

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 1996

OR

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

For the transition period from _____ to _____

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.
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
(Address of principal executive offices)

19406

(Zip Code)

(610) 337-7000

(Registrants' telephone number, including area code)

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

At January 31, 1997, the registrants had units and shares of common
stock outstanding as follows:

AmeriGas Partners, L.P. - 21,949,272 Common Units
19,782,146 Subordinated Units
AmeriGas Finance Corp. - 100 shares

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Thousands of dollars)

	December 31, 1996	September 30, 1996	December 31, 1995
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 23,689	\$ 2,122	\$ 7,583
Accounts receivable (less allowances for doubtful accounts of \$7,265, \$6,579 and \$5,614, respectively)	152,313	85,926	124,086
Inventories	93,767	82,957	66,387
Prepaid expenses and other current assets	24,465	29,375	6,739
Total current assets	294,234	200,380	204,795
Property, plant and equipment (less accumulated depreciation and amortization of \$147,455, \$138,850 and \$113,890, respectively)	451,343	454,112	458,584
Intangible assets (less accumulated amortization of \$98,343, \$94,785 and \$80,566, respectively)	685,959	691,688	735,270
Other assets	26,154	26,043	38,652
Total assets	\$ 1,457,690	\$ 1,372,223	\$ 1,437,301
	=====	=====	=====
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Current maturities of long-term debt	\$ 7,098	\$ 5,150	\$ 5,006
Bank loans	70,000	15,000	18,000
Accounts payable - trade	79,590	46,891	52,046
Accounts payable - related parties	3,200	2,552	437
Other current liabilities	82,407	108,667	59,358
Total current liabilities	242,295	178,260	134,847
Long-term debt	691,074	687,303	660,788
Other noncurrent liabilities	59,624	58,927	79,361
Minority interest	5,694	5,497	6,677
Partners' capital	459,003	442,236	555,628
Total liabilities and partners' capital	\$ 1,457,690	\$ 1,372,223	\$ 1,437,301
	=====	=====	=====

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

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

	Three Months Ended December 31,	
	1996	1995
Revenues:		
Propane	\$ 331,894	\$ 256,649
Other	28,222	29,147
	<u>360,116</u>	<u>285,796</u>
Costs and expenses:		
Cost of sales-propane	191,925	148,060
Cost of sales-other	12,783	14,660
Operating and administrative expenses	83,607	76,920
Depreciation and amortization	15,500	15,472
Miscellaneous income, net	(1,398)	(2,844)
	<u>302,417</u>	<u>252,268</u>
Operating income	57,699	33,528
Interest expense	(16,706)	(15,563)
	<u>40,993</u>	<u>17,965</u>
Income before income taxes	40,993	17,965
Income taxes	(608)	(334)
Minority interest	(434)	(204)
	<u>39,951</u>	<u>17,427</u>
Net income	\$ 39,951	\$ 17,427
	=====	=====
General partner's interest in net income	\$ 400	\$ 174
	=====	=====
Limited partners' interest in net income	\$ 39,551	\$ 17,253
	=====	=====
Income per limited partner unit	\$.95	\$.41
	=====	=====
Average limited partner units outstanding (thousands)	41,731	41,723
	=====	=====

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

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

	Three Months Ended December 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 39,951	\$ 17,427
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	15,500	15,472
Other, net	1,570	846
	57,021	33,745
Net change in:		
Accounts receivable	(67,743)	(62,603)
Inventories	(10,593)	13,073
Accounts payable	33,345	15,698
Other current assets and liabilities	(21,597)	(23,387)
Net cash used by operating activities	(9,567)	(23,474)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(6,553)	(7,201)
Proceeds from disposals of assets	743	1,217
Decrease in short-term investments	-	9,000
Acquisitions of businesses, net of cash acquired	(918)	(523)
Net cash provided (used) by investing activities	(6,728)	2,493
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	(23,184)	(23,175)
Minority interest activity	(237)	(236)
Increase in bank loans	55,000	18,000
Issuance of long-term debt	7,000	8
Repayment of long-term debt	(717)	(850)
Capital contribution from General Partner	-	8
Net cash provided (used) by financing activities	37,862	(6,245)
PARTNERSHIP FORMATION TRANSACTIONS:		
Fees and expenses	-	(4,758)
Cash and cash equivalents increase (decrease)	\$ 21,567	\$ (31,984)
CASH AND CASH EQUIVALENTS:		
End of period	\$ 23,689	\$ 7,583
Beginning of period	2,122	39,567
Increase (decrease)	\$ 21,567	\$ (31,984)

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
 (unaudited)
 (Thousands, except unit data)

	Number of units						
	Common	Subordinated					
BALANCE SEPTEMBER 30, 1996	21,949,272	19,782,146	\$ 230,376	\$ 207,439	\$ 4,421	\$ 442,236	
Net income			20,802	18,749	400	39,951	
Distributions			(12,072)	(10,880)	(232)	(23,184)	
BALANCE DECEMBER 31, 1996	21,949,272	19,782,146	\$ 239,106	\$ 215,308	\$ 4,589	\$ 459,003	

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

AMERIGAS PARTNERS, L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(Thousands of dollars, except per unit)

1. BASIS OF PRESENTATION

AmeriGas Partners, L.P. (AmeriGas Partners), through its subsidiary AmeriGas Propane L.P. (the "Operating Partnership"), is the largest retail propane distributor in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 44 states, including Alaska and Hawaii. AmeriGas Partners and the Operating Partnership are Delaware limited partnerships. AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and the Operating Partnership. The General Partner holds a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in the Operating Partnership. In addition, the General Partner and certain of its wholly owned subsidiaries own an effective 56.7% limited partner interest in the Operating Partnership.

The condensed consolidated financial statements include the accounts of AmeriGas Partners, the Operating Partnership and their subsidiaries, collectively referred to herein as the Partnership. The General Partner's 1.01% interest in the Operating Partnership is accounted for in the condensed consolidated financial statements as a minority interest. The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission. They include all adjustments which the Partnership considers necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership's Report on Form 10-K for the year ended September 30, 1996. Due to the seasonal nature of the Partnership's propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

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.

AMERIGAS PARTNERS, L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Thousands of dollars, except per unit)

2. DISTRIBUTIONS OF AVAILABLE CASH

A distribution of 55 cents per limited partner unit (the "Minimum Quarterly Distribution" or "MQD") for the quarter ended September 30, 1996 was paid on November 18, 1996 on all Common and Subordinated units. On January 27, 1997, the Partnership declared the MQD on all Common and Subordinated units for the quarter ended December 31, 1996, payable February 18, 1997 to holders of record on February 7, 1997.

3. RELATED PARTY TRANSACTIONS

In accordance with the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, 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 totaled \$47,301 and \$47,561 during the three months ended December 31, 1996 and 1995, respectively. In addition, UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner for these direct and indirect corporate expenses and the General Partner is reimbursed by the Partnership for these expenses. During the three months ended December 31, 1996 and 1995, such corporate expenses totaled \$1,481 and \$2,074, respectively.

4. COMMITMENTS AND CONTINGENCIES

The Partnership has succeeded to the lease guarantee obligations of Petrolane Incorporated (Petrolane), a predecessor company of the Partnership, relating to Petrolane's divestiture of nonpropane operations prior to its 1989 acquisition by QFB Partners. These leases are currently estimated to aggregate approximately \$88,000 (subject to reduction in certain circumstances). The leases expire through 2010 and some of them are currently in default. Under certain circumstances such lease obligations may be reduced by the earnings of such divested operations. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation (Texas Eastern), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. To date, Texas Eastern has directly satisfied its obligations without the Partnership's having to honor its guarantee.

In addition, the Partnership has succeeded to Petrolane's agreement to indemnify Shell Petroleum N.V. (Shell) for various scheduled claims that were pending against Tropigas de Puerto Rico (Tropigas). This indemnification agreement had been entered into by Petrolane in conjunction with Petrolane's sale of the international operations of Tropigas

AMERIGAS PARTNERS, L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Thousands of dollars, except per unit)

to Shell in 1989. The Partnership also succeeded to Petrolane's right to seek indemnity on these claims first from International Controls Corp., which sold Tropigas to Petrolane, and then from Texas Eastern. To date, neither the Partnership nor Petrolane has paid any sums under this indemnity, but several claims by Shell, including claims related to certain antitrust actions aggregating at least \$68,000, remain pending.

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

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

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

BALANCE SHEETS
(unaudited)

ASSETS -----	December 31, 1996 -----	September 30, 1996 -----
Cash	\$ 1,000 =====	\$ 1,000 =====
 STOCKHOLDER'S EQUITY -----		
Common stock, \$.01 par value; 100 shares authorized, 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.)

NOTE TO BALANCE SHEETS

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ANALYSIS OF RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 1996 COMPARED WITH THREE MONTHS ENDED
DECEMBER 31, 1995

Three Months Ended December 31,	1996	1995		Increase (Decrease)
(Millions, except per gallon and percentages)				
Gallons sold:				
Retail	251.7	244.3	7.4	3.0%
Wholesale	68.6	119.2	(50.6)	(42.4)%
	-----	-----	-----	
	320.3	363.5	(43.2)	(11.9)%
	=====	=====	=====	
Degree days - % colder (warmer) than normal (a)	(1.6)%	2.3%	-	-
Revenues:				
Retail propane	\$285.9	\$209.9	\$ 76.0	36.2%
Wholesale propane	46.0	46.8	(.8)	(1.7)%
Other	28.2	29.1	(.9)	(3.1)%
	-----	-----	-----	
	\$360.1	\$285.8	\$ 74.3	26.0%
	=====	=====	=====	
Total margin (b)	\$155.4	\$123.1	\$ 32.3	26.2%
EBITDA (c)	\$ 73.2	\$ 49.0	\$ 24.2	49.4%
Operating income	\$ 57.7	\$ 33.5	\$ 24.2	72.2%

(a) 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.

(b) Total revenues less total cost of sales.

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

Retail volumes of propane sold increased in the three months ended December 31, 1996, notwithstanding the warmer weather, reflecting the effects of acquisitions, an increase in sales of

AMERIGAS PARTNERS, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

propane used for crop drying due to wet weather in much of the farm belt, and volume growth. Wholesale volumes of propane sold were lower in the three months ended December 31, 1996 reflecting reduced low-margin sales of storage inventories.

Total revenues increased significantly in the three months ended December 31, 1996 as a result of higher average selling prices, reflecting higher propane product costs, and, to a much lesser extent, the greater retail volumes. Propane supply costs were significantly higher in the three months ended December 31, 1996 due in part to historically low U.S. propane inventory levels caused by a number of factors including increased petrochemical demand for propane use as a feedstock, an extended cold 1995/1996 winter in the eastern United States, increased off-shore demand for propane resulting from colder weather in Europe, and the impact of a midsummer explosion at a gas processing facility in Mexico. The spot price of propane at Mont Belvieu, Texas, a major U.S. storage and distribution hub, increased dramatically during the three months ended December 31, 1996 rising to a quarterly high of 70.5 cents per gallon on December 16, 1996. Propane spot market prices began to decline late in the quarter. This general trend of decline has continued into the beginning of the second quarter of fiscal 1997.

Total propane margin was significantly greater in the three months ended December 31, 1996 reflecting the impact of higher average retail unit margins and higher retail volumes. Although the Partnership's propane product costs increased, such product cost increase was partially mitigated by favorable fixed-price supply commitments and financial contracts entered into by the Partnership as part of its overall propane supply strategy. In addition, the higher 1996 average retail unit margin reflects the fact that retail unit margins in the prior-year period were adversely impacted by certain sales and marketing programs initiated by the Partnership.

The increase in operating income and EBITDA during the three months ended December 31, 1996 reflects the impact of the higher total margin partially offset by higher operating expenses and a decrease in miscellaneous income. The increase in operating expenses includes higher customer equipment repairs and maintenance expenses, higher distribution expenses due in large part to higher fuel costs, and incremental costs associated with acquisitions and new district locations. Miscellaneous income in the prior-year period was higher than in 1996 principally due to \$1.4 million of income from the early settlement of propane supply contracts.

Interest expense was \$16.7 million in the three months ended December 31, 1996 compared with \$15.6 million in the prior-year period reflecting increased interest expense on the Partnership's Revolving Credit and Acquisition facilities principally as a result of higher amounts outstanding.

AMERIGAS PARTNERS, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

FINANCIAL CONDITION AND LIQUIDITY

FINANCIAL CONDITION

AmeriGas Partners' debt outstanding at December 31, 1996 totaled \$768.2 million compared with \$707.5 million at September 30, 1996. The increase is principally a result of a \$55 million seasonal increase in borrowings under the Operating Partnership's Revolving Credit Facility and \$7 million of borrowings under its Acquisition Facility.

Effective October 28, 1996, the Operating Partnership 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. This agreement is coterminous with the Operating Partnership's Revolving Credit Facility. Borrowings under the General Partner Facility will be unsecured and subordinated to all senior debt of the Partnership. Interest rates on borrowings and facility fees will be determined generally on the same basis as the Revolving Credit Facility's interest rates and fees. UGI has agreed to contribute on an as needed basis through its subsidiaries up to \$20 million to the General Partner to fund such borrowings. Also effective October 28, 1996, the Operating Partnership's Bank Credit Agreement was amended to include a revolving \$15 million sublimit under its Special Purpose Facility which can be used to fund working capital, capital expenditures, and interest and distribution payments. This sublimit is scheduled to expire April 12, 1998. At December 31, 1996, there were no borrowings under the General Partner Facility or the sublimit under the Special Purpose Facility.

During the three months ended December 31, 1996, the Partnership declared and paid the MQD of 55 cents on all units for the quarter ended September 30, 1996. The MQD for the quarter ended December 31, 1996 will be made on February 18, 1997 to holders of record on February 7, 1997 of all Common and Subordinated units.

CASH FLOWS

Cash and cash equivalents totaled \$23.7 million at December 31, 1996 compared with \$2.1 million at September 30, 1996. The higher balance at December 31, 1996 is a result of short-term borrowings made in anticipation of certain working capital payments. Due to the seasonal nature of the propane business, cash flows from operating activities are generally strongest during the second and third fiscal quarters of the Partnership when customers pay for propane purchased during the heating season and are typically at their lowest levels during the first and fourth fiscal quarters. Accordingly, cash flows from operations during the three months ended December 31, 1996 are not necessarily indicative of cash flows to be expected for a full year.

OPERATING ACTIVITIES. Cash used by operating activities was \$(9.6) million during the three months ended December 31, 1996 compared with \$(23.5) million in the comparable prior-year period. Cash flows from operations before changes in working capital were \$57.0 million in the three months ended

AMERIGAS PARTNERS, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

December 31, 1996 compared with \$33.7 million during the three months ended December 31, 1995 reflecting a significant improvement in AmeriGas Partners' operating performance. Changes in operating working capital during the three months ended December 31, 1996 required \$66.6 million of operating cash flow principally from a \$67.7 million seasonal increase in accounts receivable, a \$10.6 million increase in inventories, and a \$23.3 million net use of cash from changes in accruals for interest and employee benefits partially offset by a \$33.3 million increase in accounts payable. During the three months ended December 31, 1995, changes in operating working capital required \$57.2 million of operating cash flow.

INVESTING ACTIVITIES. Cash expenditures for property, plant and equipment totaled \$6.6 million (including maintenance capital expenditures of \$2.7 million) during the three months ended December 31, 1996 compared with \$7.2 million (including maintenance capital expenditures of \$1.9 million) in the prior-year period. Maturing short-term investments increased cash flows from investing activities by \$9.0 million during the 1995 period.

FINANCING ACTIVITIES. During each of the three-month periods ended December 31, 1996 and 1995, AmeriGas Partners made distributions to its unitholders and the General Partner of \$23.2 million. These amounts represented the MQD on all units for each of the quarters ended September 30, 1996 and 1995. In addition, during each of the three-month periods ended December 31, 1996 and 1995, the Operating Partnership distributed \$.2 million to the General Partner in respect of the General Partner's 1.0101% interest in the Operating Partnership. In order to meet seasonal working capital needs, during the three months ended December 31, 1996 the Operating Partnership borrowed \$55 million under its Revolving Credit Facility compared with \$18 million during the same period in the prior-year. Seasonal borrowing requirements in the prior-year period were lower due to the existence of significant cash balances at the beginning of such period. The Partnership also borrowed \$7 million under its Acquisition Facility during the three months ended December 31, 1996 relating to acquisitions made prior to fiscal 1997. There were no borrowings under the Acquisition Facility during the same period last year.

PARTNERSHIP FORMATION TRANSACTIONS. Cash paid for Partnership formation transactions during the three months ended December 31, 1995 represents the reimbursement by the Partnership of fees and expenses previously paid by AmeriGas, Inc. relating to the formation of the Partnership.

AMERIGAS PARTNERS, L.P.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Commercial Row Cases, Judicial Council of California, Coordination Proceeding No. 3096. Beginning in June 1994, twenty-one complaints were filed against AmeriGas Propane, Inc., a Delaware corporation ("API") and a predecessor of AmeriGas Propane, L.P., in the Superior Court of California, arising from an explosion which occurred in Truckee, California on November 30, 1993. The explosion is alleged to have occurred as the result of the escape of propane gas from a fractured fitting in an underground supply line. The complaints sought relief for alleged personal injuries and/or property damage and named as defendants the manufacturer and the distributor of the fitting, in addition to API. The cases were consolidated by the Judicial Council of California as the Commercial Row Cases, Judicial Council Coordination Proceeding No. 3096. All of the complaints requested damages in unspecified amounts; some of the complaints sought punitive damages as well as compensatory damages. All but three of the claims have been settled; all such settlements were fully insured, subject to a \$500,000 self-insured retention. Although trial of the remaining claims is scheduled to begin on February 24, 1997, the remaining claimants' demands, in the aggregate, are immaterial to the Partnership.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits

- 10.1 AmeriGas Propane, Inc. Executive Employee Severance Plan.
- 10.2 Form of Change of Control Agreement between AmeriGas Propane, Inc. and Ms. D. L. Carter, and each of Messrs. E. V. N. Bissell, R. P. Grady, W. D. Katz, R. H. Knauss, G. E. Regan and D. C. Riggan.
- 27 Financial Data Schedule

(b) AmeriGas Partners, L.P. filed a Current Report on Form 8-K dated November 19, 1996, reporting factors affecting forward-looking statements under Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

AmeriGas Partners, L.P.

(Registrant)
By: AmeriGas Propane, Inc.,
as General Partner

Date: February 13, 1997

By: D. C. Riggan

D. C. Riggan
Vice President - Finance & Accounting

AmeriGas Finance Corp.

(Registrant)

Date: February 13, 1997

By: D. C. Riggan

D. C. Riggan
Vice President - Finance & Accounting

EXHIBIT INDEX

10.1	AmeriGas Propane, Inc. Executive Employee Severance Plan
10.2	Form of Change of Control Agreement between AmeriGas Propane, Inc., and Ms. D. L. Carter and each of Messrs. E. V. N. Bissell, R. P. Grady, W. D. Katz, R. H. Knauss, G. E. Regan and D. C. Riggan.
27	Financial Data Schedule

AMERIGAS PROPANE, INC.

EXECUTIVE EMPLOYEE

SEVERANCE PAY PLAN

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ARTICLE I

PURPOSE AND TERM OF PLAN

Section 1.01 Purpose of the Plan. The AmeriGas Propane, Inc. Executive Employee Severance Pay Plan (the "Plan"), as set forth herein, is intended to alleviate, in part or in full, financial hardships which may be experienced by certain of those employees of the Company whose employment is terminated without fault in recognition of their past service to the Company. In essence, benefits under the Plan are intended to be additional compensation for past services or for the continuation of specified fringe benefits for a transitional period. The amount or kind of benefit to be provided is to be based on the Executive Employee's Compensation, as defined in Section 2.09 hereof, or the fringe benefit programs applicable to the Participant, at the Participant's Employment Termination Date, as defined in Section 2.11 hereof. The Plan is not intended to be included in the definitions of "employee pension benefit plan" and "pension plan" set forth under Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Rather, this Plan is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, ss. 2510.3-2(b). Accordingly, the benefits paid by the Plan are not deferred compensation.

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

ARTICLE II

DEFINITIONS

Section 2.01 "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange of 1934, as amended.

Section 2.02 "Benefit" or "Benefits" shall mean any or all of the benefits that a Participant is entitled to receive pursuant to Article IV of the Plan.

Section 2.03 "Board of Directors" shall mean the Board of Directors of AmeriGas Propane, Inc., or any successor thereto.

Section 2.04 "Chairman of the Board" shall mean the individual serving as the Chairman of the Board of Directors of AmeriGas Propane, Inc. as of the date of reference.

Section 2.05 "Change of Control" shall mean a change of control as defined in the form of the AmeriGas Propane, Inc. Change of Control Agreement set forth in Appendix A hereto and as amended.

Section 2.06 "Chief Executive Officer" shall mean the individual serving as the Chief Executive Officer of AmeriGas Propane, Inc. as of the date of reference.

Section 2.07 "Committee" shall mean the administrative committee designated pursuant to Article VI of the Plan to administer the Plan in accordance with its terms.

Section 2.08 "Company" shall mean AmeriGas Propane, Inc., a Pennsylvania corporation. The term "Company" shall include any successor to AmeriGas Propane, Inc. or any subsidiary or Affiliate, which has adopted the Plan, or a corporation succeeding to the business of AmeriGas Propane, Inc., or any subsidiary or Affiliate, by merger, consolidation or liquidation or purchase of assets or stock or similar transaction.

Section 2.09 "Compensation" shall mean the Participant's annual base salary and applicable target annual bonus amount, if any, in effect on the first day of the calendar quarter immediately preceding the Participant's Employment Termination Date.

Section 2.10 "Employment Commencement Date" shall mean the most recent day on which a Participant became an employee of the Company, any Affiliate of the Company, or any entity whose business or assets have been acquired by the Company, its Affiliates or by any predecessor of such entities, unless the Committee determines to give credit for prior service, if any.

Section 2.11 "Employment Termination Date" shall mean the date on which the current employment relationship between the Participant and the Company is terminated.

Section 2.12 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.13 "Executive Employee" shall mean any individual employed by the Company at grade level thirty-six (36) or higher.

Section 2.14 "Just Cause" shall mean dismissal due to misappropriation of funds, substance abuse, habitual insobriety, 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 the Company and its subsidiaries and Affiliates taken as a whole. Disputes with respect to whether Just Cause exists shall be resolved in accordance with Article IX.

Section 2.15 "Participant" shall mean any Executive Employee.

Section 2.16 "Plan" shall mean the AmeriGas Propane, Inc. Executive Employee Severance Pay Plan, as set forth herein, and as the same may from time to time be amended.

Section 2.17 "Plan Year" shall mean each fiscal year of the Company during which this Plan is in effect.

Section 2.18 "Salary Continuation Period" shall equal one business day for each month which is included in the Participant's Years of Service plus the number of months of paid notice under Section 4.01(c) to a maximum of fifteen (15) months (eighteen (18) months in the case of the Chief Executive Officer).

Section 2.19 "Year of Service" shall mean each twelve-month period (or part thereof) beginning on the Executive Employee's Employment Commencement Date and ending on each anniversary thereof. Additional Years

of Service based on earlier employment with the Company, any Affiliate of the Company or any entity whose business or assets have been acquired by the Company, its Affiliates or by any predecessor of such entities, shall be counted only if permitted by the Committee.

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.01 General Eligibility Requirement. In order to receive a Benefit under this Plan, a Participant's employment must have been terminated by the Company other than for Just Cause, death, or continuous illness, injury or incapacity for a period of six consecutive months.

Section 3.02 Substantially Comparable Employment. In the absence of a Change of Control, notwithstanding anything herein to the contrary, no Benefits shall be due hereunder in connection with the disposition of a business, division, or Affiliate by the Company or an Affiliate if substantially comparable terms of employment, as determined by the Committee, have been offered by the transferee; provided, however, that the Committee, in such situation, may determine to have the Company provide any of the Benefits.

ARTICLE IV

BENEFIT

Section 4.01 Amount of Immediate Cash Benefit. The cash amount to be paid to a Participant eligible to receive Benefits under Section 3.01 hereof, shall be paid in a lump sum as provided in Section 5.01 hereof and shall equal the sum of the following, except that any payment under paragraph (b) below that is based on annual financial performance will be excluded from the lump sum payment and paid separately as provided below:

(a) An amount equal to the Participant's vacation entitlement, including banked vacation time, and personal holidays through the end of the Participant's Salary Continuation Period;

(b) An amount equal to the Participant's annual target bonus amount under the applicable annual bonus plan (or its successor) for the current Plan Year multiplied by the number of months elapsed in the current Plan Year to his or her Employment Termination Date and divided by twelve (12), together with any amounts previously deferred by the Participant under such plan (with interest thereon at the rate prescribed by such plan) as well as any amounts due from the prior year under such plan but not yet paid, provided, however, that if the Employment Termination Date occurs in the last two (2) months of the fiscal year, in lieu of the payment described above, the amount to be paid pursuant to this clause (b) shall be determined and paid after the end of the fiscal year in accordance with the terms and conditions of the applicable annual bonus plan as though the Participant were still an Employee, except that the weighting to be applied to the Participant's business/financial performance goals under the annual bonus plan will be deemed to be 100%; provided further, however, that in the discretion of the Chief Executive Officer, the amount payable pursuant to this paragraph (b) may be computed in all cases for Employment Termination Dates occurring during the first ten (10) months of the fiscal year;

(c) In the case of the Chief Executive Officer, an amount of paid notice equal to one hundred thirty (130) times a fraction the numerator of which is the Chief Executive Officer's Compensation and the denominator of which is two hundred

sixty (260), and in the case of all other Participants, paid notice calculated as an amount equal to sixty-five (65) times a fraction the numerator of which is the Participant's Compensation and the denominator of which is two-hundred sixty (260);

(d) An amount equal to the number of the Participant's Years of Service multiplied by twelve (12) times a fraction the numerator of which is the Participant's Compensation and the denominator of which is two-hundred sixty (260); provided, however, that such amount shall not exceed 100% of the Participant's Compensation; and

(e) An amount equal to the Participant's Distribution Equivalent under the AmeriGas Propane, Inc. 1997 Long-term Incentive Plan accrued through the Salary Continuation Period.

Notwithstanding the foregoing language, the minimum payment pursuant to this Plan shall not be less than six (6) months of base salary at the level in effect on the beginning of the quarter immediately preceding the Employment Termination Date, without regard for target bonus, for Participants in employment grades 36-39 and one (1) year's base salary in effect on the beginning of the quarter immediately preceding the Employment Termination Date, without regard for target bonus, for Participants in employment grades 40 and higher.

Section 4.02 Executive Benefits. The Participant shall continue to be entitled, through the end of the Participant's Salary Continuation Period, to those employee benefits and executive perquisites listed below, and as in effect from time to time during the Salary Continuation Period, if any, based upon the amount of coverage or benefit provided at the Participant's Employment Termination Date:

- (a) Basic Life Insurance;
- (b) Supplemental Life Insurance;
- (c) Medical Plan and Dental Assistance Plan, including COBRA continuation coverage;
- (d) AmeriGas Propane, Inc. Supplemental Executive Retirement Plan; and

(e) UGI Corporation Senior Executive Retirement Plan, to the extent applicable.

In each case, when contributions are required of all Executive Employees at the time of the Participant's Employment Termination Date, or thereafter, if required of all other Executive Employees, the Participant shall be responsible for making the required contributions, on an after-tax basis only, during the Salary Continuation Period in order to be eligible for the coverage. Notwithstanding the foregoing language, the Participant shall not be entitled to make any Flexible Spending Account (child care or medical) contributions during the Salary Continuation Period. In lieu of any or all of the coverages provided under any of clauses (a) through (c) above, the Company may pay to the Participant, at the time payment is otherwise to be made of cash Benefits pursuant to Section 5.01 hereof, a single lump sum payment equal to the then present value of the cost of such coverages. Notwithstanding anything herein to the contrary, any such coverages shall be discontinued if, and at the time, the Participant obtains other employment and becomes eligible to participate in the plan of, or is provided similar coverage by, a new employer; provided, however, that the Participant shall not be required to refund any sum to the Company should a lump sum have been paid pursuant to the preceding sentence. Any applicable conversion rights shall be provided to the Participant at the time coverage ceases. The Committee shall determine to what extent, if any, any other perquisites or benefit coverage such as tax preparation services, etc. shall continue to be provided during the Salary Continuation Period and whether the Participant shall be entitled to outplacement services or to receive title to the Participant's Company-supplied automobile, if any, in which case the value of the Participant's cash Benefit under Section 4.01 hereof shall be increased accordingly, exclusive of sales tax.

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

Section 4.04 Effect on Other Benefits. There shall not be drawn from the continued provision by the Company of any of the aforementioned Benefits any implication of continued employment or of continued right to accrual of retirement benefits under the Company's "qualified" retirement plans or the AmeriGas Propane, Inc. 1997 Long-Term Incentive Plan, and a Terminated Employee shall not, except as provided in Section 4.01 (a) hereof, accrue vacation days, paid holidays, paid sick days or other similar benefits normally associated with employment for any part of the Salary Continuation Period during which benefits are payable under this Plan. The benefits payable under this Plan shall

be in addition to and not in lieu of any payments or benefits due to the Participant under any other plan, policy, or program of the Company, and its subsidiaries, or Affiliates.

ARTICLE V

METHOD AND DURATION OF BENEFIT PAYMENTS

Section 5.01 Method of Payment. The cash Benefits to which a Participant is entitled, as determined pursuant to Article IV hereof, shall be paid in a lump sum. Payment shall be made by mailing to the last address provided by the Participant to the Company. Payment shall be made within thirty (30) days after the Participant's Employment Termination Date, except as otherwise provided in Section 4.01 (b).

Section 5.02 Conditions to Entitlement to Benefit. In order to be eligible to receive any Benefits hereunder, after the Participant's Employment Termination Date, a Participant must be reasonably available to the Company and cooperate in any reasonable manner (so as not to interfere unreasonably with subsequent employment) in providing assistance to the Company in conducting any matters which are pending at such time, and shall execute a release and discharge of the Company and its subsidiaries and Affiliates from any and all claims, demands or causes of action other than as to amounts or benefits due to the Participant under any plan, program or contract provided by, or entered into with, the Company. Such release and discharge shall be in such form as is prescribed by the Committee and counsel for the Company and shall be executed prior to the payment of any benefits due hereunder. In addition, no benefits due hereunder shall be paid to a Participant who is required by Company policy or practice to execute an agreement governing the assignment of patents or a confidentiality or post-employment agreement unless executed copies of such agreements are on file with the Company.

Section 5.03 Payments to Beneficiary(ies). Each Participant shall designate a beneficiary(ies) to receive any Benefits due hereunder in the event of the Participant's death prior to the receipt of all such Benefits. Such beneficiary designation shall be made in the manner, and at the time, prescribed by the Committee in its sole discretion. In the absence of an effective beneficiary designation hereunder, the Participant's estate shall be deemed to be the Participant's designated beneficiary.

ARTICLE VI

ADMINISTRATION

Section 6.01 Appointment. The Committee shall consist of one (1) or more persons appointed by the Chairman of the Board. Committee members may be, but need not be, employees of the Company, including the Chairman of the Board and the Chief Executive Officer, whether or not they are one and the same person.

Section 6.02 Tenure. Committee members shall serve at the pleasure of the Chairman of the Board. Committee members may resign at any time on ten (10) days' written notice, and Committee members may be discharged, with or without cause, at any time by the Chairman of the Board.

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

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

Section 6.05 Officers of the Committee. The Chairman of the Board shall designate one of the members of the Committee to serve as Chairperson thereof. The Chairman of the Board shall also designate a person to

serve as Secretary of the Committee, which person may be, but need not be, a member of the Committee.

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

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

Section 6.08 Actions of the Committee. Whenever a determination is required of the Committee under the Plan, such determination shall be made solely at the discretion of the Committee. In addition, the exercise of discretion by the Committee need not be uniformly applied to similarly situated Participants and shall be final and binding on each Participant or beneficiary(ies) to whom the determination is directed.

Section 6.09 Benefits of the Chief Executive Officer. Whenever a determination is required of the Committee under the Plan, the individual then serving as the Chairman of the Board of Directors of UGI Corporation shall be substituted for the Committee, and shall make the determination with respect to, the Chief Executive Officer as to any matter that directly pertains to, or affects, the Chief Executive Officer.

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

ARTICLE VII

AMENDMENT AND TERMINATION

Section 7.01 Amendment, Suspension, and Termination.

The Company retains the right, at any time and from time to time, to amend, suspend, or terminate the Plan in whole or in part, for any reason, and without either the consent of or prior notification to any Participant. No such amendment shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits.

ARTICLE VIII

DUTIES OF THE COMPANY

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

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

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 Application for Benefits. Participants who believe they are eligible for benefits under this Plan may apply for such benefits by completing and filing with the Committee an application for benefits on a form supplied by the Committee. Before the date on which benefit payments commence, each such application must be supported by such information as the Committee deems relevant and appropriate.

Section 9.02 Appeals of Denied Claims for Benefits. In the event that any claim for benefits is denied in whole or in part, the Participant (or beneficiary, if applicable) whose claim has been so denied shall be notified of such denial in writing by the Committee. The notice advising of the denial shall specify the reason or reasons for denial, make specific reference to pertinent Plan provisions, describe any additional material or information necessary for the claimant to perfect the claim (explaining why such material or information is needed), and shall advise the Participant of the procedure for the appeal of such denial. All appeals shall be made by the following procedure:

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

(b) The Committee shall, within thirty (30) days of receipt of the Participant's notice of appeal, establish a hearing date on which the Participant may make an oral presentation to the Committee in support of the Participant's appeal. The Participant shall be given not fewer than ten (10) days' notice of the date set for the hearing.

(c) The Committee shall consider the merits of the claimant's written and oral presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Committee shall deem relevant. If the claimant elects not to make an oral presentation, such election shall not be deemed adverse to the claimant's interest, and the Committee shall proceed as set forth below as though an oral presentation of the contents of the claimant's written presentation had been made.

(d) The Committee shall render a determination upon the appealed claim, within sixty (60) days of the hearing date, which determination shall be accompanied by a written statement as to the reasons therefor. The determination so rendered shall be binding upon all parties.

ARTICLE X
MISCELLANEOUS

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

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

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

Section 10.04 Successors, Heirs, Assigns, and Personal Representatives. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future. Unless the Committee directs otherwise, the Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or a division or Affiliate thereof, (i) to acknowledge expressly that this Plan is binding upon and enforceable against the Company in accordance with the terms hereof, (ii) to become jointly and severally obligated with the Company to perform the obligations under this Plan, and (iii) to agree not to amend or terminate the plan for a period of three (3) years after the date of succession without the consent of the affected Participant.

Section 10.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be

considered part of the Plan, and shall not be employed in the construction of the Plan.

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

Section 10.07 Unfunded Plan. The Plan shall not be funded. The Company may, but shall not be required to, set aside or designate an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Participant shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of Benefits.

Section 10.08 Payments to Incompetent Persons, 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 the Company, the Committee and all other parties with respect thereto.

Section 10.09 Lost Payees. A benefit shall be deemed forfeited if the Committee is unable to locate a Participant to whom a Benefit is due. Such Benefit shall be reinstated if application is made by the Participant for the forfeited Benefit while this Plan is in operation.

Section 10.10 Controlling Law. This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, to the extent not preempted by Federal law, without giving effect to any Pennsylvania choice of law provisions.

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 27th day of January, 1997.

AMERIGAS PROPANE, INC.

Attest:

- -----
Robert H. Knauss
Secretary

By: -----
Diane L. Carter
Vice President - Human Resources

FORM OF AMERIGAS PROPANE, INC.
CHANGE OF CONTROL AGREEMENT

A-1

(See Exhibit 10.2)

AMERIGAS PROPANE, INC.
CHANGE OF CONTROL AGREEMENT

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AGREEMENT

Agreement made as of the 27th day of January, 1997, between AmeriGas Propane, Inc., a Pennsylvania corporation (the "Company"), and _____ (the "Employee").

INTRODUCTION

The Employee is presently employed by the Company as its _____. 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 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 Reduction of 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 aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be subject to the taxation under Section 4999 of the Code. For purposes of this Section 11, present value shall be determined in accordance with Section 280G(d)(4) of the Code, as it may be amended, or the successor section, in effect at the time of the determination.

(b) All determinations to be made under this Section 11 shall be made by Coopers & Lybrand (or the Company's independent public accountant immediately prior to the Change of Control if other than Coopers & Lybrand and Coopers & Lybrand declines or is unable to serve (the "Accounting Firm")), which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within ten (10) days of the Termination Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. The Employee shall then have the right to determine which of the Agreement Payments shall be eliminated or reduced in order to produce the Reduced Amount in accordance with the requirements of this Section. Within five (5) days after this 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) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Agreement Payments, as the case may be, will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments which have not been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. Within two (2) years after the Termination of Employment, the Accounting Firm shall review the determination made by it pursuant to the preceding paragraph and the Company shall cooperate and provide all information necessary for such review. In the event that the Accounting Firm determines that an Overpayment has been

made, any such Overpayment shall be treated for all purposes as a loan to the Employee which the Employee shall repay to the Company together with interest from the date of payment under this Agreement at the applicable Federal rate provided for in Section 7872(f)(2) of the Code (the "Federal Rate"); provided, however, that no amount shall be payable by the Employee to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest from the date of payment under this Agreement at the Federal Rate.

(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 willful misconduct of the Accounting Firm.

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:

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 Agreement as of the date first above written.

ATTEST:
[Seal] AMERIGAS PROPANE, INC.

-----	By -----
Robert H. Knauss	Lon R. Greenberg
Secretary	Its: Chariman, President and
	Chief Executive Officer
-----	-----
Witness	Employee

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This schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheet and Statement of Operations of Amerigas Partners L.P. as of and for the three months ended December 31, 1996 and is qualified in its entirety by reference to such financial statements included in Amerigas Partners' Quarterly Report on Form 10-Q for the quarter ended December 31, 1996.

0000932628

AMERIGAS PARTNERS, L.P.

[CIK] 0000945792

[NAME] AMERIGAS FINANCE CORP.

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DEC-31-1996

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