

AMERIGAS PARTNERS LP

FORM 10-Q (Quarterly Report)

Filed 05/15/13 for the Period Ending 03/31/13

| | |
|-------------|---|
| Address | 460 N GULPH RD BOX 965 VALLEY FORGE, PA 19406 |
| Telephone | 6103377000 |
| CIK | 0000932628 |
| Symbol | APU |
| SIC Code | 5990 - Retail Stores, Not Elsewhere Classified |
| Industry | Oil & Gas Operations |
| Sector | Energy |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from to

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charters)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

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

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

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

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

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

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

At April 30, 2013, there were 92,821,066 Common Units of AmeriGas Partners, L.P. outstanding.

TABLE OF CONTENTS

| | <u>PAGES</u> |
|---|--------------|
| <u>Part I Financial Information</u> | |
| <u>Item 1. Financial Statements (unaudited)</u> | |
| <u>Condensed Consolidated Balance Sheets as of March 31, 2013, September 30, 2012 and March 31, 2012</u> | <u>1</u> |
| <u>Condensed Consolidated Statements of Operations for the three and six months ended March 31, 2013 and 2012</u> | <u>2</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2013 and 2012</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2013 and 2012</u> | <u>4</u> |
| <u>Condensed Consolidated Statements of Partners' Capital for the six months ended March 31, 2013 and 2012</u> | <u>5</u> |
| <u>Notes to Condensed Consolidated Financial Statements</u> | <u>6</u> |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>16</u> |
| <u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u> | <u>22</u> |
| <u>Item 4. Controls and Procedures</u> | <u>23</u> |
| <u>Part II Other Information</u> | |
| <u>Item 1A. Risk Factors</u> | <u>24</u> |
| <u>Item 6. Exhibits</u> | <u>24</u> |
| <u>Signatures</u> | <u>26</u> |

AMERIGAS PARTNERS, L.P.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (unaudited)
 (Thousands of dollars)

| | March 31, 2013 | September 30, 2012 | March 31, 2012 |
|--|-------------------|-----------------------|-------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 123,112 | \$ 60,102 | \$ 140,258 |
| Accounts receivable (less allowances for doubtful accounts of \$23,836, \$17,217 and \$20,906, respectively) | 435,509 | 266,677 | 410,166 |
| Accounts receivable - related parties | 1,231 | 970 | 1,112 |
| Inventories | 159,902 | 163,746 | 197,043 |
| Derivative financial instruments | 3,121 | 1,478 | 761 |
| Prepaid expenses and other current assets | 16,238 | 30,395 | 19,407 |
| Total current assets | 739,113 | 523,368 | 768,747 |
| Property, plant and equipment (less accumulated depreciation and amortization of \$1,153,328, \$1,075,528 and \$999,763, respectively) | 1,474,013 | 1,499,225 | 1,523,437 |
| Goodwill | 1,914,827 | 1,914,808 | 1,876,910 |
| Intangible assets, net | 516,320 | 535,996 | 602,307 |
| Other assets | 42,481 | 43,934 | 45,842 |
| Total assets | \$ 4,686,754 | \$ 4,517,331 | \$ 4,817,243 |
| LIABILITIES AND PARTNERS' CAPITAL | | | |
| Current liabilities: | | | |
| Current maturities of long-term debt | \$ 26,333 | \$ 30,706 | \$ 26,020 |
| Bank loans | 115,900 | 49,900 | 50,900 |
| Accounts payable - trade | 237,920 | 170,424 | 197,767 |
| Accounts payable - related parties | 1,010 | 2,012 | 471 |
| Customer deposits and advances | 76,549 | 167,614 | 88,185 |
| Derivative financial instruments | 6,970 | 42,347 | 17,219 |
| Other current liabilities | 180,859 | 207,842 | 201,940 |
| Total current liabilities | 645,541 | 670,845 | 582,502 |
| Long-term debt | 2,294,048 | 2,297,363 | 2,337,935 |
| Other noncurrent liabilities | 85,581 | 80,563 | 82,173 |
| Total liabilities | 3,025,170 | 3,048,771 | 3,002,610 |
| Commitments and contingencies (note 7) | | | |
| Partners' capital: | | | |
| AmeriGas Partners, L.P. partners' capital: | | | |
| Common unitholders (units issued - 92,816,905, 92,801,347 and 92,761,317, respectively) | 1,607,807 | 1,455,702 | 1,772,683 |
| General partner | 18,498 | 16,975 | 20,191 |
| Accumulated other comprehensive loss | (6,115) | (43,569) | (20,402) |
| Total AmeriGas Partners, L.P. partners' capital | 1,620,190 | 1,429,108 | 1,772,472 |
| Noncontrolling interest | 41,394 | 39,452 | 42,161 |
| Total partners' capital | 1,661,584 | 1,468,560 | 1,814,633 |
| Total liabilities and partners' capital | \$ 4,686,754 | \$ 4,517,331 | \$ 4,817,243 |

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(Thousands of dollars, except per unit amounts)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|-------------------|-------------------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | |
| Propane | \$ 1,098,382 | \$ 1,082,764 | \$ 1,895,441 | \$ 1,720,047 |
| Other | 77,825 | 72,810 | 157,413 | 119,339 |
| | <u>1,176,207</u> | <u>1,155,574</u> | <u>2,052,854</u> | <u>1,839,386</u> |
| Costs and expenses: | | | | |
| Cost of sales - propane (excluding depreciation shown below) | 594,128 | 652,393 | 1,023,691 | 1,082,373 |
| Cost of sales - other (excluding depreciation shown below) | 18,282 | 17,618 | 40,803 | 31,446 |
| Operating and administrative expenses | 265,298 | 252,275 | 508,815 | 412,185 |
| Depreciation | 37,607 | 35,351 | 75,930 | 56,282 |
| Amortization | 11,022 | 9,441 | 22,050 | 12,698 |
| Other income, net | (7,635) | (6,551) | (15,806) | (10,741) |
| | <u>918,702</u> | <u>960,527</u> | <u>1,655,483</u> | <u>1,584,243</u> |
| Operating income | 257,505 | 195,047 | 397,371 | 255,143 |
| Loss on extinguishments of debt | — | (13,379) | — | (13,379) |
| Interest expense | (41,776) | (45,045) | (82,972) | (61,578) |
| Income before income taxes | 215,729 | 136,623 | 314,399 | 180,186 |
| Income tax benefit (expense) | 52 | (764) | (575) | (1,214) |
| Net income | 215,781 | 135,859 | 313,824 | 178,972 |
| Less: net income attributable to noncontrolling interest | (2,573) | (1,974) | (3,951) | (2,562) |
| Net income attributable to AmeriGas Partners, L.P. | <u>\$ 213,208</u> | <u>\$ 133,885</u> | <u>\$ 309,873</u> | <u>\$ 176,410</u> |
| General partner's interest in net income attributable to AmeriGas Partners, L.P. | | | | |
| | <u>\$ 6,384</u> | <u>\$ 4,282</u> | <u>\$ 11,603</u> | <u>\$ 6,273</u> |
| Limited partners' interest in net income attributable to AmeriGas Partners, L.P. | | | | |
| | <u>\$ 206,824</u> | <u>\$ 129,603</u> | <u>\$ 298,270</u> | <u>\$ 170,137</u> |
| Income per limited partner unit - basic and diluted: | | | | |
| Basic | <u>\$ 1.56</u> | <u>\$ 1.26</u> | <u>\$ 2.49</u> | <u>\$ 2.13</u> |
| Diluted | <u>\$ 1.56</u> | <u>\$ 1.26</u> | <u>\$ 2.49</u> | <u>\$ 2.13</u> |
| Average limited partner units outstanding (thousands): | | | | |
| Basic | <u>92,830</u> | <u>83,153</u> | <u>92,827</u> | <u>70,073</u> |
| Diluted | <u>92,895</u> | <u>83,195</u> | <u>92,901</u> | <u>70,124</u> |

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(Thousands of dollars)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|------------|-------------------------------|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Net income | \$ 215,781 | \$ 135,859 | \$ 313,824 | \$ 178,972 |
| Other comprehensive income (loss): | | | | |
| Net losses on derivative instruments | (2,221) | (20,610) | (4,914) | (34,763) |
| Reclassifications of net losses on derivative instruments | 25,526 | 17,444 | 42,750 | 19,166 |
| Other comprehensive income (loss) | 23,305 | (3,166) | 37,836 | (15,597) |
| Total comprehensive income | 239,086 | 132,693 | 351,660 | 163,375 |
| Less: comprehensive income attributable to noncontrolling interest | (2,808) | (1,945) | (4,333) | (2,407) |
| Comprehensive income attributable to AmeriGas Partners, L.P. | \$ 236,278 | \$ 130,748 | \$ 347,327 | \$ 160,968 |

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Thousands of dollars)

| | Six Months Ended March 31, | |
|---|-------------------------------|-------------|
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 313,824 | \$ 178,972 |
| Adjustments to reconcile net income to net cash from operating activities | | |
| Depreciation and amortization | 97,980 | 68,980 |
| Provision for uncollectible accounts | 9,637 | 9,357 |
| Net change in realized gains and losses deferred as cash flow hedges | 40 | (3,735) |
| Loss on extinguishments of debt | — | 13,379 |
| Other, net | 1,023 | 2,269 |
| Net change in: | | |
| Accounts receivable | (181,130) | (65,057) |
| Inventories | 3,844 | 21,077 |
| Accounts payable | 66,494 | (34,810) |
| Other current assets | 3,278 | 11,973 |
| Other current liabilities | (99,840) | (49,319) |
| Net cash provided by operating activities | 215,150 | 153,086 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Expenditures for property, plant and equipment | (54,438) | (45,100) |
| Proceeds from disposals of assets | 3,189 | 2,439 |
| Acquisitions of businesses, net of cash acquired | — | (1,406,275) |
| Net cash used by investing activities | (51,249) | (1,448,936) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Distributions | (158,592) | (113,309) |
| Proceeds from issuance of Common Units | — | 276,562 |
| Noncontrolling interest activity | (2,391) | (1,426) |
| Increase (decrease) in bank loans | 66,000 | (44,600) |
| Issuances of long-term debt | — | 1,524,610 |
| Repayments of long-term debt | (7,337) | (217,314) |
| Proceeds associated with equity-based compensation plans, net of tax withheld | 1,419 | 152 |
| Capital contributions from General Partner | 10 | 2,801 |
| Net cash (used) provided by financing activities | (100,891) | 1,427,476 |
| Cash and cash equivalents increase | \$ 63,010 | \$ 131,626 |
| CASH AND CASH EQUIVALENTS: | | |
| End of period | \$ 123,112 | \$ 140,258 |
| Beginning of period | 60,102 | 8,632 |
| Increase | \$ 63,010 | \$ 131,626 |

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P.

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

| | Number of Common Units | Common unitholders | General partner | Accumulated other comprehensive income (loss) | Total AmeriGas Partners, L.P. partners' capital | Noncontrolling interest | Total partners' capital |
|---|---------------------------|-----------------------|--------------------|--|--|----------------------------|-------------------------------|
| For the six months ended March 31, 2013: | | | | | | | |
| Balance September 30, 2012 | 92,801,347 | \$ 1,455,702 | \$ 16,975 | \$ (43,569) | \$ 1,429,108 | \$ 39,452 | \$ 1,468,560 |
| Net income | | 298,270 | 11,603 | | 309,873 | 3,951 | 313,824 |
| Net losses on derivative instruments | | | | (4,864) | (4,864) | (50) | (4,914) |
| Reclassification of net losses on derivative instruments | | | | 42,318 | 42,318 | 432 | 42,750 |
| Distributions | | (148,502) | (10,090) | | (158,592) | (2,391) | (160,983) |
| Unit-based compensation expense | | 2,406 | | | 2,406 | | 2,406 |
| Common Units issued in connection with incentive compensation plans, net of tax withheld | 15,558 | (69) | 10 | | (59) | | (59) |
| Balance March 31, 2013 | <u>92,816,905</u> | <u>\$ 1,607,807</u> | <u>\$ 18,498</u> | <u>\$ (6,115)</u> | <u>\$ 1,620,190</u> | <u>\$ 41,394</u> | <u>\$ 1,661,584</u> |
| For the six months ended March 31, 2012: | | | | | | | |
| Balance September 30, 2011 | 57,124,296 | \$ 340,180 | \$ 3,436 | \$ (4,960) | \$ 338,656 | \$ 12,823 | \$ 351,479 |
| Net income | | 170,137 | 6,273 | | 176,410 | 2,562 | 178,972 |
| Net losses on derivative instruments | | | | (34,415) | (34,415) | (348) | (34,763) |
| Reclassification of net losses on derivative instruments | | | | 18,973 | 18,973 | 193 | 19,166 |
| Distributions | | (107,667) | (5,642) | | (113,309) | (1,745) | (115,054) |
| Unit-based compensation expense | | 2,370 | | | 2,370 | | 2,370 |
| Common Units issued in connection with the Heritage Acquisition | 29,567,362 | 1,132,628 | | | 1,132,628 | | 1,132,628 |
| General Partner contribution to AmeriGas OLP in connection with the Heritage Acquisition | (635,667) | (28,357) | | | (28,357) | 28,357 | — |
| General Partner contribution to AmeriGas Partners, L.P. in connection with the Heritage Acquisition | (298,660) | (13,323) | 13,323 | | — | | — |
| Common Units issued in connection with public offering | 7,000,000 | 276,562 | 2,800 | | 279,362 | | 279,362 |
| Common Units issued in connection with incentive compensation plans, net of tax withheld | 3,986 | 153 | 1 | | 154 | | 154 |
| General Partner contribution to AmeriGas OLP | | | | | | 319 | 319 |
| Balance March 31, 2012 | <u>92,761,317</u> | <u>\$ 1,772,683</u> | <u>\$ 20,191</u> | <u>\$ (20,402)</u> | <u>\$ 1,772,472</u> | <u>\$ 42,161</u> | <u>\$ 1,814,633</u> |

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

1. Nature of Operations

AmeriGas Partners, L.P. (“AmeriGas Partners”) is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating subsidiary AmeriGas Propane, L.P. (“AmeriGas OLP”) and through AmeriGas OLP’s principal operating subsidiary Heritage Operating, L.P. (“HOLP”). AmeriGas OLP and HOLP are collectively referred to herein as the “Operating Partnerships.” AmeriGas Partners, AmeriGas OLP and HOLP are Delaware limited partnerships. AmeriGas Partners, the Operating Partnerships and all of their subsidiaries are collectively referred to herein as the “Partnership” or “we.” The Operating Partnerships are engaged in the distribution of propane and related equipment and supplies. The Operating Partnerships comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states.

At March 31, 2013, AmeriGas Propane, Inc. (the “General Partner”), an indirect wholly owned subsidiary of UGI Corporation (“UGI”), held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner and its wholly owned subsidiary Petrolane Incorporated (“Petrolane,” a predecessor company of the Partnership) also owned 23,756,882 AmeriGas Partners Common Units (“Common Units”). The remaining Common Units outstanding comprise 39,492,661 publicly held Common Units and 29,567,362 Common Units held by a subsidiary of Energy Transfer Partners, L.P. (“ETP”) as a result of the January 12, 2012, acquisition of substantially all of ETP’s propane operations (“Heritage Propane”) (see Note 4). The Common Units represent limited partner interests in AmeriGas Partners. AmeriGas Partners holds a 98.99% limited partner interest in AmeriGas OLP.

AmeriGas Partners and the Operating Partnerships have no employees. Our operations are conducted by employees of the General Partner. The General Partner provides management and administrative services to Heritage Operating GP, LLC (“HOLP GP”), the general partner of HOLP, under a management services agreement.

The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 6).

2. Significant Accounting Policies

The condensed consolidated financial statements include the accounts of AmeriGas Partners and its majority-owned subsidiaries principally comprising the Operating Partnerships. We eliminate all significant intercompany accounts and transactions when we consolidate. We account for the General Partner’s 1.01% interest in AmeriGas OLP as noncontrolling interest in the condensed consolidated financial statements.

AmeriGas Finance Corp., AP Eagle Finance Corp. and AmeriGas Finance LLC are 100% -owned finance subsidiaries of AmeriGas Partners. Their sole purpose is to serve as issuers or co-obligors for debt securities issued or guaranteed by AmeriGas Partners. The 6.75% and 7.00% Senior Notes are fully and unconditionally guaranteed on a senior secured basis by AmeriGas Partners.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2012, condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”).

These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2012 (“Partnership’s 2012 Annual Financial Statements and Notes”). Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership’s propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

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

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, as amended (“Partnership Agreement”).

Net Income Per Unit. Income per limited partner unit is computed in accordance with GAAP regarding the application of the two-class method for determining income per unit for master limited partnerships (“MLPs”) when IDRs are present. The two-class method requires that income per limited partner unit be calculated as if all earnings for the period were distributed and requires a separate calculation for each quarter and year-to-date period. In periods when our net income attributable to AmeriGas Partners exceeds our Available Cash, as defined in the Partnership Agreement, and is above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Generally, in periods when our Available Cash in respect of the quarter or year-to-date periods exceeds our net income (loss) attributable to AmeriGas Partners, the calculation according to the two-class method results in an allocation of earnings to the General Partner greater than its relative ownership interest in the Partnership (or in the case of a net loss attributable to AmeriGas Partners, an allocation of such net loss to the Common Unitholders greater than their relative ownership interest in the Partnership).

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

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|------------|-------------------------------|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Common Unitholders’ interest in net income attributable to AmeriGas Partners under the two-class method for MLPs | \$ 145,109 | \$ 105,020 | \$ 231,350 | \$ 149,530 |
| Weighted average Common Units outstanding—basic (thousands) | 92,830 | 83,153 | 92,827 | 70,073 |
| Potentially dilutive Common Units (thousands) | 65 | 42 | 74 | 51 |
| Weighted average Common Units outstanding—diluted (thousands) | 92,895 | 83,195 | 92,901 | 70,124 |

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for the three months ended March 31, 2013 and 2012, resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.66 and \$0.30, respectively. Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for the six months ended March 31, 2013 and 2012, resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.72 and \$0.29, respectively.

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

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

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

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

3. Accounting Changes**New Accounting Standards Not Yet Adopted**

Disclosures about Reclassifications Out of Accumulated Other Comprehensive Income . In February 2013 , the Financial Accounting Standards Board (“FASB”) issued new accounting guidance regarding disclosures for items reclassified out of accumulated other comprehensive income (AOCI). The new disclosure guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2012. The new disclosures are to be applied prospectively, and early adoption is permitted. We expect to adopt the new guidance in Fiscal 2014. We are currently evaluating the impact of the new guidance on our future disclosures.

Disclosures about Offsetting Assets and Liabilities. In December 2011, the FASB issued new accounting guidance regarding disclosures about offsetting assets and liabilities. The new guidance, as amended, requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position. The amendments will enhance disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset in accordance with other GAAP or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the balance sheet. The new guidance is effective for annual reporting periods beginning on or after January 1, 2013 (Fiscal 2014), and interim periods within those annual periods. We are currently evaluating the impact of the new guidance on our future disclosures.

4. Acquisition of Heritage Propane

On January 12, 2012, AmeriGas Partners completed the acquisition of Heritage Propane from ETP for total consideration of \$2,604,827 , comprising \$1,472,199 in cash and 29,567,362 AmeriGas Partners Common Units with a fair value of \$1,132,628 (the “Heritage Acquisition”). The Heritage Acquisition was consummated pursuant to a Contribution and Redemption Agreement dated October 15, 2011, as amended (the “Contribution Agreement”), by and among AmeriGas Partners, ETP, Energy Transfer Partners GP, L.P., the general partner of ETP, and Heritage ETC, L.P. For additional information on the Heritage Acquisition, see Note 4 to the Partnership’s 2012 Annual Financial Statements and Notes.

The following presents unaudited pro forma income statement and income per unit data as if the Heritage Acquisition had occurred on October 1, 2011:

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|------------------|-------------------------------|------------------|
| | 2013 (As Reported) | 2012 (Pro Forma) | 2013 (As Reported) | 2012 (Pro Forma) |
| Revenues | \$ 1,176,207 | \$ 1,224,903 | \$ 2,052,854 | \$ 2,331,101 |
| Net income attributable to AmeriGas Partners, L.P. | \$ 213,208 | \$ 138,050 | \$ 309,873 | \$ 196,362 |
| Income per limited partner unit: | | | | |
| Basic | \$ 1.56 | \$ 1.24 | \$ 2.49 | \$ 1.99 |
| Diluted | \$ 1.56 | \$ 1.24 | \$ 2.49 | \$ 1.98 |

The unaudited pro forma results of operations reflect Heritage Propane’s historical operating results after giving effect to adjustments directly attributable to the transaction that are expected to have a continuing effect. The unaudited pro forma consolidated results of operations are not necessarily indicative of the results that would have occurred had the Heritage Acquisition occurred on the date indicated nor are they necessarily indicative of future operating results.

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

5. Goodwill and Intangible Assets

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

| | March 31, 2013 | September 30, 2012 | March 31, 2012 |
|---|-------------------|-----------------------|-------------------|
| Goodwill (not subject to amortization) | \$ 1,914,827 | \$ 1,914,808 | \$ 1,876,910 |
| Intangible assets: | | | |
| Customer relationships and noncompete agreements | \$ 505,365 | \$ 505,367 | \$ 504,415 |
| Trademarks and tradenames (not subject to amortization) | 91,100 | 91,100 | 144,200 |
| Gross carrying amount | 596,465 | 596,467 | 648,615 |
| Accumulated amortization | (80,145) | (60,471) | (46,308) |
| Intangible assets, net | \$ 516,320 | \$ 535,996 | \$ 602,307 |

Amortization expense of intangible assets was \$9,832 and \$19,676 for the three and six months ended March 31, 2013, respectively, and \$8,410 and \$10,636 for the three and six months ended March 31, 2012, respectively. No amortization is included in cost of sales in the Condensed Consolidated Statements of Operations. As of March 31, 2013, our expected aggregate amortization expense of intangible assets for the remainder of Fiscal 2013 and the next four fiscal years is as follows: remainder of Fiscal 2013 — \$19,179; Fiscal 2014 — \$37,554; Fiscal 2015 — \$35,362; Fiscal 2016 — \$34,190; Fiscal 2017 — \$32,111.

6. Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement among HOLF GP, HOLF and the General Partner, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf. These costs, which totaled \$150,705 and \$99,815 for the three months ended March 31, 2013 and 2012, respectively, and \$290,502 and \$190,556 for the six months ended March 31, 2013 and 2012, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$6,864 and \$3,110 during the three months ended March 31, 2013 and 2012, respectively, and \$10,756 and \$5,377, during the six months ended March 31, 2013 and 2012, respectively. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs related to these items totaled \$1,062 and \$844 for the three months ended March 31, 2013 and 2012, respectively, and \$2,626 and \$1,746 for the six months ended March 31, 2013 and 2012, respectively.

From time to time, AmeriGas OLP purchases propane on an as needed basis from UGI Energy Services, Inc. ("Energy Services"). The prices for any such propane purchased are generally based on market price at the time of purchase. AmeriGas OLP purchased propane from Energy Services totaling \$1,575 during the three and six months ended March 31, 2013. There were no purchases of propane by AmeriGas OLP from Energy Services during the three or six months ended March 31, 2012.

In addition, the Partnership sells propane to affiliates of UGI. Such amounts were not material during the periods presented.

7. Commitments and Contingencies*Environmental Matters*

Saranac Lake. By letter dated March 6, 2008, the New York State Department of Environmental Conservation ("DEC") notified AmeriGas OLP that DEC had placed property owned by the Partnership in Saranac Lake, New York, on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by DEC disclosed contamination related to former manufactured gas plant ("MGP") operations on the site. DEC has classified the site as a significant threat to public

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

(unaudited)

(Thousands of dollars, except per unit)

health or environment with further action required. The Partnership has researched the history of the site and its ownership interest in the site. The Partnership has reviewed the preliminary site characterization study prepared by the DEC, the extent of the contamination, and the possible existence of other potentially responsible parties. The Partnership communicated the results of its research to DEC in January 2009 and is awaiting a response before doing any additional investigation. Because of the preliminary nature of available environmental information, the ultimate amount of expected clean up costs cannot be reasonably estimated.

Claremont, New Hampshire and Chestertown, Maryland. In connection with the Heritage Acquisition on January 12, 2012, a predecessor of Titan Propane, LLC (“Titan LLC”), a former subsidiary acquired in the Heritage Acquisition, is purportedly the beneficial holder of title with respect to two former MGPs discussed below. The Contribution Agreement provides for indemnification from ETP for certain expenses associated with remediation of these sites. By letter dated September 30, 2010, the EPA notified Titan LLC that it may be a potentially responsible party (“PRP”) for cleanup costs associated with contamination at a former MGP in Claremont, New Hampshire. In June 2010, the Maryland Attorney General (“MAG”) identified Titan LLC as a PRP in connection with contamination at a former MGP in Chestertown, Maryland and requested that Titan LLC participate in characterization and remediation activities. Titan LLC has supplied the EPA and MAG with corporate and bankruptcy information for its predecessors to support its claim that it is not liable for any remediation costs at the sites. Because of the preliminary nature of available environmental information, the ultimate amount of expected clean up costs cannot be reasonably estimated.

Other Matters

Cylinder Investigation. On or about October 21, 2009, the General Partner received a notice that the Offices of the District Attorneys of Santa Clara, Sonoma, Ventura, San Joaquin and Fresno Counties and the City Attorney of San Diego (the “District Attorneys”) have commenced an investigation into AmeriGas OLP’s cylinder labeling and filling practices in California as a result of the Partnership’s decision in 2008 to reduce the volume of propane in cylinders it sells to consumers from 17 pounds to 15 pounds. At that time, the District Attorneys issued an administrative subpoena seeking documents and information relating to those practices. We have responded to the administrative subpoena. On or about July 20, 2011, the General Partner received a second subpoena from the District Attorneys. The subpoena sought additional information and documents regarding AmeriGas OLP’s cylinder exchange program and we responded to that subpoena. In connection with this matter, the District Attorneys have alleged potential violations of California’s antitrust laws, California’s slack-fill law, and California’s principal false advertising statute. We believe we have strong defenses to these allegations.

Federal Trade Commission Investigation of Propane Grill Cylinder Filling Practices. On or about November 4, 2011, the General Partner received notice that the Federal Trade Commission (“FTC”) is conducting an antitrust and consumer protection investigation into certain practices of the Partnership which relate to the filling of portable propane cylinders. On February 2, 2012, the Partnership received a Civil Investigative Demand from the FTC that requests documents and information concerning, among other things, (i) the Partnership’s decision, in 2008, to reduce the volume of propane in cylinders it sells to consumers from 17 pound to 15 pounds and (ii) cross-filling, related service arrangements and communications regarding the foregoing with competitors. The Partnership believes that it will have good defenses to any claims that may result from this investigation. We are not able to assess the financial impact this investigation or any related claims may have on the Partnership.

Purported Class Action Lawsuit. In 2005, Samuel and Brenda Swiger (the “Swigers”) filed what purports to be a class action in the Circuit Court of Harrison County, West Virginia, against UGI, an insurance subsidiary of UGI, certain officers of UGI and the General Partner, and their insurance carriers and insurance adjusters. In this lawsuit, the Swigers are seeking compensatory and punitive damages on behalf of the putative class for alleged violations of the West Virginia Insurance Unfair Trade Practice Act, negligence, intentional misconduct, and civil conspiracy. The Court has not certified the class and, in October 2008, stayed the lawsuit pending resolution of a separate, but related class action lawsuit filed against AmeriGas OLP in Monongalia County, which was settled in Fiscal 2011. We believe we have good defenses to the claims in this action.

BP America Production Company v. Amerigas Propane, L.P. On July 15, 2011, BP America Production Company (“BP”) filed a complaint against AmeriGas OLP in the District Court of Denver County, Colorado, alleging, among other things, breach of contract and breach of the covenant of good faith and fair dealing relating to amounts billed for certain goods and services provided to BP since 2005 (the “Services”). The Services relate to the installation of propane-fueled equipment and appliances, and the supply of propane, to approximately 400 residential customers at the request of and for the account of BP. The complaint seeks an unspecified amount of direct, indirect, consequential, special and compensatory damages,

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

including attorneys' fees, costs and interest and other appropriate relief. It also seeks an accounting to determine the amount of the alleged overcharges related to the Services. We have substantially completed our investigation of this matter and, based upon the results of that investigation, we believe we have good defenses to the claims set forth in the complaint and the amount of loss will not have a material impact on our results of operations and financial condition. A trial date is currently scheduled for June 2013.

We cannot predict the final results of any of the environmental or other pending claims or legal actions described above. However, it is reasonably possible that some of them could be resolved unfavorably to us and result in losses in excess of recorded amounts. We are unable to estimate any possible losses in excess of recorded amounts. Although we currently believe, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on our financial position, damages or settlements could be material to our operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows. In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. We believe, after consultation with counsel, the final outcome of such other matters will not have a material effect on our consolidated financial position, results of operations or cash flows.

8. Fair Value Measurements

Derivative Financial Instruments

The following table presents our financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of March 31, 2013 , September 30, 2012 and March 31, 2012 :

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

| | Asset (Liability) | | | | Total | |
|-----------------------------------|--|---|-------------------------------------|----|-------|-------------|
| | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | | | |
| March 31, 2013: | | | | | | |
| Assets: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ 4,256 | \$ | — | \$ 4,256 |
| Liabilities: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ (6,970) | \$ | — | \$ (6,970) |
| September 30, 2012: | | | | | | |
| Assets: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ 2,089 | \$ | — | \$ 2,089 |
| Liabilities: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ (42,598) | \$ | — | \$ (42,598) |
| March 31, 2012: | | | | | | |
| Assets: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ 879 | \$ | — | \$ 879 |
| Liabilities: | | | | | | |
| Derivative financial instruments: | | | | | | |
| Commodity contracts | \$ | — | \$ (19,069) | \$ | — | \$ (19,069) |

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

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. At March 31, 2013, the carrying amount and estimated fair value of our long-term debt (including current maturities) were \$2,320,381 and \$2,504,903, respectively. At March 31, 2012, the carrying amount and estimated fair value of our long-term debt (including current maturities) were \$2,363,955 and \$2,403,555, respectively. We estimate the fair value of long-term debt by using current market prices and by discounting future cash flows using rates available for similar type debt (Level 2).

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

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

9. Disclosures About Derivative Instruments and Hedging Activities

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

Commodity Price Risk

In order to manage market risk associated with the Partnership's fixed-price programs which permit customers to lock in the prices they pay for propane principally during the months of October through March, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. At March 31, 2013 and 2012, there were 121.3 million gallons and 146.8 million gallons, respectively, of propane hedged with over-the-counter price swap and option contracts that qualify for hedge accounting treatment. At March 31, 2013, the maximum period over which we are hedging propane market price risk is 20 months with a weighted average of 7 months. In addition, the Partnership from time to time enters into price swap and option agreements to reduce short-term commodity price volatility and to provide market price risk support to a limited number of its wholesale customers which are generally not designated as hedges for accounting purposes.

We account for a significant portion of our commodity price risk contracts as cash flow hedges. Changes in the fair values of contracts qualifying for cash flow hedge accounting are recorded in accumulated other comprehensive income ("AOCI") and noncontrolling interest, to the extent effective in offsetting changes in the underlying commodity price risk, until earnings are affected by the hedged item. At March 31, 2013, the amount of net losses associated with commodity price risk hedges expected to be reclassified into earnings during the next twelve months based upon current fair values is \$7,509.

Interest Rate Risk

Our long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements ("IRPAs"). We account for IRPAs as cash flow hedges. Changes in the fair values of IRPAs are recorded in AOCI, to the extent effective in offsetting changes in the underlying interest rate risk, until earnings are affected by the hedged interest expense. There are no settled or unsettled amounts relating to IRPAs at March 31, 2013.

Derivative Financial Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally consist of major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative financial instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at March 31, 2013. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At March 31, 2013, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

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

(unaudited)

(Thousands of dollars, except per unit)

The following table provides information regarding the fair values and balance sheet locations of our derivative assets and liabilities existing as of March 31, 2013 and 2012 :

| | Derivative Assets | | | Derivative (Liabilities) | | |
|---|---|-----------------|---------------|---|-------------------|--------------------|
| | Balance Sheet Location | Fair Value | | Balance Sheet Location | Fair Value | |
| | | 2013 | 2012 | | 2013 | 2012 |
| Derivatives Designated as Hedging Instruments: | | | | | | |
| Propane contracts | Derivative financial instruments and other assets | \$ 4,256 | \$ 879 | Derivative financial instruments and other noncurrent liabilities | \$ (6,970) | \$ (19,069) |
| Derivatives Not Designated as Hedging Instruments: | | | | | | |
| Propane contracts | Derivative financial instruments and other assets | — | — | Derivative financial instruments and other noncurrent liabilities | — | — |
| Total Derivatives | | <u>\$ 4,256</u> | <u>\$ 879</u> | | <u>\$ (6,970)</u> | <u>\$ (19,069)</u> |

The following table provides information on the effects of derivative instruments on the Condensed Consolidated Statements of Operations and changes in AOCI and noncontrolling interest for the three and six months ended March 31, 2013 and 2012 :

Three Months Ended March 31,

| | Gain (Loss) Recognized in AOCI and Noncontrolling Interest | | Gain (Loss) Reclassified from AOCI and Noncontrolling Interest into Income | | Location of Gain / Reclassified from AOCI and Noncontrolling Interest into Income |
|--------------------------|--|-------------|--|-------------|---|
| | 2013 | 2012 | 2013 | 2012 | |
| Cash Flow Hedges: | | | | | |
| Propane contracts | \$ (2,221) | \$ (20,610) | \$ (25,526) | \$ (17,444) | Cost of sales |

Six Months Ended March 31,

| | Gain (Loss) Recognized in AOCI and Noncontrolling Interest | | Gain (Loss) Reclassified from AOCI and Noncontrolling Interest into Income | | Location of Gain / Reclassified from AOCI and Noncontrolling Interest into Income |
|--------------------------|--|-------------|--|-------------|---|
| | 2013 | 2012 | 2013 | 2012 | |
| Cash Flow Hedges: | | | | | |
| Propane contracts | \$ (4,914) | \$ (34,763) | \$ (42,750) | \$ (19,166) | Cost of sales |

The amounts of derivative gains or losses representing ineffectiveness were not material for the three or six months ended March 31, 2013 and 2012.

We are also a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders and contracts which provide for the purchase and delivery of propane and service contracts that require the counterparty to provide commodity storage or transportation service to meet our normal sales commitments. Although many of these contracts have the requisite elements of a derivative instrument, these contracts qualify for normal purchase and normal sales exception accounting under GAAP because they provide for the delivery of products or services

AMERIGAS PARTNERS, L.P.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit)

in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

10. Error in Accounting For Certain Customer Credits

During the three months ended March 31, 2013, the Partnership identified an error in its method of accounting for certain customer credits. The Partnership determined that the recording of propane revenues did not appropriately consider the effects of certain customer credits which were recorded when issued in a subsequent period. As a result, beginning with the three months ended March 31, 2013, the Partnership corrected its accounting for such customer credits to record an estimate of credits at the time propane revenues are recorded. Such estimate considers the Partnership's history of providing credits, propane revenue activity and other factors. The Partnership has evaluated the impact of the error on prior periods and has determined that the effect is not material to any prior period financial statements. The Partnership has also evaluated and concluded that the impact of recording the cumulative effect of the correction of the error as of January 1, 2013 (the beginning of the three month period ended March 31, 2013) is not material to the financial statements for the three or six months ended March 31, 2013, nor is it expected to be material to the financial statements for Fiscal 2013. Accordingly, the Partnership recorded the cumulative effect of the error in accounting for certain customer credits as of January 1, 2013, which decreased accounts receivable and propane revenues by \$7,038 , and decreased net income attributable to AmeriGas Partners, L.P. for the three and six months ended March 31, 2013 by \$6,967 . If the Partnership had corrected the error in its method of accounting as of September 30, 2012, the cumulative effect of the change as of that date would have decreased net income attributable to AmeriGas Partners, L.P. by approximately \$4,200 .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FORWARD-LOOKING STATEMENTS**

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

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

These factors, and those factors set forth in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended September 30, 2012, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Partnership's results of operations for the three months ended March 31, 2013 ("2013 three-month period") with the three months ended March 31, 2012 ("2012 three-month period") and the six months ended March 31, 2013 ("2013 six-month period") with the six months ended March 31, 2012 ("2012 six-month period").

Executive Overview

Net income attributable to AmeriGas Partners for the 2013 three-month period was \$213.2 million compared with net income attributable to AmeriGas Partners for the 2012 three-month period of \$133.9 million. The increase primarily reflects the effects of weather that averaged near normal across our service territories in the 2013 three-month period compared with the record-setting warm weather and early end to the heating season experienced in the prior-year three-month period. Net income attributable to AmeriGas Partners for the prior-year period includes a pre-tax loss of \$13.4 million associated with extinguishments of debt. Results for the 2013 three-month period include \$5.4 million of transition costs associated with Heritage Propane while results in the prior-year period include \$8.1 million of transition and acquisition costs associated with Heritage Propane.

Average temperatures in the 2013 three-month period based upon heating degree days in our service territories were approximately 1.5% warmer than normal compared to weather that was approximately 22% warmer than normal in the 2012 three-month period. Retail propane gallons sold were more than 19% greater reflecting the effects of the colder weather and, to a much lesser extent, the full-period effects of the Heritage Propane operations beginning January 12, 2012.

Net income attributable to AmeriGas Partners for the 2013 six-month period was \$309.9 million compared with net income attributable to AmeriGas Partners for the 2012 six-month period of \$176.4 million. Results in the 2013 six-month period benefitted from the full-period operations of Heritage Propane which was acquired by the Partnership on January 12, 2012. Average

AMERIGAS PARTNERS, L.P.

temperatures in our service territories during the 2013 six-month period were approximately 5% warmer than normal but nearly 15% colder than in the prior-year six-month period. Retail propane gallons sold were nearly 34% greater reflecting the full-period effects of the operations of Heritage Propane and the colder weather. Average unit margins during the 2013 six-month period were slightly higher than the prior-year period reflecting lower propane product costs. Results for the 2013 six-month period include \$10.9 million of transition costs associated with Heritage Propane while the prior-year period includes \$11.9 million of transition and acquisition costs associated with Heritage Propane. The prior-year period results also include the \$13.4 million loss on extinguishments of debt.

2013 three-month period compared with 2012 three-month period

| <u>Three Months Ended March 31,</u> | 2013 | 2012 | Increase (Decrease) | |
|--|-------------------|-------------------|---------------------|---------------|
| (millions of dollars) | | | | |
| Gallons sold (millions): | | | | |
| Retail | 464.4 | 389.4 | 75.0 | 19.3 % |
| Wholesale | 39.0 | 33.7 | 5.3 | 15.7 % |
| | <u>503.4</u> | <u>423.1</u> | <u>80.3</u> | <u>19.0 %</u> |
| Revenues: | | | | |
| Retail propane | \$ 1,057.0 | \$ 1,032.4 | \$ 24.6 | 2.4 % |
| Wholesale propane | 41.4 | 50.4 | (9.0) | (17.9)% |
| Other | 77.8 | 72.8 | 5.0 | 6.9 % |
| | <u>\$ 1,176.2</u> | <u>\$ 1,155.6</u> | <u>\$ 20.6</u> | <u>1.8 %</u> |
| Total margin (a) | \$ 563.8 | \$ 485.6 | \$ 78.2 | 16.1 % |
| EBITDA (b) | \$ 303.6 | \$ 224.5 | \$ 79.1 | 35.2 % |
| Operating income (b) | \$ 257.5 | \$ 195.0 | \$ 62.5 | 32.1 % |
| Net income attributable to AmeriGas Partners | \$ 213.2 | \$ 133.9 | \$ 79.3 | 59.2 % |
| Heating degree days — % (warmer) than normal (c) | (1.5)% | (21.7)% | — | — |

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

(b) Earnings before interest expense, income taxes, depreciation and amortization (“EBITDA”) should not be considered as an alternative to net income attributable to AmeriGas Partners (as an indicator of operating performance) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America (“GAAP”). Management believes EBITDA is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership’s operating performance with that of other companies within the propane industry and (2) assess the Partnership’s ability to meet loan covenants. The Partnership’s definition of EBITDA may be different from those used by other companies. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant years. Management also uses EBITDA to assess the Partnership’s profitability because its parent, UGI Corporation, uses the Partnership’s EBITDA to assess the profitability of the Partnership which is one of UGI Corporation’s reportable segments. UGI Corporation discloses the Partnership’s EBITDA in its disclosure about reportable segments as the profitability measure for its domestic propane segment. EBITDA for the three months ended March 31, 2013 and 2012, includes acquisition and transition expenses of \$5.4 million and \$8.1 million, respectively, associated with Heritage Propane. EBITDA for the three months ended March 31, 2012 includes a pre-tax loss of \$13.4 million associated with extinguishments of debt.

AMERIGAS PARTNERS, L.P.

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

| (millions of dollars) | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2013 | 2012 |
| Net income attributable to AmeriGas Partners | \$ 213.2 | \$ 133.9 |
| Income tax expense | — | 0.8 |
| Interest expense | 41.8 | 45.0 |
| Depreciation | 37.6 | 35.4 |
| Amortization | 11.0 | 9.4 |
| EBITDA | <u>\$ 303.6</u> | <u>\$ 224.5</u> |

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

Operating results in the 2013 three-month period were significantly higher than in the 2012 three-month period as the prior-year period experienced the negative effects of record-setting warm temperatures and an early end to the heating season. Based upon heating degree-day data, temperatures in the Partnership’s service territories during the 2013 three-month period averaged approximately 1.5% warmer than normal while temperatures in the prior-year period averaged approximately 21.7% warmer than normal. The improved 2013 three-month period results also reflect, to a much lesser extent, the full-period effects of the acquisition of Heritage Propane on January 12, 2012. As a result of the significantly colder 2013 three-month period temperatures and, to a lesser extent, the full-period effect of the Heritage Propane operations, our retail gallons sold were 75.0 million gallons (19.3%) greater than in the prior-year period.

Retail propane revenues increased \$24.6 million during the 2013 three-month period reflecting the higher retail volumes sold (\$198.8 million) offset in large part by a decline in average retail selling prices (\$174.2 million) the result of lower propane product costs. Wholesale propane revenues declined \$9.0 million for the 2013 three-month period principally reflecting lower average wholesale propane selling prices (\$16.9 million) partially offset by higher wholesale volumes sold (\$7.9 million). Average daily wholesale propane commodity prices during the 2013 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 31% lower than such prices during the prior-year three-month period. Total revenues from fee income and other ancillary sales and services in the 2013 three-month period were \$5.0 million higher than in the 2012 three-month period principally reflecting the full period benefit of Heritage Propane. Total cost of sales decreased \$57.6 million principally reflecting the effects on retail propane cost of sales of the significantly lower average propane product costs (\$163.4 million) and lower wholesale cost of sales (\$10.8 million) partially offset by effects of the greater retail volumes sold.

Total margin increased \$78.2 million in the 2013 three-month period principally reflecting higher total retail propane margin (\$72.0 million) and greater total margin from ancillary sales and services (\$4.4 million). The increase in retail propane total margin reflects the increase in retail volumes sold.

EBITDA in the 2013 three-month period increased \$79.1 million principally reflecting the higher total margin (\$78.2 million) and the absence of the \$13.4 million loss on extinguishments of debt recorded in the prior-year period partially offset by higher operating and administrative expenses (\$13.0 million) reflecting the full-period effects of the operations of Heritage Propane and incremental costs associated with the higher sales partially offset by expense synergies from the Heritage Propane acquisition. Operating and administrative expenses in the 2013 three-month period include \$5.4 million of transition expenses associated with Heritage Propane while operating and administrative expenses in the prior-year period include Heritage Propane acquisition and transition expenses of \$8.1 million. Operating income increased \$62.5 million in the 2013 three-month period principally reflecting the higher total margin (\$78.2 million) partially offset by the greater operating and administrative expenses and increased depreciation and amortization expense (\$3.8 million).

Interest expense decreased \$3.3 million in the 2013 three-month period principally reflecting lower average long-term debt outstanding.

AMERIGAS PARTNERS, L.P.
2013 six -month period compared with 2012 six -month period

| <u>Six Months Ended March 31,</u> | <u>2013</u> | <u>2012</u> | <u>Increase (Decrease)</u> | |
|--|-------------------|-------------------|----------------------------|---------------|
| (millions of dollars) | | | | |
| Gallons sold (millions): | | | | |
| Retail | 815.1 | 610.3 | 204.8 | 33.6 % |
| Wholesale | 65.3 | 68.6 | (3.3) | (4.8)% |
| | <u>880.4</u> | <u>678.9</u> | <u>201.5</u> | <u>29.7 %</u> |
| Revenues: | | | | |
| Retail propane | \$ 1,826.6 | \$ 1,615.2 | \$ 211.4 | 13.1 % |
| Wholesale propane | 68.9 | 104.9 | (36.0) | (34.3)% |
| Other | 157.4 | 119.3 | 38.1 | 31.9 % |
| | <u>\$ 2,052.9</u> | <u>\$ 1,839.4</u> | <u>\$ 213.5</u> | <u>11.6 %</u> |
| Total margin (a) | \$ 988.4 | \$ 725.6 | \$ 262.8 | 36.2 % |
| EBITDA (b) | \$ 491.4 | \$ 308.2 | \$ 183.2 | 59.4 % |
| Operating income (b) | \$ 397.4 | \$ 255.1 | \$ 142.3 | 55.8 % |
| Net income attributable to AmeriGas Partners | \$ 309.9 | \$ 176.4 | \$ 133.5 | 75.7 % |
| Heating degree days — % (warmer) than normal (c) | (4.7)% | (17.5)% | — | — |

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

(b) Earnings before interest expense, income taxes, depreciation and amortization (“EBITDA”) should not be considered as an alternative to net income attributable to AmeriGas Partners (as an indicator of operating performance) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America (“GAAP”). Management believes EBITDA is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership’s operating performance with that of other companies within the propane industry and (2) assess the Partnership’s ability to meet loan covenants. The Partnership’s definition of EBITDA may be different from those used by other companies. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant years. Management also uses EBITDA to assess the Partnership’s profitability because its parent, UGI Corporation, uses the Partnership’s EBITDA to assess the profitability of the Partnership which is one of UGI Corporation’s reportable segments. UGI Corporation discloses the Partnership’s EBITDA in its disclosure about reportable segments as the profitability measure for its domestic propane segment. EBITDA for the six months ended March 31, 2013 and 2012, includes acquisition and transition expenses of \$10.9 million and \$11.9 million, respectively, associated with Heritage Propane. EBITDA for the the six months ended March 31, 2012 includes a pre-tax loss of \$13.4 million associated with extinguishments of debt.

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

| (millions of dollars) | Six Months Ended March 31, | |
|--|-------------------------------|-----------------|
| | 2013 | 2012 |
| Net income attributable to AmeriGas Partners | \$ 309.9 | \$ 176.4 |
| Income tax expense | 0.6 | 1.2 |
| Interest expense | 83.0 | 61.6 |
| Depreciation | 75.9 | 56.3 |
| Amortization | 22.0 | 12.7 |
| EBITDA | <u>\$ 491.4</u> | <u>\$ 308.2</u> |

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

AMERIGAS PARTNERS, L.P.

Results for the 2013 six-month period reflect the full-period operations of Heritage Propane acquired in January 2012. Based upon heating degree-day data, temperatures in the Partnership's service territories during the 2013 six-month period averaged approximately 4.7% warmer than normal but 14.8% colder than the 2012 six-month period. Retail gallons sold were 204.8 million gallons greater than in the prior-year period principally reflecting the full-period impact of the Heritage Propane operations and the colder 2013 six-month period weather.

Retail propane revenues increased \$211.4 million during the 2013 six-month period reflecting the higher retail volumes sold (\$542.1 million) partially offset by a decline in average retail selling prices (\$330.7 million) the result of lower propane product costs. Wholesale propane revenues declined \$36.0 million principally reflecting lower average wholesale propane selling prices (\$31.0 million) and lower wholesale volumes sold (\$5.0 million). Average daily wholesale propane commodity prices during the 2013 six-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 35% lower than such prices during the prior-year six-month period. Total revenues from fee income and other ancillary sales and services in the 2013 six-month period were \$38.1 million higher than in the 2012 six-month period principally reflecting such revenues from the full-period effects of Heritage Propane. Total cost of sales decreased \$49.3 million principally reflecting the effects of the lower propane commodity prices on retail propane cost of sales (\$349.2 million) and lower wholesale propane cost of sales (\$37.9 million) substantially offset by the effects of the greater retail volumes sold (\$328.4 million). Cost of sales associated with ancillary sales and services increased \$9.4 million principally reflecting the full-period effects of Heritage Propane.

Total margin increased \$262.8 million in the 2013 six-month period principally reflecting higher total propane margin (\$234.1 million) and greater total margin from ancillary sales and services (\$28.7 million). These increases principally reflect the incremental full-period effects of Heritage Propane, the colder 2013 six-month period weather and, with respect to total propane margin, slightly higher 2013 six-month period average unit margins reflecting the lower propane product costs.

EBITDA in the 2013 six-month period increased \$183.2 million principally reflecting the higher total margin (\$262.8 million) and the absence of the \$13.4 million loss on extinguishments of debt recorded in the prior-year period partially offset by higher operating and administrative expenses (\$96.6 million) primarily attributable to the full-period effects of Heritage Propane operations. Operating and administrative expenses in the 2013 six-month period include \$10.9 million of transition expenses associated with Heritage Propane while operating and administrative expenses in the prior-year period include Heritage Propane acquisition and transition-related expenses of \$11.9 million. Partnership operating income increased \$142.3 million in the 2013 six-month period principally reflecting the higher total margin (\$262.8 million) partially offset by the previously mentioned greater operating and administrative expenses (\$96.6 million) and increased depreciation and amortization (\$29.0 million) principally reflecting the full-period effects of Heritage Propane.

Interest expense increased \$21.4 million in the 2013 six-month period reflecting higher average long-term debt outstanding during the period subsequent to the Heritage Acquisition.

FINANCIAL CONDITION AND LIQUIDITY**Financial Condition**

The Partnership's debt outstanding at March 31, 2013, totaled \$2,436.3 million (including current maturities of long-term debt of \$26.3 million and bank loans of \$115.9 million). The Partnership's debt outstanding at September 30, 2012, totaled \$2,378.0 million (including current maturities of long-term debt of \$30.7 million and bank loans of \$49.9 million). Total long-term debt outstanding at March 31, 2013, including current maturities, comprises \$2,250.8 million of AmeriGas Partners' Senior Notes and \$69.6 million of other long-term debt.

AmeriGas OLP's short-term borrowing needs are seasonal and are typically greatest during the fall and winter heating-season months due to the need to fund higher levels of working capital. AmeriGas OLP has a \$525 million unsecured credit agreement ("Credit Agreement") which expires October 2016.

At March 31, 2013, there were \$115.9 million of borrowings outstanding under the Credit Agreement which are classified as bank loans on the Condensed Consolidated Balance Sheets. Issued and outstanding letters of credit under the Credit Agreement, which reduce the amount available for borrowings, totaled \$54.1 million at March 31, 2013. The average daily and peak bank loan borrowings outstanding under the Credit Agreement during the 2013 six-month period were \$118.1 million and \$200.5 million, respectively. The average daily and peak bank loan borrowings outstanding under the Credit Agreement during the 2012 six-month period were \$134.9 million and \$239.5 million, respectively. At March 31, 2013, the Partnership's available borrowing capacity under the Credit Agreement was \$355.0 million.

The Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs for the remainder of Fiscal 2013 from existing cash balances, cash expected to be generated from operations and borrowings available under the Credit Agreement.

On April 29, 2013, the General Partner's Board of Directors approved a quarterly distribution of \$0.84 per Common Unit, equal to an annual rate of \$3.36. This distribution is a 5% increase from the previous quarterly rate of \$0.80 per Common Unit. The new quarterly rate is effective with the distribution payable on May 17, 2013, to unitholders of record on May 10, 2013. During the six months ended March 31, 2013, the Partnership declared and paid quarterly distributions on all limited partner units at a rate of \$0.80 per Common Unit for the quarters ended December 31, 2012 and September 30, 2012. The ability of the Partnership to declare and pay the quarterly distribution on its Common Units in the future depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the Partnership's ability to borrow under its Credit Agreement, refinance maturing debt, and increase its long-term debt. Some of these factors are affected by conditions beyond the Partnership's control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

Cash Flows

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

Cash flow provided by operating activities was \$ 215.2 million in the 2013 six-month period compared to \$ 153.1 million in the 2012 six-month period. Cash flow from operating activities before changes in operating working capital was \$422.5 million in the 2013 six-month period compared with \$269.2 million in the prior-year period largely reflecting the full period effects of the operations of Heritage Propane in the current-year period. Cash used to fund changes in operating working capital was \$207.4 million in the 2013 six-month period compared to \$116.1 million in the 2012 six-month period. The increase in cash used to fund changes in working capital in the 2013 six-month period reflects, among other things, greater cash needed to fund increased sales of propane and greater interest payments on long-term debt principally reflecting the effects of the Heritage Propane acquisition. These increases in cash used to fund changes in operating working capital were partially offset by lower cash payments related to propane inventories reflecting, in part, lower 2013 six-month period propane product costs.

Investing activities. Investing activity cash flow is principally affected by investments in property, plant and equipment, cash paid for acquisitions of businesses and proceeds from sales of assets. Cash flow used in investing activities was \$ 51.2 million in the 2013 six-month period compared with \$ 1,448.9 million in the prior-year period. The 2012 six-month period cash used in investing activities largely reflects the cash portion of the Heritage Acquisition purchase price paid, net of cash acquired. We spent \$ 54.4 million for property, plant and equipment (comprising \$21.3 million of maintenance capital expenditures, \$11.0 million of capital expenditures associated with Heritage Propane integration activities and \$22.1 million of growth capital expenditures) in the 2013 six-month period compared with \$ 45.1 million (comprising \$23.3 million of maintenance capital expenditures, \$1.3 million of capital expenditures associated with Heritage Propane integration activities and \$20.5 million of growth capital expenditures) in the 2012 six-month period. The increase in the 2013 six-month period capital expenditures reflects in large part the full-period effects of the operations of Heritage Propane.

Financing activities. The Partnership's financing activities cash flows are typically the result of repayments and issuances of long-term debt, borrowings under the Credit Agreement, issuances of Common Units and distributions on partnership interests. Cash used by financing activities was \$ 100.9 million in the 2013 six-month period compared with cash provided of \$ 1,427.5 million in the prior-year period. Distributions in the 2013 six-month period totaled \$ 158.6 million compared with \$ 113.3 million in the prior-year period principally reflecting the impact of greater number of Common Units outstanding resulting from the acquisition of Heritage Propane and higher quarterly per-unit distribution rates.

In order to finance the cash portion of the acquisition of Heritage Propane, on January 12, 2012, AmeriGas Partners issued \$550 million principal amount of the 6.75% Notes due 2020 and \$1.0 billion principal amount of 7.00% Notes due 2022. During March 2012, AmeriGas Partners sold 7 million Common Units in an underwritten public offering and used a portion of the net proceeds to repay \$200 million of outstanding 6.50% Senior Notes due 2021, to reduce bank loan borrowings and for general corporate purposes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at March 31, 2013, was a loss of \$ 2.7 million. A hypothetical 10% adverse change in the market price of propane would increase such loss by \$ 11.6 million.

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

Interest Rate Risk

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

Our variable-rate debt includes borrowings under the Credit Agreement. This agreement has interest rates that are generally indexed to short-term market interest rates. The remainder of our debt outstanding is subject to fixed rates of interest. Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements. There were no settled or unsettled amounts relating to interest rate protection agreements at March 31, 2013.

Derivative Financial Instruments Credit Risk

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

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Change in Internal Control over Financial Reporting

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

AMERIGAS PARTNERS, L.P.

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the other information presented in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2012 , which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Partnership. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 6. EXHIBITS

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

AMERIGAS PARTNERS, L.P.

| Exhibit No. | Exhibit | Registrant | Filing | Exhibit |
|--------------------|---|-------------------------|--------------------------|----------------|
| 2.1 | Amendment to Contribution and Redemption Agreement, dated as of October 15, 2011, by an among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P., dated as of March 20, 2013. | | | |
| 10.1 | Amendment to Contingent Residual Support Agreement dated as of January 12, 2012, among Energy Transfer Partners, L.P., AmeriGas Finance LLC, AmeriGas Finance Corp., AmeriGas Partners, L.P., and for certain limited purposes only, UGI Corporation, dated as of March 20, 2013. | | | |
| 10.2** | UGI Corporation 2013 Omnibus Incentive Compensation Plan Performance Unit Grant Letter for Employees, dated January 24, 2013. | UGI | Form 10-Q (3/31/2013) | 10.4 |
| 10.3** | UGI Corporation 2004 Omnibus Equity Compensation Plan Stock Unit Grant Letter for Non Employee Directors, dated January 1, 2013. | UGI | Form 10-Q (3/31/2013) | 10.6 |
| 10.4** | UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for Non Employee Directors, dated January 8, 2013. | UGI | Form 10-Q (3/31/2013) | 10.7 |
| 10.5** | UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for UGI Employees, dated January 1, 2013. | UGI | Form 10-Q (3/31/2013) | 10.8 |
| 10.6** | UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for AmeriGas Employees, dated January 1, 2013. | UGI | Form 10-Q (3/31/2013) | 10.9 |
| 10.7** | AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. Phantom Unit Grant Letter for Directors, dated January 8, 2013. | | | |
| 10.8** | AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. Performance Unit Grant Letter for Employees, dated January 1, 2013. | | | |
| 10.9** | AmeriGas Propane, Inc. Executive Annual Bonus Plan effective as of October 1, 2006, as amended as of November 15, 2012. | | | |
| 10.10** | Description of oral compensation arrangement between UGI Corporation and Mr. John L. Walsh. | UGI | Form 8-K (3/19/2013) | 10.1 |
| 10.11** | Description of oral compensation arrangement between AmeriGas Propane, Inc. and Mr. Hugh J. Gallagher. | AmeriGas Partners, L.P. | Form 8-K (4/29/2013) | 10.1 |
| 31.1 | Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | |
| 31.2 | Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | |
| 32 | Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | |
| 101.INS | XBRL.Instance | | | |
| 101.SCH | XBRL Taxonomy Extension Schema | | | |

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Labels Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

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

AMERIGAS PARTNERS, L.P.

SIGNATURES

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

AMERIGAS PARTNERS, L.P.

(Registrant)

By: AmeriGas Propane, Inc.
as General Partner

Date: May 15, 2013

By: /s/ John S. Iannarelli
John S. Iannarelli
Vice President — Finance and Chief Financial Officer

Date: May 15, 2013

By: /s/ Robert J. Cane
Robert J. Cane
Controller and Chief Accounting Officer

AMERIGAS PARTNERS, L.P.

EXHIBIT INDEX

- 2.1 Amendment to Contribution and Redemption Agreement, dated as of October 15, 2011, by an among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P., dated as of March 20, 2013.
- 10.1 Amendment to Contingent Residual Support Agreement dated as of January 12, 2012, among Energy Transfer Partners, L.P., AmeriGas Finance LLC, AmeriGas Finance Corp., AmeriGas Partners, L.P., and for certain limited purposes only, UGI Corporation, dated as of March 20, 2013.
- 10.7** AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. Phantom Unit Grant Letter for Directors, dated January 8, 2013.
- 10.8** AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. Performance Unit Grant Letter for Employees, dated January 1, 2013.
- 10.9** AmeriGas Propane, Inc. Executive Annual Bonus Plan effective as of October 1, 2006, as amended as of November 15, 2012.
- 31.1 Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2013, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL.Instance
- 101.SCH XBRL Taxonomy Extension Schema
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF XBRL Taxonomy Extension Definition Linkbase
- 101.LAB XBRL Taxonomy Extension Labels Linkbase
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase

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

March 20, 2013

Energy Transfer Partners, L.P.
3738 Oak Lawn
Dallas, TX 72519

Re: Contribution and Redemption Agreement

Dear Sirs:

Reference is made to the Contribution and Redemption Agreement, dated as of October 15, 2011, as amended (the “Contribution Agreement”), by and among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Contribution Agreement.

The Parties hereby agree that, for purposes of determining the “tax detriment” to Contributor’s unitholders referred to in paragraph 3 of Schedule 5.29(e)(iv) to the Contribution Agreement, it shall be assumed that each of such unitholders is subject to tax with respect to any net taxable income or gain that is recognized at an aggregate tax rate of 20%. For the avoidance of doubt, except to the extent modified hereby, all other terms and conditions of Section 5.29 of the Contribution Agreement and the related Schedules shall remain in full force and effect.

The Parties hereby agree that this letter agreement shall be deemed to amend the Contribution Agreement in accordance with Section 10.1 thereof. This letter agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument and any Party may execute this letter by signing any such counterpart.

This letter agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware. The Parties irrevocably submit to the exclusive jurisdiction of (a) the Delaware Court of Chancery, and (b) any state appellate court therefrom within the State of Delaware (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware), for the purposes of any Proceeding arising out of this letter agreement or the transactions contemplated hereby (and each agrees that no such Proceeding relating to this letter agreement or the transactions contemplated hereby shall be brought by it except in such courts). The Parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any Proceeding arising out of this letter agreement or the transactions contemplated hereby in (i) the Delaware Court of Chancery, or (ii) any state appellate court therefrom within the State of Delaware (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties also agrees that any final and non appealable judgment against a Party in connection with any Proceeding shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

If the foregoing correctly reflects the understanding and agreement among us, please execute a copy of this letter in the space provided below and return it to the undersigned.

[*Signature page follows.*]

Very truly yours,

AMERIGAS PARTNERS, L.P.

By: AmeriGas Propane, Inc., its general partner

By: /s/ Steven A. Samuel
Name: Steven A. Samuel
Title: Vice President – Law and General Counsel

ACCEPTED AND AGREED:

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Thomas P. Mason
Name: Thomas P. Mason
Title: Senior Vice President, General Counsel and
Secretary

ENERGY TRANSFER PARTNERS GP, L.P.

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Thomas P. Mason
Name: Thomas P. Mason
Title: Senior Vice President, General Counsel and
Secretary

HERITAGE ETC, LP

By: Heritage ETC GP, LLC, its general partner

By: /s/ Thomas P. Mason
Name: Thomas P. Mason
Title: Senior Vice President, General Counsel and
Secretary

March 20, 2013

Energy Transfer Partners, L.P.
3738 Oak Lawn
Dallas, TX 72519

Re: Contingent Residual Support Agreement

Dear Sirs:

Reference is made to the Contingent Residual Support Agreement, dated as of January 12, 2012 (the “CRSA”), among Energy Transfer Partners, L.P. (the “Support Provider”), AmeriGas Finance LLC, AmeriGas Finance Corp., AmeriGas Partners, L.P. (“AmeriGas”) and, for certain limited purposes only, UGI Corporation. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the CRSA.

Section 8(d) of the CRSA provides that, in certain cases, AmeriGas shall not dispose of any assets or interests contributed by the Support Provider to AmeriGas without the prior written consent of the Support Provider. The Parties hereby agree that, notwithstanding anything to the contrary (including Section 8(d) of the CRSA) (a) AmeriGas shall not be required to obtain the Support Provider’s prior written consent in connection with its disposal of any assets or interests that were contributed by the Support Provider to AmeriGas pursuant to the Contribution and Redemption Agreement, regardless of whether such disposal would result in the Support Provider recognizing greater than \$10,000,000 of the built-in gain (pursuant to Section 704(c) of the Code) that exists with respect to such assets and interests, (b) any such disposal by AmeriGas shall not be deemed a breach of any provision in the CRSA, and (c) for so long as the Supported Debt is outstanding, AmeriGas shall be liable to the Support Provider for the amount of the tax detriment to the Support Provider’s unitholders resulting from the amount of any built-in gain (pursuant to Section 704(c) of the Code) recognized in excess of \$10,000,000 in aggregate per year, determined on a cumulative basis, related to any such disposal(s). Such tax detriment shall be calculated in a manner consistent with the calculation of the tax detriment under paragraph 3 of Schedule 5.29(e)(iv) of the Contribution and Redemption Agreement (as modified by the letter dated March 20, 2013 in relation to the Contribution and Redemption Agreement). In consideration of the foregoing, AmeriGas hereby agrees that, within twenty (20) Business Days (as defined in the Contribution and Redemption Agreement) of the end of each calendar quarter while the Supported Debt is outstanding, it shall provide written notice to the Support Provider of any such dispositions occurring during such calendar quarter, including the gross proceeds received in connection with each such disposition as well as the amount of built-in gain in the disposed asset that is allocable to the Support Provider pursuant to Section 704(c) of the Code, and AmeriGas shall pay to the Support Provider the amount of any tax detriment resulting therefrom within thirty (30) Business Days after delivery of such written notice.

The Parties hereby agree that this letter agreement shall be deemed to amend the CRSA in accordance with Section 13 thereof. This letter agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument and any Party may execute this letter by signing any such counterpart.

This letter agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York. The Parties irrevocably submit to the exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, for the purposes of any proceeding arising out of this letter agreement or the transactions contemplated hereby (and each agrees that no such proceeding relating to this letter agreement or the transactions contemplated hereby shall be brought by it except in such courts). The Parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any proceeding arising out of this letter agreement or the transactions contemplated hereby in any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, or that any such proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties also agrees that any final and non appealable judgment against a Party in connection with any proceeding shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

If the foregoing correctly reflects the understanding and agreement among us, please execute a copy of this letter in the space provided below and return it to the undersigned.

[*Signature page follows.*]

Very truly yours,

AMERIGAS FINANCE LLC

By: AmeriGas Partners, L.P., its sole member

By: AmeriGas Propane, Inc., its general partner

By: /s/ Steven A. Samuel

Name: Steven A. Samuel

Title: Vice President – Law and General Counsel

AMERIGAS FINANCE CORP.

By: /s/ Steven A. Samuel

Name: Steven A. Samuel

Title: Vice President – Law and General Counsel

AMERIGAS PARTNERS, L.P.

By: AmeriGas Propane, Inc., its general partner

By: /s/ Steven A. Samuel

Name: Steven A. Samuel

Title: Vice President – Law and General Counsel

ACCEPTED AND AGREED:

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners, GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Thomas P. Mason

Name: Thomas P. Mason

Title: Senior Vice President and General Counsel

ACKNOWLEDGED AND AGREED TO, SOLELY FOR THE LIMITED PURPOSES SET FORTH IN THE CRSA,

BY :

UGI CORPORATION

By: /s/ Monica M. Gaudiosi

Name: Monica M. Gaudiosi

Title: Vice President, General Counsel and Secretary

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

PHANTOM UNIT GRANT LETTER

This PHANTOM UNIT GRANT, dated January 8, 2013 (the “Date of Grant”), is delivered by AmeriGas Propane, Inc. (the “Company”) to _____ (the “Participant”).

RECITALS

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

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

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

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

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

1. Grant of Phantom Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of 1,100 Phantom Units (as defined in Section 4). The Phantom Units are granted with Distribution Equivalents (as defined in Section 4).

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

2. Distribution Equivalents with Respect to Phantom Units.

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

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

3. Events Requiring Redemption of Phantom Units .

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

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

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

(d) *Deferral Elections* . Notwithstanding the foregoing, pursuant to the Deferral Plan, the Participant may make a one-time, irrevocable election to elect to have all of the Participant's

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

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

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

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

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

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

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

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

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

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

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

5. Taxes. All obligations of the Company under this Grant Letter shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.
6. Conditions. The obligation of the Company to deliver Common Units shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Common Units upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issue of Common Units, the Common Units may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Common Units to the Participant pursuant to this Grant Letter is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.
7. Grant Subject to Plan Provisions.
- (a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Phantom Units are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Common Units issued under the Plan, (ii) changes in capitalization of APLP and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant Letter pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.
- (b) All Common Units issued pursuant to this grant shall be subject to any applicable policies implemented by the Board of Directors of the Company, as in effect from time to time.
8. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a Unitholder with respect to the Common Units, until certificates for the Common Units have been issued upon payment of Phantom Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Phantom Unit account established for the Participant.
9. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.
10. Compliance with Code Section 409A. Notwithstanding any other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Code. For

purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment.

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

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

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

AmeriGas Propane, Inc.

Attest

By: _____

Assistant Secretary Steven A. Samuel
Vice President- Law and General Counsel

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

Participant

Employee Performance Unit Grant

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

PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated January 1, 2013 (the "Date of Grant"), is delivered by AmeriGas Propane, Inc. (the "Company") to _____ (the "Participant").

RECITALS

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

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

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

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

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

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a target award of _____ Performance Units (the "Target Award"). The Performance Units are contingently awarded and will be earned and payable if and to the extent that the Performance Goals (described below) and other conditions of the Grant Letter are met. The Performance Units are granted with Distribution Equivalents (as defined in the Plan).

2. Performance Goals.

(a) The Participant shall earn the right to payment of the Performance Units if the Performance Goals described below are met for the Performance Period, and if the Participant continues to be employed by, or provide service to, the Company and its Affiliates (as defined in the Plan) through December 31, 2015. The Performance Period is the period beginning January

1, 2013 and ending December 31, 2015. The Total Unit Holder Return (“TUR”) goals and other requirements of this Section 2 are referred to as the “Performance Goals.”

(b) The Target Award level of Performance Units and Distribution Equivalents will be payable if APLP’s TUR equals the median TUR of the comparison group designated by the Committee (the “Peer Group”) for the Performance Period. The Peer Group consists of those master limited partnerships that are in the Alerian MLP Index as in effect as of the beginning of the Performance Period, as set forth on the attached Exhibit A (the “Alerian MLP Index”). If a company is added to the Alerian MLP Index during the Performance Period, that company is not included in the TUR calculation. A company that is included in the Alerian MLP Index at the beginning of the Performance Period will be removed from the TUR calculation only if the company ceases to exist as a publicly traded entity during the Performance Period, consistent with the methodology described in subsection (c) below. The actual amount of the award of Performance Units may be higher or lower than the Target Award, or it may be zero, based on APLP’s TUR percentile rank relative to the companies in the Peer Group, as follows:

| <u>APLP’s TUR Rank</u> <u>(Percentile)</u> | <u>Percentage of Target Award Earned</u> |
|---|--|
| 90th | 200% |
| 75th | 162.5% |
| 60th | 125% |
| 50th | 100% |
| 40th | 70% |
| 25th | 25% |
| less than 25th | 0% |

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

(c) TUR shall be calculated by the Company using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The price used for determining TUR at the beginning and the end of the Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, 2012) and the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, 2015), respectively. The TUR calculation gives effect to all dividends throughout the three-year Performance Period as if they had been reinvested.

(d) The Target Award is the amount designated for 100% (50th TUR rank) performance. The Participant can earn up to 200% of the Target Award if APLP’s TUR percentile rank exceeds the 50th TUR percentile rank, according to the foregoing schedule.

(e) At the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and the amount to be paid with respect to the Performance Units. Except as described in Sections 3 and 6 below, the Participant must be

employed by, or providing services to, the Company or its Affiliates on December 31, 2015 in order for the Participant to receive payment with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant ceases to be employed by, or provide services to, the Company and its Affiliates before December 31, 2015, the Performance Units and all Distribution Equivalents credited under this Grant Letter will be forfeited.

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

(c) In the event of termination of employment or service on account of Retirement, Disability or death, the prorated amount shall be paid after the end of the Performance Period pursuant to Section 4, except as provided in Section 6.

4. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant (i) Common Units equal to the number of Performance Units to be paid according to achievement of the Performance Goals, up to the Target Award, provided that the Company may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect of the Performance Units earned up to the Target Award, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the number of Common Units equal to the Performance Units to be paid in excess of the Target Award, subject to applicable tax withholding. Payment shall be made between January 1, 2016 and March 15, 2016, except as provided in Section 6 below.

5. Distribution Equivalents with Respect to Performance Units.

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

(b) While the Performance Units are outstanding, the Company will keep records of Distribution Equivalents in a bookkeeping account for the Participant. On each payment date for a distribution paid by APLP on its Common Units, the Company shall credit to the Participant's account an amount equal to the Distribution Equivalents associated with the Target Award of

Performance Units held by the Participant on the record date for the distribution. No interest will be credited to any such account.

(c) The target amount of Distribution Equivalents (100% of the Distribution Equivalents credited to the Participant's account) will be earned if APLP's TUR rank is at the 50th TUR percentile rank for the Performance Period. The Participant can earn up to 200% of the target amount of Distribution Equivalents if APLP's TUR rank exceeds the 50th TUR percentile rank, according to the schedule in Section 2 above. Except as described in Section 3(b) above or Section 6, if the Participant's employment or service with the Company and its Affiliates terminates before December 31, 2015, all Distribution Equivalents will be forfeited.

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

6. Change of Control.

(a) If a Change of Control (as defined in the Plan) occurs, the Performance Units and Distribution Equivalents shall not automatically become payable upon the Change of Control but, instead, shall become payable as described in this Section 6. The Committee may take such other actions with respect to the Performance Units and Distribution Equivalents as it deems appropriate pursuant to the Plan.

(b) If a Change of Control occurs during the Performance Period, the Committee shall calculate a Change of Control Amount as follows:

(i) The Performance Period shall end as of the closing date of the Change of Control (the "Change of Control Date)," and the TUR ending date calculation for the Performance Period shall be based on the 90 calendar day period ending on the Change of Control Date.

(ii) The Committee shall calculate a "Change of Control Amount" equal to the greater of (i) the Target Award amount or (ii) the amount of Performance Units that would be payable based on the Company's achievement of the Performance Goals as of the Change of Control Date, as determined by the Committee. The Change of Control Amount shall include related Distribution Equivalents and, if applicable, interest, as described below.

(iii) The Committee shall determine whether the Change of Control Amount attributable to Performance Units shall be (A) converted to units with respect to shares or other equity interests of the acquiring company or its parent ("Successor Units"), in which case Distribution Equivalents shall continue to be credited on the Successor Units, or (B) valued based on the Fair Market Value of the Performance Units as of the Change of Control Date and credited to a bookkeeping account for the Participant, in which case interest shall be credited on the amount so determined at a market rate for the period between the Change of Control Date and the applicable payment date. Notwithstanding

the provisions of Section 4, all payments on and after a Change of Control shall be made in cash. If alternative (A) above is used, the cash payment shall equal the Fair Market Value on the date of payment of the number of shares or other equity interests underlying the Successor Units, plus accrued Distribution Equivalents. All payments shall be subject to applicable tax withholding.

(c) If a Change of Control occurs during the Performance Period and the Participant continues in employment or service through December 31, 2015, the Change of Control Amount shall be paid in cash between January 1, 2016 and March 15, 2016.

(d) If a Change of Control occurs during the Performance Period, and the Participant has a Termination without Cause or a Good Reason Termination upon or within two years after the Change of Control Date and before December 31, 2015, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 13 below.

(e) If a Change of Control occurs during the Performance Period, and the Participant terminates employment or service on account of Retirement, Disability or death upon or after the Change of Control Date and before December 31, 2015, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 13 below; provided that, if required by section 409A, if the Participant's Retirement, Disability or death occurs more than two years after the Change of Control Date, payment will be made between January 1, 2016 and March 15, 2016, and not upon the earlier separation from service.

(f) If a Participant's employment or service terminates on account of Retirement, death or Disability before a Change of Control, and a Change of Control subsequently occurs before the end of the Performance Period, the prorated amount described in Section 3(b) shall be calculated by multiplying the fraction described in Section 3(b) by the Change of Control Amount. The prorated Change of Control Amount shall be paid in cash within 30 days after the Change of Control Date, subject to Section 13 below.

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

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

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

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

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

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

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 15, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

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

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

(d) "*Termination without Cause*" means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse adversely affecting the performance of duties, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company.

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

9. Grant Subject to Plan Provisions and Company Policies.

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

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

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

11. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a Unitholder with respect to the Common Units related to the Performance Units, unless and until Common Units have been distributed to the Participant or successor.

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

13. Compliance with Code Section 409A. Notwithstanding the other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, or an exception, and shall be administered accordingly. Any reference to a Participant's termination of employment shall mean a Participant's "separation from service," as such term is defined under section 409A. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment. Notwithstanding anything in this Grant Letter to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Grant Letter is required to be delayed for a period of six months after separation from service pursuant to section 409A, payment of such amount shall be delayed as required by section 409A and shall be paid within 10 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of section 409A shall be paid to the personal

representative of the Participant's estate within 60 days after the date of the Participant's death. Notwithstanding anything in this Grant Letter to the contrary, if a Change of Control is not a "change in control event" under section 409A, any Performance Units and Distribution Equivalents that are payable pursuant to Section 6 shall be paid to the Participant between January 1, 2016 and March 15, 2016, and not upon the earlier separation from service, if required by section 409A.

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

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

IN WITNESS WHEREOF, the Company has caused its duly authorized officers to execute and attest this Grant Letter, and the Participant has executed this Grant Letter, effective as of the Date of Grant.

AmeriGas Propane, Inc.

Attest

By: _____

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

Participant

EXHIBIT A

Performance Period January 1, 2013 through December 31, 2015

Alerian MLP Index

Access Midstream Partners LP
Alliance Resource Partners LP
AmeriGas Partners, L.P.
Atlas Pipeline Partners LP
Boardwalk Pipeline Partners LP
BreitBurn Energy Partners LP
Buckeye Partners LP
Calumet Specialty Products Partners LP
Copano Energy LLC
Crestwood Midstream Partners LP
Crosstex Energy LP
DCP Midstream Partners LP
El Paso Pipeline Partners LP
Enbridge Energy Partners LP
Energy Transfer Equity LP
Energy Transfer Partners LP
Enterprise Products Partners LP
EV Energy Partner LP
Exterran Partners LP
Ferrellgas Partners LP
Genesis Energy LP
Holly Energy Partners LP
Kinder Morgan Energy Partners LP
Kinder Morgan Management LLC
Legacy Reserves LP

Linn Energy LLC
Magellan Midstream Partners LP
MarkWest Energy Partners LP
Martin Midstream Partners LP
Natural Resource Partners LP
Navios Maritime Partners LP
NuStar Energy LP

NuStar GP Holdings LLC
ONEOK Partners LP
PAA Natural Gas Storage LP
Pioneer Southwest Energy Partners LP
Plains All American Pipeline LP
PVR Partners LP
QR Energy LP
Regency Energy Partners LP
Spectra Energy Partners LP
Suburban Propane Partners LP
Sunoco Logistics Partners LP
Targa Resources Partners LP
TC Pipelines LP
Teekay LNG Partners LP
Teekay Offshore Partners LP
Vanguard Natural Resources LLC
Western Gas Partners LP
Williams Partners LP

AMERIGAS PROPANE, INC.
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 15, 2012)

I. Purpose. The purpose of the AmeriGas Propane, Inc. Executive Annual Bonus Plan (the “Plan”) is to provide a means whereby AmeriGas Propane, Inc. (the “Company”), which is the general partner of AmeriGas Partners, L.P., may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the growth of AmeriGas Partners, L.P. and the enhancement of unitholder value. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees’ total compensation is based on achievement of performance goals relating to the eligible employees’ business and/or area of responsibility. The Plan was originally effective as of October 1, 2006 and has been amended and restated as of November 15, 2012.

II. Definitions. Whenever used in this Plan, the following terms will have the respective meanings set forth below:

- 2.1 “*Affiliate*” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.
- 2.2 “*AmeriGas LTIP*” means the AmeriGas Propane, Inc. 2010 Long Term Incentive Plan on behalf of AmeriGas Partners, L.P., as in effect from time to time, or a successor plan.
- 2.3 “*Board*” means the board of directors of the Company as constituted from time to time.
- 2.4 “*Code*” means the Internal Revenue Code of 1986, as amended.
- 2.5 “*Committee*” means (i) for Senior Management, the Compensation/Pension Committee of the Board or its successor and (ii) for eligible employees who are not members of Senior Management, the Chief Executive Officer of the Company or his designee.
- 2.6 “*Company*” means AmeriGas Propane, Inc., a Pennsylvania corporation, or any successor thereto.
- 2.7 “*Employer*” means the Company and its Affiliates.
- 2.8 “*Equity Plan*” means the UGI Corporation 2013 Omnibus Incentive Compensation Plan, as in effect from time to time, or a successor plan.
- 2.9 “*Participant*” means an eligible employee or other individual who provides services to the Company or its Affiliates and who is described in Section III as a participant in the Plan.
- 2.10 “*Plan*” means this AmeriGas Propane, Inc. Executive Annual Bonus Plan, as in effect from time to time.
- 2.11 “*Senior Management*” means those employees who are designated as executive officers by the Board pursuant to Rule 16a-1 of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.
- 2.12 “*Stock Award*” shall have the meaning given that term under the Equity Plan.
- 2.13 “*Unit Award*” shall have the meaning given that term under the AmeriGas LTIP.

III. Participation. All salaried employees of the Company and its Affiliates in grade level 34 or above shall be eligible to participate in the Plan for each fiscal year. The Company’s fiscal year begins on October 1. The Committee may also designate in writing that one or more senior level employees of an Affiliate shall be Participants in the Plan for a fiscal year, in its sole discretion.

IV. Annual Bonus.

4.1 **Target Bonus.** At the beginning of each fiscal year, the Committee shall establish target bonuses as a percentage of each Participant’s salary for the fiscal year. Each Participant shall be eligible to receive an annual bonus for the

fiscal year based on the achievement of business/financial performance goals, and the Participant's individual performance goals, if applicable, during the fiscal year. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied.

4.2 Performance Goals .

(a) Business/Financial Goals . At the beginning of each fiscal year, the Committee shall establish the business/financial performance goals for the fiscal year and leverage tables that apply to the performance goals.

(b) Individual Goals . The Committee shall determine which Participants shall have individual performance goals as part of their bonus calculation. At the beginning of each fiscal year, the Committee shall establish each Participant's individual performance goals for the year, if applicable, and shall set leverage tables that will apply to individual performance goals. The Committee shall determine the portion (if any) of the target bonus attributable to individual performance that will be payable if the business/financial performance goals are not achieved.

(c) Weighting . At the time the Committee establishes performance goals for each fiscal year, the Committee will determine the weighting for each Participant with respect to the business/financial goals and the individual goals. The weighting of the two types of goals need not be uniform as to all Participants.

(d) Communication of Goals . The Committee shall provide for the communication of the performance goals and corresponding leverage tables to the Participants.

4.3 Determination and Approval of Bonus Payments.

(a) At the end of the fiscal year, the Committee shall determine the amount of each Participant's bonus, if any, based on the achievement of the business/financial performance goals and, if applicable, the achievement of the individual performance goals. The Committee shall have sole discretion to determine whether and to what extent the performance goals have been met. The Committee may adjust the performance results for extraordinary items or other events, as the Committee deems appropriate.

(b) With respect to Participants whose annual bonus under the Plan is based solely on the achievement of business/financial performance goals, the Committee shall have discretion to increase or decrease the amount of the annual bonus by 50% more or less than the amount otherwise determined, based on the Participant's contribution to the achievement of the business/financial performance goals, other contributions that have a significant impact on Company performance, or other factors.

4.4 **Newly Hired Employees, Promotions and Transfers** . Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the fiscal year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee. If a Participant is transferred to an Affiliate of the Company (or into a position with a different annual bonus target percentage) during the fiscal year, the Participant's performance goals may be adjusted to reflect the change in Employer or position. If a Participant is transferred into a position that is not eligible to participate in the Plan during the fiscal year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee.

4.5 **Payment of Annual Bonus**. Each annual bonus for a fiscal year shall be paid to the Participant in a single lump sum payment between September 30 and December 31 of the calendar year in which the fiscal year ends, except as provided below. Annual bonuses for a fiscal year shall be paid in cash; provided that the Committee may determine that part or all of a Participant's annual bonus shall be paid in the form of a Stock Award under the Equity Plan or a Unit Award under the AmeriGas LTIP. Unless the Committee determines otherwise, to the extent that an officer of the Company who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, shall not have satisfied any ownership requirement then applicable to such officer, as set forth in the UGI Corporation Stock Ownership Policy, up to 10% of the gross amount of the officer's annual bonus shall be paid in fully vested Unit Awards under the AmeriGas LTIP. In addition to approval by the Committee, Stock Awards must be approved by the Compensation and Management Development Committee of the Board of Directors of UGI Corporation.

4.6 **Withholding Tax**. Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise,

withholding taxes with respect to any portion of a bonus paid in the form of a Stock Award or Unit Award shall be deducted from the cash portion of such bonus.

V. Termination of Employment. Except as provided below, a Participant must be employed by the Employer on the last day of the fiscal year for which the bonus is earned in order to receive a bonus for the year. If a Participant's employment terminates on account of retirement, death or disability, the Committee may determine in its sole discretion that an annual bonus will be paid for the year of termination. The Committee may take into account factors such as Company performance, individual performance and the portion of the year elapsed prior to termination. The annual bonus, if any, shall be paid within 60 days after the date of termination.

VI. Administration. The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan. Any action required of the Committee under the Plan shall be made in the Committee's sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant's acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VII. General Provisions.

7.1 Transferability. No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it 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. In the event of a Participant's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant's estate.

7.2 Unfunded Arrangement. The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

7.3 No Rights to Employment. Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the Employer, or affect the right of the Employer to terminate a Participant's employment at any time for cause or for no cause whatsoever.

7.4 Section 409A . The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A.

7.5 Termination and Amendment of the Plan. The Compensation and Management Development Committee may amend or terminate the Plan at any time.

7.6 Successors. The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

7.7 Applicable Law. The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

CERTIFICATION

I, Jerry E. Sheridan, certify that:

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

Date: May 15, 2013

/s/ Jerry E. Sheridan

Jerry E. Sheridan

President and Chief Executive Officer of
AmeriGas Propane, Inc.

CERTIFICATION

I, John S. Iannarelli, certify that:

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

Date: May 15, 2013

/s/ John S. Iannarelli

John S. Iannarelli

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

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

I, Jerry E. Sheridan, Chief Executive Officer, and I, John S. Iannarelli, Chief Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-Q for the period ended March 31, 2013 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

/s/ Jerry E. Sheridan

/s/ John S. Iannarelli

Jerry E. Sheridan

John S. Iannarelli

Date: May 15, 2013

Date: May 15, 2013