or the other Loan Documents, or (b) except as set forth in Schedule 6.9, which would present a reasonable likelihood of having, either in any case or in the aggregate, a Material Adverse Effect.

6.10 Compliance with Other Instruments, etc. (a) On the Restatement Effective Date, none of the Company, the General Partner, Petrolane or any of their respective Subsidiaries will be in violation of (i) any provision of its certificate or articles of incorporation or other Organization Documents, (ii) any provision of any agreement or instrument to which it is a party or by which any of its properties is bound or (iii) any applicable law, ordinance, rule or regulation of any Governmental Authority or any applicable order, judgment or decree of any court, arbitrator or Governmental Authority, except (in the case of clauses (ii) and (iii) above only) for such violations which would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect. Neither the General Partner nor the Public Partnership is in violation of any provision of the Partnership Agreement.

(b) The execution, delivery and performance by each of the Company, the General Partner, Petrolane and the Restricted Subsidiaries of this Agreement and the other Loan Documents to which it is a party, and the completion of the transactions contemplated by this Agreement will not (i) violate (x) any provision of the Partnership Agreement or the certificate or articles of incorporation or other Organization Documents of the Company, the General Partner, Petrolane or any of their respective Subsidiaries, (y) any applicable law, ordinance, rule or regulation of any Governmental Authority or any applicable order, judgment or decree of any court, arbitrator or Governmental Authority, or (z) any provision of any agreement or instrument to which the Company, the General Partner, Petrolane or any of their respective Subsidiaries is a party or by which any of its properties is bound, except (in the case of clauses (y) and (z) above) for such violations which would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect, or (ii) result in the creation of (or impose any express obligation on the part of the Borrowers to create) any Lien not permitted by Section 8.3.

6.11 Governmental Consent. Except as expressly contemplated by this Agreement and the other Loan Documents, and except for Routine Permits, (i) no consent, approval or authorization of, or declaration or filing with, any Governmental Authority is required for the valid execution, delivery and performance of this Agreement or the other Loan Documents to which the Company or any of the Restricted Subsidiaries, Petrolane or the General Partner is a party, and (ii) no such consent, approval, authorization, declaration or filing is required for the making of Loans or Issuing Letters of Credit pursuant to this Agreement.

6.12 Investment Company Act. None of the Company, Petrolane or the General Partner is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

6.13 Public Utility Holding Company Act. None of the Company, Petrolane or the General Partner is a "holding company" within the meaning of Section 2(a)(7)(A) of the Public Utility Holding Company Act of 1935, as amended (the "PUHCA"). Each of the Company, Petrolane and the General Partner is a "subsidiary company" of a "holding company", within the meaning of the PUHCA, but each of UGI (the "holding company"), the Company, Petrolane and the General Partner is exempt from all the provisions of the PUHCA and the rules thereunder other than Section 9(a)(2) thereof, based upon the filing by UGI with the Commission of an exemption statement on Form U-3A-2 dated February 28, 1997 pursuant to Rule 2 under PUHCA (17 C.F.R. Section 250.2).

6.14 Chief Executive Office. As of the Restatement Effective Date, the chief executive office of the Company and the office where it maintains its records relating to the transactions contemplated by this Agreement and the other Loan Documents is located at 460 North Gulph Road, King of Prussia, PA 19406.

6.15 Matters Relating to Petrolane. (a) As of the Restatement Effective Date, Petrolane is a Wholly-Owned Subsidiary of the General Partner, has no Subsidiaries and owns an approximate 18.50% limited partnership interest in the Public Partnership.

(b) Schedule 6.15 includes a complete description of the business and activities carried on by Petrolane and of its assets and liabilities as of the Restatement Effective Date.

6.16 Matters Relating to the General Partner. (a) As of the Restatement Effective Date, the General Partner is a Wholly-Owned Subsidiary of AmeriGas, Inc., a Pennsylvania corporation, and owns, in addition to the interest in the Company described in Section 6.2, (i) a 1% general partnership interest in the Public Partnership, (ii) all of the outstanding shares of Capital Stock of Petrolane and (iii) an approximate 38.30% limited partnership interest in the Public Partnership. Other than AmeriGas Technology Group, Inc. and Diamond Acquisition, Inc., the General Partner has no other Subsidiaries as of the Restatement Effective Date.

(b) Schedule 6.16 includes a complete description of the business and activities carried on by the General Partner and of its assets and liabilities as of the Restatement Effective Date.

6.17 ERISA Compliance. Except to the extent that any of the following would not, either alone or together, present a reasonable likelihood of having a Material Adverse Effect: (i) during the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan sponsored or maintained by any Borrower or any ERISA Affiliate of any Borrower, (ii) no contribution failure has occurred with respect to any Pension Plan sponsored or maintained by any Borrower or any ERISA Affiliate of any Borrower sufficient to give rise to a Lien under section 302(f) of ERISA and (iii) with respect to each Pension Plan sponsored or maintained by any Borrower or any ERISA Affiliate of any Borrower, none of the following events has occurred: termination of the plan, failure to make a required contribution to the plan, failure to satisfy the minimum funding standard for a year, request for a waiver of the minimum funding standard for any year, withdrawal from a multiple employer plan, adoption of an

amendment which results in a funded current liability percentage of less than 60 percent, engaging in one or more prohibited transactions, failure to comply with reporting and disclosure requirements or engaging in any breach of fiduciary responsibility.

6.18 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 8.9. None of the Borrowers and their Subsidiaries is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

6.19 Environmental Warranties. (a) Except as disclosed on Schedule 6.19 or where non-compliance would not present a reasonable likelihood of having a Material Adverse Effect, as of the date hereof each of the Company and its Subsidiaries is in compliance with all Environmental Laws applicable to it and to the Business or Assets. Except as disclosed on Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented, as of the Restatement Effective Date the Company and its Subsidiaries have obtained and are in compliance with all permits, licenses and approvals required by Environmental Law. Except as disclosed in Schedule 6.19 or where the failure to timely and properly reapply would not present a reasonable likelihood of having a Material Adverse Effect, as of the date hereof, the Company and its Subsidiaries have submitted timely and complete applications to renew any expired or expiring Permits required by Environmental Law. Schedule 6.19 lists all notices from Federal, state or local Governmental Authorities or other Persons received within the last five years of the date hereof by the Company and its Subsidiaries, alleging or threatening any liability on the part of the Company or any of its Subsidiaries, pursuant to any Environmental Law, that present a reasonable likelihood of having a Material Adverse Effect. As of the date hereof, all reports, documents, or other submissions required by Environmental Laws to be submitted by the Company to any Governmental Authority or Person have been filed by the Company, except where the failure to file would not present a reasonable likelihood of having a Material Adverse Effect.

(b) Except as disclosed in Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented, as of the date hereof: (i) there is no Hazardous Substance present at any of the real property currently owned or leased by the Company or any of its Subsidiaries, and to the knowledge of the Company, there was no Hazardous Substance present at any of the real property formerly owned or leased by the Company or any of its Subsidiaries during the period of ownership or leasing by such Person; and (ii) with respect to such real property and subject to the same knowledge and temporal qualifiers concerning Hazardous Substances with respect to formerly owned or leased real properties, there has not occurred (x) any release, or to the knowledge of the Company, any threatened release of a Hazardous Substance, or (y) any discharge or, to the knowledge of the Company, threatened discharge of any Hazardous Substance into the ground, surface, or navigable waters which violates any Federal, state, local or foreign laws, rules or regulations concerning water pollution.

(c) Except as set forth in Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented, as of the date hereof, none of the Company and its Subsidiaries has disposed of, transported, or arranged for the transportation or

disposal of any Hazardous Substance where such disposal, transportation, or arrangement would give rise to liability pursuant to CERCLA or any analogous state statute.

(d) Except as set forth in Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented, as of the date hereof: (1) no lien has been asserted by any Governmental Authority or person resulting from the use, spill, discharge, removal, or remediation of any Hazardous Substance with respect to any real property currently owned or leased by the Company or any of its Subsidiaries, and (2) to the knowledge of the Company, no such lien was asserted with respect to any of the real property formerly owned or leased by the Company or any its Subsidiaries during the period of ownership or leasing of the real property by such Person.

(e) Except as set forth in Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented as of the date hereof, (1) there are no underground storage tanks, asbestos-containing materials, polychlorinated biphenyls, or urea formaldehyde insulation at any of the real property currently owned or leased by the Company or any of its Subsidiaries in violation of Environmental Law and (2) to the knowledge of the Company, there were no underground storage tanks, asbestos-containing materials, polychlorinated biphenyls, or urea formaldehyde insulation at any of the real property formerly owned or leased by the Company or any of its Subsidiaries in violation of Environmental Law during the period of ownership or leasing of such real property by such Person.

(f) Except as set forth in Schedule 6.19 or where a reasonable likelihood of having a Material Adverse Effect would not be presented, propane has been used, handled and stored by the Company and its Subsidiaries during the five year period ending on the Restatement Effective Date in compliance with Environmental Laws.

6.20 Copyrights, Patents, Trademarks and Licenses, etc. Except to the extent that the failure to do so would not present a reasonable likelihood of having a Material Adverse Effect, the Company and the Restricted Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of the Business, without conflict with the rights of any other Person. To the best knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Restricted Subsidiary infringes upon any rights held by any other Person, where such infringement would present a reasonable likelihood of having a Material Adverse Effect. Except as specifically disclosed in Schedule 6.20, as of the date hereof no claim or litigation regarding any of the foregoing is pending or to the knowledge of the Company threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Company, proposed, which, in either case, would present a reasonable likelihood of having a Material Adverse Effect.

6.21 Insurance. On the Restatement Effective Date, the Company and each of its Subsidiaries are in compliance with the terms and conditions contained in Sections 20 and 21 of the Collateral Agency Agreement.

6.22 Full Disclosure. None of the representations or warranties made by any Borrower or the Restricted Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any document, certificate or instrument furnished by or on behalf of any Borrower in connection with the Loan Documents, as of the date of such document, instrument or certificate, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading.

6.23 Solvency. As of the Restatement Effective Date, none of the Borrowers nor any of the Restricted Subsidiaries:

(i) was insolvent;

(ii) was engaged in business, or was about to engage in business or a transaction, for which any property remaining with said Borrower or Restricted Subsidiary was an unreasonably small capital; or

(iii) intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letters of Credit shall remain outstanding unless the Required Banks waive compliance in writing:

7.1 Financial Statements. The Company will maintain, and will cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with GAAP, and will accrue, and will cause each of its Subsidiaries to accrue, all such liabilities as shall be required by GAAP. The Company will deliver to Agent and the Banks:

(a) as soon as practicable, but in any event within 45 days after the end of each of the first three quarterly fiscal periods in each fiscal year of the Company, consolidated and consolidating balance sheets of the Company and its Subsidiaries (except, as to consolidating balance sheets only, for inactive Subsidiaries) as at the end of such period and the related consolidated (and, as to statements of income, consolidating, except for inactive Subsidiaries) statements of income, partners' capital and cash flows of the Company and its Subsidiaries for such period and (in the case of the second and third quarterly periods) for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the consolidated and, where applicable, consolidating figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified by the principal financial officer of the General Partner as presenting fairly, in all material respects, the information contained therein (except for the absence of footnotes and subject to changes

resulting from normal year-end adjustments), in accordance with GAAP applied on a basis consistent with prior fiscal periods (other than fiscal periods ending prior to the Original Closing Date) except for inconsistencies resulting from changes in accounting principles and methods agreed to by the Company's independent accountants;

(b) as soon as practicable, but in any event within 90 days after the end of each fiscal year of the Company, consolidated and consolidating balance sheets of the Company and its Subsidiaries (except, as to consolidating balance sheets only, for inactive Subsidiaries) as at the end of such year and the related consolidated (and, as to statements of income, consolidating except for inactive Subsidiaries) statements of income, partners' capital and cash flows of the Company and its Subsidiaries for such fiscal year, setting forth in each case with respect to financial statements delivered as of any date and for any period after September 30, 1996 in comparative form the consolidated and, where applicable, consolidating figures for the previous fiscal year, all in reasonable detail and (i) in the case of such consolidated financial statements, accompanied by a report thereon of Arthur Andersen LLP or other independent public accountants of recognized national standing selected by the Company, which report shall state that such consolidated financial statements present fairly, in all material respects, the financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with GAAP unless otherwise disclosed, applied on a basis consistent with prior years (other than fiscal years ending prior to the Original Closing Date), and that the audit by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards then in effect in the United States, and (ii) in the case of such consolidated and consolidating financial statements, certified by the principal financial officer of the General Partner as presenting fairly, in all material respects, the information contained therein (except, in the case of such consolidating financial statements, for the absence of footnotes), in accordance with GAAP;

(c) together with each delivery of financial statements of the Company pursuant to subdivisions (a) and (b) of this Section 7.1, a Compliance Certificate of the Company (i) stating that the signers have reviewed the terms of this Agreement and the other Loan Documents and have made, or caused to be made under their supervision, a review in reasonable detail of the transactions and condition of the Company and its Subsidiaries during the accounting period covered by such financial statements, and that the signers do not have knowledge of the existence and continuance as at the date of such Compliance Certificate of any Default or Event of Default, or, if any of the signers have knowledge that any Default or Event of Default then exists, specifying the nature and approximate period of existence thereof and what action the Company has taken or is taking or proposes to take with respect thereto, (ii) specifying the amount available at the end of such accounting period for Restricted Payments in compliance with Section 8.5 and showing in reasonable detail all calculations required in arriving at such amount, (iii) demonstrating in reasonable detail compliance at the end of such accounting period with the restrictions contained in Section 7.14(d), Sections 8.1(b), (d), (e), and (f), Section 8.2, Section 8.4(c), Section 8.4(h), Section 8.5, Section 8.8(a)(ii), Section 8.8(a)(iii), Section 8.8(c)(ii) (calculation of any Excess Sale Proceeds), Section 8.13, and Section 8.14 (first sentence), (iv) calculating the applicable Pricing Tier, (v) if not specified in the related financial statements being

delivered pursuant to subdivisions (a) and (b) above, specifying the aggregate amount of interest paid or accrued by, and aggregate rental expenses of, the Company and its Subsidiaries, and the aggregate amount of depreciation, depletion and amortization charged on the books of the Company and its Subsidiaries, during the fiscal period covered by such financial statements, and (vi) if at the time of the delivery of such financial statements the Company shall have any Unrestricted Subsidiaries, setting forth therein (or in an accompanying schedule) the adjustments required to be made to indicate the consolidated financial position, cash flows and results of operations of the Company and the Restricted Subsidiaries without regard to the financial position, cash flows or results of operations of such Unrestricted Subsidiaries;

(d) together with each delivery of consolidated financial statements of the Company pursuant to subdivision (b) of this Section 7.1, a written statement by the independent public accountants giving the report thereon stating that they have reviewed the terms of this Agreement and the Notes and that, in making the audit necessary for the certification of such financial statements, they have obtained no knowledge of the existence and continuance as at the date of such written statement of any Default or Event of Default, or, if they have obtained knowledge that any Default or Event of Default then exists, specifying, to the extent possible, the nature and approximate period of the existence thereof (such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Default or Event of Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards then in effect in the United States);

(e) promptly following the receipt and timely review thereof by the Company, copies of all reports submitted to the Company by independent public accountants in connection with each special, annual or interim audit of the books of the Company or any Subsidiary thereof made by such accountants, including without limitation the comment letter submitted by each such accountant to management in connection with their annual audit;

(f) promptly upon their becoming publicly available, copies of (i) all financial statements, reports, notices and proxy statements sent or made available by the Company or the Public Partnership to any of its security holders in compliance with the Exchange Act, or any comparable Federal or state laws relating to the disclosure by any Person of information to its security holders, (ii) all regular and periodic reports and all registration statements and prospectuses filed by the Company or the Public Partnership with any securities exchange or with the Securities and Exchange Commission or any governmental authority succeeding to any of its functions (other than registration statements on Form S-8 and Annual Reports on Form 10-R), (iii) all press releases and other similar written statements made available by the Company or the Public Partnership to the public concerning material developments in the business of the Company or the Public Partnership, as the case may be and (iv) all reports, notices and other similar written statements sent or made available by the Company or the Public Partnership to any holder of its Indebtedness pursuant to the terms of any agreement, indenture or other instrument evidencing such Indebtedness, including without limitation the Mortgage Notes and the Public Partnership Indenture, except to the extent the same substantive information is already being sent to the Agent and the Banks;

(g) as soon as reasonably practicable, and in any event within five Business Days after a Responsible Officer obtains knowledge that any Default or Event of Default has occurred, a written statement of such Responsible Officer setting forth details of such Default or Event of Default and the action which the Company has taken, is taking and proposes to take with respect thereto;

(h) as soon as reasonably practicable, and in any event within five Business Days after a Responsible Officer obtains knowledge of (i) the occurrence of an adverse development with respect to any litigation or proceeding involving the Company or any of its Subsidiaries which in the reasonable judgment of the Company presents a reasonable likelihood of having a Material Adverse Effect or (ii) the commencement of any litigation or proceeding involving the Company or any of its Subsidiaries which in the reasonable judgment of the Company presents a reasonable likelihood of having a Material Adverse Effect, a written notice of such Responsible Officer describing in reasonable detail such commencement of, or adverse development with respect to, such litigation or proceeding;

(i) as soon as reasonably practicable, and in any event within five Business Days after a responsible officer of a Borrower becomes aware of the occurrence or existence of any of the events or conditions specified below, and such event or condition has resulted in, or in the opinion of the principal financial officer of the General Partner might reasonably be expected to result in, a Material Adverse Effect: (i) the institution of any steps by a Borrower or any other Person to terminate any Pension Plan sponsored or maintained by a Borrower or any ERISA Affiliate of any Borrower, or (ii) the failure to make a required contribution to any Pension Plan sponsored or maintained by a Borrower if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, or (iii) if any of the subsequently listed events have occurred with respect to any Pension Plan sponsored or maintained by any Borrower or any ERISA Affiliate of any Borrower: the occurrence of termination of the plan, failure to make a required contribution to the plan, failure to satisfy the minimum funding standard for a year, request for a waiver of the minimum funding standard for any year, withdrawal from a multiple employer plan, adoption of an amendment which results in a funded current liability percentage of less than 60 percent, engaging in one or more prohibited transactions, failure to comply with reporting and disclosure requirements or engaging in any breach of fiduciary responsibility, notice thereof and copies of all documentation relating thereto;

(j) within 15 days after being approved by the governing body of the Company, and in any event no later than the last day of each fiscal year (if then available), an annual operating forecast for the next fiscal year;

(k) as soon as reasonably practicable, and in any event within five Business Days after a Responsible Officer obtains knowledge of a violation or alleged violation of Environmental Law or the presence or release of any Hazardous Substance within, on, from, relating to or affecting any property, which in the reasonable judgment of the Company presents a reasonable likelihood of having a Material Adverse Effect, provide notice thereof, and upon request, copies of relevant documentation, provided, however, no such notice is required with respect to matters disclosed in Schedule 6.19 or matters with respect to which notice has previously been provided pursuant to this Section 7.1(k); and

(l) with reasonable promptness, such other information and data (financial or other) with respect to the Borrowers or any of their Subsidiaries as from time to time may be reasonably requested by the Agent or any Bank.

7.2 Reserved.

7.3 Adequate Reserves. The Company will, and will cause each of its Restricted Subsidiaries to maintain, overall reserves on their respective books and records in accordance with GAAP, which overall reserves shall be adequate in the opinion of the management of the Company and each Restricted Subsidiary for the purposes for which they were established.

7.4 Partnership or Corporate Existence; Business; Compliance with Laws. (a) Except as otherwise expressly permitted in accordance with Section 8.7 or 8.8, (i) the Company will at all times preserve and keep in full force and effect its partnership existence and its status as a partnership not taxable as a corporation, (ii) the Company will cause each of the Restricted Subsidiaries to keep in full force and effect its partnership or corporate existence and (iii) the Company will, and will cause each Restricted Subsidiary to, at all times preserve and keep in full force and effect all of its material rights and franchises; provided, however, that the partnership or corporate existence of any Restricted Subsidiary, and any right or franchise of the Company or any Restricted Subsidiary, may be terminated notwithstanding this Section 7.4 if, in the good faith judgment of the Company, such termination (x) is in the best interest of the Company and the Restricted Subsidiaries, (y) is not disadvantageous to the Banks in any material respect and (z) would not have a reasonable likelihood of having a Material Adverse Effect.

(b) The Company will, and will cause each of its Subsidiaries to, at all times comply with all laws, regulations and statutes (including without limitation any zoning or building ordinances) applicable to it, except for failures to so comply which, individually or in the aggregate, would not present a reasonable likelihood of having a Material Adverse Effect.

(c) The Company will not, and will not permit any Restricted Subsidiary to, engage in any lines of business other than its current Business as defined in this Agreement and other activities incidental or related to the Business.

7.5 Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, pay all material Taxes, Other Taxes, assessments and other governmental charges imposed upon it or any of its Subsidiaries, or any of its or its Subsidiaries' properties or assets or in respect of any of its or any of its Subsidiaries' franchises, business, income or profits when the same becomes due and payable, and all claims (including without limitation claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or might become a Lien upon any of its or any of its Subsidiaries' properties or assets, and promptly reimburse the Banks for any such Taxes, Other Taxes, assessments, charges or claims paid by them; provided that no such Tax, Other Tax, assessment, charge or claim need be paid or reimbursed if it is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and if such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor and be adequate in the good faith judgment of the General Partner.

7.6 Maintenance of Properties: Insurance. (a) The Company will maintain or cause to be maintained in good repair, working order and condition all properties used or useful in the business of the Company and the Restricted Subsidiaries and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof. (b) The Company will maintain or cause to be maintained, with Permitted Insurers to the extent available on commercially reasonable terms from Permitted Insurers and otherwise with financially sound and reputable insurers, insurance with respect to its properties and business and the properties and business of the Restricted Subsidiaries of the types and in the amounts specified in Sections 20 and 21 of the Collateral Agency Agreement and the Collateral Agent shall be named as an additional insured party on each insurance policy maintained pursuant to this Section 7.6(b).

7.7 License Agreements. The Company will perform and comply with all of its obligations under each of the License Agreements to which it is a party, will enforce each such License Agreement against each other party thereto and will not accept the termination of any such License Agreement or any amendment or supplement thereof or modification or waiver thereunder, unless any such failure to perform, comply or enforce or any such acceptance would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect.

7.8 Chief Executive Office. The Company will not move its chief executive office and the office at which it maintains its records relating to the transactions contemplated by this Agreement and the Loan Documents unless not less than 45 days' prior written notice of its intention to do so clearly describing the new location, shall have been given to the Collateral Agent and each Bank.

7.9 Subsidiary Guarantors. Promptly upon any Person becoming a Restricted Subsidiary of the Company, the Company will cause such Restricted Subsidiary to execute and deliver to the Collateral Agent such appropriate documents to become (a) a guarantor under the Subsidiary Guarantee and an assignor under the Subsidiary Security Agreement and (b) bound by the terms and provisions of the Collateral Agency Agreement. If any Restricted Subsidiary then or thereafter shall have any interests in real property, the Company will, subject to and if required by the provisions of Section 7.10, cause such Restricted Subsidiary to execute and deliver to the Collateral Agent a Mortgage in substantially the form of Exhibit E with such changes, mutatis mutandis, so as to make such instrument applicable to such Restricted Subsidiary and its interests in real property, and cause the same to be recorded, published, registered and filed as provided in Section 7.10.

7.10 New Mortgages; Recordation. From and after the Original Closing Date, the Company and its Restricted Subsidiaries, if applicable, will execute and deliver a Mortgage covering each district location owned or hereafter acquired by it and any other real property hereafter acquired by it which has an individual value in excess of $100,000 or which has an aggregate value in excess of $500,000 (in each case as determined in good faith by the General Partner) and which is not already subject to the Lien of a Mortgage. The Company will cause to be duly recorded, published, registered and filed all the documents set forth in paragraph (b) of the definition of Security Documents (or documents or instruments in respect thereof), in such manner and in such places as is required by law to establish, and if applicable, perfect and preserve

the rights and security interests of the parties thereto and their respective successors and assigns in the General Collateral. The Company will obtain and deliver to the Agent an ALTA loan policy (10-17-92 form), or its equivalent in any state, of title insurance for real property hereafter acquired by it which has an individual value in excess of $1,000,000 (as determined in good faith by the General Partner) showing the Lien of a Mortgage as a first priority Lien. The Company will pay or cause to be paid all taxes, fees and other governmental charges in connection with the execution, delivery, recording, publishing, registration and filing of such documents or instruments in such places, together with all expenses and premiums of the title companies in connection with the issuance of any title policies or endorsements thereto.

7.11 Further Assurances. At any time and from time to time promptly, the Company shall, at its expense, execute and deliver to the Agent and each Bank and to the Collateral Agent such further instruments and documents, and take such further action, as the Agent or any Bank may from time to time reasonably request, in order to further carry out the intent and purpose of this Agreement and the other Loan Documents and to establish, perfect, preserve and protect the rights, interests and remedies created, or intended to be created, in favor of the Banks and the Collateral Agent hereunder and thereunder, including without limitation the execution, delivery, recordation and filing of financing statements and continuation statements under the Uniform Commercial Code of any applicable jurisdiction, and the delivery of satisfactory opinions of counsel as to the recording, registration or filing of the Security Documents (or documents in respect thereof) and the legal, valid, binding and enforceable nature thereof and the validity of the Liens created thereby on the General Collateral.

7.12 Covenant to Secure Notes Equally. The Company covenants that, if it or any Restricted Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of Section 8.3 (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to Section 11.1) it will make or cause to be made effective provision whereby the Loans will be secured by such Lien equally and ratably with any and all other Indebtedness thereby secured so long as any such other Indebtedness shall be so secured, it being understood that the provision of such equal and ratable security shall not constitute a cure or waiver of any related Event of Default.

7.13 Designations With Respect to Subsidiaries. (a) The Company may designate any Restricted Subsidiary or newly acquired or formed Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary, in each case subject to satisfaction of the following conditions:

(i) immediately before and after giving effect to such designation, no Default or Event of Default shall exist and be continuing; and

(ii) after giving effect to such designation, the Company would be permitted to incur at least $1 of additional Indebtedness in accordance with the provisions of clauses (i) and (ii) of Section 8.1(f); and

(iii) in the case of a designation of a Restricted Subsidiary or a newly acquired or formed Subsidiary as an Unrestricted Subsidiary, the conditions set forth in subdivision (ii)(A) of Section 8.8(c) (the "Sale Condition") and Section 8.4(h) (the "Investment Condition") would be satisfied, assuming for this purpose that such designation (and all prior designations of Restricted Subsidiaries or newly acquired or formed Subsidiaries as Unrestricted Subsidiaries during the current fiscal year) constitutes a sale by the Company of (in the case of the Sale Condition), and an Investment by the Company in an amount equal to (in the case of the Investment Condition), all the assets of the Subsidiary so designated, in each case for an amount equal to (x) the net book value of such assets in the case of a Restricted Subsidiary and (y) the cost of acquisition or formation in the case of a newly acquired or formed Subsidiary (such amounts being herein referred to as "Designation Amounts" and deemed to constitute Net Proceeds for the purposes of the Sale Condition).

(b) A Subsidiary that has twice previously been designated an Unrestricted Subsidiary may not thereafter be designated as a Restricted Subsidiary.

(c) The Company shall deliver to the Agent and each Bank, within 20 Business Days after any such designation, an Officer's Certificate stating the effective date of such designation and stating that the foregoing conditions contained in this Section 7.13 have been satisfied. Such certificate shall be accompanied by a schedule setting forth in reasonable detail the calculations demonstrating compliance with such conditions, where appropriate.

(d) All Investments, Indebtedness, Liens, Guaranty Obligations and other obligations that an Unrestricted Subsidiary (the "Designee") has at the time of being designated a Restricted Subsidiary hereunder shall be deemed to have been acquired, made or incurred, as the case may be, at the time of such designation and in anticipation of such Designee becoming a Subsidiary and of acquiring its assets (except as otherwise specifically provided in Section 8.1(i) or (j) or Section 8.3(m)).

7.14 Covenants of the General Partner and Petrolane. (a) Petrolane covenants that it will engage only in the business and activities described in Schedule 6.16, and each of the General Partner and Petrolane covenants that it will not create any Liens on the general partnership interests in the Company or the Public Partnership or dispose of any assets or properties covered by the terms of any License Agreement and will maintain and keep in effect its corporate existence and franchises.

(b) Each of the General Partner and Petrolane will deliver to the Agent and each Bank (i) financial statements as to itself of the same character described in, and at the times specified in, Sections 7.1(a) and 7.1(b) with respect to the Company ("the Company Financials"), in each case certified and reported on in the same manner as the Company Financials (except that the financial statements of Petrolane need not be audited), and (ii) with reasonable promptness, such other information and data (financial or other) with respect to the General Partner or Petrolane, as the case may be, as may from time to time be reasonably requested by the Agent or any Bank.

(c) The General Partner will perform and comply with all of its obligations under the Partnership Agreement and each of the License Agreements to which it is a party, will enforce the Partnership Agreement and each such License Agreement against each other party thereto and will not accept the termination of the Partnership Agreement or any such License Agreement or any amendment or supplement thereof or modification or waiver thereunder, unless any such failure to perform, comply or enforce or any such acceptance would not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect.

(d) Section 6.5 of the Partnership Agreement (the "Incorporated Covenant") as in effect on the date hereof, together with all related definitions, is hereby incorporated herein in the form included in the Partnership Agreement on the Original Closing Date and without regard to any subsequent amendments or waivers of the provisions of, or any termination of, the Partnership Agreement. The General Partner agrees to fully perform and comply with the Incorporated Covenant.

7.15 Books and Records. The Company will, and will cause each of its Restricted Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions and permit the Agent and each Bank or any of their respective representatives, at reasonable times and intervals, to visit all of its offices, to discuss its financial matters with its officers and to examine (and, at the expense of the Company, photocopy extracts from) any of its books or other Company records. Upon the occurrence and during the continuance of any Default or Event of Default the Company hereby authorizes its independent public accountant to discuss the Company's financial matters with the Agent and each Bank or any of their respective representatives provided that a representative of the Company is present. The Borrowers shall pay any fees of such independent public accountant incurred in connection with the Agent's or any Bank's exercise of its rights pursuant to this Section.

7.16 Environmental Covenant. The Company will, and will cause each of the Restricted Subsidiaries to:

(a) comply with all applicable Environmental Laws and any permit, license, or approval required under any Environmental Law, except for failures to so comply which would not present a reasonable likelihood of having a Material Adverse Effect;

(b) store, use, release, or dispose of any Hazardous Substance in compliance with Environmental Laws at any property owned or leased by the Company or any of its Restricted Subsidiaries, except where such non-compliance would not present a reasonable likelihood of having a Material Adverse Effect;

(c) avoid committing any act or omission which would cause any Lien to be asserted against any property owned by the Company or any of its Restricted Subsidiaries pursuant to any Environmental Law, except where such Lien would not present a reasonable likelihood of having a Material Adverse Effect;

(d) use, handle or store propane in compliance with Environmental Laws, except where such non-compliance would not present a reasonable likelihood of having a Material Adverse Effect;

(e) take all steps required by Environmental Law to cure any violation thereof disclosed in Schedule 6.19; and

(f) provide such information and certificates which the Agent or any Bank may reasonably request from time to time to evidence compliance with this Section 7.16.

7.17 Northwest LPG Supply, Ltd. The Company will designate Northwest LPG Supply, Ltd. as an Unrestricted Subsidiary within 30 days after the Restatement Effective Date in accordance with Section 7.13.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letters of Credit shall remain outstanding, unless the Required Banks waive compliance in writing:

8.1 Indebtedness. The Company will not, and will not permit any Restricted Subsidiary to, create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except that:

(a) the Company may become and remain liable with respect to the Indebtedness evidenced by the Mortgage Notes and Long Term Funded Debt incurred in connection with any extension, renewal, refunding or refinancing of Indebtedness evidenced by the Mortgage Notes, provided that the principal amount of such Long Term Funded Debt shall not exceed the principal amount of such Indebtedness evidenced by the Mortgage Notes, together with any accrued interest and prepayment charges with respect thereto, being extended, renewed, refunded or refinanced;

(b) the Company may become and remain liable with respect to Indebtedness incurred by the Company (i) to finance the making of expenditures for the improvement or repair (to the extent such improvements and repairs may be capitalized on the books of the Company in accordance with GAAP) of or additions (including additions by way of acquisitions or capital contributions of businesses and related assets) to the General Collateral or (ii) by assumption in connection with additions (including additions by way of acquisitions or capital contributions of businesses and related assets) to the General Collateral, including borrowings under the Acquisition Commitment, or to extend, renew, refund or refinance any such Indebtedness, provided that the aggregate principal amount of Indebtedness (including, without limitation, Acquisition Loans) incurred under this Section 8.1(b) and outstanding at any time shall not exceed the sum of (1) $75,000,000 plus (2) an amount equal to the aggregate net cash proceeds received by the Company from time to time as a capital contribution or as consideration for the issuance by

the Company of additional partnership interests, in each case for the sole purpose of financing such expenditures;

(c) subject to Section 8.4(c) any Restricted Subsidiary may become and remain liable with respect to Indebtedness of such Restricted Subsidiary owing to the Company or to a Wholly-Owned Restricted Subsidiary, and the Company may become and remain liable with respect to Indebtedness owing to a Wholly-Owned Restricted Subsidiary provided it is subordinated to the Loans and the Parity Debt at least to the extent provided in the subordination provisions in form satisfactory to the Banks;

(d) the Company may become and remain liable with respect to unsecured Indebtedness of the Company owing to the General Partner or an Affiliate of the General Partner, provided that (i) the aggregate principal amount of such Indebtedness outstanding at any time shall not be in excess of $50,000,000 and (ii) such Indebtedness is created and is outstanding under an agreement or instrument pursuant to which such Indebtedness is subordinated to the Loans and the Parity Debt at least to the extent provided in the subordination provisions in form satisfactory to the Banks;

(e) the Company may become and remain liable with respect to Indebtedness incurred for any purpose permitted by the Revolving Commitment (including outstanding Loans under the Revolving Commitment and Swingline Loans), and any Indebtedness incurred for any such permitted purpose which replaces, extends, renews, refunds or refinances any such Indebtedness, in whole or in part, in an aggregate principal amount outstanding at any time not in excess of $100,000,000;

(f) the Company may become and remain liable with respect to Indebtedness, in addition to that otherwise permitted by the foregoing subdivisions of this Section 8.1, if on the date the Company becomes liable with respect to any such additional Indebtedness and immediately after giving effect thereto and to the substantially concurrent repayment of any other Indebtedness (i) the ratio of Consolidated Cash Flow to Consolidated Pro Forma Debt Service is equal to or greater than 2.50 to 1.0, (ii) the ratio of Consolidated Cash Flow to Average Consolidated Pro Forma Debt Service is equal to or greater than 1.25 to 1.0 and (iii) if such Indebtedness is incurred other than for the purposes described in clause (A) below, the Company would not be permitted to incur any additional Indebtedness pursuant to Section 8.1(e) under the Revolving Commitment or any extension, renewal, refunding, replacement or refinancing thereof; provided that if such Indebtedness (A) is incurred by the Company (x) to finance the making of expenditures for the improvement or repair of (to the extent such improvements and repairs may be capitalized on the books of the Company in accordance with GAAP) or additions (including additions by way of acquisitions of businesses and related assets) to the General Collateral, or (y) by assumption in connection with additions (including additions by way of acquisitions or capital contributions of businesses and related assets) to the General Collateral and (B) is to be secured under the Security Documents as provided in Section 8.3(m), then the Company may become liable with respect to any such additional Indebtedness only if the Company would not be permitted to incur any additional Indebtedness under Section 8.1(b);

(g) the Company and its Restricted Subsidiaries may become and remain liable with respect to the Indebtedness described on Schedule 6.7;

(h) the Company may become and remain liable with respect to obligations under Interest Rate Agreements entered into to hedge interest rate risk;

(i) any Person that after the Restatement Effective Date becomes a Restricted Subsidiary may become and remain liable with respect to any Indebtedness to the extent such Indebtedness existed at the time such Person became a Subsidiary (and was not incurred in anticipation of such Person becoming a Subsidiary); provided that immediately after giving effect to such Person becoming a Restricted Subsidiary, the Company could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f);

(j) the Company and any Restricted Subsidiary may become and remain liable with respect to Indebtedness relating to any business acquired by or contributed to the Company or such Restricted Subsidiary or which is secured by a Lien on any property or assets acquired by or contributed to the Company or such Restricted Subsidiary to the extent such Indebtedness existed at the time such business or property or assets were so acquired or contributed (and was not incurred in anticipation thereof) and if such Indebtedness is secured by such property or assets, such security interest does not extend to or cover any other property of the Company or any of the Restricted Subsidiaries, provided that immediately after giving effect to such acquisition or contribution, the Company could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f) ; and

(k) Capitalized Lease Liabilities not in excess of $10,000,000 at any time outstanding.

8.2 Minimum Interest Coverage. The Company will not permit the ratio of EBITDA to Consolidated Interest Expense as at any fiscal quarter end for the four fiscal quarters then ending to be less than 2.25 to 1.0.

8.3 Liens, etc. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any property or asset (including any document or instrument in respect of goods or accounts receivable) of the Company or any Restricted Subsidiary, whether now owned or hereafter acquired, or any income or profits therefrom (whether or not provision is made for the equal and ratable securing of the Obligations in accordance with the provisions of Section 7.12), except:

(a) Liens for taxes, assessments or other governmental charges the payment of which is not yet due and payable or which is being contested in compliance with Section 7.5 and Section 1.18 of the Mortgages;

(b) Liens of lessors, landlords and carriers, vendors, warehousemen, mechanics, materialmen, repairmen and other like Liens incurred in the ordinary course of business for sums not yet due or the payment of which is being contested in compliance with Section 7.5 and Section 1.18 of the Mortgages, in each case (i) not incurred or made in

connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property or (ii) incurred in the ordinary course of business securing the unpaid purchase price of property or services constituting current accounts payable; and precautionary Liens in favor of lessors under capital leases and leases of equipment in the ordinary course of business;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money;

(d) other deposits made to secure liability to insurance carriers under insurance or self-insurance arrangements;

(e) Liens securing reimbursement obligations under letters of credit, provided in each case that such Liens cover only the title documents and related goods (and any proceeds thereof) covered by the related letter of credit;

(f) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal or review, or shall not have been discharged within 60 days after expiration of any such stay;

(g) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, which, in each case either (i) are granted, entered into or created in the ordinary course of the business of the Company or any Restricted Subsidiary or (ii) do not, individually or in the aggregate, present a reasonable likelihood of having a Material Adverse Effect;

(h) Liens on property or assets of any Restricted Subsidiary securing Indebtedness of such Restricted Subsidiary owing to the Company or a Wholly-Owned Restricted Subsidiary;

(i) [Intentionally omitted];

(j) Liens created by any of the Security Documents securing Indebtedness evidenced by the Mortgage Notes (or any extension, renewal, refunding, replacement or refinancing of any such Indebtedness) in accordance with Section 8.1(a);

(k) Liens created by any of the Security Documents securing the Indebtedness incurred under the Acquisition Commitment (or any extension, renewal, refunding, replacement-or refinancing of any such Indebtedness) in accordance with Section 8.1(c);

(l) Liens created by any of the Security Documents securing the Indebtedness, or Letters of Credit, incurred under the Revolving Commitment (or any extension, renewal, refunding, replacement or refinancing of any such Indebtedness) in accordance with Section 8.1(e);

(m) Liens (other than the Liens referred to in clauses (k) and (l) above) securing Indebtedness incurred in accordance with Section 8.1(b) or 8.1(e) or, to the extent incurred (i) to finance the making of expenditures for the improvement or repair (to the extent such improvements and repairs may be capitalized on the books of the Company and the Restricted Subsidiaries in accordance with GAAP) of or additions (including additions by way of acquisitions of businesses or capital contributions of businesses and related assets) to the General Collateral, or (ii) by assumption in connection with additions (including additions by way of acquisitions or capital contributions of businesses and related assets) to the General Collateral, in accordance with Section 8.1(f), provided that (1) such Liens are effected through an amendment to the Security Documents to the extent necessary to provide the holders of such Indebtedness equal and ratable security in the property and assets subject to the Security Documents with the Banks and holders of the other Indebtedness secured under the Security Documents, (2) in the case of Indebtedness incurred in accordance with Section 8.1(b) or Section 8.1(f) to finance the making of additions to the General Collateral, the Company has delivered to the Collateral Agent an Officers' Certificate demonstrating that the principal amount of such Indebtedness does not exceed the lesser of the cost to the Company and the Restricted Subsidiaries of such additional property or assets and the fair market value of such additional property or assets at the time of the acquisition thereof (as determined in good faith by the General Partner), and (3) the Company has delivered to the Collateral Agent an opinion of counsel reasonably satisfactory to the Collateral Agent to the effect that the Lien of the Security Documents has attached and is perfected with respect to such additional property and assets;

(n) Liens existing on any property of any Person at the time it becomes a Subsidiary of the Company, or existing at the time of acquisition upon any property acquired by the Company or any such Subsidiary through purchase, merger or consolidation or otherwise, whether or not assumed by the Company or such Subsidiary, or created to secure Indebtedness incurred under Section 8.1(f) to pay all or any part of the purchase price (a "Purchase Money Lien") of property (including without limitation Capital Stock and other securities) acquired by the Company or a Restricted Subsidiary, provided that (i) any such Lien shall be confined solely to such item or items of property and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for use specifically in connection with such acquired property, (ii) such item or items of property so acquired are not required to become part of the General Collateral under the terms of the Security Documents, (iii) in the case of a Purchase Money Lien, the principal amount of the Indebtedness secured by such Purchase Money Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Company and the Restricted Subsidiaries of such property and (B) the fair market value of such property at the time of the acquisition thereof (as determined in good faith by the General Partner), (iv) any such Purchase Money Lien shall be created not later than 30 days after the acquisition of such property and (v) any such Lien (other than a Purchase Money Lien) shall not

have been created or assumed in contemplation of such Person's becoming a Subsidiary of the Company or such acquisition of property by the Company or any Subsidiary;

(o) easements, exceptions or reservations in any property of the Company or any Restricted Subsidiary granted or reserved for the purpose of pipelines, roads, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which are incidental to, and do not materially interfere with, the ordinary conduct of the business of the Company or any Restricted Subsidiary;

(p) Liens arising from or constituting Permitted Encumbrances as defined under the Security Documents; and

(q) any Lien renewing or extending any Lien permitted by subdivision (h), (i), (j), (k), (l), (m) or (n) of this Section 8.3, provided that (i) the principal amount of the Indebtedness secured by any such Lien shall not exceed the principal amount of such Indebtedness outstanding immediately prior to the renewal or extension of such Lien (together with, in the case of Indebtedness permitted by Section 8.1(a), any accrued interest thereon and prepayment charges with respect thereto), and (ii) no assets encumbered by any such Lien other than the assets encumbered immediately prior to such renewal or extension shall be encumbered thereby.

8.4 Investments, Contingent Obligations, etc. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (i) make or own any Investment in any Person (including an Investment in a Subsidiary of the Company), (ii) create or become liable with respect to any Contingent Obligation with respect to any Indebtedness of a Control Affiliate, or (iii) create or become liable with respect to any Contingent Obligation (provided, however, that nothing contained in this Section 8.4, except clause (ii) above, is intended to limit the making of any Contingent Obligation which would be permitted as Indebtedness under Section 8.1), except:

(a) the Company or any Restricted Subsidiary may make and own Investments in (collectively, "Cash Equivalents")

(i) marketable obligations issued or unconditionally guaranteed by the United States of America, or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing one year or less from the date of acquisition thereof,

(ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and having as at such date the highest rating obtainable from either Standard & Poor's Rating Group or Moody's Investors Service, Inc.,

(iii) commercial paper maturing no more than 270 days from the date of creation thereof and having as at the date of acquisition thereof one of the two highest ratings obtainable from either Standard & Poor's Rating Group or Moody's Investors Service, Inc.,

(iv) certificates of deposit maturing one year or less from the date of acquisition thereof issued by commercial banks incorporated under the laws of the United States of America or any state thereof or the District of Columbia or Canada, (A) the commercial paper or other short term unsecured debt obligations of which are as at such date rated either A-2 or better (or comparably if the rating system is changed) by Standard & Poor's Rating Group or Prime-2 or better (or comparably if the rating system is changed) by Moody's Investors Service, Inc. or (B) the long-term debt obligations of which are as at such date rated either A or better (or comparably if the rating system is changed) by either Standard & Poor's Rating Group or A-2 or better or comparably if the rating system is changed by Moody's Investors Service, Inc. ("Permitted Banks"),

(v) Eurodollar time deposits having a maturity of less than 270 days from the date of acquisition thereof purchased directly from any Permitted Bank,

(vi) bankers' acceptances eligible for rediscount under requirements of The Board of Governors of the Federal Reserve System and accepted by Permitted Banks, and

(vii) obligations of the type described in clause (i), (ii), (iii), (iv) or (v) above purchased from a securities dealer designated as a "primary dealer" by the Federal Reserve Bank of New York or from a Permitted Bank as counterparty to a written repurchase agreement obligating such counterparty to repurchase such obligations not later than 14 days after the purchase thereof and which provides that the obligations which are the subject thereof are held for the benefit of the Company or a Restricted Subsidiary by a custodian which is a Permitted Bank and which is not a counterparty to the repurchase agreement in question;

(b) the Company or any Restricted Subsidiary may acquire Capital Stock or other ownership interests, whether in a single transaction or a series of related transactions, of a Person (i) located in the United States or Canada, (ii) incorporated or otherwise formed pursuant to the laws of the United States or Canada or any state or province thereof or the District of Columbia and (iii) engaged in substantially the same business as the Company such that, upon the completion of such transaction or series of transactions, such Person becomes a Restricted Subsidiary;

(c) subject to the provisions of subdivision (h) below, the Company or any Restricted Subsidiary may make and own Investments (in addition to Investments permitted by subdivisions (a), (b), (d), (e), (f) and (g) of this Section 8.4 in any Person incorporated or otherwise formed pursuant to the laws of the United States or Canada or any state or province thereof or the District of Columbia which is engaged in the United States or Canada in substantially the same business as the Company; provided that (i) the aggregate amount of all such Investments made by the Company and its Restricted Subsidiaries following the Original Closing Date (including without limitation the transactions contemplated by this Agreement) and outstanding pursuant to this subdivision (c) and subdivision (h) below shall not at any date of determination exceed 10% of Total Assets (the "Investment Limit"), provided that, in addition to Investments that would be permitted under the Investment Limit, during any fiscal year the

Company and its Restricted Subsidiaries may invest up to $25,000,000 (the "Annual Limit") pursuant to the provisions of this subdivision (c), but the unused amount of the Annual Limit shall not be carried over to any future years, (ii) such Investments shall become part of the General Collateral and shall be subjected to the Lien of the Security Documents and (iii) such Investments shall not be made in Capital Stock or Indebtedness of the Public Partnership or any of its Subsidiaries (other than the Company and the Restricted Subsidiaries);

(d) the Company or any Restricted Subsidiary may make and own Investments (x) arising out of loans and advances to employees incurred in the ordinary course of business not in excess of $1,000,000 at any time outstanding, (y) arising out of extensions of trade credit or advances to third parties in the ordinary course of business and (z) acquired by reason of the exercise of customary creditors' rights upon default or pursuant to the bankruptcy, insolvency or reorganization of a debtor;

(e) the Company and any Restricted Subsidiary may create or become liable with respect to any Contingent Obligation constituting an obligation, warranty or indemnity, not guaranteeing Indebtedness of any Person, which is undertaken or made in the ordinary course of business;

(f) the Company may create and become liable with respect to any Interest Rate Agreements;

(g) any Restricted Subsidiary may make Investments in the Company; and

(h) the Company or any Restricted Subsidiary may make or own Investments in Unrestricted Subsidiaries, provided that the Net Amount of Unrestricted Investment shall not at any time exceed $5,000,000 (and subject to the limitations specified in subdivision (c) above).

The foregoing notwithstanding, the Company may have outstanding undrawn letters of credit (including Letters of Credit) not in excess of $35,000,000.

8.5 Restricted Payments. The Company will not directly or indirectly declare, order, pay, make or set apart any sum for any Restricted Payment, except that the Company may declare or order, and make, pay or set apart, once during each calendar quarter a Restricted Payment if (a) such Restricted Payment is in an amount not exceeding Available Cash for the immediately preceding calendar quarter, and (b) immediately after giving effect to any such proposed action no Event of Default (or Default under Sections 9.1(a), (f) or (g)) shall exist and be continuing. The Company will comply with, and accrue on its books, the reserve provisions required under the definition of Available Cash. The Company will not, in any event, directly or indirectly declare, order, pay or make any Restricted Payment except in cash. The Company will not permit any Restricted Subsidiary to declare, order, pay or make any Restricted Payment or to set apart any sum or property for any such purpose (it being understood that nothing in this Section 8.5 shall prohibit any such Restricted Subsidiary from declaring, ordering, paying, making, or setting apart any sum or property for, any payment or other distribution or dividend to (i) the Company or any Wholly-Owned Restricted Subsidiary and (ii) so long as no Default or Event of Default shall occur and be continuing, all holders of Capital Stock of such Restricted Subsidiary on a pro rata

basis) (with any such distribution or dividend to a Control Affiliate being subject to the limitation of the first sentence of this Section 8.5).

8.6 Transactions with Affiliates. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any transaction with any Affiliate, including without limitation the purchase, transfer, disposition, sale, lease or exchange of assets or the rendering of any service, unless (1)(a) such transaction or series of related transactions is on fair and reasonable terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those which would be obtained in an arm's-length transaction at the time such transaction is agreed upon between Persons which are not Affiliates, and (b) with respect to a transaction or series of transactions involving aggregate payments or value equal to or greater than $15 million, the Company shall have delivered an Officers' Certificate to the Agent certifying that such transaction or series of transactions complies with the preceding clause (a) and that such transaction or series of transactions has been approved by a majority of the Board of Directors of the General Partner (including a majority of the Disinterested Directors), or (2) such transaction or series of related transactions is between the Company and any Wholly-Owned Restricted Subsidiary or between two Wholly-Owned Restricted Subsidiaries, provided, however, that this Section 8.6 will not restrict the Company, any Restricted Subsidiary or the General Partner from entering into (i) any employment agreement, stock option agreement, restricted stock agreement or other similar agreement or arrangement in the ordinary course of business, (ii) transactions permitted by Section 8.5 and (iii) transactions in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane business operated by the Company, its Subsidiaries and its Affiliates.

8.7 Subsidiary Stock and Indebtedness. The Company will not:

(a) directly or indirectly sell, assign, pledge or otherwise dispose of any Indebtedness of or any shares of stock or similar interests of (or warrants, rights or options to acquire stock or similar interests of) any Restricted Subsidiary, except to a Wholly-Owned Restricted Subsidiary;

(b) permit any Restricted Subsidiary directly or indirectly to sell, assign, pledge or otherwise dispose of any Indebtedness of the Company or any other Restricted Subsidiary, or any shares of stock or similar interests of (or warrants, rights or options to acquire stock or similar interests of) any other Restricted Subsidiary, except to the Company or a Wholly-Owned Restricted Subsidiary;

(c) permit any Restricted Subsidiary to have outstanding any shares of stock or similar interests which are preferred over any other shares of stock or similar interests in such Restricted Subsidiary owned by the Company or a Wholly-Owned Restricted Subsidiary unless such shares of preferred stock or similar interests are owned by the Company or a Wholly-Owned Restricted Subsidiary; or

(d) permit any Restricted Subsidiary directly or indirectly to issue or sell (including without limitation in connection with a merger or consolidation of such Subsidiary otherwise permitted by Section 8.8(a)) any shares of its stock or similar interests (or warrants,

rights or options to acquire its stock or similar interests) except to the Company or a Wholly-Owned Restricted Subsidiary;

provided that, (i) any Restricted Subsidiary may sell, assign or otherwise dispose of Indebtedness of the Company if, assuming such Indebtedness were incurred immediately after such sale, assignment or disposition, such Indebtedness would be permitted under Section 8.1 (other than Section 8.1(c)) (in which case such Indebtedness need not be subject to the subordination provisions required by Section 8.1(c)) and (ii) subject to compliance with Section 8.8(c), all Indebtedness and shares of stock or partnership interests of any Restricted Subsidiary owned by the Company or any other Restricted Subsidiary may be simultaneously sold as an entirety for an aggregate consideration at least equal to the fair value thereof (as determined in good faith by the General Partner) at the time of such sale if (x) such Restricted Subsidiary does not at the time own (A) any Indebtedness of the Company or any other Restricted Subsidiary (other than Indebtedness which, if incurred immediately after such transaction, would be permitted under Section 8.1, other than Section 8.1(c)) (in which case such Indebtedness need not be subject to the subordination provisions required by Section 8.1(c)) or (B) any stock or other interest in any other Restricted Subsidiary which is not also being simultaneously sold as an entirety in compliance with this proviso or Section 8.8(b)(ii) and (y) at the time of such transaction and immediately after giving effect thereto, the Company could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f).

8.8 Consolidation, Merger, Sale of Assets, etc. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly,

(a) consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into it, except that:

(i) any Restricted Subsidiary may consolidate with or merge into the Company or a Wholly-Owned Restricted Subsidiary if the Company or a Wholly-Owned Restricted Subsidiary, as the case may be, shall be the surviving Person and if, immediately after giving effect to such transaction, no Default or Event of Default shall exist and be continuing; and

(ii) any entity (other than a Restricted Subsidiary) may consolidate with or merge into the Company or a Wholly-Owned Restricted Subsidiary if the Company or a Wholly-Owned Restricted Subsidiary, as the case may be, shall be the surviving Person and if, immediately after giving effect to such transaction, (x) the Company (1) shall not have a Consolidated Net Worth, determined in accordance with GAAP applied on a basis consistent with the consolidated financial statements of the Company most recently delivered pursuant to Section 7.1 (b), of less than the Consolidated Net Worth of the Company immediately prior to the effectiveness of such transaction, satisfaction of this requirement to be set forth in reasonable detail in an Officers' Certificate delivered to the Agent at the time of such transaction, (2) shall not be liable with respect to any Indebtedness or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement (including without limitation under Section 8.1 or 8.3) on the date of such transaction, and

(3) could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f), (y) substantially all of the assets of the Company and its Restricted Subsidiaries shall be located and substantially all of their business shall be conducted within the United States and Canada and (z) no Default or Event of Default shall exist and be continuing; and

(iii) subject to compliance with Section 11.1, the Company may consolidate with or merge into any other entity if (w) the surviving entity is a corporation or limited partnership organized and existing under the laws of the United States of America or any state thereof or the District of Columbia or Canada, with substantially all of its properties located and its business conducted (without giving effect to the properties owned by, and the business conducted by, Unrestricted Subsidiaries) within the United States and Canada, (x) such corporation or limited partnership expressly and unconditionally assumes the obligations of the Company under this Agreement, and the other Loan Documents and License Agreements to which the Company is a party, and delivers to the Agent an opinion of counsel reasonably satisfactory to the Required Banks with respect to the due authorization and execution of the related agreement of assumption and the enforceability of such agreement against such corporation or partnership and the continued effectiveness and priority of the Liens of the Security Documents, (y) immediately after giving effect to such transaction, such corporation or limited partnership (1) shall not have (without giving effect to Unrestricted Subsidiaries) a Consolidated Net Worth, determined in accordance with GAAP applied on a basis consistent with the consolidated financial statements of the Company most recently delivered pursuant to Section 7.1(b), of less than the Consolidated Net Worth of the Company immediately prior to the effectiveness of such transaction, satisfaction of this requirement to be set forth in reasonable detail in an Officers' Certificate delivered to the Agent at the time of such transaction, (2) shall not be liable with respect to any Indebtedness or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement (including without limitation under Section 8.1 or 8.3) on the date of such transaction and (3) could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f), and (z) immediately after giving effect to such transaction no Default or Event of Default shall exist and be continuing; or

(b) sell, lease, abandon or otherwise dispose of all or substantially all its assets, except that:

(i) any Restricted Subsidiary may sell, lease or otherwise dispose of all or substantially all its assets to the Company or to a Wholly-Owned Restricted Subsidiary; and

(ii) subject to compliance with clause (c) of this Section 8.8, any Restricted Subsidiary may sell, lease or otherwise dispose of all or substantially all its assets as an entirety for an aggregate consideration at least equal to the fair value thereof (as determined in good faith by the General Partner) at the time of such sale if (x) the assets being sold, leased or otherwise disposed of do not include (A) any Indebtedness of

the Company or any other Restricted Subsidiary (other than Indebtedness which, if incurred immediately after such transaction, would be permitted under Section 8.1 (other than Section 8.1(c) so long as such Indebtedness is held by a Person other than the Company or a Restricted Subsidiary), in which case such Indebtedness need not be subject to the subordination provisions required by Section 8.1(c) or (B) any stock of or other equity interest in any other Restricted Subsidiary which is not also being simultaneously sold as an entirety in compliance with this subdivision (b)(ii) or the proviso of Section 8.7 and (y) at the time of such transaction and immediately after giving effect thereto, the Company could incur at least $1 of additional Indebtedness in compliance with clauses (i) and (ii) of Section 8.1(f); and

(iii) the Company may sell, lease or otherwise dispose of all or substantially all its assets to any corporation or limited partnership into which the Company could be consolidated or merged in compliance with subdivision (a)(iii) of this Section 8.8, provided that each of the conditions set forth in such subdivision (a)(iii) shall have been fulfilled; or

(c) (1) sell, lease, convey, abandon or otherwise dispose of any of its assets (except in a transaction permitted by subdivision (a)(i), (a)(iii), (b)(i) or (b)(iii) of this Section 8.8 or sales of inventory in the ordinary course of business consistent with past practice), including by way of a Sale and Lease-Back Transaction, or (2) issue or sell Capital Stock of the Company or any Subsidiary (other than to the Company or a Wholly-Owned Restricted Subsidiary), in the case of either clause (1) or (2) above, whether in a single transaction or a series of related transactions (each of the foregoing non-excepted transactions, an "Asset Sale"), unless:

(i) immediately after giving effect to such proposed disposition, no Default or Event of Default shall exist and be continuing; and

(ii) one of the following two conditions shall be satisfied:

(A) the aggregate Net Proceeds of all assets so disposed of (whether or not leased back) by the Company and its Restricted Subsidiaries during the current fiscal year (including (x) amounts deemed to be proceeds in connection with designations of Restricted Subsidiaries as Unrestricted Subsidiaries during such fiscal year under Section 7.13, (y) Net Proceeds of dispositions of shares pursuant to Section 8.7 or sales of assets pursuant to Section 8.8(b)), less the amount of all Net Proceeds of prior dispositions of assets during such fiscal year previously applied in accordance with subdivision (ii)(B) of this Section 8.8(c), shall not exceed $10,000,000 during such fiscal year; or

(B) in the event that such Net Proceeds (less the amount thereof previously applied in accordance with this subdivision (ii)(B) during the current fiscal year exceed $10,000,000 (such excess Net Proceeds actually realized being herein called "Excess Sale Proceeds"), the Company shall within 360 days of the date of the disposal of the assets giving rise to such proceeds, cause an amount equal to such Excess Sale Proceeds to be applied (with the designation of an

Unrestricted Subsidiary as a Restricted Subsidiary being deemed to be such an application to the extent of the fair value of such Restricted Subsidiary as determined in good faith by the General Partner) (x) to the acquisition of assets in replacement of the assets so disposed of or of assets which may be productively used in the United States or Canada in the conduct of the Business (and such newly acquired assets shall become part of the General Collateral and shall be subjected to the Lien of the Security Documents), or (y) to the extent not applied pursuant to the immediately preceding clause (x), to the prepayment of the Obligations and Parity Debt, if any, pursuant to Section 2.7(a) hereof, all as provided in Section 4(c) of the Collateral Agency Agreement and such Section 2.7(a); and

(iii) (A) the consideration received for such assets is at least equal to their aggregate fair market value (as determined in good faith by the Board of Directors of the General Partner) at the time of such disposition and that such consideration has been applied or is being held for application in accordance with the terms of this Agreement and (B) at least 80% of the consideration therefor received is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Loans) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are immediately converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this clause (B); and provided further, that the 80% limitation referred to in this clause (B) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation.

Notwithstanding the foregoing, Asset Sales shall not be deemed to include (1) any transfer of assets or issuance or sale of Capital Stock by the Company or any Restricted Subsidiary to the Company or a Wholly-Owned Restricted Subsidiary, (2) any transfer of assets or issuance or sale of Capital Stock by the Company or any Restricted Subsidiary to any Person in exchange for other assets used in a line of business permitted under Section 7.4(c) and having a fair market value (as determined in good faith by the General Partner) not less than that of the assets so transferred or Capital Stock so issued or sold (so long as such assets shall become part of the General Collateral and shall be subjected to the Lien of the Security Documents) and (3) any transfer of assets pursuant to an Investment permitted by Section 8.4.

8.9 Use of Proceeds. (a) The Borrowers will not, and will not suffer or permit any Subsidiary to, use any portion of the Loan proceeds or any Letter of Credit, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance Indebtedness of the Company or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the

purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

(b) The Borrowers will not, directly or indirectly, use any portion of the Loan proceeds or any Letter of Credit (i) knowingly to purchase Ineligible Securities from the Arranger during any period in which the Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger and issued by or for the benefit of the Company or any Affiliate of the Company. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities; and "Ineligible Securities" means securities which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. Section 24, Seventh), as amended.

(c) The proceeds of the Revolving Loans will be used for working capital purposes and general purposes of the Company and its Restricted Subsidiaries.

(d) The proceeds of the Acquisition Loans will be used for the acquisition by the Company of companies or assets in businesses similar to the Business, and may be used, without limitation, for the payment of related fees and expended and the retirement, repayment or refinancing of any Indebtedness incurred as part of such acquisition, including any Indebtedness assumed by the Company in connection with an addition of assets by way of capital contribution.

(e) The proceeds of the Swingline Loans will be used for working capital purposes and general purposes of the Company and its Restricted Subsidiaries.

8.10 Change in Business. The Company will not, and will not suffer or permit any Restricted Subsidiary to, engage in any material line of business substantially different from the Business.

8.11 Accounting Changes. The Company will not, and will not suffer or permit any Restricted Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any Subsidiary.

8.12 Clean Down. The Borrowers will not permit the outstanding Revolving Loans to exceed $30,000,000 for a period of 30 consecutive days during each fiscal year.

8.13 Receivables. The Company will not, and will not permit any Restricted Subsidiary to, discount, pledge or sell (with or without recourse) any of its accounts or notes receivable, except for sales of receivables (i) made in the ordinary course of business with a face amount not to exceed $500,000 in the aggregate which have been sold and remain unpaid by the account debtors, (ii) without recourse which are seriously past due and which have been substantially written off as uncollectible or collectible only after extended delays, (iii) from a Restricted

Subsidiary to the Company or (iv) made in connection with the sale of a business but only with respect to the receivables directly generated by the business so sold.

8.14 Leverage Ratio. The Company will not permit the Leverage Ratio at any time to exceed 5.25 to 1.00. For purposes of this Section 8.14, the Company may elect whether to calculate EBITDA (i) as at the end of any fiscal quarter for the four full consecutive fiscal quarters most recently ended or (ii) as at the end of any fiscal quarter for the eight full consecutive fiscal quarters most recently ended (in which case EBITDA shall be divided by two).

ARTICLE IX

EVENTS OF DEFAULT

9.1 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Borrowers fail to pay the Agent or any Bank or the Issuing Bank, (i) when and as required to be paid herein, any amount of principal of any Loan or L/C Borrowing, or (ii) within 5 days after the same becomes due, any interest, fee, or any other amount payable to the Agent or the Banks hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty made in writing by any Borrower or any Restricted Subsidiary made or deemed made herein, in any other Loan Document, or in any License Agreements, or which is contained in any certificate, financial statement or other document of such Borrower or such Restricted Subsidiary required to be delivered hereunder, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. There shall be a default in the performance of, or compliance with, any term contained in Section 7.1(g) or any of Sections 8.1 through 8.8, inclusive, 7.4(a)(i) and 8.14 (and, in the case of the first sentence of Section 8.14, such default shall continue unremedied for 30 days), provided, however, that with respect to (i) incurrence of Indebtedness in violation of Section 8.1 in an aggregate outstanding principal amount which is less than $5,000,000, (ii) incurrence of a Lien in violation of Section 8.3 which secures Indebtedness which is in an aggregate outstanding principal amount of less than $5,000,000, (iii) transactions with an Affiliate in violation of Section 8.6 involving an aggregate amount of less than $2,000,000, (iv) the making of any Investment or creation of a Contingent Obligation in violation of Section 8.4 involving an aggregate amount of less than $2,000,000, or (v) the entering into of any transaction in violation of Section 8.7 involving an aggregate amount of less than $2,000,000, there shall be no Event of Default hereunder unless the aggregate amount of all violations under clauses (i) through (v) exceeds $8,000,000 on any date of determination or any such violation shall remain uncured for 30 days after a Responsible Officer becomes aware of any such violation; or

(d) Other Defaults. Any Borrower or any Restricted Subsidiary fails to perform or observe any other term or covenant contained in this Agreement, any other Loan Document, or in any License Agreements, and such default shall continue unremedied for a period of 30 days

after the date upon which written notice thereof is given to the Borrowers by the Agent or the Required Banks; provided, however, that defaults under any Mortgage (other than under any Specified Mortgage) shall not constitute an Event of Default under this subdivision (d) unless such default shall not have been remedied within the applicable 30-day period and when aggregated with all other defaults described in this proviso (w) applies to at least 17 Mortgages, or (x) applies to Mortgages covering Mortgaged Property having an aggregate fair market value at the time of at least $1,000,000, or (y) would cost in excess of $1,000,000 to cure or would present a reasonable likelihood of resulting in liability to the Company or the Restricted Subsidiaries in excess of $1,000,000 or (z) would result in a Material Adverse Effect; or

(e) Cross-Default. The Company, any Restricted Subsidiary, the General Partner, any of its Subsidiaries or the Public Partnership or any of its Subsidiaries (other than the Partnership Unrestricted Subsidiaries) (as principal or guarantor or other surety) shall default in the payment of any amount of principal of or premium or interest on any Parity Debt or any other Indebtedness, other than the Obligations (regardless of whether or not such payment default shall have been waived by the holders of such Indebtedness); or any event shall occur or condition shall exist in respect of any Indebtedness of the Company, any Restricted Subsidiary, the General Partner, any of its Subsidiaries or the Public Partnership or any of its Subsidiaries (other than the Partnership Unrestricted Subsidiaries) or under any evidence of any such Indebtedness or under any mortgage, indenture or other agreement relating thereto, and the effect of such event or condition is to cause (or to permit one or more Persons to cause) such Indebtedness to become due or be repurchased or repaid before its stated maturity or before its regularly scheduled dates of payment (other than pursuant to mandatory prepayment provisions pursuant to a (1) Change of Control or similar transaction or (2) prepayment under circumstances and on terms substantially identical to, and not inconsistent with, Section 9.3(b) of the agreements governing the Mortgage Notes to the extent it relates to Excess Taking Proceeds, as defined therein, or Section 8.8(c)(ii) to the extent it relates to Excess Sale Proceeds, in each case not involving a default) or to permit the holders thereof to cause the Company, any Restricted Subsidiary, the General Partner, any of its Subsidiaries or the Public Partnership or any of its Subsidiaries (other than the Partnership Unrestricted Subsidiaries) to repurchase or repay such Indebtedness (other than pursuant to mandatory prepayment provisions pursuant to a (1) Change of Control or similar transaction or (2) prepayment under circumstances and on terms substantially identical to, and not inconsistent with, Section 9.3(b) of the agreements governing the Mortgage Notes to the extent it related to Excess Taking Proceeds, as defined therein, or Section 8.3(c)(ii) to the extent it relates to Excess Sale Proceeds, in each case not involving a default), and such default, event or condition shall continue for more than the period of grace, if any, specified therein (regardless of whether or not such default, event or condition shall have been waived by the holders of such Indebtedness); provided that the aggregate principal amount of all Indebtedness as to which such a default (payment or other), event or condition shall occur or exist exceeds $7,500,000; or

(f) Insolvency Voluntary Proceedings. Any Borrower or any Significant Subsidiary Group (i) ceases or fails to be solvent, or admits in writing its inability to pay its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences

any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against any Borrower or any Significant Subsidiary Group, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any Borrower's or any such Significant Subsidiary Group's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) any Borrower or any such Significant Subsidiary Group admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) any Borrower or any such Significant Subsidiary Group acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) Judgments. Any judgment or order for the payment of money in excess of $9,000,000 and not covered by insurance shall be rendered against any of the Borrowers or any Significant Subsidiary Group, and either

(a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(b) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect and prior to the expiration of such 60-day period, the judgment shall not have been discharged.

(i) Pension Plans. Any of the following events shall occur with respect to any Pension Plan and such events, either alone or together, present a reasonable likelihood of having a Material Adverse Effect:

(a) the institution of any steps by any Borrower or any other Person to terminate a Pension Plan maintained or sponsored by any Borrower or any Subsidiary of a Borrower; or

(b) an ERISA Event.

(j) Change of Control. There occurs any Change of Control; or

(k) Impairment of Security, etc. Any Loan Document or any Lien granted thereunder shall (except in accordance with its terms) in whole or in part, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto, except to the extent that the assets of the Company or any of its Restricted Subsidiaries which are secured by the Liens which are terminated, no longer effective or no longer enforceable obligations of such Obligor are not, individually or in the aggregate, material to the business of the

Company and its Restricted Subsidiaries taken as a whole; any Borrower or any other Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability or any Lien on property material to the business of the Company and its Restricted Subsidiaries taken as a whole securing any Obligations shall, in whole or in part, cease to be a perfected first priority Lien except as permitted by this Agreement.

9.2 Remedies. If any Event of Default occurs and is continuing, the Agent shall, at the request of the Required Banks,

(a) declare the commitment of each Bank to make Loans and any obligation of the Issuing Bank to Issue Letters of Credit to be terminated, whereupon such commitments shall be terminated;

(b) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) to be immediately due and payable, and declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each of the Borrowers; and/or

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.1 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans and any obligation of the Issuing Bank to Issue Letters of Credit shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank.

9.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE X

THE AGENT

10.1 Appointment and Authorization. (a) Each Bank hereby irrevocably (subject to Section 10.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or

any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

(b) The Issuing Bank shall act on behalf of the Banks with respect to any Letters of Credit Issued by it and the documents associated therewith until such time and except for so long as the Agent may agree at the request of the Required Lenders to act for such Issuing Bank with respect thereto; provided, however, that the Issuing Bank shall have all of the benefits and immunities (i) provided to the Agent in this Article X with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit Issued by it or proposed to be Issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Agent", as used in this Article X, included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to the Issuing Bank.

10.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

10.3 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by any of the Borrowers or any Subsidiary or Affiliate of any of the Borrowers, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any of the Borrowers or any other party to any Loan Document other than the Agent to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrowers or any of the Borrowers' Subsidiaries or Affiliates.

10.4 Reliance by Agent. (a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, written statement or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrowers), independent accountants

and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document not expressly delegated to the Agent under a Loan Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

10.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a Notice of default. The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Banks in accordance with Article IX; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

10.6 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Borrowers and their Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or

responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrowers which may come into the possession of any of the Agent-Related Persons.

10.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of the Borrowers to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

10.8 Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrowers and their Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to or consent (except as otherwise required hereby) of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Borrowers or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrowers or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BofA in its individual capacity.

10.9 Successor Agent. The Agent may, and at the request of the Required Banks shall, resign as Agent upon 30 days' prior written notice to the Banks and the Borrowers. If the Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by the Company. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article X and Sections 11.4 and 11.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent

has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above. Notwithstanding the foregoing, however, BofA may not be removed as the Agent at the request of the Required Banks unless BofA or any Affiliate of BofA acting as Issuing Bank shall also be simultaneously replaced as Issuing Bank, pursuant to documentation in form and substance reasonably satisfactory to BofA and any such Affiliate.

10.10 Withholding Tax. (a) If any Bank is a Foreign Bank and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent and the Borrowers, to deliver to the Agent and the Borrowers:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Form 1001 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent and the Borrowers of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrowers to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrowers to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrowers to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Borrowers and the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Foreign Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Borrowers and the Agent fully for all amounts paid, directly or indirectly, by the Agent or any Borrower as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent or any Borrower under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

10.11 Collateral Agency Agreement. The Banks hereby authorize the Agent to enter into the Collateral Agency Agreement and agree to be bound by the terms thereof.

ARTICLE XI

MISCELLANEOUS

11.1 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Borrowers therefrom, shall be effective unless the same shall be in writing and signed by the Required Banks (or by the Agent at the written request of the Required Banks) and the Borrowers and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Borrowers do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 9.2);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder; or

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks; or

(f) release all or substantially all the collateral securing the Obligations;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Required Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Bank in addition to the Required Banks or all the Banks, as the case may be, affect the rights or duties of the Issuing Bank under this Agreement or any L/C-Related Documents relating to any Letter of Credit Issued or to be Issued by it, and (iii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

In connection with a proposed merger, consolidation or sale of all or substantially all of the assets of the Company in accordance with Section 8.8(a)(iii) or (b)(iii) to a corporation, the parties agree (i) to effect, simultaneously with such transaction, all necessary and appropriate modifications to the terms and conditions of this Agreement and the other Loan Documents and License Agreements to which it is a party (including without limitation the ability of the Company to make payments under Section 8.5, taking into account the effect of any change in the tax status of the Company on its financial condition and the applicable financial covenants) to reflect the corporate existence of such successor corporation and any other matters in form acceptable to the Required Banks, provided that such modified terms and conditions convey to the parties substantially the same rights and obligations provided under the Loan Documents and License Agreements to which it is a party immediately prior to such transaction, and (ii) that any Default described in Section 9.1(j) which would result from such transaction shall not be asserted by the Agent or any Bank if after giving effect to such transaction UGI shall own directly or indirectly at least 51% of the voting shares of the corporation that is the successor to the Company.

In the event a Bank or Participant (as hereinafter defined) shall refuse to enter into or consent to any amendment, waiver or other modification of any provision of this Agreement or any other Loan Document, and such Bank's or Participant's consent is necessary for such amendment, waiver or modification to become effective, the Borrowers may pay Obligations (including, with respect to Letter of Credit, cash collateralization of an interest therein) outstanding to any such nonconsenting Bank or to any originating Bank having participated interests to any such nonconsenting Participant and reduce or eliminate any such Bank's Commitment; provided, that the Borrowers may take such action only if Banks representing at least 80% of the outstanding Commitments necessary therefor have entered into or consented to such amendment, waiver or modification and no Default or Event of Default then exists.

11.2 Notices. (a) All notices, requests and other communications shall be in writing and mailed, faxed, provided that any matter transmitted by the Borrowers by facsimile shall be

promptly confirmed by a telephone call to the recipient at the number specified on Schedule 11.2 or such other telephone number as shall be designated by such party in a written notice to the other parties, or delivered, to the address or facsimile number specified for notices on Schedule 11.2; or, as directed to the Borrowers or the Agent, to such other address or facsimile number as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrowers and the Agent.

(b) All such notices, requests and communications shall, when delivered by overnight delivery, be effective the Business Day after when delivered for overnight (next-day) delivery; or, if faxed, when transmitted in legible form by facsimile machine; or if mailed, upon the third Business Day after the date deposited into the U.S. mail; or if delivered, upon delivery; except that notices pursuant to Article II or X shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrowers. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrowers to give such notice and the Agent and the Banks shall not have any liability to the Borrowers or other Person on account of any action taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice absent gross negligence or willful misconduct. The obligation of the Borrowers to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11.4 Costs and Expenses. The Borrowers shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Agent) within five Business Days after demand and receipt by the Borrowers of reasonable supporting documentation (subject to Section 5.1(d)) for all reasonable costs and expenses incurred by BofA (including in its capacity as Agent) in connection with the development, preparation, delivery, administration and execution of this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including Attorney Costs (excluding allocated costs of internal legal counsel) incurred by BofA (including in its capacity as Agent) with respect thereto; provided, that the limitations contained in the Fee Letter with respect to the amount of the fees of Orrick, Herrington & Sutcliffe LLP shall remain effective notwithstanding the termination of the Fee Letter; and

(b) pay or reimburse the Agent within five Business Days after demand and receipt by the Borrowers of reasonable supporting documentation for all reasonable costs and expenses incurred by the Agent in connection with any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including Attorney Costs incurred by the Agent with respect thereto (provided, that the fees of any law firm or other external counsel, and the allocated costs of internal legal services, shall not both be reimbursed with respect to any amendment, supplement, waiver or modification relating to the same or any substantially similar matter); and

(c) pay or reimburse the Agent, the Arranger and each Bank within five Business Days after demand and receipt by the Borrowers of reasonable supporting documentation (subject to Section 5.1(d)) for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

11.5 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Borrowers shall indemnify and hold harmless each of the Agent and each Bank, and their respective directors, officers, employees, affiliates and agents (collectively, the "Indemnified Parties") from and against any and all losses, claims, damages (other than consequential or exemplary damages), liabilities and reasonable out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel, amounts paid in settlement and court costs) (collectively, the "Indemnified Liabilities") which may be incurred by any such Indemnified Party as a result of a claim by a third party or asserted by a third party against any such Indemnified Party, in each case, in connection with or arising out of or in any way relating to or resulting from any transaction or proposed transaction (whether or not consummated) contemplated to be financed with the proceeds of any Loan or other financial accommodation contemplated hereby, and the Borrowers hereby agree to reimburse each such Indemnified Party for any Attorneys' Costs or other out-of-pocket expenses incurred in connection with investigating, defending or participating in any action or proceeding (whether or not such Indemnified Party is a party to such action or proceeding) out of which any such losses, claims, damages, liabilities or expenses may arise; provided, however, that the Borrowers shall not be required to reimburse the expenses of more than one counsel for all Indemnified Parties except to the extent that different Indemnified Parties shall have conflicting interests. Notwithstanding anything herein to the contrary, the Borrowers shall not be liable or responsible for losses, claims, damages, costs and expenses incurred by any Indemnified Party arising out of or relating to such Indemnified Party's own gross negligence or willful misconduct. If for any reason the indemnification provided for herein is unavailable to any Indemnified Party or insufficient to hold it harmless as and to the extent contemplated hereby, then the Borrowers hereby agree to contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage, liability or expense in such proportion as is appropriate to reflect the relative benefits

received by the Borrowers, on the one hand, and such Indemnified Party, on the other hand, and also the respective fault of the Borrowers, on the one hand, and such Indemnified Party, on the other hand, as the case may be, as well as any other relevant equitable considerations. This Section 11.5 shall survive the termination of this Agreement.

11.6 Joint and Several Liability. (a) The obligations of the Borrowers hereunder are joint and several.

(b) The liability of each Borrower hereunder and under the Loan Documents shall be absolute, unconditional and irrevocable irrespective of:

(i) any lack of validity, legality or enforceability of this Agreement, any Note or any other Loan Document as to any other Borrower;

(ii) the failure of any Bank

(A) to enforce any right or remedy against any Borrower or any other Person (including any guarantor or other Borrower) under the provisions of this Agreement, the Note, any other Loan Document or otherwise, or

(B) to exercise any right or remedy against any guarantor of, or collateral securing, any Obligations;

(iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise or renewal of any Obligations;

(iv) any reduction, limitation, impairment or termination of any Obligations with respect to any other Borrower for any reason including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Borrower hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations with respect to any other Borrower;

(v) any addition, exchange, release, surrender or nonperfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any guaranty, held by any Bank securing any of the Obligations; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any other Borrower, any surety or any guarantor.

Each Borrower agrees that its joint and several liability hereunder shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must be restored by any Bank, upon the insolvency, bankruptcy or reorganization of any Borrower as though such payment had not been made.

Each Borrower hereby expressly waives: (a) notice of the Banks' acceptance of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Obligations; (c) presentment, demand, notice of dishonor, protest, and all other notices whatsoever other than notices expressly provided for in this Agreement and (d) all diligence in collection or protection of or realization upon the Obligations or any thereof any obligation hereunder, or any security for or guaranty of any of the foregoing.

No delay on any of the Banks' part in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any of the Banks of any right or remedy, shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of any of the Banks permitted hereunder shall in any way affect or impair any such Banks' rights or Borrower's obligations under this Agreement.

Each Borrower hereby represents and warrants to each of the Banks that it now has and will continue to have independent means of obtaining information concerning the other Borrowers' affairs, financial condition and business. The Banks shall not have any duty or responsibility to provide any Borrower with any credit or other information concerning the other Borrowers' affairs, financial condition or business which may come into the Banks' possession.

Each of the Borrowers agrees that any action or notice which is required or authorized to be taken or given or received under this Agreement or any of the Loan Documents shall be taken, given or received by the Company acting on behalf of the other Borrowers (and not by Petrolane or the General Partner), and the other Borrowers agree to be bound by, and authorizes the Agent and each Bank to rely upon, any such action or notice as if fully authorized by each of the Borrowers.

11.7 Payments Set Aside. To the extent that the Borrowers make a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

11.8 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank. Any attempted assignment in violation of this provision shall be null and void.

11.9 Assignments, Participations. etc. (a) Any Bank may, with the written consent of the Company, the Agent and the Issuing Bank, which consent of the Company shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees

(provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of $5,000,000; provided, however, that the Borrowers and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrowers and the Agent an Assignment and Acceptance in the form of Exhibit F ("Assignment and Acceptance") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of $3,000; and provided further, each Bank's Pro Rata Share shall be the same in each type of Commitment.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and the Company and the Agent have provided their consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that the Company consents to such assignment in accordance with Section 11.9(a)), the Borrowers shall execute and deliver to the Agent new Notes evidencing such Assignee's assigned Loans and Commitments and, if the assignor Bank has retained a portion of its Loans and its Commitment, replacement Notes in the principal amount of the Loans and Commitments retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank) and the assignor Bank shall deliver its Note or Notes marked "exchanged" or "cancelled," as applicable, to the Agent. Immediately upon payment of the processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Borrowers and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no

Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 11.1. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 4.1, 4.3 and 11.5 as though it were also a Bank hereunder (but not in any greater amounts than would have been payable to the Bank selling the participation if no participation were sold), and not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement

(e) Nothing contained in this Agreement shall prevent a Bank from pledging its interest in its Loans to a Federal Reserve Bank in the Federal Reserve System of the United States in accordance with applicable law.

(f) After payment in full of, and satisfaction of all Obligations under, any Note, the Bank or other party holding such Note agrees to promptly return such Note marked "Paid in Full" to the Company.

(g) Notwithstanding the foregoing provisions of this Section 11.9, no assignment or participation may be made if such assignment or participation involves, or could involve, the use of assets that constitute, or may be deemed under ERISA, the Code or any other applicable law, or any ruling or regulation issued thereunder, or any court decision, to constitute the assets of any employee benefit plan (as defined in section 3(3) of ERISA) or any plan as defined in section 4975(e)(1) of the Code).

11.10 Changes of Commitments. (a) On the Restatement Effective Date, each of the Banks which either (i) has a Revolving Commitment Percentage or Acquisition Commitment Percentage on the Restatement Effective Date that is less than its Existing Revolving Commitment Percentage or Existing Acquisition Commitment Percentage, as the case may be, immediately prior to such date or (ii) had a commitment under the Existing Credit Agreement immediately prior to the Restatement Effective Date but has no corresponding Revolving Commitment as of the Restatement Effective Date (each such Bank, a "Decreasing Bank") shall irrevocably assign, without recourse or warranty of any kind whatsoever (except that each Decreasing Bank warrants that it is the legal and beneficial owner of the Loans assigned by it under this Section 11.10 and that such Loans are held by such Decreasing Bank free and clear of adverse claims), to each of the Banks which has a Revolving Commitment Percentage or Acquisition Commitment Percentage, as the case may be, on the Restatement Effective Date that is greater than its Existing Revolving Commitment Percentage or Existing Acquisition Commitment Percentage, as the case may be, immediately prior to such date (each such Bank, an "Increasing Bank"), and each of the Increasing Banks shall irrevocably acquire from the Decreasing Banks, a portion of the principal amount of the Revolving Loans, Acquisition Loans or Special Purpose Loans, as the case may be,

of each of the Decreasing Banks (collectively, the "Acquired Portion") outstanding on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date) in an amount such that the principal amount of the Revolving Loans held by each of the Increasing Banks and each of the Decreasing Banks as of the Restatement Effective Date shall be held in accordance with each such Bank's Revolving Commitment Percentage and Acquisition Commitment Percentage (if any) as of such date. Such assignment and acquisition shall be effective on the Restatement Effective Date automatically and without any action required on the part of any party other than the payment by the Increasing Banks to the Agent for the account of the Decreasing Banks of an amount equal to the Acquired Portion, which amount shall be allocated to the Decreasing Banks pro rata based upon the respective reductions in the principal amount of the Revolving Loans and Acquisition Loans, as applicable, held by such Banks on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date). Each of the Agent and the Banks shall adjust its records accordingly to reflect the payment of the Acquired Portion and the changes in the Bank's Revolving Commitments and Acquisition Commitments. The payment to be made in respect of the Acquired Portion shall be made by the Increasing Banks to the Agent in Dollars in immediately available funds at or before 2:00 p.m. (New York City time) on the Restatement Effective Date, such payment to be made by the Increasing Banks pro rata based upon the respective increases in the principal amount of the Revolving Loans and Acquisition Loans held by such Banks on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date). For purposes of this Section 11.10(a), (1) "Existing Revolving Commitment Percentage" means, with respect to any Bank, the ratio of (i) the amount of the Revolving Commitment of such Bank under the Existing Credit Agreement plus the amount of the Special Purpose Commitment of such Bank under the Existing Credit Agreement to (ii) the aggregate amount of the Revolving Commitments plus the aggregate amount of the Special Purpose Commitments of all of the Banks under the Existing Credit Agreement, (2) "Existing Acquisition Commitment Percentage" means, with respect to any Bank, the ratio of (i) the amount of the Acquisition Commitment of such Bank under the Existing Credit Agreement to (ii) the aggregate amount of the Acquisition Commitments of all of the Banks under the Existing Credit Agreement, (3) "Revolving Commitment Percentage" means, with respect to any Bank, the ratio of (i) the amount of the Revolving Commitment of such Bank to (ii) the aggregate amount of the Revolving Commitments of all of the Banks and (4) "Acquisition Commitment Percentage" means, with respect to any Bank, the ratio of (i) the amount of the Acquisition Commitment of such Bank to (ii) the aggregate amount of the Acquisition Commitments of all of the Banks.

(b) To the extent any of the Revolving Loans acquired by the Increasing Banks from the Decreasing Banks pursuant to Section 11.10(a) above are Offshore Rate Loans and the Restatement Effective Date is not the last day of an Interest Period for such Loans, the Decreasing Banks shall be entitled to compensation from the Borrowers as provided in Section 4.4 of the Existing Credit Agreement (as if the Borrowers had prepaid such Loans in an amount equal to the Acquired Portion on the Restatement Effective Date). The payment made by the Increasing Banks in respect of the Acquired Portion shall constitute a Loan made by the Increasing Banks on the Restatement Effective Date, and to the extent any Loan acquired by the Increasing Banks on the Restatement Effective Date is an Offshore Rate Loan and such date is not the last day of an Interest Period for such Loan, such Loan shall accrue interest at the rate

then applicable to such Loan until such last day; provided however that the Borrowers shall compensate the Increasing Banks for an amount equal to the amount, if any, by which the cost to the Increasing Banks of funding the amount of each such Loan in the respective market for the period from such date to the last day of the then Interest Period for such Loan exceeds such applicable rate.

11.11 Confidentiality. Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information provided to it by the Borrowers or any Subsidiary of a Borrower, or by the Agent on such Borrower's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Borrowers or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of permitted disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrowers, provided that such source is not bound by a confidentiality agreement with the Borrowers known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors (who shall be advised of such Bank's confidentiality obligations hereunder); (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrowers or any Subsidiary is party or is deemed party with such Bank or such Affiliate; and (I) to its Affiliates. The Agent, any Bank or Participant will promptly notify the Company of its receipt of any subpoena or other requirement of a Governmental Authority, or other similar process or authority, unless such notice is prohibited by the issuing authority.

11.12 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Borrowers, any such notice being waived by the Borrowers to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of any Borrower against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Borrowers and the Agent after any such set-off and application made by such Bank; provided,

however, that the failure to give such notice shall not affect the validity of such set-off and application.

11.13 Notification of Addresses; etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

11.14 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

11.15 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

11.16 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrowers, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

11.17 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWERS, THE AGENT AND THE BANKS CONSENTS, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWERS, THE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE BORROWERS, THE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

11.18 Waiver of Jury Trial. THE BORROWERS, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWERS, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.19 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Borrowers, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

11.20 Collateral Agency Agreement. THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE COLLATERAL AGENCY AGREEMENT (AS DEFINED IN THIS AGREEMENT), WHICH COLLATERAL AGENCY AGREEMENT, AMONG OTHER THINGS, ESTABLISHES CERTAIN RIGHTS WITH RESPECT TO THE SECURITY FOR THIS AGREEMENT AND THE SHARING OF PROCEEDS THEREOF WITH CERTAIN OTHER SECURED CREDITORS (AS DEFINED IN THE COLLATERAL AGENCY AGREEMENT). COPIES OF SUCH COLLATERAL AGENCY AGREEMENT WILL BE FURNISHED TO ANY BANK UPON REQUEST TO THE COMPANY.

11.21 Ratification and Confirmation of the Security Documents. Except as specifically amended by this Agreement, and the documents executed and delivered in connection herewith, each of the Security Documents, including without limitation the General Security Agreement, shall remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York by their proper and duly authorized officers as of the day and year first above written.

AMERIGAS PROPANE, L.P.

By: AMERIGAS PROPANE, INC.,
as General Partner

By:_____
Name:_____
Title:_____

AMERIGAS PROPANE, INC.

By:_____
Name:_____
Title:_____

PETROLANE INCORPORATED

By:_____
Name:_____
Title:_____

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Agent

By:_____
Name:_____
Title:_____

FIRST UNION NATIONAL BANK, as Syndication Agent

By:_____
Name:_____
Title:_____

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as a Bank and an Issuing Bank

By:_____
Name:_____
Title:_____

FIRST UNION NATIONAL BANK

By:_____
Name:_____
Title:_____

THE BANK OF NEW YORK

By:_____
Name:_____
Title:_____

CORESTATES BANK, N.A.

By:_____
Name:_____
Title:_____

MELLON BANK, N.A.

By:_____
Name:_____
Title:_____

THE FIRST NATIONAL BANK OF MARYLAND

By:_____
Name:_____
Title:_____

THE BANK OF TOKYO - MITSUBISHI LTD.,
NEW YORK BRANCH

By:_____
Name:_____
Title:_____

PNC BANK, NATIONAL ASSOCIATION

By:_____
Name:_____
Title:_____

UNION BANK OF CALIFORNIA, N.A.

By:_____
Name:_____
Title:_____

Each of the undersigned hereby acknowledges and agrees to the foregoing Amended and Restated Credit Agreement and confirms that its Subsidiary Guarantee and its Subsidiary Security Agreement shall remain in full force and effect notwithstanding the execution of such Amended and Restated Credit Agreement and the consummation of the transactions described or otherwise contemplated therein.

Date:_____

NORTHWEST LPG SUPPLY, LTD.

By:_____
Name:_____
Title:_____

AMERIGAS PROPANE PARTS & SERVICE, INC.

By:_____
Name:_____
Title:_____

EXHIBIT 10.2

LPG TERMINALING AGREEMENT

THIS AGREEMENT, ("Agreement"), dated as of May 1, 1996, by and between TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP, a Delaware limited partnership (hereinafter referred to as "TEPPCO") and Amerigas Propane, L.P., a Delaware limited partnership (hereinafter referred to as "Amerigas").

RECITALS

A. TEPPCO is the owner and operator of a tidewater refrigerated LPG terminal situated at Providence, Rhode Island, suitable for providing the service of terminaling and handling of Propane; and

B. Amerigas will have quantities of Propane available by tankship during the term of this Agreement which it desires to throughput through TEPPCO's Providence Terminal.

WITNESSETH:

NOW, THEREFORE, for, and in consideration of, the mutual benefits and advantages to each party, and of the mutual covenants and agreements herein contained, and intending to be legally bound hereby the parties do covenant and agree, each with the other, as follows:

SECTION 1

DEFINITIONS: CONSTRUCTION OF REFERENCES

In this Agreement, unless the context otherwise requires:

1.1 All references to designated Sections and other subdivisions are designated Sections and other subdivisions of this Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this instrument as a whole and not to any particular Section or other subdivision.

1.2 The terms defined in Section 1.4 or elsewhere in this Agreement shall, for purposes of this Agreement, have the meanings assigned to them in Section 1.4 or elsewhere and include the plural as well as the singular.

1.3 Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time-to-time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof.

1.4 The following terms shall have the following meanings for all purposes of this Agreement:

a. "Actual Degree Days" shall be the summation of each calendar day's reported degree day value for the months of October through March as such degree days are reported in the Heating Degree Day Monthly Summary as published by the National Oceanic and Atmospheric Administration's Climate Analysis Center for Providence, Rhode Island.

b. "Barrel" shall mean forty-two (42) U.S. Gallons.

c. "Contract Year" shall mean 365 days (366 days in years having a February 29) from May 1 through April 30 during the term of this Agreement.

d. "CPI-U Index" shall mean the Consumers Price Index for "All Items, All Urban Consumers" published in the Survey of Current Business by the United States Department of Commerce Economics and Statistics Administration/Bureau of Economic Analysis (1982 - 1984 = 100).

e. "Day" shall mean a period of twenty-four (24) consecutive hours.

f. "Effective Date" shall mean May 1, 1996.

g. "Gallon" shall mean a U.S. gallon having 231 cubic inches of liquid at sixty (60) degrees Fahrenheit at the vapor pressure of the liquid.

h. "Heel" shall mean that volume of Propane which must remain in the storage tank at the Terminal to maintain its refrigerated integrity. This quantity shall be the last two feet (2') remaining in the storage tank or additional quantity as may be mutually agreed by the parties.

i. "Metric Ton" shall mean the international unit of weight, equivalent to 2,240.6 U.S. pounds.

j. "Month" shall mean a calendar month, commencing on the first day thereof.

k. "Normal Degree Days" shall be the most recent thirty (30) year average of Actual Degree Days.

l. "Notice of Readiness" shall mean the advice from the

tankship's master that the tankship under his command has arrived at the location from which the pilot normally embarks, is ready to proceed to the Terminal in accordance with tankship travel regulations in effect at that time, and is in a suitable condition to commence the discharge of Propane.

m. "Propane" shall mean propane HD-5, conforming to current Gas Processors Association's ("GPA") published specifications or any later revision thereof. GPA specifications are attached hereto as Exhibit 1.4(m).

n. "Summer Rate" shall mean the rate or rates for Receipt Charges in effect during a Contract Year in the Months of April through September, as set forth in Section 9.1.

o. "Terminal" shall mean TEPPCO's refrigerated LPG tidewater terminal located in Providence, Rhode Island and all associated facilities.

p. "Terminaling" shall mean the delivery into storage, the holding in storage, and the delivery out of storage of Propane at the Terminal.

q. "Winter Rate" shall mean the rate or rates for Receipt Charges in effect during a Contract Year in the Months of October through March, as set forth in Section 9.1.

SECTION 2

TERM

2.1 Except as is set forth in Section 2.2, this Agreement shall be, and remain, in full force and effect from May 1, 1996

through and including April 30, 2001 ("Primary Term") unless sooner terminated pursuant to other provisions of this Agreement. Thereafter, this Agreement shall continue from Contract Year to Contract Year ("Renewal Term") unless written notice of termination is given by either party to the other party at least three (3) months prior to the end of the Primary Term or any Renewal Term whereupon this Agreement shall terminate at the end of such Primary Term or Renewal Term, as the case may be. Such notice of termination may be given by either party as a matter of right and need not be for cause.

2.2 TEPPCO may notify Amerigas in writing on or before the first day of March of any year during the Primary Term or Renewal Term of its intention to perform an internal inspection of the tank at the Terminal during the months of May, June, July or August of that calendar year. In the event TEPPCO, in its sole judgment, determines that modifications or repairs to said tank or other facilities at the Terminal ("Tank") are required, TEPPCO shall notify Amerigas of the proposed modifications or repairs to the Tank and the parties shall negotiate in good faith to determine a revised fee structure to allow TEPPCO to recover the costs (and a rate of return) of such modifications or repairs. If the parties are unable to reach agreement on a revised fee structure on or before March 31 of the next calendar year, this Agreement will terminate thirty (30) days thereafter (April 30).

SECTION 3

MATERIALS AND QUANTITIES

3.1 TEPPCO shall provide facilities suitable for unloading Propane at the Terminal from tankships nominated by Amerigas and the delivery of Propane at the Terminal into tank trucks provided or caused to be provided by Amerigas.

3.2 TEPPCO will accept tankships within the size range that pilots bring alongside the Terminal on a regular basis, and the Terminal shall provide a berth to, at and from which tankships can approach, lie and depart always safely afloat; provided however, notwithstanding anything in this Agreement to the contrary, TEPPCO does not represent, warrant or guarantee that the Terminal shall accommodate tankships of greater draft or length overall than specified in Section 4.1 below.

3.3 TEPPCO shall provide an LPG-rated loading arm and pipelines in good working order and of sufficient reasonable capacity to accommodate tankships described in Section 4.1. Amerigas shall ensure that all tankships are equipped with adapters and all other items required to mate to TEPPCO's ten inch (10") diameter ANSI 150 flange.

3.4 Amerigas warrants that it shall nominate only reputable tankships and shall require by contract or otherwise that all owners or operators of such tankships warrant that (i) the master of the tankship shall at all times exercise due diligence while approaching, lying and or departing from the Terminal, (ii) the tankship shall be in compliance with United States Coast Guard

regulations and inspections, shall carry all required documents and shall be in compliance with all applicable port authority requirements and TEPPCO's safety and security procedures and (iii) the tankship shall be suitable for the discharging of Propane.

3.5 Amerigas shall arrange for the tankship to carry and make available to TEPPCO upon request, a copy of each of the following documents:

(a) Bill of Lading or Letter of Indemnity.

(b) Certificate of Origin.

(c) Tankship's Ullage Report.

(d) Tankship's Time Log.

(e) An Inspector's Certificate of quantity and quality of Propane loaded on board the tankship at the loading port.

SECTION 4

DELIVERY OF PROPANE

4.1 (a) TEPPCO can accept tankships at its Terminal berth up to the following maximum dimensions:

Overall length - 750 feet
Width - 110 feet

The maximum water depth at the Terminal is approximately thirty-five (35) feet at mean low water.

(b) The tankship's cargo manifold height above the water line shall not exceed forty (40) feet when the tankship is unloaded, and the distance of the manifold from the tankship rail shall not exceed ten (10) feet, unless waived in writing by TEPPCO.

(c) Tankships shall discharge at TEPPCO's connection at rates

specified in this Section 4.1(c) and at a pressure of not less than 90 pounds per square inch gauge ("psig") and a maximum discharge pressure to be determined by TEPPCO at the time of delivery. Tankships shall be equipped and prepared to deliver Propane at a temperature of no warmer than minus forty (40) degrees Fahrenheit. Tankships shall have aboard unloading pumps and allied equipment capable of pumping Propane at a minimum of five thousand six hundred (5,600) Barrels per hour.

4.2 Prior to departure from a customary anchorage at Providence, Amerigas shall cause a Notice of Readiness to be tendered to TEPPCO.

4.3 Prior to receipt of tankship for unloading and as soon as available, Amerigas will mail to TEPPCO the following by registered airmail, return receipt requested:

a. three (3) copies of Certificate of Origin.

b. three (3) copies of tankship's Ullage Report and time log.

c. three (3) copies of Certificate of Quantity and Quality.

d. three (3) copies of Bills of Lading or Letter of Indemnity.

SECTION 5

LAYTIME AND DEMURRAGE

5.1 TEPPCO shall not be responsible for any laytime or demurrage charges incurred by Amerigas in utilization of the

Terminal facilities during the term of this Agreement except as specified herein below. If allowed laytime is exceeded because of TEPPCO's inability to receive cargo due to TEPPCO's fault, then TEPPCO shall pay for such excess laytime. Such laytime demurrage rate shall be as stated in Amerigas' notice to TEPPCO as provided in Section 6.2 and shall be that amount which Amerigas is required to pay under the terms of its charter party agreement with the tankship owner. All demurrage claims shall be presented within ninety (90) days after the date of completion of discharge, or such claims shall be barred for recovery by Amerigas from TEPPCO.

5.2 a. Laytime shall commence at the time when a tankship ("Vessel") is securely moored at the Terminal. Notice of Readiness shall be tendered upon arrival at the customary anchorage point for the Terminal.

b. Laytime shall cease upon the final disconnection of the Vessel's discharge hose(s) following the discharge of the cargo.

c. Time spent by the Vessel on inward passage or in handling ballast or slops (to the extent total time spent is affected by such handling of ballast or slops) or time lost through any suspension of discharge due to fault or failure of the Vessel or for ship's purposes, shall not count against laytime.

d. None of the following shall count as used laytime:

(i) time used in moving the Vessel from anchorage to berth;

(ii) time lost due to any delay in the Vessel

clearing her berth, caused by conditions not within TEPPCO's control;

(iii) time lost if any agency or authority having jurisdiction over the port of the Terminal prohibits the discharge of the Propane at any time;

(iv) time lost in awaiting U.S. Coast Guard Customs and immigration clearance and pratique;

(v) any time lost or delay caused by port restriction imposed by any agency or authority having jurisdiction over the port or the Terminal, such as restrictions relating to tides, dark hours, minimum safety visibility, and like conditions;

(vi) any time lost due to the Vessel's conditions or due to breakdown of the Vessel's facilities or due to the inability of the Vessel in normal operation to discharge Propane at least at the rate of 5,600 Barrels per hour; and

(vii) time lost or delay caused by strike, lockout, stoppage or restraint of labor for master, officers and crew of the

Vessel.

e. If a Vessel is unable to tender Notice of Readiness because of its failure to pass Coast Guard or other required inspection or because of other problems with the Vessel and if the Vessel is subsequently delayed in proceeding to the Terminal because another Vessel is then using the Terminal, the time consumed by such delay will not count as used laytime.

SECTION 6

NOMINATIONS

6.1 Unless otherwise specified, Amerigas shall give TEPPCO at least forty-five (45) days written notice, prior to the beginning of each calendar quarter, of its estimated delivery schedule for the immediate forthcoming calendar quarter, including cargo quantities and the best estimate then available of the three (3) Day range within which Amerigas desires to have the tankship discharge.

6.2 Not later than thirty (30) days prior to a tankship's expected arrival at the Terminal, Amerigas, or its agent, shall advise TEPPCO by telex or other suitable means of the name of the tankship, if available, and the overall length, width and freshwater draft of the tankship, the approximate quantity of Propane to be unloaded, the estimated loading dates, the expected date of the tankship's arrival at the Terminal, and excess laytime demurrage rates. TEPPCO shall have seventy-two (72) hours after receipt of such advice within which to accept or reject the

nomination made by Amerigas; provided that, TEPPCO may reject any such nomination only for the following:

a. The docking berths at the Terminal will not be available at the requested time.

b. The Port of Providence is or will be closed at the requested time.

c. The Propane to be delivered does not meet appropriate specifications required under this Agreement or is otherwise unacceptable to TEPPCO.

d. The tankship nominated by Amerigas poses an unacceptable environmental or safety risk.

TEPPCO shall notify Amerigas in accordance with Section 15.12 of this Agreement, of acceptance or rejection of a nomination. Upon giving reasonable advance written notice to TEPPCO, Amerigas may substitute for a nominated tankship previously accepted by TEPPCO, another tankship of a similar size and meeting the requirements set forth herein. The scheduled arrival date of any tankship thus substituted shall not, without the prior written consent of TEPPCO, differ from the latest accepted date of the tankship for which the substitution is made. All tankships nominated or substituted by Amerigas shall be suitable for discharging at the Terminal without alteration or modification of the Terminal.

6.3 Upon completion of the loading of the tankship destined for the Terminal, Amerigas, or its agent, shall telex to TEPPCO the following information.

(a) Name of tankship.

(b) Quantity of Propane to be delivered to the Terminal.

(c) Estimated time of arrival.

(d) Length of tankship overall.

(e) Width of tankship overall.

(f) Arrival freshwater draft.

(g) Location above water line of liquid cargo connection, in from rail, and distance from stern.

(h) Liquid cargo connection size and pressure rating and all flanges, fittings, adapters, and attachments necessary for TEPPCO to make connection to the tankship's manifold flanges.

(i) Cargo pump rating, volume and pressure.

(j) Necessity for a complete inspection by Coast Guard, if required.

(k) Number of tanks loaded with Propane.

(l) Rated discharge capacity.

(m) Cargo:

(1) Product specifications

(2) Temperature

(3) Total volume

(4) Analysis of cargo, if available:

(a) Corrosion

(b) Product composition

(n) Local customs broker or tankship's local agent.

6.4 The tankship shall report to TEPPCO at discharging port

seventy-two (72), forty-eight (48) and twenty-four (24) hours in advance of arrival, stating the expected date and hour of arrival. The notices provided for under this Section shall not alter the nominated arrival date as established in Section 6.2. For purposes of this Agreement, the discharging port shall be the Port of Providence, Rhode Island.

6.5 Prior to tankship's departure from customary anchorage at discharging port, Amerigas shall cause a Notice of Readiness to be tendered to TEPPCO. When the Terminal becomes available, TEPPCO shall give the tankship notice to proceed to the Terminal. The tankship shall not proceed to the Terminal until it has received such notice which shall not be unreasonably withheld.

SECTION 7

MEASUREMENT, SAMPLING AND ANALYSIS

7.1 The quality of Propane and hydrocarbon components contained in the Propane delivered hereunder shall be determined by a recognized and reputable outside petroleum inspection firm selected by TEPPCO and Amerigas, with all costs of such firm to be borne equally between Amerigas and TEPPCO. The inspector's determination as to quality, quantity and components shall be conclusive and binding upon both parties. Representative samples of the Propane shall be taken from the tankship's tanks prior to unloading at the delivery point or if agreed to by TEPPCO, from line sampling devices from the onshore receiving lines if samples from the tankship's tanks are not available. TEPPCO shall have the

right to require the tankship's master to have the Propane recirculated on board in advance of unloading and prior to the time samples are taken. The tankship shall have a sampling connection in the recirculation piping of each tank. Tests to determine quality shall be made from such samples and shall be made in accordance with the latest standards or testing methods of the American Society for Testing Materials or Gas Processors Association Publication 2140-86. Chromatographic analysis or other analytical procedure as may be agreed to by the parties shall be made of the samples to determine the presence of contaminants and the liquid volume percentages of ethane, propane, normal butane, isobutane and pentanes plus components (including but not limited to natural gasoline) of the Propane. The quantity of Propane delivered from the tankship shall be determined on a volumetric basis by shore tank gauges or meters at the delivery point in accordance with the API Manual of Petroleum Measurement Standards in effect on date of delivery. All volumes of Propane delivered hereunder shall be corrected to net standard volume (at standard conditions at sixty (60) degrees Fahrenheit in accordance with the ASTM-1250 and API 2540 Petroleum Measurement Tables, in effect on date of delivery).

7.2 Any requirement of Amerigas pertaining to potential contaminants and/or specific hydrocarbon composition not listed in TEPPCO's Propane specification must be identified by Amerigas and the allowable concentrations agreed to in writing by both parties prior to delivery of such Propane.

7.3 Except as otherwise provided in Section 14.2 hereof or any arrangements agreed to by the parties hereto, TEPPCO agrees not to accept into terminal storage any Propane that does not conform to the specifications attached hereto as Exhibit 1.4(m).

SECTION 8

REDELIVERY OF PROPANE

8.1 TEPPCO will redeliver odorized Propane to Amerigas at the truck racks located at the Terminal.

8.2 TEPPCO shall provide Amerigas with a daily report on receipt, deliveries and inventories of Amerigas' Propane.

8.3 Volume measurement of Amerigas' Propane delivered into trucks shall be by meters provided by TEPPCO. TEPPCO shall, at least twelve times each Contract Year, verify the accuracy of its meters (i) by comparing meter readings with truck weights, or (ii) by any other industry accepted procedure. Amerigas shall have the right to witness such tests. In that regard, Amerigas, or its representatives, shall have access at all reasonable times to the metering equipment used and described herein, including all instruments used by TEPPCO, or its representative, in determining the quantity and quality of Propane delivered hereunder, but the reading, metering and testing thereof shall be done only by TEPPCO, or its representative. However, Amerigas, at its sole cost, expense and liability and subject to any health, safety or other requirements by TEPPCO, may conduct twice each Contract Year an

independent analysis and inspection of TEPPCO's metering system at the Terminal in accordance with standard industry practices and procedures. Amerigas shall send TEPPCO a copy of the results of such inspection as soon as reasonably possible.

8.4 Notwithstanding anything in this Agreement to the contrary for so long as Amerigas has the exclusive use of the Terminal TEPPCO shall not be responsible or liable for redelivering Propane to Amerigas pursuant to this Agreement that fails to meet or conform to the specifications in Exhibit 1.4(m) attached hereto; provided that, TEPPCO can reasonably demonstrate that it is redelivering Propane that was received from Amerigas and that such Propane has not been commingled with any Propane other than Propane previously delivered into the Terminal by or on behalf of or pursuant to instructions of Amerigas and that the odorant added to such Propane meets or conforms to the specifications in Exhibit 8.4, which exhibit may be modified at any time and from time-to-time based on changes in the odorant specifications of TEPPCO's odorant suppliers.

8.5 TEPPCO shall have the right to use for its Terminal operation purposes only and without cost to TEPPCO, Amerigas' Propane in storage at the Terminal. Usage of such fee free Propane by TEPPCO shall not exceed five thousand (5,000) Barrels annually.

SECTION 9

FEES, PAYMENT AND EXCLUSIVE USE

9.1 In consideration for the receipt of services provided pursuant to this Agreement, Amerigas shall pay the following "Receipt Charge" for Propane received into the Terminal from tankships nominated by or on behalf of Amerigas:

(a) On the first 1,650,000 Barrels of Propane from Amerigas received into the Terminal during a Contract Year, the Winter Rate shall be 3.90 cents per Gallon and the Summer Rate shall be 2.90 cents per Gallon.

(b) On all Barrels of Propane in excess of 1,650,000 Barrels up to and including 1,950,000 Barrels received into the Terminal from Amerigas during a Contract Year, the Winter Rate shall be 4.05 cents per Gallon and the Summer Rate shall be 3.05 cents per Gallon.

(c) On all Barrels of Propane in excess of 1,950,000 Barrels received into the Terminal from Amerigas during a Contract Year, the Winter Rate shall be 4.30 cents per Gallon and the Summer Rate shall be 3.30 cents per Gallon.

It is understood and agreed that the Winter Rate and Summer Rate as set forth in item (c) directly above may be reduced at TEPPCO's sole discretion at any time and from time to time whenever Amerigas submits in writing a request for a reduction in such rates and the

reasons for such reduction.

9.2 In consideration for the delivery services provided by TEPPCO to Amerigas or for Amerigas' account pursuant to this Agreement, Amerigas shall pay a separate "Loading Charge" of 0.5 cents ($0.005) per Gallon on all Propane delivered to Amerigas or for Amerigas' account from the Terminal. Amerigas' existing inventory of Propane in the Terminal as of the Effective Date shall be subject to the Loading Charge set forth in this Section 9.2.

9.3 In addition to the above charges, TEPPCO shall invoice Amerigas 0.17 cents ($0.0017) for each Gallon of Propane odorized by TEPPCO at the Terminal, which is delivered to Amerigas or its agents. The charge for this odorization service is subject to change hereunder on thirty (30) days written notice from TEPPCO to Amerigas.

9.4 Amerigas shall be invoiced for (i) Receipt Charges upon the completion of the unloading of Propane and (ii) for all other charges and payments from time to time, but not less often than once a Month. Payment of all fees, charges (including but not by way of limitation Demand Payments as set forth in Section 10.2) under this Agreement shall be made within ten (10) days after receipt of any such invoice.

9.5 Notwithstanding anything in this Agreement to the contrary, Amerigas shall have the exclusive use of the Terminal during the Primary Term. If Amerigas is unable to fully utilize its allowed right of receipt, storage and delivery during the Primary Term (it being understood this requirement shall be met if

Amerigas meets its Minimum Annual Volume requirements as set forth in Section 10.1 and 10.3 of this Agreement), Amerigas shall immediately inform TEPPCO of such inability to utilize such unused portions in order to allow TEPPCO to fully utilize such unused portions of the Terminal.

9.6 In the event Amerigas at any future time shall no longer retain the exclusive use of the Terminal, TEPPCO agrees to purchase from Amerigas that volume of Propane in the Heel. The purchase price for the volume of Propane constituting the Heel shall be the average TET Propane price at Mont Belvieu as published by the Oil Price Information Service for the Month prior to such purchase, plus 8 cents per Gallon.

9.7 At any time TEPPCO receives written notice from either the City of Providence or the Port of Providence of any actual increases in fees or charges of any nature whatsoever ("Increases") that are in any way applicable to the Terminal or the services provided by TEPPCO at the Terminal, TEPPCO shall promptly notify Amerigas in writing of such Increases. Upon receipt of such notice, Amerigas and TEPPCO shall negotiate in good faith to enable the parties to reach an agreement as to the appropriate mechanism to reflect the increases in the Receipt Charges set forth in or determined pursuant to this Section 9. If the parties reach an agreement with respect thereto, this Agreement shall be amended to reflect such agreement which amendment shall be effective as of the first day of the Contract Year following the Contract Year TEPPCO received notice of the Increases. If the parties are unable to

reach agreement after a reasonable time period for good faith negotiations which time period shall in no event extend beyond February 15 of the then-current Contract Year or exceed sixty (60) days following the commencement of negotiations, whichever is longer, then TEPPCO may terminate this Agreement if such Increases by the City of Providence or Port of Providence render this Agreement, in the reasonable judgment of TEPPCO, financially unattractive for the continued exclusive use of the Terminal by Amerigas.

9.8 The Summer Rates and Winter Rates as set forth in Section 9.1 above shall be increased or decreased effective May 1 of each Contract Year following the initial Contract Year by an amount determined by multiplying one cent by the percentage increase or decrease in the CPI-U Index between March 1996 and March of the prior Contract Year. By way of example to clarify the prior sentence, the calculation for the Contract Year commencing on May 1, 1997, would use the CPI-U Indexes for March 1996 and March 1997. Assuming a Winter Rate of 3.90 cents and a Summer Rate of 2.90 cents, a 3% increase in the CPI-U Index from March 1996 to March 1997 would result in the Winter and Summer Rates changing to 3.93 cents and 2.93 cents, respectively, commencing May 1, 1997. There shall be no adjustment in rates pursuant to this Section 9.7 below those initial rates set forth in Section 9.1. If the CPI-U Index should cease to be published the parties shall negotiate in good faith to determine a suitable index or indices in lieu thereof. If the parties are unable to determine a suitable index or indices

within sixty (60) days of the commencement of negotiations the determination of such shall be submitted to binding arbitration to be held in accordance with the practices and procedures of the American Arbitration Association.

SECTION 10

VOLUME OBLIGATION AND DEMAND PAYMENT

10.1 In order to induce TEPPCO to provide the exclusive use of the Terminal to Amerigas during the Primary Term of this Agreement, Amerigas agrees to deliver through the Terminal 1,450,000 Barrels of Propane each Contract Year ("Minimum Annual Volume").

10.2 If the volume of Propane delivered through the Terminal for Amerigas during any Contract Year is less than the Minimum Annual Volume, as described in Section 10.1 above or as modified pursuant to Section 10.3, Amerigas shall pay TEPPCO an amount ("Demand Payment") equal to 3.57 cents times the number of Gallons that Amerigas is deficient ("Deficient Volume") provided, however, that the Deficient Volume shall be reduced to the extent that Amerigas is rendered unable by reason of force majeure, as defined in Section 15.4, to make deliveries through the Terminal.

10.3 The Minimum Annual Volume shall be reduced for a Contract Year whenever the Normal Degree Days are greater than the Actual Degree Days for the months of October through March for such Contract Year. Any such reduction of the Minimum Annual Volume shall be based on the following formula:

$$\left(\frac{ND-AD}{ND}\right)\times 600{,}000=R$$

ND = Normal Degree Days
AD = Actual Degree Days
R = Number of Barrels to be subtracted from 1,450,000 to determine the adjusted Minimum Annual Volume

SECTION 11

TAX

11.1 The term "Tax" or "Taxes" as used in this Section shall mean any valid tax, license fee, or charge now or hereafter levied, assessed or made by any governmental authority on the Propane or on the act, right, or privilege of transportation, handling, exchange, receipt or delivery of such Propane which is measured by the volume or value of the Propane; provided, however, that the term "Tax" shall not be deemed to include any general gross receipts tax, general gross income tax, general occupational or license tax or general franchise tax.

11.2 Amerigas represents to TEPPCO that it is a marketer of Propane, and it is hereby agreed that when permitted by law, Amerigas shall assume and be responsible to the appropriate governmental unit for any and all federal, state and municipal Taxes, fees and other assessments that may be levied on Amerigas' Propane or any part thereof while in the custody of TEPPCO. It is agreed that TEPPCO shall have the right to pay such Taxes, fees, or other assessments on Amerigas' behalf, and Amerigas shall reimburse TEPPCO for any such Taxes, fees, or other assessment so paid by

TEPPCO on Amerigas' behalf.

11.3 All duties, Taxes, import fees and dues of every description imposed on Amerigas' Propane or its freight at the discharging port shall be paid by Amerigas, together with all costs of bringing such Propane through U.S. Customs.

11.4 Any Taxes, fees or other assessments imposed on TEPPCO with respect to Propane redelivered to Amerigas shall be paid by Amerigas.

11.5 If, at any time or from time-to-time hereafter, any new or additional tax, duties, rentals, or fees for which Amerigas or TEPPCO is liable hereunder are imposed in such an amount so as to materially render this transaction unprofitable to Amerigas or TEPPCO, then either party shall have the right, on not less than sixty (60) Days written notice to the other, to terminate this Agreement. During such 60-day period the parties shall enter into good faith negotiations to attempt to resolve any matters that are the basis of the notice of termination. In that regard, if the party receiving the notification elects to pay or otherwise be fully responsible for the matter, which the party sending the notice claims has made this transaction materially unprofitable, this Agreement shall not be terminated and shall be modified to reflect such agreement.

SECTION 12

BUSINESS PRACTICES

12.1 Each party hereto agrees to comply with all laws and

lawful regulations applicable to any activities carried out in the name, or on behalf, of the other party under the provisions of this Agreement and/or any amendments hereto.

12.2 Each party hereto agrees that all financial settlements, billings and reports rendered to the other party, as provided for in this Agreement and/or any amendment hereto, will, to the best of its knowledge and belief, reflect properly the facts about all activities and transactions related to this Agreement, which data may be relied upon as being complete and accurate in any further recording and reporting made by such other party for whatever purpose.

12.3 Each party hereto agrees to notify the other party promptly upon discovery of any instance where the notifying party fails to comply with Section 12.1, or where the notifying party has reason to believe data covered by Section 12.2 is no longer accurate and complete.

SECTION 13

TITLE, RESPONSIBILITY AND LIABILITY

13.1 Title to Propane received from Amerigas at the Terminal shall be and shall at all times remain in Amerigas' name.

13.2 Responsibility and liability for the safe handling and storage of Propane shall pass from Amerigas to TEPPCO at the connecting flange of a tankship's discharge hose to TEPPCO's Terminal shore facilities. Responsibility and liability for the safe handling and storage of Propane shall pass from TEPPCO to

Amerigas when the Propane has passed the loading arm connection of the truck loading facility during delivery into tank trucks furnished or caused to be furnished by Amerigas, or its consignee.

SECTION 14

WARRANTY AND INDEMNIFICATION

14.1 Amerigas warrants that it has title to the Propane delivered by it hereunder and that it has the right to deliver same and that such Propane is free and clear of all liens and encumbrances of any nature. Delivery of Propane encumbered by liens or other charges by either party hereto may be refused by the other party. Amerigas shall be the importer of record of any Propane delivered for its account to the Terminal under this Agreement.

14.2 Propane tendered for delivery to TEPPCO shall meet the specifications set forth in Exhibit 1.4(m) of this Agreement as such may be modified at any time and from time-to-time. Should any Propane tendered for delivery to TEPPCO at the Terminal fail to meet the specifications, TEPPCO shall immediately notify Amerigas and the parties shall in good faith attempt to work out a mutually acceptable solution to the problem; provided, however, that TEPPCO at its option may have Amerigas' tankship vacate the berth at no expense to TEPPCO until such time as TEPPCO and Amerigas agree as to a course of action. Subject to the provisions of Section 5, any time elapsing from the time of TEPPCO's notification to Amerigas and while the parties agree upon a course of action for the off-

specification Propane to the time the tankship is cleared for unloading cargo shall not count as laytime or as demurrage to TEPPCO, if the tankship goes on or has been on demurrage.

14.3 Except as otherwise provided in Section 14.2 hereof or any arrangement agreed to by the parties hereto, Propane delivered by TEPPCO hereunder to Amerigas shall conform to the specifications for Propane in effect under this Agreement on the date of delivery; the foregoing is exclusive and is in lieu of all other warranties, whether written or oral, or implied in fact or in law, and whether based on statute, contract, tort, strict liability or otherwise. ANY WARRANTY OF MERCHANTABILITY AND ANY WARRANTY FOR FITNESS FOR PARTICULAR PURPOSE IS EXPRESSLY EXCLUDED AND DISCLAIMED BY TEPPCO AS TO THE DELIVERY AND QUALITY OF PROPANE DELIVERED TO AMERIGAS HEREUNDER. Amerigas' exclusive remedy for any loss of Propane or failure of Propane to conform with such specifications shall be limited, at Amerigas' discretion, to refund of the purchase price or replacement of all Propane lost or shown to be otherwise than specified and TEPPCO shall not be liable for any special, incidental, consequential, punitive, or exemplary damages or any other damages of any nature whatsoever.

14.4 Except as expressly provided to the contrary elsewhere in this Agreement, the parties agree as follows:

(a) Amerigas shall indemnify and hold harmless TEPPCO, their heirs, successors, employees, agents, assigns and personal representatives from all damages, losses, deficiencies, liabilities, costs and

expenses resulting from any negligence, willful misconduct, misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant under this Agreement on the part of Amerigas, or Amerigas' subsidiaries, affiliates, subcontractors or independent contractors or any of their employees, workmen, servants or agents. Amerigas will also indemnify and hold harmless TEPPCO from any and all actions, suits, proceedings, demands, assessments, judgments, costs (including attorneys' fees) and other expenses incident to any of the foregoing. The provisions of this section shall not apply if any of the above should result from the negligence, willful misconduct, or the failure of TEPPCO, or TEPPCO's affiliates, subcontractors or independent contractors or any of their employees, workmen, servants or agents to perform any obligation of this Agreement. TEPPCO shall give prompt written notice to Amerigas of any claim asserted against TEPPCO which may result in liability to Amerigas hereunder.

(b) TEPPCO shall indemnify and hold harmless Amerigas, its parents, affiliates, successors and assigns, officers, employees and agents from all damages, losses, deficiencies, liabilities, costs and expenses resulting from any negligence, willful

misconduct, misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant under this Agreement on the part of TEPPCO, or TEPPCO's subsidiaries, affiliates, subcontractors or independent contractors or any of their employees, workmen, servants or agents. TEPPCO will also indemnify and hold harmless Amerigas from any and all actions, suits, proceedings, demands, assessments, judgments, costs (including attorneys' fees) and other expenses incident to any of the foregoing. The provisions of this Section shall not apply if any of the above should result from the negligence, willful misconduct, or the failure of Amerigas or Amerigas' affiliates, subcontractors or independent contractors or any of their employees, workmen, servants or agents to perform any obligation under this Agreement. Amerigas shall give prompt written notice to TEPPCO of any claim asserted against Amerigas which may result in liability to TEPPCO hereunder.

SECTION 15

GENERAL TERMS AND CONDITIONS

15.1 Regulatory Law

This Agreement is subject to all valid and applicable federal, state and local laws, rules, orders, regulations, and

directives of any governmental authority, agency, commission, or regulatory body having jurisdiction in connection with any and all matters and things incident to this Agreement, including but not limited to the Equal Employment Opportunity Act and other nondiscrimination laws and regulations covered by Executive Orders 11246, 11598, 11625 and 11701, as they may be modified or amended, and the Rehabilitation Act of 1973 (Public Law 99-112) and regulations issued thereunder in Title 20, Chapter VI, Subchapter C, Part 741 of the Code of Federal Regulations and the United States Environmental Protection Agency regulations adopted pursuant to Executive Order No. 11738, as they may be modified or amended.

15.2 Oil Spills - Clean Seas

(i) Amerigas shall take all appropriate actions and precautions to see that the tankships furnished by Amerigas avoid oily pollution at the Terminal. Amerigas agrees to nominate only tankships that have adequate oil spill liability coverage. In the event a tankship nominated by Amerigas shall discharge oil in the area of the Terminal (land or water) in violation of any applicable law, TEPPCO agrees to immediately (but not later than 2 hours) notify Amerigas by telephone or facsimile transmission upon TEPPCO's receiving notice of such discharge, so that Amerigas may give appropriate notification to and/or make arrangements with the responsible tankship owner or its carrier for the remediation or mitigation of the affected area(s). TEPPCO shall not be liable for any expenses associated with remediation or mitigation resulting from such

discharge and Amerigas shall reimburse TEPPCO therefor. Amerigas understands that the Terminal has no facilities for handling ballast water or any other materials, other than Propane, carried aboard a tankship.

(ii) The tankship nominated by Amerigas shall maintain the strictest compliance with all fire, safety, environmental protection and other laws, rules, regulations and directives of any federal, state or local governments; the applicable port authority; and the U.S. Coast Guard and any other governmental agency; and TEPPCO shall not be liable for any fine or occurrence which results from failure to comply therewith. In addition, should Amerigas' tankship fail to remedy such non-compliance in the fastest possible time after being advised thereof, TEPPCO may (1) refuse berthing of the tankship, (2) terminate the tankship's discharge until such non-compliance is remedied, or (3) order, at its sole discretion, the tankship to vacate the berth.

(iii) In addition to the foregoing, tankships nominated by Amerigas shall be in compliance with the U.S. Federal Water Pollution Control Act, as amended, and will have secured and shall carry aboard the tankship a current U.S. Federal Maritime Commission certificate of financial responsibility. TEPPCO shall not be liable for demurrage or other expenses for or during any time lost as a result of failure to obtain the certificate.

15.3 Odorization

PROPANE DELIVERED BY AMERIGAS INTO THE TERMINAL FACILITIES SHALL NOT BE ODORIZED. PROPANE DELIVERED INTO TANK TRUCKS BY TEPPCO TO AMERIGAS OR TO AMERIGAS' DESIGNEE FOR AMERIGAS' ACCOUNT HEREUNDER SHALL BE ODORIZED IN THE ABSENCE OF A SEPARATE WRITTEN AGREEMENT AUTHORIZING DELIVERY OF UNODORIZED PRODUCT INTO TANK TRUCKS. SUBJECT TO THE PROVISIONS OF ANY TERMINAL ACCESS AGREEMENT BETWEEN THE PARTIES, TEPPCO SHALL ODORIZE SUCH PROPANE BY INJECTING ETHYL MERCAPTAN ODORANT IN AN AMOUNT AT LEAST SUFFICIENT IN QUANTITY TO BE IN ACCORDANCE WITH (I) NFPA 58, OR (II) ANY APPLICABLE LAWS, RULES, DIRECTIVES OR ORDERS OF ANY GOVERNMENT, GOVERNMENTAL BODY OR GOVERNMENTAL AGENCY, WHICHEVER STANDARD OF AMOUNT IS HIGHER. AMERIGAS SHALL HAVE THE RIGHT TO SPECIFY ANOTHER ODORANT OR METHOD OF ODORIZATION SUBJECT ONLY TO THE ABILITY OF THE FACILITIES AT THE TERMINAL TO MEET SUCH REQUEST. AMERIGAS REPRESENTS THAT IT IS FAMILIAR WITH THE GENERAL PHYSICAL CHARACTERISTICS AND POSSIBLE HAZARDS OF PROPANE AND ISSUES RELATIVE TO ODORANTS, ODORIZATION AND ODORANT FADE AND HAS TAKEN THOSE STEPS NECESSARY IN ITS JUDGMENT TO WARN CONSUMERS OF THE POSSIBLE HAZARDS OF PROPANE, PROPANE'S PHYSICAL PROPERTIES AND ODOR AS WELL AS THE POTENTIAL FOR ODORANT FADE.

15.4 Force Majeure

In the event either party is rendered unable by reason of "force majeure" as that term is hereafter defined, to carry out in whole or in part any of its obligations under this Agreement, other than the obligation to make payments of monies due hereunder, then

such party shall give notice and make full particulars of such force majeure in writing or by telegraph or telex or facsimile transmission to the other party as soon as reasonably possible after the occurrences of said force majeure and the determination of the cause relied upon, and upon the giving of such notice, the obligations of such party shall, only insofar as they are affected by such force majeure, be suspended during the continuance of any inability so caused, but for no longer period; and such cause shall, insofar as reasonably possible, be remedied with reasonable dispatch. The term "Force Majeure" shall include strikes, lockouts, or other industrial disturbances, wars, blockages, insurrections, or acts of the public enemy; epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, or other acts of God; arrests and restraints of governments and people; federal, state or local laws, rules or regulations; acts, orders, directives, requisitions, or request of any official or agency of the federal, state, or local government; rationing of, shortages of, or inability to obtain or to use any material or equipment; riots or civil disturbances, fires, explosions, failures, disruptions, breakdowns, or accidents to machinery, pumps, facilities or necessary lines of pipe (regardless of the ownership or operation thereof); the necessity of making repairs, alterations, enlargements or connections to machinery, pumps, facilities, or lines of pipe (regardless of the ownership or operation thereof); failure of any third party pipeline, through no fault of the parties hereto, to accept the products that are the

subject of this Agreement for transportation; embargoes, priorities, or expropriations by government or governmental authorities, interference by civil or military authorities, legal or de facto whether purporting to act under some constitution, decree, law or otherwise, which is not reasonably within the control of the party claiming suspensions and which such party is unable to prevent or overcome by the exercise of reasonable diligence. Such term shall likewise include (a) delays in acquiring or inability to acquire at reasonable cost and after exercising reasonable diligence, any servitudes, rights-of-way, permits or licenses necessary to enable a party to fulfill its obligations hereunder; (b) the inability of a party to acquire, or delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials or supplies or governmental permits or permissions as are necessary to enable such party to fulfill its obligations hereunder; and (c) the internal inspection of the Tank and any modifications or repairs to the Tank as a result of such inspection as provided in Section 2.2. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the sole discretion of the party having the difficulty.

15.5 Assignment

Neither this Agreement nor any rights, benefits or obligations hereunder may be assigned or in any way transferred directly or indirectly by operation of law, merger, stock purchase or otherwise, by any party hereto without the prior written consent of the other party, except that an assignment or delegation (i) to an entity which is the parent company of the assigning party or wholly-owned by the assigning party or (ii) to an entity which is the successor to all or substantially all of such party's properties shall not require approval. Any attempted assignment or transfer of this Agreement, other than in compliance with the provisions of this Section 15.5, shall be void and the non-assigning party shall not recognize the prohibited and invalid assignment or transfer. Except as expressly provided herein, nothing in this Agreement is intended to confer upon any person or entity other than the parties hereto and their respective permitted successors and permitted assigns, any rights, benefits or obligations hereunder. No assignment shall have the affect of relieving the assigning party of any liabilities hereunder past, present or future, unless agreed to in writing by the non-assigning party. TEPPCO shall at Amerigas' request and for Amerigas' account make a custody transfer and delivery of Amerigas' Propane out of storage to any third party designee named by Amerigas provided that such designee has made prior arrangements for the immediate physical receipt of the Propane.

15.6 Conflict of Interest

No officer, director, employee, or agent of either party shall give or receive any commission, fee, rebate, gift, or entertainment of significant cost or value in connection with this Agreement. Any representative(s) authorized by either party may audit the applicable records of the other party solely for the purpose of determining whether there has been compliance with this Section 15.6.

15.7 Audit

Each party and its duly authorized representative shall have access to the accounting records and other documents maintained by the other party which relate to materials being delivered to the other party under this Agreement, and shall have the right to audit such records at any reasonable time or times during the term of this Agreement and within two (2) years after the termination of this Agreement.

15.8 Liens

TEPPCO shall have a right to place a lien on the Propane deliverable by TEPPCO to Amerigas hereunder to insure the payment of all fees, damages, demurrage charges or other payments which may be due TEPPCO hereunder. However, TEPPCO shall not place a lien upon any Propane after delivery of same to Amerigas or its designees.

15.9 Toxic Substances Control Act ("TSCA")

Amerigas certifies that all chemical substances in its shipment shall comply with all applicable rules or orders under

TSCA and that Amerigas will not offer a chemical substance for entry in violation of TSCA or any applicable rule or order thereunder.

15.10 Charges to Amerigas

All charges whatsoever for inspection fees, import duty and permits at the discharging port shall be the responsibility of Amerigas. Amerigas shall be responsible for any charges attributable to its tankship, including without limitation, pilots, tugs, light and port dues, line handlers and agents.

15.11 Waivers

No waiver by either party hereto of any term, condition or obligation contained herein shall be deemed a waiver of the same term, condition or obligation in the future, nor shall a waiver by either party hereto of any breach of this Agreement be deemed a waiver of subsequent breaches of the same or other nature.

15.12 Notices

All notices or other communications required or permitted to be given under this Agreement shall be sufficiently given for all purposes hereunder if in writing and personally delivered, delivered by recognized courier service (such as Federal Express) or certified United States mail, return receipt requested, or sent by facsimile communication to the appropriate address or number as set forth below. Notices shall be effective upon receipt by the party to be notified. The addresses for notice are as follows:

If to TEPPCO under Sections 4 and 6:

TEXAS EASTERN PRODUCTS PIPELINE COMPANY
P. O. Box 2254
Providence, Rhode Island 02905

Attention: Area Supervisor
Facsimile No.: (401) 461-6460

If to TEPPCO under any Section other than Sections 4 and 6:

TEXAS EASTERN PRODUCTS PIPELINE COMPANY
P. O. Box 2521
Houston, Texas 77252-2521

Attention: Vice President, LPG Services
Facsimile No.: (713) 759-3645

If to Amerigas:

AMERIGAS PROPANE, INC.
P. O. Box 965
Valley Forge, PA 19482

Attention: Vice President Purchasing
and Transportation
Facsimile No.: (610) 768-7664

and

AMERIGAS PROPANE, INC.
11757 Katy Freeway, Suite 143
Houston, TX 77079

Attention: Providence Terminal Representative
Facsimile No.: (713) 496-6209

15.13 Applicable Law

EXCEPT TO THE EXTENT THAT THE GENERAL MARITIME LAWS OF THE UNITED STATES MAY BE APPLICABLE, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF RHODE ISLAND, WITHOUT GIVING AFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

15.14 Provision of Ancillary Facilities

During the term of this Agreement, TEPPCO agrees to provide the following for the benefit of Amerigas:

a. Space at and access to the Terminal to allow Amerigas to park its transport trucks that operate from the Terminal.

b. A room and necessary facilities (including bathroom facilities) at the Terminal for Amerigas' transport truck drivers to be utilized in connection with their job duties. Such facilities shall include a phone to be paid for by Amerigas.

c. All necessary documentation, paperwork and timely communications to permit Amerigas to prudently operate its business in connection with Amerigas' usage of the Terminal. Such documentation, paperwork and communications shall be those previously made available to Amerigas by TEPPCO prior to the Effective Date.

Notwithstanding anything herein to the contrary, Amerigas hereby agrees to protect, defend, indemnify and hold TEPPCO, its general partner, limited partner, affiliates, independent contractors; and employees, officers and directors of each and every one of them, harmless from and against any and all claims, demands, and causes of action of every kind and character brought by any party hereto, any party acquiring an interest hereunder, any of their agents and employees, any governmental agency and/or any third or other party

whomsoever, arising out of, incident to or in connection with the provision to Amerigas, its employees and agents of the benefits set forth in items a, b, and c of this Section 15.14.

15.15 Default

If Amerigas shall default in the payment of any sum due hereunder as the same becomes due and payable, or shall be in default under any of the provisions of this Agreement and shall remain in default, upon the fifteenth (15th) day following written notification of said default from TEPPCO to Amerigas, TEPPCO may, at its option and in addition to any other remedies that may be available to it, declare this Agreement terminated by reason of Amerigas' default without further liability or obligation on the part of TEPPCO except for payment of any sums due under this Agreement. If TEPPCO shall be in default upon the fifteenth (15th) day following written notification of said default from Amerigas to TEPPCO, Amerigas may, at its option and in addition to any other remedies that may be available to it, declare this Agreement terminated by reason of TEPPCO's default without further liability or obligation on the part of Amerigas except the payment of any sums due under this Agreement.

15.16 Revision and Modification

This Agreement constitutes the complete understanding of the parties with respect to the matters contained herein and there are no understandings nor commitments not expressly set forth herein. No revision, modification or amendment hereof shall be effective unless in writing and signed by the parties hereto. The LPG

Terminaling Agreement dated May 1, 1992 between the parties hereto is hereby terminated effective upon the execution of this Agreement by both parties hereto.

EXECUTED as of the date first set forth above.

TE PRODUCTS PIPELINE COMPANY,
LIMITED PARTNERSHIP, by
TEXAS EASTERN PRODUCTS PIPELINE
COMPANY, general partner

Title:

AMERIGAS PROPANE, INC.

By:

Title:

5802d.kha

GPA LIQUEFIED PETROLEUM GAS SPECIFICATIONS

PRODUCT CHARACTERISTICS	PRODUCT DESIGNATION COMMERCIAL PROPANE	COMMERCIAL BUTANE	COMMERCIAL B-P MIXTURES	PROPANE HD-5	TEST METHODS
Composition.....	Predominately propane and/or propylene	Predominantly butanes and/or butylenes.	Predominantly mixtures of butanes and/or butylenes with propane and/or propylene.	not less than 90 liquid volume per cent propane; not more than 5 liquid volume percent propylene.	ASTIM D-2163-87
Vapor pressure at 100 F.degree psig, max..	208 degrees	70 degrees	208 degrees	208 degrees	ASTM D-1267-84
Volatile residue:					
temperature at 95% evaporation, deg. F, max.....	-37 degrees	36 degrees	38 degrees	-37 degrees	ASTM D-1837-86
or					
butane and heavier, liquid volume percent max.....	2.5	--	--	2.5	ASTM D-2163-87
pentane and heavier, liquid volume percent max.....	--	2.0	2.0	--	ASTM D-2163-87
Residual matter:					
residue on evaporation of 100 ml, max.	0.05 ml	--	--	0.05ML	ASTM D-2158-85
oil stain observation.....	pass(1)	--	--	pass (1)	ASTM D-2158-85
Corrosion, copper strip, max.	No. 1	No. 1	No. 1	No. 1	ASTM D-1838-84 (Note A)
Total sulfur, ppmw.	185	140	140	123	ASTM D-2784-80
Moisture content	pass	--	--	pass	GPA Propane Dryness Test (Cobalt Bromide) or D-2713-86
Free water content.....	--	none	none	--	--

(1) An acceptable product shall not yield a persistent oil ring when 0.3ml of solvent residue mixture is added to a filler paper in 0.1 increments and examined in daylignt after 2 minutes as described in ASTM D-2158.

NOTA A: This method may not accurately determine the corrosivity of the Equalied petroleum gas if the sample contains corrosion inhibitors or other chemicals which diminish the corrosivity of the sample to the copper strip. Therefore, the addition of such compounds for the sole purpose of biasing the test is prohibited.

*Metric Equivalents 208 psig=1434 kPa gauge 70 psig=483 gauge - 37 degrees F=-38.3 degrees C 36 Degrees F=2.2 degrees C 100 degrees F=37.8 degrees C

[PHILLIPS CHEMICAL COMPANY LOGO] PHILLIPS CHEMICAL COMPANY
A DIVISION OF PHILLIPS PETROLEUM COMPANY
BARTLESVILLE, OKLAHOMA 74004 918 661-6600

SPECIALTY CHEMICALS

SCENTINEL* A GAS ODORANT

Property	Typical Value **	Specification	Test Method
Distillation Range, Deg F @ 760 mm Hg			ASTM D 86
Initial Boiling Point	93		
50%	95		
90%	96		
Dry Point	97		
Specific Gravity @ 60/60 F	0.845	0.842 -0.848	ASTM D 891
Density of Liquid @ 60 F. lbs/gal	7.03		ASTM D 1250
Reid Vapor Pressure @ 100 F. psia	16.2 (1)		Calculated
Cloud Point. Deg. F	less than -25	less than -20	PPCo BB01 CH
Freezing Point, Deg. F.	less than -100		PPCo BB01 CH
Flash Point, Deg F.	-55		Open Cup. Est.
Sulfur Content, Wt%	51 (2)		Calculated
Color, APHA	15	30 Max.	ASTM D 1209
Composition, Wt%			Chromatography
Ethyl Mercaptan	99+	98 Min.	
Isopropyl Mercaptan	Trace		
Other Mercaptans and Sulfides	Trace		
Appearance Of Product	Clear with No Particulate Matter	Clear with No Particulate Matter	Visual
1/2 Doctor Test	Sweet		ASTM D 235

* Denotes Registered Trademark

(1) Literature Value.

(2) From chromatograph composition

Notice: Since the conditions of handling and use are beyond our control we make no guarantee of results: nor is any of the above information to be taken as a license to operate under, or recommendation to infringe, any patent.

** Note 1 - The information contained herein is, to the best of our knowledge and belief, accurate, but we assume no liability for damages or penalties resulting from use of or reliance on this information.

SC0100 -- Reissued on 11/30/93 by EJH

EXHIBIT 10.12

FINANCING AGREEMENT

This FINANCING AGREEMENT, dated as of November 5, 1997 (the "Agreement"), is between AmeriGas Propane, Inc., a Pennsylvania corporation ("AGP"), and AmeriGas Propane, L.P., a Delaware limited partnership ("APLP").

BACKGROUND

A. AGP is the sole general partner of APLP.

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

C. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in that certain Amended and Restated Credit Agreement dated as of September 15, 1997 among AGP, APLP, Petrolane Incorporated, Bank of America National Trust and Savings Association, as Agent, First Union Capital Markets Corp., as Syndication Agent, and the other financial institutions party thereto (the "Credit Agreement").

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

1. Credit Line Terms.

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

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

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

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

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

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

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

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

Pricing Tier	Funded Debt/EBITDA	Facility Fee Rate
I	(less than) 1.75 x	0.1000%
II	(greater than or equal to) 1.75 x but (less than) 2.75 x	0.1250%
III	(greater than or equal to) 2.75 x but (less than) 3.25 x	0.1500%
IV	(greater than or equal to) 3.25 x but (less than) 3.75 x	0.2000%
V	(greater than or equal to) 3.75 x but (less than) 4.25 x	0.2500%
VI	(greater than or equal to) 4.25 but (less than) 4.75 x	0.3000%
VII	(greater than or equal to) 4.75 x	0.3750%

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

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

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

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

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

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

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

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

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

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

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.1 of the Credit Agreement (in the

case of clause (i) of subsection (g) upon the expiration of the sixty (60) day period mentioned therein), the unpaid principal amount of all Loans and all interest and other amounts shall automatically become due and payable without further act of AGP.

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

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

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

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

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

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

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

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

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

11. Entire Agreement; Amendments. This Agreement, together with the Exhibit referred to herein, sets forth the entire agreement of the parties hereto with respect to the subject matter hereof. Any prior agreements or understandings between the parties hereto regarding the subject matter hereof, whether written or oral, are superseded by this Agreement. This Agreement may not be amended or modified except by a written instrument duly executed by each of the parties hereto.

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

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

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

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

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

benefits of these subordination provisions irrespective of any amendment, modification or waiver of any term of or extension or renewal of the Senior Debt.

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

(d) In the event of

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

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

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

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

all Senior Debt (including any interest thereon accruing at the legal rate after the commencement of any such proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall first be paid in full before any payment or distribution, whether in cash, securities or other property (other than Permitted Payments), shall be made to any holder of any Subordinated Debt on account of any Subordinated Debt. Any payment or distribution, whether in cash, securities or other property (other than securities ("Permitted Securities") of APLP or any other entity provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the

extent provided in these subordination provisions with respect to Subordinated Debt, to the payment of all Senior Debt at the time outstanding and to any securities issued in respect thereof under any such plan of reorganization or readjustment), which would otherwise (but for these subordination provisions) be payable or deliverable in respect of this Subordinated Debt shall be paid or delivered directly to the holders of Senior Debt in accordance with the priorities then existing among such holders until all Senior Debt (including any interest thereon accruing at the legal rate after the commencement of any such proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall have been paid in full.

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

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

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

to the rights of the holders of the Senior Debt to receive cash, securities or other property (other than Permitted Payments) otherwise payable or deliverable to the holders of Subordinated Debt.

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

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

AMERIGAS PROPANE, INC.

By:_____
Charles L. Ladner
Vice President-Finance & Accounting

AMERIGAS PROPANE, L.P.

BY: AMERIGAS PROPANE, INC.
AS GENERAL PARTNER

By:_____
Michael J. Cuzzolina
Treasurer

FORM OF
MASTER PROMISSORY NOTE

Maximum Principal Amount: $20,000,000 Date: November __, 1997

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

This Master Promissory Note is issued under, and subject to the terms and conditions of, the Financing Agreement, dated as of November 5, 1997 (the "Agreement"), between the Borrower and the Lender.

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

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

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

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

AMERIGAS PROPANE, L.P.

BY: AMERIGAS PROPANE, INC.
AS GENERAL PARTNER

By:_____
NAME:
TITLE:

Master Promissory Note (cont'd)

LOANS AND PAYMENTS OF PRINCIPAL

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

EXHIBIT 10.25

AMERIGAS PROPANE, INC.
CHANGE OF CONTROL AGREEMENT

TABLE OF CONTENTS

AMENDED AGREEMENT

Amended Agreement made as of the 28th day of July, 1997, between AmeriGas Propane, Inc., a Pennsylvania corporation (the "Company"), and Eugene V. N. Bissell (the "Employee").

INTRODUCTION

The Company and the Employee entered into an Agreement as of January 27, 1997, to provide for certain payments to be made to the Employee in the event of a change of control of the Company; and

The Company and the Employee now wish to amend the Agreement, as permitted by Section 16 of the Agreement, to provide that the Company will also assist the Employee with taxes that may become due if payments are made under the Agreement; and

The Employee is presently employed by the Company as its Vice President - Sales & Operations. The Company is an indirect wholly owned subsidiary of UGI Corporation, a Pennsylvania corporation ("UGI"), and is the General Partner of AmeriGas Partners, L.P. and AmeriGas Propane, L.P., Delaware limited partnerships (the "Public Partnership" and the "Operating Partnership," respectively).

The Company considers it essential to foster the employment of well qualified key management personnel, and, in this regard, the board of directors of the Company recognizes that, as is the case with many legal entities with publicly held securities, the possibility of a change in control affecting UGI or the Company may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company.

The board of directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of the Company's management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce the Employee to remain in the employ of the Company, the Company agrees that the Employee shall receive the compensation set forth in this Agreement in the event the Employee's employment with the Company is terminated subsequent to a "Change of Control" (as defined in Section 1 hereof) of the Company as a cushion against the financial and career impact on the Employee of any such Change of Control.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto agree that the Amended Agreement shall read as follows:

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

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

(b) "Base Compensation" shall mean the average of the total cash remuneration received by the Employee in all capacities with the Company, and its Subsidiaries or Affiliates, as reported for Federal income tax purposes on Form W-2,

together with any amounts the payment of which has been deferred by the Employee under any deferred compensation plan of the Company, and its Subsidiaries or Affiliates, or otherwise and any and all salary reduction authorized amounts under any of the benefit plans or programs of the Company, and its Subsidiaries or Affiliates, but excluding any amounts attributable to the exercise of stock options granted to the Employee under any UGI Stock Option and Dividend Equivalent Plan, UGI's 1992 Non-qualified Stock Option Plan, or grants of Units made under the AmeriGas Propane, Inc. Long-term Incentive Plan, or their successors, for the five (5) calendar years (or such number of actual full calendar years of employment, if less than five (5)) immediately preceding the calendar year in which occurs a Change of Control or the Employee's Termination Date, whichever period produces the higher amount.

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

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

(d) "Board" shall mean the board of directors of the Company.

(e) "Cause" shall mean 1) misappropriation of funds, 2) substance abuse or habitual insobriety, 3) conviction of a crime involving moral turpitude, or 4) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company or the Public or Operating Partnerships.

(f) "Change of Control" shall mean:

i. Any Person (except the Employee, his Affiliates and Associates, UGI, any Subsidiary of UGI, any employee benefit plan of UGI or of any Subsidiary of UGI, or any Person or entity organized, appointed or established by UGI for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of twenty percent (20%) or more of either (i) the then outstanding shares of common stock of UGI (the "Outstanding UGI Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "UGI Voting Securities"), in either case unless the members of the Board in office immediately prior to such acquisition determine within five (5) business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

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

under the Exchange Act), unless the members of the Board in office immediately before such cessation determine that the circumstances do not warrant the implementation of the provisions of this Agreement; or

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

iv. (a) Completion of a complete liquidation or dissolution of UGI or (b) sale or other disposition of all or substantially all of the assets of UGI other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or

substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition, in any such case unless the members of the Board in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

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

ownership immediately prior to such Propane Business Combination of the Company's voting securities or the Outstanding Units, as the case may be, unless, in any case, the members of the Board in office immediately prior to such Combination determine at the time of such Combination that the circumstances do not warrant the implementation of the provisions of this Agreement; or

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

Outstanding Units immediately prior to such sale or disposition, unless, in any case, the members of the Board in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

vii. UGI and its Subsidiaries fail to own more than fifty percent (50%) of the then outstanding general partnership interests of the Public Partnership or the Operating Partnership, unless, in any case, the members of the Board in office immediately prior to such failure determine at the time of such failure that the circumstances do not warrant the implementation of the provisions of this Agreement; or

viii. UGI and its Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of the Company or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, unless, in any case, the members of the Board in office immediately prior to such failure determine at the time of such failure that the circumstances do not warrant the implementation of the provisions of this Agreement; or

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

(g) "Fair Market Value" of Common Units shall mean the average of the closing sales price thereof on the New York Stock Exchange for the five (5) trading

days preceding the Change of Control as reported on the Composite Tape for transactions on the New York Stock Exchange.

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

(i) any failure of the Company to comply with and satisfy any of the terms of this Agreement;

(ii) any significant involuntary reduction of the authority, duties or responsibilities held by the Employee immediately prior to the Change of Control;

(iii) any involuntary removal of the Employee from the employment grade, compensation level, or officer positions which the Employee holds with the Company or, if the Employee is employed by a Subsidiary, with a Subsidiary, held by him immediately prior to the Change of Control, except in connection with promotions to higher office;

(iv) any involuntary reduction in the Employee's target level of annual and long-term compensation as in effect immediately prior to the Change of Control;

(v) any transfer of the Employee, without his express written consent, to a location which is outside the King of Prussia, Pennsylvania area (or the general area in which his principal place of business immediately preceding the Change of Control may be located at such time if other than King of Prussia, Pennsylvania) by more than fifty miles, other than on a temporary basis (less than twelve (12) months); and

(vi) the Employee's being required to undertake business travel to an extent substantially greater than the Employee's business travel obligations immediately prior to the Change of Control.

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

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

(k) "Termination Date" shall mean the date of receipt of the Notice of Termination described in Section 2 hereof or any later date specified therein, as the case may be.

(l) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company and its Subsidiaries or Affiliates.

(m) "UGI Board" shall mean the Board of Directors of UGI.

2. Notice of Termination. Any Termination of Employment following a Change of Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 14 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Employee's Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice,

specifies the Termination Date (which date shall not be more than fifteen (15) days after the giving of such notice).

3. Severance Compensation upon Termination.

(a) Subject to the provisions of Section 11 hereof, in the event of the Employee's involuntary Termination of Employment for any reason other than Cause or in the event of a Good Reason Termination, in either event within three (3) years after a Change of Control, the Company shall pay to the Employee, upon the execution of a release, in the form required by the Company of its terminating executives prior to the Change of Control, within fifteen (15) days after the Termination Date (or as soon as possible thereafter in the event that the procedures set forth in Section 11(b) hereof cannot be completed within fifteen (15) days), (i) an amount in cash equal to one (1.0) times the Employee's Base Compensation, and (ii) unless payment shall already have been made pursuant to the AmeriGas Propane, Inc. 1997 Long-term Incentive Plan, an amount equal to 110% of the Fair Market Value, as of the date of the Change of Control, of the Common Units subject to a grant which the Participant was awarded pursuant to the Plan, provided, however, that if the Change of Control occurs on or after October 1, 2000, the percentage of the Fair Market Value of Common Units to be used to calculate the amount payable pursuant to this clause (ii) shall be 50%, in each case multiplied by a fraction not to exceed one (1) the numerator of which is the number of months commencing with the later of October 1, 1996 or the Employee's date of hire and continuing through the Salary Continuation Period and the denominator of which is thirty-six (36), subject to customary employment taxes and deductions.

(b) In the event the Employee's 65th birthday would occur prior to twelve (12) months after the Termination Date, the aggregate cash amount determined as set forth in (a) above shall be reduced by multiplying it by a fraction, the numerator of which shall be the number of days from the Termination Date to the Employee's 65th birthday and the denominator of which shall be 365 days. No payment under (a) above shall be made to the Employee if the Termination Date occurs on or after the Employee's 65th birthday.

4. Other Payments. The payment due under Section 3 hereof shall be in addition to and not in lieu of any payments or benefits due to the Employee under any other plan, policy, or program of the Company, and its Subsidiaries or Affiliates, in effect at the time of the Change of Control.

5. Trust Fund. The Company sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to employees under this Agreement. Funding of such trust fund shall occur as set forth in the agreement pursuant to which the fund has been established.

6. Enforcement.

(a) In the event that the Company shall fail or refuse to make payment of any amounts due the Employee under Sections 3 and 4 hereof within the respective time periods provided therein, the Company shall pay to the Employee, in addition to the payment of any other sums provided in this Agreement, interest, compounded daily, on any amount remaining unpaid from the date payment is required under Section 3 or 4, as appropriate, until paid to the Employee, at the rate from time to

time announced by Mellon Bank, N.A. as its "prime rate" plus one percent (1%), each change in such rate to take effect on the effective date of the change in such prime rate.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of his rights under this Agreement by arbitration, litigation, or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Employee hereunder. Accordingly, the Company shall pay the Employee on demand the amount necessary to reimburse the Employee in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Employee in enforcing any of the obligations of the Company under this Agreement.

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

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

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

10. Taxes. Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Certain Increase in Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the Employee shall be paid an additional amount (the "Gross-Up Payment") such that the net amount retained by the Employee after deduction of any excise tax imposed under Section 4999 of the Code, and any federal, state and local income and employment tax and excise tax imposed upon the Gross-Up Payment shall be equal to the Payment. For purposes of determining the amount of the Gross-Up Payment, the Employee shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Employee's residence on the Termination Date, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes..

(b) All determinations to be made under this Section 11 shall be made by Coopers & Lybrand (or, at the Company's option, the Company's independent

public accountant immediately prior to the Change of Control (the "Accounting Firm")), which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Termination Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. Within five days after the Accounting Firm's determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of the Employee such amounts as are then due to the Employee under this Agreement.

(c) In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Payment or Gross-Up Payment, a change is finally determined to be required in the amount of taxes paid by the Employee, appropriate adjustments shall be made under this Agreement such that the net amount which is payable to the Employee after taking into account the provisions of Section 4999 of the Code shall reflect the intent of the parties as expressed in subsection (a) above, in the manner determined by the Accounting Firm.

(d) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsections (b) and (c) above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations pursuant to subsections (b) and (c) above, except for claims, damages or expenses resulting from the gross negligence or wilful misconduct of the Accounting Firm, which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Termination

Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee.

12. Term of Agreement. The term of this Agreement shall be for five (5) years from the date hereof and shall be automatically renewed for successive one (1) year periods unless the Company notifies the Employee in writing that this Agreement will not be renewed at least sixty (60) days prior to the end of the current term; provided, however, that (i) after a Change of Control during the term of this Agreement, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired, and (ii) this Agreement shall terminate if, prior to a Change of Control, the employment of the Employee with the Company or any of its Subsidiaries, as the case may be, shall terminate for any reason.

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

the Company as hereinbefore defined and any such successor or successors to its business and/or assets, jointly and severally.

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

If to the Company, to:

AmeriGas Propane, Inc.
460 North Gulph Road
King of Prussia, PA 19406
Attention: Corporate Secretary

If to the Employee, to:

1400 Beaumont Drive
Gladwyne, PA 19035

or to such other names or addresses as the Company or the Employee, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by the Company following a Change of Control, notice at the last address of the Company or to any successor pursuant to Section 13 hereof shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five (5) days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

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

16. Contents of Agreement, Amendment, and Assignment. This Agreement supersedes all prior agreements, sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified, extended or terminated except upon written amendment executed by the Employee and the Company's Chief Executive Officer. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Employee. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by the Company or the Board.

17. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Company and its Affiliates.

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

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

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

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

22. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in King of Prussia, Pennsylvania, or such other location as the parties mutually agree, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. The arbitrator shall prepare a written opinion containing the reasons and basis supporting his

decision. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Amended Agreement as of the date first above written.

ATTEST:

[Seal]

AMERIGAS PROPANE, INC.

_____
Corporate Secretary

By _____
Lon R. Greenberg
Its: Chairman, President and
Chief Executive Officer

_____
Witness

_____
Eugene V. N. Bissell

EXHIBIT 10.26

AMERIGAS PROPANE, INC.

1997 LONG-TERM INCENTIVE PLAN

ON BEHALF OF AMERIGAS PARTNERS, L.P.

TABLE OF CONTENTS

AMERIGAS PROPANE, INC.

1997 LONG-TERM INCENTIVE PLAN

ON BEHALF OF AMERIGAS PARTNERS, L.P.

1. PURPOSE AND DESIGN

The purpose of this Plan is to assist the Company in its capacity as General Partner of APLP in securing and retaining key corporate executives of outstanding ability who are in a position to participate significantly in the development and implementation of the General Partner's strategic plans and thereby to contribute materially to the long-term growth, development, and profitability of APLP. The Plan is designed to align directly long-term executive compensation with tangible, direct and identifiable benefits realized by APLP unitholders, and it is hereby adopted by the Company to make available Grants to such executives in order that they might receive Units upon the attainment of financial criteria described in the Plan.

2. DEFINITIONS

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

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

2.02 "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

2.03 "APLP" means AmeriGas Partners, L.P., a Delaware limited partnership.

2.04 "APLP Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., dated as of September 18, 1995, as amended from time to time.

2.05 "Arrearage Balance" means, as to each Common Unit as of the end of a Quarter, the excess of the sum of the Minimum Quarterly Distribution for a Common Unit for each prior Quarter over the sum of the amounts distributed to unitholders for such prior Quarter and all prior Quarters in respect of such an Initial Common Unit; except that all Arrearage Balances shall in all events be zero if the General Partner is removed as general partner of APLP upon the requisite vote by Limited Partners under circumstances where Cause does not exist.

2.06 "Board" means the Company's Board of Directors as constituted from time to time, provided that whenever in this Plan Board approval is required, such approval shall require the affirmative vote of a majority of members of the Board who are not participants in the Plan.

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

2.08 "Closing Date" means April 19, 1995.

2.09 "Committee" means the Compensation and Pension Committee, or its successor, of the Board.

2.10 "Common Unit" means a Common Unit of APLP.

2.11 "Company" means AmeriGas Propane, Inc., a Pennsylvania corporation, and any successor thereto that is the General Partner.

2.12 "Date of Award" means the date the Committee awards a Unit and Distribution Equivalent Grant.

2.13 "Distribution Equivalent" means an amount determined by multiplying the number of Units subject to a Grant by the per-Unit cash distribution, or the per-Unit fair market value (as determined by the Committee) of any distribution in consideration other than cash, paid by APLP on its Units on a distribution payment date.

2.14 "Employee" means a regular full-time salaried employee (including officers and directors who are also employees) of the Company (i) whose terms and conditions of employment are not determined through collective bargaining with a third party or (ii) who is not characterized as an independent contractor by the Company no matter how characterized by a court or government agency, and no retroactive characterization of an individual's status for any other purpose shall make an individual an "Employee" for purposes hereof unless specifically determined otherwise by the Company for the purposes of this Plan.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.16 "Fair Market Value" of a Unit means the average, rounded to the next highest one-eighth of a point (.125), of the highest and lowest sales prices thereof on the New York Stock Exchange on the day on which Fair Market Value is being determined, as reported on the Composite Tape for transactions on the New York Stock Exchange. In the event that there are no Unit transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Unit transactions on that exchange.

2.17 "General Partner" means AmeriGas Propane, Inc., its successor as general partner of APLP, or its transferee, all as provided in Section 6.4(c) of the APLP Partnership Agreement.

2.18 "Grant" means the right to receive Units or an amount of cash equal to the Fair Market Value of the Units and Distribution Equivalent according to the terms of the Plan.

2.19 "Group Member" means a member of the Partnership Group.

2.20 "Interim Capital Transactions" means the following transactions if they occur prior to the liquidation date of APLP: (i) borrowings, refinancings or refundings of indebtedness and sales of debt securities (other than for working capital purposes and other than for items purchased on open account in the ordinary course of business) by any Group Member; (ii) sales of equity interests by any Group Member; and (iii) sales or other voluntary or involuntary dispositions of any assets of any Group Member other than (a) sales or other dispositions of inventory in the ordinary course of business, (b) sales or other dispositions of other current assets, including receivables and accounts, and (c) sales or other dispositions of assets as part of normal retirements or replacements.

2.21 "Minimum Quarterly Distribution" means $.55 per Unit.

2.22 "Operating Expenditures" means all Partnership Group expenditures, including taxes, reimbursements of the General Partner, debt service payments, and capital expenditures, subject to the following:

(a) Payments (including prepayments) of principal and premium on a debt shall not be an Operating Expenditure if the payment is (i) required in connection with the sale or other disposition of assets or (ii) made in connection with the refinancing or refunding of indebtedness with the proceeds from new indebtedness or from the sale of equity interests. For purposes of the foregoing, at the election and in the reasonable discretion of the General Partner,

any payment of principal or premium shall be deemed to be refunded or refinanced by any indebtedness incurred or to be incurred by the Partnership Group within one hundred eighty (180) days before or after such payment to the extent of the principal amount of such indebtedness.

(b) Operating Expenditures shall not include (i) capital expenditures made for acquisitions or for capital improvements or (ii) payment of transaction expenses relating to Interim Capital Transactions. Where capital expenditures are made in part for acquisitions or capital improvements and in part for other purposes, the General Partner's good faith allocation between the amounts paid for each shall be conclusive.

2.23 "Operating Partnership" means AmeriGas Propane, L.P., a Delaware limited partnership.

2.24 "Operating Surplus," as to any Quarter ending before the liquidation date of APLP, means:

(a) the sum of (i) $40 million plus all cash of the Partnership Group on hand as of the close of business on April 19, 1995 and (ii) all the cash receipts of the Partnership Group for the period beginning on April 19, 1995 and ending with the last day of such Quarter, other than cash receipts from Interim Capital Transactions, less

(b) the sum of (i) Operating Expenditures for the period beginning on April 19, 1995 and ending with the last day of such Quarter, (ii) all distributions made pursuant to Sections 5.3 and 5.4 of the APLP Partnership Agreement in respect of all prior Quarters, and (iii) the amount of cash reserves that is necessary or advisable in the reasonable discretion of the General Partner to provide funds for future Operating Expenditures.

2.25 "Participant" means an Employee designated by the Committee to participate in the Plan.

2.26 "Partnership Group" means APLP, AmeriGas Propane, L.P., and any partnership subsidiary of either such entity, treated as a single consolidated partnership.

2.27 "Partnership Interest" means an interest in APLP, which shall include general partner interests, Common Units, Subordinated Units or other Partnership Securities, or a combination thereof or interest therein, as the case may be.

2.28 "Partnership Security" means any class or series of Unit, any option, right, warrant or appreciation rights relating thereto, or any other type of equity interest that APLP may lawfully issue, or any unsecured or secured debt obligation of APLP that is convertible into any class or series of equity interests of APLP.

2.29 "Performance Contingency" means financial and operating performance by APLP such that:

(a) for each of three, consecutive, non-overlapping, four-Quarter periods, distributions have been made to unitholders of APLP at least equal to the sum of the Minimum Quarterly Distributions for each Quarter on all Outstanding Common Units and Subordinated Units during such period;

(b) the Adjusted Operating Surplus generated during the immediately preceding twelve-Quarter period at least equals the sum of the Minimum Quarterly Distributions for each Quarter on all Outstanding Common Units and Subordinated Units during such period;

(c) the Arrearages Balances on the Common Units are zero;

(d) the General Partner has made a good faith estimate (in connection with which the General Partner shall be entitled to make such assumptions as in its sole discretion it believes are reasonable) that APLP will, with respect to the four-Quarter period commencing immediately after the applicable twelve-Quarter period, generate Adjusted Operating Surplus in an amount at least equal to the sum of the Minimum Quarterly Distributions on all Outstanding Common Units and Subordinated Units; and

(e) the General Partner shall have obtained approval from the Audit Committee of the Board that it has complied with the provisions of the immediately preceding Section (d), provided, however, that the Performance Contingency will not be satisfied unless Subordinated Units are convertible to Common Units pursuant to the "early conversion" provisions of Section 4.6(a) of the APLP Partnership Agreement.

2.30 "Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

2.31 "Plan" means the AmeriGas Propane, Inc. 1997 Long-term Incentive Plan on behalf of AmeriGas Partners, L.P. as stated herein, including any amendments or modifications thereto.

2.32 "Quarter" means, unless the context requires otherwise, a three-month period of time ending on March 31, June 30, September 30, or December 31.

2.33 "Subordinated Unit" means a Subordinated Unit in APLP.

2.34 "UGI" means UGI Corporation, a Pennsylvania corporation, and any successor thereto.

2.35 "Unit" means a Common Unit of APLP or such other Partnership Security of APLP as may be substituted for Units or such other securities pursuant to Section 12.

3. NUMBER AND SOURCE OF UNITS AVAILABLE FOR GRANTS; MAXIMUM ALLOTMENT

The number of Units which may be made the subject of Grants under this Plan at any one time may not exceed 500,000 in the aggregate, including Units acquired by Participants under this Plan, subject, however, to the adjustment provisions of Section 12 below. The maximum number of Units which may be the subject of Grants to any one individual in any calendar year shall be 100,000. Units which are the subject of Grants may be (i) previously issued and outstanding Units, (ii) newly issued Units, (iii) Units held by the Company, any of its Affiliates, or any Group Member, or (iv) partly of each.

4. DURATION OF THE PLAN

The Plan will expire on September 30, 2001, provided however, that the payment terms of the Plan shall remain in effect until all obligations under the Plan have been fulfilled.

5. ADMINISTRATION

The Plan will be administered by the Committee. Subject to the express provisions of the Plan, the Committee will have authority, in its complete discretion, to determine the Employees to whom, and the time or times at which, Grants will be awarded and the number of Units to be subject to each Grant. In making such determinations, the Committee may take into account the nature of the services rendered by an Employee, the present and potential contributions of the Employee to the Partnership Group's success and such other factors as the Committee in its discretion deems relevant. Subject to the express provisions of the Plan, the Committee will also have authority to construe and interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Grants (which need not be identical), and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. Any discretion, actions or interpretations to be made under the Plan by the Committee on behalf of the Company shall be made in its sole discretion, not acting in a fiduciary capacity, need not be uniformly applied to similarly situated individuals, and shall be final, binding and conclusive upon the parties. It is the intent of the Company that the Plan should comply in all applicable respects with Rule 16b-3 under the Exchange Act so that transactions relating to any Units awarded to a Participant who is subject to Section 16 of the Exchange Act shall be exempt under Rule 16b-3. Accordingly, if any

provision of the Plan or any agreement relating to a Grant does not comply with the requirements of Rule 16b-3 as then applicable to any such Participant, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements with respect to such Participant. Any other provision of the Plan notwithstanding, the Board may perform any function of the Committee under the Plan, including without limitation for the purpose of ensuring that transactions under the Plan by Participants who are subject to Section 16 of the Exchange Act in respect of APLP are exempt under Rule 16b-3. In any case in which the Board is performing a function of the Committee under the Plan, each reference to the Committee herein shall be deemed to refer to the Board (unless the context shall otherwise require).

6. ELIGIBILITY

Grants may be awarded only to Employees at salary grade level 36 or higher determined in accordance with the Company's personnel policies (including directors who are also Employees of the Company) who, in the sole judgment of the Committee, are individuals in a position to participate significantly in the development and implementation of the General Partner's strategic plans and thereby to contribute materially to the continued growth and development of APLP and to its future financial success.

7. GRANTS: PAYMENT AND PERFORMANCE LEVERAGE

7.1 Payment. No payment of any kind shall be made under this Plan pursuant to any Grant until the Performance Contingency has been satisfied. The General Partner shall seek approval from the Audit Committee pursuant to Section 2.29(e) as soon as practicable after the conditions in section 2.29(a) through (d) have been satisfied. Units shall be delivered (or their Fair Market Value shall be paid in cash, as determined by the Committee) and Distribution Equivalents shall be paid to Participants as soon as practicable. Notwithstanding the foregoing, the Committee may accelerate the payment of any or all outstanding Grants at any time for any reason.

7.2 Performance Leverage. The Performance Contingency will be leveraged according to the following table:

Performance Contingency Satisfied by:	Leverage Applied to Grant:
September 30, 1999	150%
December 31, 1999	140%
March 31, 2000	130%
June 30, 2000	120%
September 30, 2000	110%
December 31, 2000	95%
March 31, 2001	80%
June 30, 2001	65%
September 30, 2001	50%
After September 30, 2001	0%

8. DISTRIBUTION EQUIVALENTS

8.1 Amount of Distribution Equivalents Credited. From the Date of Award of a Grant to a Participant until the earlier of payment, if any, of the Grant pursuant to Section 7.1 or termination of the Grant, the Company shall keep records for such Participant and shall credit on each payment date after November 18, 1996 for the payment of a distribution made by APLP on its Units an amount equal to the Distribution Equivalent associated with the Units subject to such Grant. Notwithstanding the foregoing, a Participant may not accrue during any calendar year Distribution Equivalents in excess of $300,000. No interest shall be credited to any such Dividend Equivalent.

8.2 Form of Payment for Distribution Equivalents. Payment of Distribution Equivalents shall be solely in cash.

9. DELIVERY OF UNITS AND UNITHOLDER PRIVILEGES

9.1 Delivery of Units. If Units are to be delivered pursuant to the Plan, then the General Partner will, without stock transfer taxes to the Participant or to any other person entitled to payment of Units pursuant to this Plan, deliver or cause the delivery in certificate form to, or credit electronically on behalf of, the Participant, the Participant's designee or such other person the requisite number of Units.

9.2 Privileges of a Unitholder. A Participant or any other person awarded a Grant under this Plan will have no rights as a unitholder with respect to any Units covered by the Grant until the Units are received by the Participant.

10. NON-TRANSFERABILITY OF GRANTS

Grants or other Participant's rights under the Plan are not transferable, and a Grant may be paid, during the lifetime of the Participant, only to the Participant.

11. TERMINATION OF EMPLOYMENT

Each Grant, to the extent that it has not previously been paid, will terminate when the Participant awarded such Grant ceases to be an Employee of the Company, unless the Committee shall, in its sole discretion, determine otherwise as to all or any portion of such Grant.

12. ADJUSTMENT OF GRANTS

Notwithstanding anything to the contrary in this Plan, in the event (a) any recapitalization, reorganization, merger, consolidation, spin-off, combination, repurchase, exchange of Common or Subordinated Units or other securities of APLP; security split or reverse split, extraordinary distribution, liquidation, dissolution, significant corporate or partnership transaction (whether relating to assets, partnership units, or stock) involving APLP, or other extraordinary transaction or event affects Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of Participants' rights under the Plan or (b) a Participant's salary grade changes to grade 35 or lower, then the Committee may adjust (i) any or all of the number of Units reserved for issuance under the Plan, (ii) the maximum number of Units which may be the subject of Grants to any one individual in any calendar year, (iii) the number of Units to be subject to Grants thereafter awarded under the Plan, (iv) the number of Units payable pursuant to outstanding Grants, (v) the form of payment of Grants, including without limitation, the payment of cash value equivalents of Units instead of Units themselves, (vi) the amount of Dividend Equivalents, and/or (vii) the terms and conditions applicable to Distribution Equivalents, provided that the number of Units subject to any Grant will always be a whole number. Any such determination of adjustments by the Committee will be conclusive for all purposes of the Plan and of each Grant.

13. LIMITATION OF RIGHTS

Nothing contained in this Plan shall be construed to give an Employee any right to be awarded a Grant except as may be authorized in the discretion of the Committee. The awarding of a Grant under this Plan shall not constitute or be evidence of any agreement or understanding,

expressed or implied, that the Company will employ a Participant for any specified period of time, in any specific position, or at any particular rate of remuneration.

14. AMENDMENT OR TERMINATION OF PLAN

Subject to Board approval, the Committee may at any time, and from time to time, alter, amend, suspend or terminate this Plan without the consent of the Company's shareholders, APLP's unitholders, or Participants, except that any such alteration, amendment, suspension or termination shall be subject to the provisions of the APLP Partnership Agreement and to the approval of APLP's unitholders within one year after such Committee and Board action if such unitholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Units are then listed or quoted, or if the Committee in its discretion determines that obtaining such unitholder approval is for any reason advisable. No termination or amendment of this Plan may, without the consent of a Participant to whom any Grant has previously been awarded, adversely affect the rights of such Participant under such Grant. Notwithstanding the foregoing, the Committee may make minor amendments to this Plan which do not materially affect the rights of Participants or significantly increase the cost to the Partnership Group or to the Company.

15. TAX WITHHOLDING

Upon payment of any Grant under this Plan, the Company will require the recipient of the payment to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements. However, to the extent authorized by the Committee, the Company may withhold or receive Units and make cash payments in respect thereof in satisfaction of a recipient's tax obligations, including tax obligations in excess of mandatory withholding requirements.

16. GOVERNMENTAL APPROVAL

Each Grant will be subject to the requirement that if at any time the listing, registration or qualification of the Units covered thereby upon any securities exchange, or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the awarding of such Grant or payment of Units and a Dividend Equivalent thereunder, then no such Grant may be paid in whole or in part unless and until such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

17. EFFECTIVE DATE OF PLAN

This Plan will become effective as of October 1, 1996.

18. SUCCESSORS

This Plan shall be binding upon and inure to the benefit of APLP, the General Partner, their successors and assigns and the Participant and his heirs, executors, administrators and legal representatives.

19. HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

20. GENDER AND NUMBER

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

21. GOVERNING LAW

The validity, construction, interpretation and effect of the Plan and Grants under the Plan shall be governed exclusively by and determined in accordance with the law of the Commonwealth of Pennsylvania, exclusive of any choice of law provisions thereof.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed by its duly authorized officer and its corporate seal to be affixed hereto as of the ____ day of _____ , 1997.

AMERIGAS PROPANE, INC.,
on behalf of
AMERIGAS PARTNERS, L.P.

Attest:

_____
Robert H. Knauss
Secretary

By: _____
Lon R. Greenberg
Chairman of the Board
of Directors and Chief
Executive Officer

EXHIBIT 10.27

AMERIGAS PROPANE, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

TABLE OF CONTENTS

ARTICLE I

STATEMENT OF PURPOSE

Sec. 1.01 Purpose. The purpose of the AGP SERP is to provide a fair and competitive level of retirement benefits to certain management and other highly compensated employees and thereby to attract and retain the highest quality executives to the General Partner of AmeriGas Partners, L.P. and AmeriGas Propane, L.P. In addition, the benefits under the AGP SERP are also designed to compensate certain terminated employees by taking into account in determining their pension benefits periods of time during which payments are made under the AmeriGas Propane, Inc. Executive Severance Pay Plan. To address these purposes, certain Employees of AmeriGas Propane, Inc. (those designated as "Participants") will be provided with supplemental retirement benefits.

ARTICLE II

DEFINITIONS

Sec. 2.01 "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Sec. 2.02 "AGP" shall mean AmeriGas Propane, Inc. and its Subsidiaries and Affiliates.

Sec. 2.03 "AGP SERP" shall mean the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan as set forth herein and as the same may be hereafter amended.

Sec. 2.04 "Board" shall mean the Board of Directors of AGP.

Sec. 2.05 "Committee" shall mean the administrative committee designated pursuant to Article VII of the Plan to administer the Plan in accordance with its terms.

Sec. 2.06 "Compensation" shall mean actual base salary earned plus the amount of annual bonus payable under the applicable bonus or severance plan in each Plan year, including Deferred Compensation, whether or not paid in that Plan year. Compensation shall be pro-rated for all partial fiscal years during which the Employee is a Participant.

Sec. 2.07 "Deferred Compensation" shall mean so much of an Employee's compensation payable under the applicable annual bonus plan as would otherwise be payable to a Participant except for an election by the Employee to have such compensation deferred to and paid in a subsequent year, excluding compensation payable under the applicable annual bonus plan for years beginning prior to the Effective Date.

Sec. 2.08 "Effective Date" shall mean October 1, 1996.

Sec. 2.09 "Employee" shall mean any person in the employ of AGP or any successor employer other than a person (i) whose terms and conditions of employment are determined through collective bargaining with a third party or (ii) who is characterized as an independent contractor by AGP no matter how characterized by a court or government agency and no retroactive

characterization of an individual's status for any other purpose shall make an individual an "Employee" for purposes hereof unless specifically determined otherwise by AGP for the purposes of this Plan.

Sec. 2.10 "Employment Commencement Date" shall mean the first day on which a Participant became an employee of AGP, any Subsidiary or Affiliate of AGP, or any entity whose business or assets have been acquired by AGP, its Subsidiary or Affiliate or by any predecessor of such entities. If any interruption of employment occurred after the date described in the preceding sentence, then the "Reemployment Commencement Date" shall be the first day on which the Participant became an Employee after the most recent such interruption of the employment relationship between the Employee and AGP or any of its Subsidiaries or Affiliates, unless the Committee determines otherwise.

Sec. 2.11 "Participant" shall mean an Employee of AGP who is compensated on a salaried basis at grade level 36 or higher or such other level as the Committee may designate.

Sec. 2.12 "Subsidiary" shall mean any corporation in which AGP, directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which AGP, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

Sec. 2.13 "Termination for Cause" shall mean termination of employment by reason of misappropriation of funds, habitual insobriety, substance abuse, conviction of a crime involving moral turpitude, or 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 AGP, AmeriGas Partners, L.P., AmeriGas Propane, L.P., or their Subsidiaries and Affiliates, taken as a whole.

ARTICLE III

PARTICIPATION AND VESTING

Sec. 3.01 Vesting. Benefits under this Plan shall vest on the fifth anniversary of a Participant's Employment Commencement Date, unless the Committee determines that a Participant's benefits should vest, in whole or in part, sooner.

ARTICLE IV

BENEFITS

Sec. 4.01 Amount. AGP shall establish for each Participant an account to which shall be credited annually an amount equal to 5% of the Participant's maximum recognizable compensation under 26 U.S.C. Sec. 401(a)(17) and 10% of the Participant's Compensation, if any, in excess of said maximum recognizable compensation.

Sec. 4.02 Timing of Credits. Amounts shall first be credited to a Participant's account as of September 30, 1997, and annually thereafter as soon as benefits can be calculated.

Sec. 4.03 Benefit Interest. Amounts credited to a Participant's account shall accrue interest from the effective date they are so credited until the date they are paid to the Participant. Such interest shall be credited annually on the opening balance of a Participant's account as of each September 30 after 1997. The rate of interest shall be equal to the total year-to-date rate of return on the trust portfolio for the Retirement Income Plan for Employees of UGI Utilities, Inc. (the "RIP"); except that the rate of interest in any fiscal year may not exceed the rate of return assumed in determining the annual cost of the RIP for that year plus one percent or be less than zero.

Sec. 4.04 Divesture. Each Participant shall be divested of, and shall immediately forfeit, any benefit to which the Participant is otherwise entitled under the AGP SERP if the Participant's employment is Terminated for Cause.

ARTICLE V

FORM AND TIMING OF BENEFIT DISTRIBUTION

Sec. 5.01 Form of Benefit Distributions. Benefits payable under the AGP SERP shall be paid in a lump sum to the Participant, the Participant's designated beneficiary, or the Participant's estate.

Sec. 5.02 Timing of Benefit Distributions. Benefits payable under the AGP SERP shall be paid as soon as practicable after a Participant's retirement or termination for a reason other than cause; in no event shall such payment be made later than the later of (i) ninety (90) days after a Participant's retirement or Termination for a reason other than Cause, or (ii) December 31 of the year in which such retirement or termination occurs.

ARTICLE VI

FUNDING OF BENEFITS

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

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

ARTICLE VII

THE COMMITTEE

Sec. 7.01 Appointment and Tenure of Committee Members. The Committee shall consist of one or more persons who shall be appointed by and serve at the pleasure of the Chief Executive Officer of AGP (the "CEO"). Any Committee member may resign by delivering his or her written resignation to the CEO. Vacancies arising by the death, resignation or removal of a Committee member may be filled by the CEO.

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

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

Sec. 7.04 Authority and Responsibility of the Committee. The Committee shall have only such authority and responsibilities as are delegated to it by the CEO or specifically under this Plan. Among those delegable authorities and responsibilities are:

(a) maintenance and preservation of records relating to Participants, former Participants, and their beneficiaries;

(b) preparation and distribution to Participants of all information and notices required under federal law or the provisions of the AGP SERP;

(c) preparation and filing of all governmental reports and other information required under law to be filed or published;

(d) construction of the provisions of the AGP SERP, to correct defects therein and to supply omissions thereto;

(e) engagement of assistants and professional advisers;

(f) arrangement for bonding, if required by law; and

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

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

Sec. 7.06 Committee Discretion. Any discretion, actions or interpretations to be made under the Plan by the Committee on behalf of AGP shall be made in its sole discretion, not acting in a fiduciary capacity, need not be uniformly applied to similarly situated individuals, and shall be final, binding and conclusive upon the parties.

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

ARTICLE VIII

AMENDMENT AND TERMINATION

Sec. 8.01 Amendment. The provisions of the AGP SERP may be amended at any time and from time to time by a resolution of the Board; provided, however, that no such amendment shall serve to reduce the benefit that has accrued on behalf of a Participant as of the effective date of the amendment, and, provided further, however, that the Committee may make such amendments as are necessary to keep the AGP SERP in compliance with applicable law and minor amendments which do not materially affect the rights of the Participants or significantly increase the cost to AGP, AmeriGas Partners, L.P. or AmeriGas Propane, L.P.

Sec. 8.02 Plan Termination. While it is AGP's intention to continue the AGP SERP indefinitely in operation, the right is, nevertheless, reserved to terminate the AGP SERP in whole or in part at any time; provided, however, that no such termination shall serve to reduce the benefit that has accrued on behalf of a Participant as of the effective date of the termination.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Sec. 9.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant under the AGP SERP shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the AGP SERP, except any right to designate a beneficiary or beneficiaries in connection with any form of benefit payment providing benefits after the Participant's death.

Sec. 9.02 No Contract of Employment. Neither the establishment of the AGP SERP, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or Employee, or any person whomsoever, the right to be retained in the service of AGP, and all Participants and other Employees shall remain subject to discharge to the same extent as if the AGP SERP had never been adopted.

Sec. 9.03 Severability of Provisions. If any provision of the AGP SERP shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the AGP SERP shall be construed and enforced as if such provision had not been included.

Sec. 9.04 Heirs, Assigns and Personal Representatives. The AGP SERP shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Sec. 9.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the AGP SERP, and shall not be employed in the construction of the AGP SERP.

Sec. 9.06 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

Sec. 9.07 Controlling Law. The AGP SERP shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by federal law, which shall otherwise control, and exclusive of any Pennsylvania choice of law provisions.

Sec. 9.08 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge AGP, the Board, the Committee and all other parties with respect thereto.

Sec. 9.09 Lost Payees. A benefit (including accrued interest) shall be deemed forfeited if the Board or the Committee is unable to locate a Participant to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the proper payee for the forfeited benefit.

IN WITNESS WHEREOF, and as evidence of its adoption of the Plan, AGP has caused the same to be executed by its duly authorized officer and its corporate seal to be affixed hereto as of the _____ day of _____, 1997.

Attest: AMERIGAS PROPANE, INC.

_____ By: _____

Robert H. Knauss
Secretary

Lon R. Greenberg
Chairman of the Board of Directors
and Chief Executive Officer

EXHIBIT 13

CONSOLIDATED BALANCE SHEETS
(THOUSANDS OF DOLLARS)

	SEPTEMBER 30, 1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents (note 2)	$ 4,069	$ 2,122
Accounts receivable (less allowances for doubtful accounts of $7,875 and $6,579, respectively)	78,341	85,926
Insurance indemnification receivable	3,168	19,024
Inventories (notes 2 and 6)	64,933	69,688
Prepaid propane purchases (note 2)	21,700	13,269
Prepaid expenses and other current assets	10,880	9,423
Total current assets	183,091	199,452
Property, plant and equipment (less accumulated depreciation and amortization of $167,385 and $138,850, respectively) (notes 2 and 7)	444,677	454,112
Intangible assets (less accumulated amortization of $116,557 and $94,785, respectively) (note 2)	677,116	691,688
Other assets (note 2)	13,777	15,040
Total assets	$1,318,661	$1,360,292
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt (note 4)	$ 6,420	$ 5,150
Bank loans (note 4)	28,000	15,000
Accounts payable -- trade	50,055	46,891
Accounts payable -- related parties (note 10)	4,533	2,552
Employee compensation and benefits accrued	17,776	22,983
Interest accrued	27,700	28,037
Refunds and deposits	20,314	13,545
Other current liabilities (note 11)	26,071	43,174
Total current liabilities	180,869	177,332
Long-term debt (note 4)	684,308	687,303
Other noncurrent liabilities	50,904	47,924
Commitments and contingencies (note 9)		
Minority interest (note 2)	5,043	5,497
Partners' capital (note 8):		
Common Unitholders (units issued -- 22,060,407 and 21,949,272, respectively)	208,253	230,376
Subordinated Unitholders (units issued -- 19,782,146)	185,310	207,439
General Partner	3,974	4,421
Total partners' capital	397,537	442,236
Total liabilities and partners' capital	$1,318,661	$1,360,292

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

CONSOLIDATED STATEMENTS OF OPERATIONS
(THOUSANDS OF DOLLARS, EXCEPT PER UNIT)

	YEAR ENDED SEPTEMBER 30,		APRIL 19 TO SEPTEMBER 30,
	1997	1996	1995
Revenues (note 2):			
Propane	$ 994,200	$ 924,810	$ 233,610
Other	83,625	88,415	35,890
	1,077,825	1,013,225	269,500
Costs and expenses:			
Cost of sales -- propane	563,959	526,255	123,414
Cost of sales -- other	36,413	43,472	18,319
Operating and administrative expenses (note 10)	316,392	317,396	124,473
Depreciation and amortization (note 2)	62,004	61,631	26,585
Miscellaneous income, net (note 14)	(11,316)	(8,395)	(3,203)
	967,452	940,359	289,588
Operating income (loss)	110,373	72,866	(20,088)
Interest expense	(65,658)	(62,782)	(27,312)
Income (loss) before income taxes	44,715	10,084	(47,400)
Income tax (expense) benefit (note 2)	(180)	365	(140)
Minority interest (note 2)	(555)	(211)	433
Net income (loss)	$ 43,980	$ 10,238	$ (47,107)
General partner's interest in net income (loss)	$ 440	$ 102	$ (471)
Limited partners' interest in net income (loss)	$ 43,540	$ 10,136	$ (46,636)
Income (loss) per limited partner unit	$ 1.04	$ .24	$ (1.12)
Average limited partner units outstanding (thousands)	41,799	41,729	41,714

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(THOUSANDS OF DOLLARS)

	YEAR ENDED SEPTEMBER 30, 1997	1996	APRIL 19 TO SEPTEMBER 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 43,980	$ 10,238	$ (47,107)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	62,004	61,631	26,585
Other, net	3,939	(3,438)	(938)
	109,923	68,431	(21,460)
Net change in:			
Accounts receivable	1,511	(27,802)	13,712
Inventories and prepaid propane purchases	(3,110)	(3,192)	(24,153)
Accounts payable	5,101	12,708	2,761
Other current assets and liabilities	(3,259)	(1,767)	36,271
Net cash provided by operating activities	110,166	48,378	7,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(24,470)	(21,908)	(11,282)
Proceeds from disposals of assets	10,613	5,423	1,210
Payment to General Partner for purchase of Petrolane Class B shares	--	--	(109,609)
(Increase) decrease in short-term investments	--	9,000	(9,000)
Acquisitions of businesses, net of cash acquired	(11,627)	(20,909)	(3,978)
Net cash used by investing activities	(25,484)	(28,394)	(132,659)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(92,861)	(92,727)	(18,797)
Minority interest activity	(1,024)	(1,042)	(242)
Increase in bank loans	6,000	15,000	--
Issuance of long-term debt	8,131	37,009	--
Repayment of long-term debt	(3,007)	(10,911)	(1,294)
Net proceeds from issuance of Common Units	--	--	346,414
Capital contribution from General Partner	26	--	872
Issuance of long-term debt associated with Partnership Formation	--	--	208,454
Cash transfers from predecessor companies	--	--	56,414
Repayment of long-term debt and related interest associated with Partnership Formation	--	--	(417,057)
Partnership Formation fees and expenses	--	(4,758)	(9,669)
Net cash provided (used) by financing activities	(82,735)	(57,429)	165,095
Cash and cash equivalents increase (decrease)	$ 1,947	$ (37,445)	$ 39,567
CASH AND CASH EQUIVALENTS			
End of period	$ 4,069	$ 2,122	$ 39,567
Beginning of period	2,122	39,567	--
Increase (decrease)	$ 1,947	$ (37,445)	$ 39,567

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

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(THOUSANDS OF DOLLARS, EXCEPT UNIT DATA)

	NUMBER OF UNITS					TOTAL
	COMMON	SUBORDINATED	COMMON	SUBORDINATED	GENERAL PARTNER	PARTNERS' CAPITAL
Balance April 19, 1995	--	--	$ --	$ --	$ --	$ --
Contributions of net assets of predecessor companies (notes 1 and 2)	4,330,146	19,782,146	147,857	133,361	2,840	284,058
Issuance of units to public (note 1)	17,602,000		178,492	160,994	3,429	342,915
Cash contribution by General Partner			449	405	9	863
Effect of contribution of net proceeds of Senior Notes to AmeriGas Propane, L.P.			(506)	(457)	(10)	(973)
Net loss			(24,520)	(22,116)	(471)	(47,107)
Distributions (note 3)			(9,784)	(8,825)	(188)	(18,797)
Balance September 30, 1995	21,932,146	19,782,146	291,988	263,362	5,609	560,959
Net income			5,332	4,804	102	10,238
Distributions (note 3)			(48,279)	(43,521)	(927)	(92,727)
Issuance of Common Units in connection with acquisition (note 10)	17,126		413		4	417
Adjustments to net assets contributed (note 2)			(19,078)	(17,206)	(367)	(36,651)
Balance September 30, 1996	21,949,272	19,782,146	230,376	207,439	4,421	442,236
Net income			22,857	20,683	440	43,980
Distributions (note 3)			(48,411)	(43,521)	(929)	(92,861)
Issuance of Common Units in connection with acquisition	111,135		2,645		27	2,672
Capital contribution from General Partner			786	709	15	1,510
Balance September 30, 1997	22,060,407	19,782,146	$ 208,253	$ 185,310	$ 3,974	$ 397,537

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(THOUSANDS OF DOLLARS, EXCEPT PER UNIT)

1. PARTNERSHIP ORGANIZATION AND FORMATION

AmeriGas Partners, L.P. (AmeriGas Partners) was formed on November 2, 1994 as a Delaware limited partnership. AmeriGas Partners and its subsidiary AmeriGas Propane, L.P., a Delaware limited partnership (the "Operating Partnership"), were formed to acquire and operate the propane businesses and assets of AmeriGas Propane, Inc., a Delaware corporation, and AmeriGas Propane-2, Inc. (collectively, "AmeriGas Propane"), wholly owned subsidiaries of AmeriGas, Inc. (AmeriGas), and Petrolane Incorporated (Petrolane). AmeriGas Propane and Petrolane are collectively referred to herein as the "Predecessor Companies." The Operating Partnership is, and the Predecessor Companies were, engaged in the distribution of propane and related equipment and supplies. The Operating Partnership is the largest retail propane distributor in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 45 states, including Alaska and Hawaii.

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

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

Following these transactions, on April 19, 1995, AmeriGas Partners completed an initial public offering of 15,452,000 Common Units (the "IPO") at a price to the public of $21.25 a unit. The net proceeds of approximately $307,000 from the IPO and the net proceeds from the issuance of $100,000 face value of AmeriGas Partners' 10.125% Senior Notes, along with existing cash balances of the Predecessor Companies, were used on April 19, 1995 to repay Petrolane's revolving credit loan, term loans and related accrued interest and fees which were assumed by the Operating Partnership. In addition, certain senior indebtedness of Petrolane and AmeriGas Propane with a combined face value of $408,000 was assumed by the Operating Partnership and immediately exchanged for First Mortgage Notes of the Operating Partnership. The Operating Partnership also issued $110,000 face value of First Mortgage Notes, the proceeds of which were used by an AmeriGas subsidiary to acquire by merger (the "Petrolane Merger") the 65% of Petrolane common shares not already owned by AmeriGas' parent company, UGI Corporation (UGI), or its subsidiaries. On May 11, 1995, the underwriters of the IPO exercised their overallotment option in the amount of 2,150,000 Common Units. These Common Units were issued on May 17, 1995 at a price of $21.25 a unit.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

RECLASSIFICATIONS. Certain prior-period balances have been reclassified to conform with the current period presentation.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial

statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

FISCAL YEAR. The Partnership's fiscal year ends on September 30. Accordingly, the accompanying consolidated results of operations of the Partnership are for the fiscal years ended September 30, 1997 and 1996, and the period April 19, 1995 (date of inception) to September 30, 1995. Previously, the Predecessor Companies' fiscal periods ended on the 23rd of the month. For

comparative purposes, Note 12 to the Consolidated Financial Statements includes unaudited pro forma consolidated results of operations data for the 53-week period September 24, 1994 to September 30, 1995. Combined revenues of the Predecessor Companies for the period September 24 to September 30, 1994 were approximately $12,700.

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

INVENTORIES AND PREPAID PROPANE PURCHASES. Inventories are stated at the lower of cost or market. Cost is determined using an average cost method for propane, specific identification for appliances, and the first-in, first-out (FIFO) method for all other inventories. The Partnership also enters into contracts with certain of its suppliers under which it prepays the purchase price of a fixed volume of propane for future delivery. The amount of such prepayments is included in the consolidated balance sheets as "prepaid propane purchases."

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION. Property, plant and equipment is stated at cost. Amounts assigned to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, any gains or losses are reflected in results of operations.

Depreciation of property, plant and equipment is computed using the straight-line method over estimated service lives ranging from two to 40 years. Depreciation expense during the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, was $37,366, $36,910 and $15,500, respectively.

INTANGIBLE ASSETS. Intangible assets comprise the following at September 30:

	1997	1996
Goodwill (less accumulated amortization of $79,265 and $64,007, respectively)..	$537,396	$545,353
Excess reorganization value (less accumulated amortization of $35,939 and $27,398, respectively)	135,128	143,426
Other (less accumulated amortization of $1,353 and $3,380, respectively)	4,592	2,909
Total intangible assets	$677,116	$691,688

Goodwill recognized as a result of business combinations accounted for as purchases, including goodwill resulting from the Petrolane Merger, is being amortized on a straight-line basis over 40 years. Excess reorganization value (which represents reorganization value in excess of amounts allocable to identifiable assets of Petrolane resulting from Petrolane's July 15, 1993 reorganization under Chapter 11 of the United States Bankruptcy Code) is being amortized on a straight-line basis over the 20-year period commencing July 15, 1993. Other intangible assets are being amortized over the estimated periods of benefit which do not exceed ten years. Amortization expense of intangible assets during the years ended September 30, 1997 and 1996, and the period April 19, 1995 through September 30, 1995, was $24,469, $24,551 and $10,492, respectively.

The Partnership evaluates the impairment of long-lived assets, including intangibles, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability is evaluated based upon undiscounted future cash flows expected to be generated by such assets.

OTHER ASSETS. Included in other assets at September 30, 1997 and 1996 are net deferred financing costs of $12,456 and $13,698, respectively. These costs are being amortized over the term of the related debt.

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

UNIT-BASED COMPENSATION. The Partnership adopted Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) in 1997. SFAS 123 encourages, but does not require, companies to recognize compensation expense for grants of stock, stock options, and other equity instruments to employees based upon fair value or, alternatively, permits them to continue to apply the existing accounting rules contained in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Companies choosing not to adopt the expense recognition provisions of SFAS 123 are required to disclose pro forma net income and earnings per share data as if such provisions had been applied. The Partnership has elected to continue to account for unit-based compensation in accordance with APB 25.

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

ACCOUNTING FOR DERIVATIVE INSTRUMENTS. The Partnership utilizes derivative commodity instruments, including price swap agreements, call and put option contracts, and futures contracts to manage market risk associated with a portion

of its anticipated propane supply requirements, principally during the heating season.

Gains or losses on derivative commodity instruments associated with forecasted transactions are recognized when such forecasted transactions affect earnings. If a derivative instrument is terminated early because it is probable that a transaction or forecasted transaction will not occur, any gain or loss as of such date is immediately recognized in earnings. If such derivative

instrument is terminated early for other economic reasons, any gain or loss as of the termination date is deferred and recorded when the associated transaction or forecasted transaction affects earnings.

CONSOLIDATED STATEMENTS OF CASH FLOWS. Cash equivalents include all highly liquid investments with maturities of three months or less when purchased and are recorded at cost plus accrued interest, which approximates market value. Interest paid during the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, totaled $67,103, $62,846 and $404, respectively.

The combined net assets contributed to the Operating Partnership pursuant to the Formation Merger and the Petrolane Conveyance, adjusted for the effects of the tax basis reallocation described below, are as follows:

	APRIL 19, 1995
Current assets	$ 192,905
Property, plant and equipment, net	456,128
Goodwill and other intangibles, net	556,782
Excess reorganization value, net	155,687
Other assets	30,228
Total assets contributed	1,391,730
Current liabilities	133,227
Long-term debt	929,828
Other noncurrent liabilities	78,744
Total liabilities assumed	1,141,799
Net assets contributed to the Operating Partnership..	$ 249,931

In February 1996, the General Partner completed AmeriGas Partners' and the Operating Partnership's federal income tax returns for the Partnership's initial period of operation. As a part of this process, a final determination was made as to how to allocate the tax basis of certain of the assets contributed to the Partnership by the Predecessor Companies. The completion of the allocation process resulted in reductions in the deferred income tax liabilities of the General Partner and Petrolane existing at April 19, 1995, which had been recorded in connection with the Petrolane Merger and the formation of the Partnership. It also resulted in a reduction to the net assets contributed by the General Partner and Petrolane to the Operating Partnership in conjunction with the Partnership Formation, which adjustment was recorded by the Partnership during the year ended September 30, 1996 as a $37,025 reduction in goodwill, a $36,651 reduction in partners' capital, and a $374 reduction in minority interest. Additional adjustments may be required to reflect the resolution of other tax issues of Petrolane existing at the date of the Partnership Formation.

3. QUARTERLY DISTRIBUTIONS OF AVAILABLE CASH

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in an aggregate amount equal to its Available Cash for such quarter. 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 after the end of such quarter less the amount of cash reserves established by the General Partner in its reasonable discretion. These reserves may be retained for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, reserves for the payment of debt principal and interest are required under the provisions of certain of the Partnership's debt agreements.

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

The Subordination Period will generally extend until the first day of any quarter beginning on or after April 1, 2000 in respect of which (a) distributions of Available Cash from Operating Surplus (generally defined as $40,000 plus $42,879 of cash on hand as of April 19, 1995 plus all operating cash receipts less all operating cash expenditures and cash reserves) equal or exceed the MQD on each of the outstanding Common and Subordinated units for each of the four consecutive four-quarter periods immediately preceding such date; (b) the Adjusted Operating Surplus (generally defined as Operating Surplus adjusted to exclude working capital borrowings, reductions in cash reserves and $40,000 plus $42,879 of cash on hand as of April 19, 1995 and to include increases in reserves to provide for distributions resulting from Operating Surplus generated during such period) generated during both (i) each of the two

immediately preceding four-quarter periods and (ii) the immediately preceding sixteen-quarter period, equals or exceeds the MQD on each of the Common and Subordinated units outstanding during those periods; and (c) there are no arrearages on the Common Units.

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

4. DEBT

Long-term debt comprises the following at September 30:

	1997	1996
First Mortgage Notes:		
Series A, 9.34%-11.71%, due April 2000 through April 2009 (including unamortized premium of $14,785 and $15,952, respectively, calculated at an 8.91% effective rate)	$ 222,785	$ 223,952
Series B, 10.07%, due April 2001 through April 2005 (including unamortized premium of $11,557 and $13,130, respectively, calculated at an 8.74% effective rate)	211,557	213,130
Series C, 8.83%, due April 2003 through April 2010	110,000	110,000
AmeriGas Partners Senior Notes, 10.125%, due April 2007	100,000	100,000
Acquisition Facility	37,000	30,000
Special Purpose Facility	--	7,000
Other (including capital lease obligations of $2,145 and $2,349, respectively)	9,386	8,371
Total long-term debt	690,728	692,453
Less current maturities	(6,420)	(5,150)
Total long-term debt due after one year	$ 684,308	$ 687,303

Scheduled repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: 1998 - $6,420; 1999 - $5,551; 2000 - $16,580; 2001 - $71,232; 2002 - $72,606.

The 10.125% Senior Notes of AmeriGas Partners contain covenants which restrict the ability of the Partnership to, among other things, incur additional indebtedness, incur liens, issue preferred interests, and effect mergers, consolidations and sales of assets. The Senior Notes are not redeemable prior to April 15, 2000. Thereafter, AmeriGas Partners has the option to redeem the Senior Notes, in whole or in part, at a premium. In addition, AmeriGas Partners may, under certain circumstances following the disposition of assets, be required to prepay the Senior Notes. Pursuant to the Indenture under which the Senior Notes were issued, AmeriGas Partners is generally permitted to make cash distributions in an amount equal to available cash, as defined, as of the end of the immediately preceding quarter, as long as no event of default exists or would exist upon making such distributions and if the Partnership's consolidated fixed charge coverage ratio, as defined, is at least 1.75-to-1. If such ratio is not met, cash distributions may be made in an aggregate amount not to exceed $24,000 less the aggregate of all distributions made during the immediately preceding 16 fiscal quarters. At September 30, 1997, such ratio was 2.57-to-1.

The Operating Partnership's obligations under the First Mortgage Notes, as amended, are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the First Mortgage Notes. The Operating Partnership may, at its option, and under certain circumstances following the disposition of assets be required to, prepay the First Mortgage Notes, in whole or in part. Certain of these prepayments will be at a premium.

Effective September 15, 1997, the Operating Partnership amended and restated its bank credit agreement (Bank Credit Agreement). At September 30, 1997, the credit facilities under the Bank Credit Agreement consist of a Revolving Credit Facility and an Acquisition Facility. The Operating Partnership's obligations under the Bank Credit Agreement are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the bank credit facilities.

The Revolving Credit Facility provides for borrowings of up to $100,000 (including a $35,000 sublimit for letters of credit). The Revolving Credit Facility expires September 15, 2002, but may be extended, upon timely notice, for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. The Revolving Credit Facility permits the Operating Partnership to borrow at the Base Rate, defined as the higher of the Federal Funds Rate plus .50% per annum or the agent bank's reference rate (6.31% and 8.50%, respectively, at September 30, 1997), or at prevailing one-, two-,

three-, or six-month offshore interbank borrowing rates, plus a margin (.50% per annum as of September 30, 1997). The applicable margin on such offshore interbank borrowing rates, and the Revolving Credit Facility commitment fee rate (.20% per annum as of September 30, 1997), are dependent upon the Operating Partnership's ratio of funded debt to earnings before interest, income taxes, depreciation and amortization (EBITDA), each as defined in the Bank Credit Agreement. The Operating Partnership is also required to pay letter of credit fees on the undrawn amount of outstanding letters of credit equal to the applicable margin on offshore interbank borrowings under the Revolving Credit Facility and on the face amount of outstanding letters of credit equal to .125% per annum. At September 30, 1997 and 1996, borrowings under the Revolving Credit Facility totaled $28,000 and $15,000, respectively, and are classified as bank loans. The weighted-average interest rates on the Operating Partnership's bank loans outstanding as of September 30, 1997 and 1996 were 6.44% and 6.00%, respectively. Issued outstanding letters of credit under the Revolving Credit Facility totaled $2,305 at September 30, 1996. There were no issued outstanding letters of credit under the Revolving Credit Facility at September 30, 1997.

The Acquisition Facility provides the Operating Partnership with the ability to borrow up to $75,000 to finance propane business acquisitions. The Acquisition Facility operates as a revolving facility through September 15, 2000, at which time any amount then outstanding will convert to a quarterly amortizing four-year term loan. The Acquisition Facility permits the Operating Partnership to borrow at the Base Rate or prevailing one-, two-, three-, or six-month offshore interbank borrowing rates, plus a margin (.50% as of September 30, 1997). The applicable margin on such offshore interbank borrowing rates, and the Acquisition Facility commitment fee rate (.20% per annum at September 30, 1997), are dependent upon the Operating Partnership's ratio of funded debt to EBITDA, as defined. The weighted-average interest rates on the Operating Partnership's acquisition loans outstanding as of September 30, 1997 and 1996 were 6.32% and 6.34%, respectively.

Prior to September 15, 1997, the Bank Credit Agreement included a Special Purpose Facility comprising a $30,000 nonrevolving line of credit to be used for the payment of certain liabilities of the Operating Partnership. On September 15, 1997, borrowings under the Special Purpose Facility of $7,000 were converted to borrowings under the Revolving Credit Facility.

The Bank Credit Agreement and the First Mortgage Notes contain restrictive covenants which include restrictions on the incurrence of additional indebtedness and restrictions on certain liens, guarantees, loans and advances, payments, mergers, consolidations, sales of assets and other transactions. They also require the ratio of total indebtedness, as defined, to EBITDA, as defined (and as calculated on a rolling four-quarter basis or eight-quarter basis divided by two), to be less than or equal to 5.25-to-1. In addition, the Bank Credit Agreement requires that the Operating Partnership maintain a ratio of EBITDA to interest expense, as defined, of at least 2.25-to-1 on a rolling four-quarter basis. Generally, as long as no default exists or would result, the Operating Partnership is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

The Operating Partnership also has a revolving credit agreement with the General Partner under which it may borrow up to $20,000 to fund working capital, capital expenditures, and interest and distribution payments. This agreement is coterminous with, and generally comparable to, the Operating Partnership's Revolving Credit Facility except that borrowings under the General Partner Facility are unsecured and subordinated to all senior debt of the Partnership. Interest rates on borrowings are based upon one-month offshore interbank borrowing rates. Facility fees are determined in the same manner as fees under the Revolving Credit Facility. UGI has agreed to contribute on an as needed basis through its subsidiaries up to $20,000 to the General Partner to fund such borrowings.

5. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

During the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, the General Partner sponsored 401(k) savings plans for eligible employees. Generally, participants in these plans could contribute a portion of their compensation on a pre-tax basis. Effective October 1, 1996, the General Partner provides a dollar-for-dollar match of participants' contributions up to 5% of eligible compensation. Prior to October 1, 1996, the General Partner, at its discretion, could match a portion of participants' contributions. In addition, during the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, substantially all eligible employees of the General Partner were also covered by noncontributory defined contribution pension plans. Contributions to the pension plans represented a percentage of each covered employee's salary. Effective October 1, 1996, the General Partner ceased to contribute to the pension plans and the assets were merged into the savings plans. The cost of benefits under the pension and savings plans for the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, was $4,762, $4,943 and $2,614, respectively.

The General Partner provides postretirement health care benefits to a closed group of retired employees of the Predecessor Companies and also provides limited life insurance benefits to substantially all active employees of the General Partner and certain retired employees of the General Partner and the Predecessor Companies. The cost of postretirement medical and life insurance benefits for the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, and the accumulated benefit obligations as of the end of such periods, were not material.

6. INVENTORIES

Inventories comprise the following at September 30:

	1997	1996
Propane gas	$47,641	$47,861
Materials, supplies and other	12,519	15,539
Appliances for sale	4,773	6,288
	$64,933	$69,688

In addition to inventories on hand, the Partnership also enters into contracts to purchase propane to meet a portion of its supply requirements. Generally, such contracts have terms of less than one year and call for payment based on either fixed prices or market prices at date of delivery.

7. PROPERTY, PLANT AND EQUIPMENT

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

	1997	1996
Land	$ 52,849	$ 51,672
Buildings and improvements	50,566	48,079
Transportation equipment	53,284	53,612
Storage facilities	58,200	55,432
Equipment, primarily cylinders and tanks	387,554	372,805
Capital leases	5,211	8,457
Other	4,398	2,905
	612,062	592,962
Less accumulated depreciation and amortization	(167,385)	(138,850)
Net property, plant and equipment	$ 444,677	$ 454,112

8. PARTNERS' CAPITAL AND INCENTIVE COMPENSATION PLAN

Partners' capital consists of 22,060,407 Common Units representing a 52.2% limited partner interest, 19,782,146 Subordinated Units representing a 46.8% limited partner interest, and a 1% general partner interest.

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

On October 28, 1996, the General Partner adopted the AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan (1997 Propane Plan), effective October 1, 1996. Under the 1997 Propane Plan, the General Partner may grant to key employees the right to receive Common Units, or cash generally equivalent to the fair market value of such Common Units, on the payment date. In addition, the 1997 Propane Plan provides for the crediting of distribution equivalents to participants' accounts from the grant date through the date of payment. Distribution equivalents will be paid in cash, and such payment may, at the participant's request, be deferred. The number of Common Units which may be made the subject of grants under the 1997 Propane Plan may not exceed 500,000. Generally, each grant, to the extent it has not previously been paid, will terminate when the participant ceases to be employed by the General Partner.

The actual number of Common Units (or their cash equivalent) that may be delivered pursuant to the 1997 Propane Plan, as well as the amount of the distribution equivalent, are contingent upon the date on which the requirements for early conversion of Subordinated Units are met. If the requirements for early conversion are not met by September 30, 2001, no payments under the 1997 Propane Plan will be made. During the year ended September 30, 1997, 84,500 Common Units were made the subject of grants under the 1997 Propane Plan. At September 30, 1997, 415,500 Common Units were available for future grants.

Compensation expense for the year ended September 30, 1997 associated with the 1997 Propane Plan was $1,560. Compensation expense as determined under the provisions of SFAS 123 is the same.

9. COMMITMENTS AND CONTINGENCIES

The Partnership leases various buildings and transportation, data processing and office equipment under operating leases. Certain of the leases contain renewal and purchase options and also contain escalation clauses. The aggregate rental expense for such leases for the years ended September 30, 1997 and 1996, and the period April 19, 1995 through September 30, 1995, was $23,481, $23,090 and $8,866, respectively.

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

	CAPITAL LEASES	OPERATING LEASES
Year ending September 30,		
1998	$1,417	$21,604
1999	926	17,743
2000	7	13,963
2001	-	11,121
2002	-	7,396
Thereafter	-	20,419
	2,350	$ 92,246
Less imputed interest	(205)	
Present value of capital lease obligations	$2,145	

The Partnership has succeeded to the lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations prior to its 1989 acquisition by QFB Partners. These leases are currently estimated to aggregate approximately $67,000. The leases expire through 2010, and some of them are currently in default. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation (Texas Eastern), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. To date, Texas Eastern has directly satisfied defaulted lease obligations without the Partnership's having to honor its guarantee. The Partnership believes the probability that it will be required to directly satisfy such lease obligations is remote.

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

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

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

10. RELATED PARTY TRANSACTIONS

Pursuant to the Amended and Restated Agreement of Limited Partnership, the General Partner is entitled to reimbursement of all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with the Partnership's business. These costs, which totaled $177,210, $176,425 and $72,648 for the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses. UGI provides certain financial and administrative services to the

General Partner. UGI bills the General Partner for these direct and indirect corporate expenses, and the General Partner is

reimbursed by the Partnership for these expenses. For the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, such corporate expenses totaled $6,557, $7,786 and $4,116, respectively. In addition, UGI and certain of its subsidiaries provide office space and general liability, automobile and workers' compensation insurance to the Partnership. For the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, expenses associated with these items totaled $3,009, $3,189, and $1,207, respectively.

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

11. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following at September 30:

	1997	1996
Self-insured property and casualty liability.....	$ 10,969	$ 12,429
Insured property and casualty liability.....	1,801	19,024
Taxes other than income taxes.....	9,981	5,198
Other.....	3,320	6,523
	$ 26,071	$ 43,174

12. UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

The pro forma consolidated statement of operations does not purport to present the results of operations of the Partnership had the Partnership Formation actually been completed as of September 24, 1994. In addition, the pro forma consolidated statement of operations is not necessarily indicative of the results of future operations of the Partnership and should be read in conjunction with the consolidated financial statements of the Partnership and the Predecessor Companies appearing in the Partnership's Annual Report on Form 10-K.

	53 WEEKS ENDED SEPTEMBER 30, 1995 (Unaudited)
Revenues:	
Propane.....	$ 779,167
Other.....	99,421
	878,588
Costs and expenses:	
Cost of sales.....	458,990
Depreciation and amortization.....	62,259
Operating expenses.....	301,570
Miscellaneous income, net.....	(7,968)
	814,851
Operating income.....	63,737
Interest expense.....	(62,823)
Income taxes.....	(140)
Minority interest.....	(115)
Net income	$ 659
Net income per limited partner unit	$ .02

Significant pro forma adjustments reflected in the data above include (a) the elimination of income taxes as a result of operating

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

13. FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and bank loans approximate fair value because of the immediate or short-term maturity of these financial instruments. Based upon current market prices and discounted present value methods calculated using borrowing rates currently available for debt with similar credit ratings, terms and maturities, the fair values of total long-term debt outstanding at September 30, 1997 and 1996 are estimated to be $737,000 and $720,000, respectively.

Financial instruments which potentially subject the Partnership to concentrations of credit risk consist principally of trade accounts receivable. The risk associated with trade accounts receivable is limited due to the Partnership's large customer base and its dispersion across many different U.S. markets. At September 30, 1997 and 1996, the Partnership had no significant concentrations of credit risk.

14. MISCELLANEOUS INCOME

Miscellaneous income comprises the following:

	YEAR ENDED SEPTEMBER 30,		APRIL 19 TO SEPTEMBER 30,
	1997	1996	1995
Interest income	$ 1,475	$ 1,278	$ 1,795
Gain on sale of Atlantic Energy, Inc.	4,700	-	-
Gain on sale of fixed assets	1,001	1,855	366
Other	4,140	5,262	1,042
	$ 11,316	$ 8,395	$ 3,203

15. QUARTERLY DATA (UNAUDITED)

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

	DECEMBER 31,		MARCH 31,		JUNE 30,		SEPTEMBER 30,	
	1996	1995	1997(a)	1996(b)	1997	1996	1997	1996
Revenues	$360,116	$285,796	$371,149	$374,768	$ 177,666	$ 175,552	$ 168,894	$ 177,109
Operating income (loss)	57,699	33,528	65,794	67,144	593	(6,929)	(13,713)	(20,877)
Net income (loss)	39,951	17,427	48,508	51,298	(15,152)	(22,146)	(29,327)	(36,341)
Net income (loss) per limited partner unit	.95	.41	1.15	1.22	(.36)	(.53)	(.69)	(.86)

(a) Includes gain from the sale of the Partnership's 50% equity interest in Atlantic Energy, Inc., which owns and operates a liquefied petroleum gas storage terminal in Chesapeake, Virginia. The gain increased operating income by $4,700 and net income by $4,652 or $.11 per limited partner unit.

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

GENERAL PARTNER'S REPORT

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

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

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

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

/s/ Lon R. Greenberg	/s/ Charles L. Ladner
Lon R. Greenberg	Charles L. Ladner
Chairman and Chief Executive Officer	Chief Financial and Accounting Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1997 and 1996 and the related consolidated statements of operations, partners' capital and cash flows for the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995. These financial statements are the responsibility of the management of AmeriGas Propane, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1997 and 1996 and the results of their operations and their cash flows for the years ended September 30, 1997 and 1996, and the period April 19, 1995 to September 30, 1995, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen

Chicago, Illinois
November 14, 1997

EXHIBIT 21

AMERIGAS PARTNERS, L.P. SUBSIDIARIES

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

* AmeriGas Partners, L.P. owns 98.9899% of AmeriGas Propane, L.P.

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF OPERATIONS OF AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS INCLUDED IN AMERIGAS PARTNERS' ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1997.

0000932628
AMERIGAS PARTNERS, L.P.
1,000

12-MOS
SEP-30-1997
OCT-01-1996
SEP-30-1997
4,069
0
86,216
7,875
64,933
183,091
612,062
167,385
1,318,661
180,869
684,308
0
0
0
397,537
1,318,661
1,077,825
1,077,825
600,372
600,372
0
0
65,658
44,715
180
43,980
0
0
0
43,980
1.04
1.04

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF AMERIGAS FINANCE CORP. AS OF SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT INCLUDED IN AMERIGAS PARTNERS' ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1997.

0000945792
AMERIGAS FINANCE CORP.
1

12-MOS
SEP-30-1997
OCT-01-1996
SEP-30-1997
1,000
0
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1,000
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EXHIBIT 99

FORWARD-LOOKING STATEMENTS

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

RISK FACTORS

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

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