

AmeriGas

2005 Annual Report



Raising Expectations

**To be the most reliable, safest and
most responsive propane company.**



About the cover...

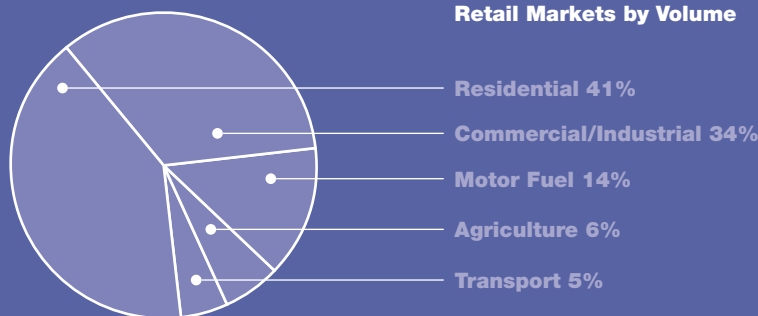
We go to great heights to satisfy customers located in remote areas with no access roads. Each year, AmeriGas airlifts dozens of propane tanks to fuel the remote LeConte Lodge in the Great Smoky Mountains National Park. This service allows hikers who overnight at the lodge to enjoy the convenience of gas heat and cooking.

AmeriGas Partners, L.P. is the nation's largest retail propane marketer, serving 1.3 million customers from more than 650 distribution locations in 46 states. AmeriGas also has approximately 22,000 PPX® grill cylinder exchange locations at well-known retailers around the nation. In 2005, propane sales to retail customers exceeded one billion gallons.

The portability and versatility of propane make it useful for a wide variety of applications in the residential, commercial, industrial, motor fuel, agricultural and recreational markets. Propane is most commonly used for space heating, water heating, clothes drying, cooking and fueling engines.

AmeriGas Partners, L.P. (NYSE: APU) operations are managed by its general partner, AmeriGas Propane, Inc., a wholly owned subsidiary of UGI Corporation (NYSE: UGI), a distributor and marketer of propane, butane, natural gas, electricity and related energy services. UGI, through subsidiaries, owns 44% of AmeriGas Partners, and more than 50,000 individual unitholders own the remaining 56%.

For more information about AmeriGas, visit www.amerigas.com.



Contents

- 1 Financial Highlights
- 2 Letter to Our Unitholders
- 4 Partnership Overview
- 9 Operations Review
- 10 Consolidated Financial Statements
- 25 Report of Independent Registered Public Accounting Firm
- 26 General Partner's Report
- 27 Directors and Officers
- 28 Unitholder Information

Financial Highlights

Year Ended September 30,	2005	2004	2003
(Millions of dollars, except as noted)			
Retail gallons sold (millions)	1,034.9	1,059.1	1,074.9
Degree days – % (warmer) colder than normal (1)	(6.9)%	(4.9)%	0.2%
Revenues	\$ 1,963.3	\$ 1,775.9	\$ 1,628.4
Operating income	\$ 177.3	\$ 176.7	\$ 164.0
Net income	\$ 60.8	\$ 91.9	\$ 72.0
Income tax expense	1.5	0.2	0.6
Interest expense	79.9	83.2	87.2
Depreciation and amortization	73.7	80.6	74.6
EBITDA (2)	\$ 215.9	\$ 255.9	\$ 234.4
Interest expense	(79.9)	(83.2)	(87.2)
Maintenance capital expenditures	(19.3)	(23.1)	(22.0)
Loss on extinguishment of debt	33.6	—	3.0
Distributable cash (3)	\$ 150.3	\$ 149.6	\$ 128.2
Units outstanding – end of year (millions)	56.8	54.5	52.3



AmeriGas has more than 650 distribution locations in 46 states. Our extensive geographic network puts us in a position to serve 95% of the U.S. population.

- (1) Deviation from average heating degree days based upon national weather statistics provided by the National Oceanic and Atmospheric Administration for 335 airports in the United States, excluding Alaska.
- (2) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under 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 compare the Partnership's operating performance with other companies within the propane industry and to evaluate our ability to meet loan covenants.
- (3) Management defines distributable cash as EBITDA less interest expense and maintenance capital expenditures and excluding losses on extinguishments of debt in connection with a debt refinancing. Maintenance capital expenditures are defined in the Partnership Agreement as expenditures made to maintain the operating capacity of the Partnership's existing capital assets. Management believes distributable cash is a meaningful non-GAAP measure for evaluating the Partnership's ability to declare and pay quarterly distributions. The Partnership's definition of distributable cash may be different from that used by other entities.



Dear Unitholders:

From left to right: John L. Walsh,
Lon R. Greenberg and Eugene V. N. Bissell

Fiscal Year 2005 presented the AmeriGas team with numerous challenges, and we are proud of our performance. In summary, we grew our customer base, enhanced service levels, managed our expenses, strengthened our balance sheet and raised our unitholder distribution – all in the face of warmer-than-normal weather and customer conservation.

The reason that we effectively addressed each challenge and delivered strong returns for our unitholders is, in our opinion, that we have set higher expectations for ourselves in all that we do.

Here are some of the challenges we faced in 2005:

- The wholesale cost of propane rose 28% over last year.
- Higher product cost led to customer conservation, which had a negative impact on volumes.
- Weather was 7% warmer than normal, which resulted in lower propane volumes.
- High energy costs pushed up our vehicle fuel, utility and bad debt expenses.

Our proactive response to these issues enabled us to deliver a solid financial performance. We achieved

1.1 times distribution coverage for the year, the best coverage of any of the publicly traded propane companies. We also announced our first distribution increase in May in recognition of the strength of our balance sheet and cash flow.

Raising and exceeding customer expectations are the keys to achieving the earnings growth we need to increase our distribution. Several years ago we adopted a value proposition to be the most reliable, safest and the most responsive propane company in each of the markets we serve. This year we made considerable progress in realizing these goals:

- We reduced safety incidents throughout the company.
- We improved our delivery reliability.
- We enhanced our responsiveness by offering extended service hours to more than 40% of our customers.
- We redesigned our customer invoices based on customer feedback and expanded our industry-leading range of payment options for customers.

We are busy implementing programs that employ new technology and new business practices that further improve our reliability, safety and responsiveness.

Customer service improvements currently being rolled out will raise expectations by setting new standards for service levels and responsiveness within the propane industry. Our PPX cylinder exchange business began the roll-out of our innovative self-service dispensers that eventually will be available at more than 1,000 locations. These dispensers allow customers to conveniently exchange their grill cylinder 24 hours a day, 7 days a week without having to track down a store employee to help them. For delivery customers, we extended our business hours to include more evening and weekend availability. Last year we told you that propane is the “anywhere” fuel and that AmeriGas is the “everywhere” company. The self-service dispenser and expanded availability of our customer service team to respond to customer needs are a reflection of our intention to become the “anytime” company. We want to be available to our customers whenever they want to do business with us.

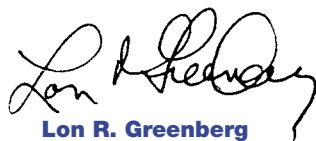
Our growth initiatives were very effective in 2005. We once again achieved double-digit volume growth in strategic accounts while growing PPX volumes about 5% through the addition of new locations and increased volumes from existing locations. We also added nearly 12,000 residential heating customers, exclusive of acquisitions. We are confident we will continue our track record of internal growth in fiscal year 2006 as customers see the value in the service levels, customer support and reliability of the AmeriGas team. Acquisitions continue to be a core growth strategy for AmeriGas. There are 3,500 independent marketers of propane in the United States, which comprise 60% market share. Each year our goal is to add 10-20 million gallons through the acquisition of independent marketers, and to acquire larger regional or national propane companies when they become available. Last year we added 10 million gallons through four

acquisitions. While the market for acquisitions has become more competitive, we remain committed to maintaining a disciplined approach to valuation, and expect to continue our track record of delivering value through acquisitions.

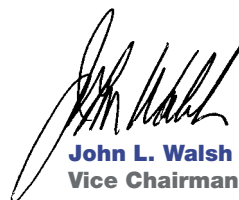
We successfully implemented a number of programs to improve our productivity. We employed new technology and business practices to automate or centralize a number of functions, such as collections, cash application and accounts payable. We rolled out truck technology to a number of locations, which led to improved delivery performance, reduced processing time and enhanced billing accuracy. These actions allowed us to reduce our staffing levels while aligning our workforce with seasonal demand. By converting some of our workforce to seasonal employees, we are better able to respond to increased customer demand during the five coldest months of the year and reduce our expenses during the balance of the year.

Our success in overcoming the challenges we faced in 2005 is evidence of the quality and commitment of the nearly 6,000 employees of AmeriGas. The hurricanes of 2005 gave us another opportunity to witness our employees’ dedication to our customers. Approximately 20 AmeriGas districts were affected by hurricanes in the last year, representing about 20,000 customers. In spite of the fact that many of our employees suffered significant damage to their homes, they have been working long hours to restore service to our customers. Volunteer employees from around the country went down to work with the local AmeriGas teams. We want to thank all of our employees for their efforts in overcoming these challenges.

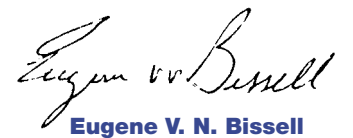
We would like to thank our Directors for their advice and support. Their broad base of experience and active involvement helped us deliver to our investors a compound total return of more than 20% per year over the last five years, and they are helping us to lay the foundation for continued industry-leading results.



Lon R. Greenberg
Chairman



John L. Walsh
Vice Chairman



Eugene V. N. Bissell
President and
Chief Executive Officer
December 5, 2005

Raising expectations through:

Growth

AmeriGas has grown through acquisition from a three-location propane distributor in 1959 to the largest propane company in America. In 2005, we purchased four propane companies and integrated them into existing AmeriGas operations.



Raising Stakeholder Expectations

AmeriGas is the largest retail propane marketer in the United States, delivering clean-burning propane gas to more than 1.3 million customers throughout the country. We expect to be the most reliable, safest and most responsive propane company in the nation, and we work constantly to raise expectations among our key stakeholders. Here's how we do it:

- We educate our *customers* to expect a high level of reliability, safety and responsiveness from us. We are committed to be the industry leader in these areas.
- We train our *employees* to be the most reliable, safest and most responsive in the industry. We measure and reward our employees for their performance in these areas.
- We consistently demonstrate to our *unitholders* our promise to grow the business and to offer a competitive return on their investment. Since 1959, AmeriGas has expanded from three locations in Pennsylvania into a 650-location distributor in 46 states.

Over the past five years, we have delivered a compound total return of more than 20% per year to our unitholders and in 2005, we raised our quarterly distribution by 2% – tangible evidence of the success of our strategies.

Consistent Strategies Drive Growth

We continue to grow our business by:

- increasing our customer base through effective sales and marketing programs,
- acquiring other propane businesses,
- expanding our PPX cylinder exchange business, and
- developing strategic account relationships with large regional and national propane users.

Employees Rewarded for Base Customer Growth

In 2005, we implemented a new employee bonus program that is based on district growth performance. We encourage employees to increase our customer base and share in the financial rewards. We believe these incentives contributed to solid growth in our core residential market this year.

Acquisitions Add More Than 10 Million Gallons

In fiscal 2005, we acquired six companies. Four of the acquisitions were propane marketers that added more than 10 million gallons in annual volume. These businesses were incorporated into existing operations, increasing our customer density in those markets. The other two acquired companies were purchased to complement our PPX business, adding cylinder exchange outlets and expanding cylinder refurbishing operations.

Cylinder Exchange Business Has 5% Volume Growth

We have approximately 22,000 retail partners in our PPX cylinder exchange business, mainly home centers, convenience stores and supermarkets. In 2005, we realized 5% volume growth, primarily from existing distribution locations. In late 2005, we contracted with the Publix grocery chain to install PPX display units in about 500 of their grocery stores in the coming months.

Strategic Accounts Adds 2,000 Customer Locations and 12% More Volume

Our extensive geographic network continues to make us the provider of choice to high-volume, multi-location propane users who want to simplify their business by using one supplier. In 2005, we

grew our sales volume by 12% and added more than 2,000 new strategic account locations.

Service Reliability Key to Customer Satisfaction

We have an extensive propane supply and distribution infrastructure that consists of both underground and above-ground storage terminals, rail cars, transport vehicles and delivery trucks. This network of assets and dedicated employees ensure a reliable supply of product to our customers despite devastating natural disasters, such as the hurricanes that hit the United States this year. We have contingency plans in place when the energy supply network is disrupted, and the capability to deliver product from within our infrastructure to minimize disruptions to our customers.

In 2005, we implemented a new proprietary fuel forecasting system that more accurately predicts when customers need propane deliveries. Accurate forecasting allows us to maximize our delivery route efficiency and minimize service interruptions, thus enhancing our reliability.

Expanded Availability, Better Service

We want our customers to expect more than fuel deliveries from their propane supplier. We want to be available to our customers when they call us with questions and problems and to offer them an unparalleled level of service.

Raising expectations through:

Reliability

Nearly 6,000 employees deliver on our commitment to be the most reliable, safest and most responsive propane company in the industry.



In 2005, we extended our hours of operation on weeknights and Saturdays in many of our locations. Our call centers now offer more hours of service to more effectively handle customer inquiries. Our Emergency Call Center (ECC) is available 24 hours a day, seven days a week. ECC performance improved in all measured areas in 2005.

New Payment and Price Protection Features

Our commitment is to be the easiest propane delivery company with which to do business, and we differentiate ourselves from our competitors with improved service offerings to our customers. In 2005, we added several new payment methods, and more than 40,000 customers registered for our new online option to view and pay their bills.

Rising energy prices have made for a challenging year for all energy providers. To protect customers from fuel price volatility, we offer a variety of budget bill, pre-pay, price lock and price cap programs – more than any other propane provider. Many of our customers participate in these convenient programs.

Measuring Our Reliability and Responsiveness

In 2005, we developed and implemented a Customer Service Index, which allows us to track our performance in key service and delivery areas. This index will serve as a benchmark for our future improvement initiatives.

Through newsletters and a rewards program, we initiated an internal employee marketing program that brings our commitment to be the most reliable, safest, and most responsive propane company to a deeper level of understanding among our employees. These newsletters clarify the behaviors that employees need to demonstrate to deliver on our promise.

We periodically conduct customer surveys to measure our reliability and responsiveness with active customers. Our surveys indicate that more than 97% of our new and existing customers who have had service work performed in 2005 are satisfied or very satisfied with AmeriGas.

Ensuring the Safety of Customers and Employees

We are determined to be the safest propane company in the industry. Trained employees are available at our Emergency Call Center to respond to customer concerns 24 hours a day, seven days a week. We also provide customers with mailings and door hanger material with safety tips for reliable operation of their propane system.

Raising expectations through:

Responsiveness

Our customer care centers provide expanded weeknight and Saturday hours during which we can respond to customer questions and arrange for service. Our customer care agents have had enormous success in converting prospective consumers into AmeriGas customers.



Raising expectations through:

Safety

With our commitment to safety, we perform a tank to burner tip gas check for all our new customers to ensure safe operation of their system.



Over the years, we have invested time and resources into training our employees, and the result has been a measurable improvement in our safety performance. Our customized safety training program teaches our employees how to prevent injuries and vehicle accidents. We are also using state-of-the-art technology to better track safety compliance and to help prevent injuries.

Smarter Trucks Increase Safety Performance and Reduce Expenses

We have invested in safety and security features for our trucks that help minimize accidents and injuries. In fact, we have attracted significant attention within the propane industry and from government agencies for the safety and security features we have incorporated into our service and delivery fleet.

These innovative features prevent the operation of the vehicle unless all safety requirements are met. For example, the engine of a delivery truck will only start with the entry of a personal security code and a safely stowed dispenser hose and wheel chocks. Better safety features have led

to longer warranties on all major components of these trucks, resulting in reduced vehicle expenses over the long term. We acquired more than 300 trucks with these features in 2005.

The net result of our combined safety efforts was an 8% reduction in safety incidents in the company in 2005. Particularly noteworthy was our 25% reduction in lost workday cases.

Truck Technology Increases Effectiveness

Because we want to provide our delivery and service personnel with the best possible information about our customers while they are in the field, we have begun to install satellite technology in our trucks. This technology allows us to more effectively schedule deliveries, improves communication between our dispatch and our delivery and service representatives throughout the day and its bill-on-the-road capability helps to eliminate errors and improve collections. It also allows for automatic relay of delivery data when the trucks return to the depot.

Raising expectations through:

Innovation

To better serve our PPX customers, we have introduced self-service dispensers that simplify the cylinder exchange process. These tank dispensers are exclusive to AmeriGas and offer the customer 24-hour access to a full propane cylinder.



PPX Cylinder Vending Machine Saves Time and Money

To better serve our PPX customers, we introduced a unique self-service dispenser that raises the standard for customer convenience and simplifies the cylinder exchange process for customers, our retail partner and for us. These tank dispensers, exclusive to AmeriGas, offer the customer 24-hour access to a full cylinder and need no interaction with the retailer. Restocking costs are lower as well.

Continuous Improvement Initiatives Help Manage Costs

We are driven to consistently improve the way we do business. This year we expanded the number of seasonal employees we hired to better align our staff resources with our peak season requirements. We also centralized some back-office functions that had been done by our field customer relations representatives, allowing them to spend more time with customers. These initiatives resulted in a savings of nearly \$6 million for fiscal year 2005.

Unique Circumstances Require Unique Employees

We count on the creativity of our employees to implement new ideas and manage every challenge we face including natural disasters. When Hurricane Katrina left ten of our employees homeless, contributions from co-workers flowed in from around the country which, combined with contributions from AmeriGas, helped these individuals recover from the tragedy. We had dozens of employees volunteering to work in the hurricane zone to bring propane delivery service back to about 20,000 customers whose homes were flooded. During trying times like these, we appreciate and deeply respect the individuals who are our company.

Operations Review

Executive Overview

AmeriGas Partners, the largest retail propane marketer in the United States, achieved net income of \$60.8 million during Fiscal 2005, which includes a \$33.6 million loss on the early extinguishment of debt and a \$7.1 million after-tax gain on the sale of its 50% ownership interest in Atlantic Energy, Inc. ("Atlantic Energy"). The loss on early extinguishment of debt was a result of the Partnership's refinancing of \$373.4 million of 8.875% Senior Notes due 2011 with \$415 million of 7.25% Senior Notes due 2015, which will reduce annual interest expense by approximately \$3 million.

Fiscal 2005 was a challenging year due in large part to continued high energy prices and approximately 7% warmer than normal weather. High energy costs resulted in a higher cost per gallon of propane and higher costs to fuel our delivery vehicles. Similar to Fiscal 2004, the Partnership was able to manage margins per gallon effectively during another year of rising propane product costs. However, the increase in retail propane prices negatively impacted our average customer usage causing volumes and total margin to decline.

The propane industry is mature, with only modest growth in residential customer demand foreseen. Accordingly, the Partnership's growth strategy focuses on acquisitions of other propane marketers and internal growth to be achieved by leveraging its geographical scope to secure regional and national accounts, serving the growing grill cylinder business and offering superior customer service, including unique pricing and payment programs.

In Fiscal 2006 and beyond, the Partnership will continue to focus on growing its traditional customer base, including growth through acquisitions. The Partnership expects to achieve base business growth by providing best-in-class customer service and improving the effectiveness of its sales force, while maintaining competitive prices. In addition, the Partnership plans to control operating and administrative expenses by executing a series of initiatives to enhance productivity.

Fiscal 2005 Compared with Fiscal 2004

Weather during Fiscal 2005 based upon heating degree days was 6.9% warmer than normal compared with weather that was 4.9% warmer than normal during Fiscal 2004. Retail propane volumes sold decreased approximately 2.3% principally due to the warmer than normal winter weather and the negative effects of customer conservation on volumes sold, which is primarily attributed to significantly higher propane selling prices. Low-margin wholesale propane volumes sold decreased during Fiscal 2005 reflecting lower volumes sold in connection with product cost hedging activities.

Retail propane revenues increased \$199.1 million reflecting a \$232.9 million increase due to higher average selling prices partially offset by a \$33.8 million decrease due to the lower retail volumes sold. Wholesale propane revenues decreased \$19.1 million reflect-

ing a \$54.1 million decrease due to lower volumes sold partially offset by a \$35.0 million increase due to higher average selling prices. The higher average retail and wholesale selling prices per gallon reflect significantly higher propane product costs. The average wholesale cost per gallon of propane during Fiscal 2005 at Mont Belvieu, one of the major supply points in the United States, was approximately 28% greater than the average cost per gallon during Fiscal 2004. Total cost of sales increased \$190.8 million reflecting the higher propane product costs.

Total margin decreased \$3.4 million principally due to the lower retail volumes sold partially offset by higher margin from ancillary sales and services and, to a much lesser extent, slightly higher average retail propane margins per gallon. Contributing to the decline in total margin during Fiscal 2005 was lower margin generated by our Prefilled Propane Xchange® ("PPX") program due largely to competitive pricing pressures and the high cost of propane.

EBITDA during Fiscal 2005 decreased \$40.0 million compared to Fiscal 2004 as a result of (1) the \$33.6 million loss on early extinguishment of debt resulting from the Partnership's refinancing of its Senior Notes in May 2005, (2) a \$17.1 million increase in operating and administrative expenses and (3) a \$3.4 million decrease in total margin all of which were partially offset by a \$14.0 million increase in other income. The increase in operating and administrative expenses was primarily due to a \$6.3 million increase in vehicle fuel expense and a \$3.7 million increase in vehicle lease costs. Increases in maintenance and repairs, uncollectible accounts expense and general insurance expense among others also contributed to the higher operating and administrative expenses. The increase in other income primarily reflects the \$9.1 million pre-tax gain on the sale of Atlantic Energy and higher gains on fixed asset disposals. Although EBITDA is not an alternative to cash flow, a measure of liquidity, performance or financial condition under GAAP, management believes EBITDA is a meaningful non-GAAP financial measure used by investors to compare the Partnership's operating performance with other companies within the propane industry and to evaluate the Partnership's ability to meet loan covenants.

Operating income increased slightly reflecting the previously mentioned increase in other income and a \$7.4 million decrease in depreciation expense largely offset by the aforementioned higher operating and administrative expenses and lower total margin. As previously mentioned, the increased other income reflects the gain on the sale of Atlantic Energy. The decrease in depreciation expense is largely attributed to lower capital expenditures related to PPX. Net income in Fiscal 2005 decreased reflecting the \$33.6 million loss on early extinguishment of debt and increased income taxes resulting from the Partnership's gain on the sale of its ownership interest in Atlantic Energy which were slightly offset by \$3.3 million lower interest expense and the slightly higher operating income.

Consolidated Balance Sheets

(Thousands of dollars)

	September 30,	
	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 99,162	\$ 40,583
Accounts receivable (less allowances for doubtful accounts of \$13,143 and \$11,964, respectively)	161,209	141,709
Accounts receivable – related parties	2,600	5,137
Inventories	90,748	84,753
Derivative financial instruments	50,788	13,141
Prepaid expenses and other current assets	13,233	12,793
Total current assets	417,740	298,116
Property, plant and equipment (less accumulated depreciation and amortization of \$569,822 and \$520,447, respectively)	584,519	592,353
Goodwill and excess reorganization value	619,052	609,058
Intangible assets (less accumulated amortization of \$20,756 and \$16,158, respectively)	29,422	28,612
Other assets	12,342	22,088
Total assets	\$1,663,075	\$1,550,227
Liabilities and Partners' Capital		
Current liabilities:		
Current maturities of long-term debt	\$ 118,087	\$ 60,068
Accounts payable – trade	136,429	112,315
Accounts payable – related parties	2,993	1,309
Employee compensation and benefits accrued	31,410	30,023
Interest accrued	28,985	30,675
Customer deposits and advances	92,427	78,907
Other current liabilities	46,684	39,173
Total current liabilities	457,015	352,470
Long-term debt	795,415	841,283
Other noncurrent liabilities	64,658	59,687
Commitments and contingencies (note 11)		
Minority interests	8,570	7,749
Partners' capital:		
Common unitholders (units issued – 56,792,605 and 54,473,272, respectively)	289,396	276,876
General partner	2,920	2,794
Accumulated other comprehensive income	45,101	9,368
Total partners' capital	337,417	289,038
Total liabilities and partners' capital	\$1,663,075	\$1,550,227

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(Thousands of dollars, except per unit)

	Year Ended September 30,		
	2005	2004	2003
Revenues:			
Propane	\$1,819,659	\$1,639,700	\$1,502,564
Other	143,597	136,200	125,860
	1,963,256	1,775,900	1,628,424
Costs and expenses:			
Cost of sales – propane	1,161,808	972,302	856,883
Cost of sales – other	58,198	56,937	53,452
Operating and administrative expenses	518,127	501,073	488,434
Depreciation and amortization	73,625	80,612	74,625
Other income, net	(25,781)	(11,744)	(8,960)
	1,785,977	1,599,180	1,464,434
Operating income	177,279	176,720	163,990
Loss on extinguishment of debt	(33,602)	–	(3,023)
Interest expense	(79,900)	(83,175)	(87,195)
Income before income taxes	63,777	93,545	73,772
Income tax expense	(1,514)	(269)	(586)
Minority interests	(1,418)	(1,422)	(1,228)
Net income	\$ 60,845	\$ 91,854	\$ 71,958
General partner's interest in net income	\$ 608	\$ 919	\$ 720
Limited partners' interest in net income	\$ 60,237	\$ 90,935	\$ 71,238
Income per limited partner unit – basic and diluted	\$ 1.10	\$ 1.71	\$ 1.42
Average limited partner units outstanding (thousands):			
Basic	54,602	53,097	50,267
Diluted	54,655	53,172	50,337

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Thousands of dollars)

	Year Ended September 30,		
	2005	2004	2003
Cash Flows from Operating Activities			
Net income	\$ 60,845	\$ 91,854	\$ 71,958
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	73,625	80,612	74,625
Gain on sale of Atlantic Energy	(9,135)	–	–
Loss on extinguishment of debt	33,602	–	3,023
Provision for uncollectible accounts	11,591	9,772	9,046
Other, net	(3,052)	(2,306)	(2,299)
Net change in:			
Accounts receivable	(28,184)	(34,460)	(20,281)
Inventories	(5,741)	(11,157)	(7,510)
Accounts payable	25,798	22,000	1,389
Other current assets and liabilities	24,788	21,344	12,375
Net cash provided by operating activities	184,137	177,659	142,326
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	(62,616)	(61,656)	(52,933)
Proceeds from disposals of assets	18,335	13,726	7,408
Net proceeds from sale of Atlantic Energy	11,504	–	–
Acquisitions of businesses, net of cash acquired	(22,656)	(42,593)	(27,000)
Net cash used by investing activities	(55,433)	(90,523)	(72,525)
Cash Flows from Financing Activities			
Distributions	(122,187)	(117,537)	(111,462)
Minority interest activity	(967)	(1,059)	(686)
Decrease in bank loans	–	–	(10,000)
Issuance of long-term debt	446,000	30,135	122,780
Repayment of long-term debt	(466,380)	(55,678)	(147,724)
Proceeds from issuance of Common Units	72,675	51,197	75,005
Capital contributions from General Partner	734	517	758
Net cash used by financing activities	(70,125)	(92,425)	(71,329)
Cash and cash equivalents increase (decrease)	\$ 58,579	\$ (5,289)	\$ (1,528)
Cash and Cash Equivalents			
End of year	\$ 99,162	\$ 40,583	\$ 45,872
Beginning of year	40,583	45,872	47,400
Increase (decrease)	\$ 58,579	\$ (5,289)	\$ (1,528)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Partners' Capital

(Thousands of dollars, except unit data)

	Number of units		Common	Subordinated	General partner	Accumulated other comprehensive income (loss)	Total partners' capital
	Common	Subordinated					
Balance September 30, 2002	39,541,286	9,891,072	\$201,660	\$17,846	\$2,214	\$ 6,646	\$228,366
Net income			69,859	1,379	720		71,958
Net gains on derivative instruments						14,909	14,909
Reclassification of net gains on derivative instruments						(25,872)	(25,872)
Comprehensive income			69,859	1,379	720	(10,963)	60,995
Distributions			(104,907)	(5,440)	(1,115)		(111,462)
Common Units issued in connection with public offering	2,900,000		75,005		758		75,763
Common Units issued in connection with executive compensation plan	850		21				21
Conversion of Subordinated Units	9,891,072	(9,891,072)	13,785	(13,785)			-
Balance September 30, 2003	52,333,208	-	255,423	-	2,577	(4,317)	253,683
Net income			90,935		919		91,854
Net gains on derivative instruments						41,094	41,094
Reclassification of net gains on derivative instruments						(27,409)	(27,409)
Comprehensive income			90,935		919	13,685	105,539
Distributions			(116,362)		(1,175)		(117,537)
Common Units issued in connection with public offering	2,100,000		51,197		517		51,714
Common Units issued in connection with incentive compensation plans	40,064		1,079		11		1,090
Adjustment to goodwill contributed (note 2)			(5,396)		(55)		(5,451)
Balance September 30, 2004	54,473,272	-	276,876	-	2,794	9,368	289,038
Net income			60,237		608		60,845
Net gains on derivative instruments						32,471	32,471
Reclassification of net losses on derivative instruments						3,262	3,262
Comprehensive income			60,237		608	35,733	96,578
Distributions			(120,965)		(1,222)		(122,187)
Common Units issued in connection with public offering	2,300,000		72,675		734		73,409
Common Units issued in connection with incentive compensation plans	19,333		573		6		579
Balance September 30, 2005	56,792,605	-	\$289,396	\$ -	\$ 2,920	\$45,101	\$337,417

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

Note 1 – Partnership Organization and Formation

AmeriGas Partners, L.P. (“AmeriGas Partners”) was formed on November 2, 1994, and is a publicly traded limited partnership. AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiaries AmeriGas Propane, L.P. (“AmeriGas OLP”) and AmeriGas OLP’s subsidiary, AmeriGas Eagle Propane, L.P. (“Eagle OLP”). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. AmeriGas OLP and Eagle OLP are collectively referred to herein as “the Operating Partnerships,” and AmeriGas Partners, the Operating Partnerships and all of their subsidiaries are collectively referred to herein as “the Partnership” or “we.”

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

At September 30, 2005, AmeriGas Propane, Inc. (the “General Partner”), an indirect wholly owned subsidiary of UGI Corporation (“UGI”), held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner and its wholly owned subsidiary Petrolane Incorporated (“Petrolane,” a predecessor company of the Partnership) also owned 24,525,004 Common Units of AmeriGas Partners. The remaining 32,267,601 Common Units are publicly held. The Common Units represent limited partner interests in AmeriGas Partners.

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

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

Note 2 – Summary of Significant Accounting Policies

Consolidation Principles. The consolidated financial statements include the accounts of AmeriGas Partners and its majority-owned subsidiaries. We eliminate all significant intercompany accounts and transactions when we consolidate. We account for the General Partner’s 1.01% interest in AmeriGas OLP and the minority partner’s 0.1% limited partner interest in Eagle OLP as minority interests in the consolidated financial statements. The Partnership’s 50% ownership interest in Atlantic Energy, Inc. (“Atlantic Energy”) was accounted for by the equity method. In November 2004, the Partnership sold its interest in Atlantic Energy (see Note 4).

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

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

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

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

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

Property, Plant and Equipment and Related Depreciation.

We record property, plant and equipment at cost. The amounts we assign to property, plant and equipment of businesses we acquire are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, we remove the cost and accumulated depreciation from the appropriate accounts and any resulting gain or loss is recognized in “Other income, net” in the Consolidated Statements of Operations. We compute depreciation expense on plant and equipment using the straight-line method over estimated service lives generally ranging from 15 to 40 years for buildings and improvements; 7 to 30 years for storage and customer tanks and cylinders; and 2 to 10 years for

vehicles, equipment, and office furniture and fixtures. Costs to install Partnership-owned tanks at customer locations, net of amounts billed to customers, are capitalized and depreciated over the estimated period of benefit not exceeding ten years. Depreciation expense was \$68,108 in 2005, \$75,468 in 2004 and \$70,423 in 2003.

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

	2005	2004
Subject to amortization:		
Customer relationships and noncompete agreements	\$ 50,178	\$ 44,770
Accumulated amortization	(20,756)	(16,158)
	\$ 29,422	\$ 28,612
Not subject to amortization:		
Goodwill	\$525,732	\$515,738
Excess reorganization value	93,320	93,320
	\$619,052	\$609,058

The increase in the carrying amounts of goodwill and other intangible assets during 2005 resulted from Partnership business acquisitions. In 2004, settlement of an income tax benefit held by Petrolane occurred which related to a period prior to the formation of the Partnership. The settlement resulted in a reduction to the value of the net assets contributed to AmeriGas OLP by Petrolane at the Partnership formation date. The adjustment was recorded by the Partnership during the year ended September 30, 2004 as a \$5,451 reduction in both goodwill and partners' capital.

We amortize customer relationship and noncompete agreement intangibles over their estimated periods of benefit, which do not exceed 15 years. Amortization expense of intangible assets was \$4,598 in 2005, \$4,224 in 2004 and \$3,283 in 2003. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2006 - \$4,377; Fiscal 2007 - \$3,736; Fiscal 2008 - \$3,455; Fiscal 2009 - \$3,127; Fiscal 2010 - \$2,811.

We perform an impairment test annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. No provisions for goodwill impairments were recorded during 2005, 2004 and 2003.

Deferred Debt Issuance Costs. Included in other assets are net deferred debt issuance costs of \$8,575 and \$12,638 at September 30, 2005 and 2004, respectively. We are amortizing these costs over the terms of the related debt. The decrease in deferred debt issuance costs during 2005 resulted from the Partnership's refinancing of its 8.875% Senior Notes (see Note 6).

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

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

Environmental and Other Legal Matters. We accrue environmental investigation and clean-up costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Amounts accrued generally reflect our best estimate of costs expected to be incurred or the minimum liability associated with a range of expected environmental response costs. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. Similar to environmental matters, we accrue investigation and other legal costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. We do not discount to present value the costs of future expenditures for environmental liabilities.

Income Taxes. AmeriGas Partners and the Operating Partnerships are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to their individual partners. The Operating Partnerships have corporate subsidiaries, which are directly subject to federal income taxes. Accordingly, our Consolidated Financial Statements reflect income taxes related to these corporate subsidiaries. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders. This is a result of (1) differences between the tax basis and financial reporting basis of assets and liabilities and (2) the taxable income allocation requirements of the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. ("Partnership Agreement") and the Internal Revenue Code. At September 30, 2005, the financial reporting basis of the Partnership's assets and liabilities exceeds the tax basis by approximately \$324,000.

Unit-Based Compensation. As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), we apply the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of equity instruments to employees. We recorded unit-based compensation expense of \$540 in 2005, \$1,265 in 2004 and \$2,151 in 2003. If we had determined unit-based compensation expense under the fair value method prescribed by the

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

provisions of SFAS 123, net income and basic and diluted income per unit would have been as follows:

	2005	2004	2003
Net income as reported	\$60,845	\$91,854	\$71,958
Add: Unit-based employee compensation expense included in reported net income	540	1,265	2,151
Deduct: Total unit-based employee compensation expense determined under the fair value method for all awards	(1,042)	(1,795)	(2,582)
Pro forma net income	\$60,343	\$91,324	\$71,527
Basic income			
per limited partner unit:			
As reported	\$1.10	\$1.71	\$1.42
Pro forma	\$1.11	\$1.70	\$1.41
Diluted income			
per limited partner unit:			
As reported	\$1.10	\$1.71	\$1.42
Pro forma	\$1.10	\$1.70	\$1.41

For a description of unit-based compensation and related disclosure, see Note 10.

Net Income Per Unit. Net income per unit is computed by dividing net income, after deducting the General Partner's interest in AmeriGas Partners, by the weighted average number of limited partner units outstanding.

Effective April 2004, the Partnership adopted Emerging Issues Task Force Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128" ("EITF 03-6"), which results in the calculation of net income per limited partner unit for each period according to distributions declared and participation rights in undistributed earnings, as if all of the earnings for the period had been distributed. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner and a dilution of the earnings to the limited partners. Due to the seasonality of the propane business, the dilutive effect of EITF 03-6 on net income per limited partner unit will typically impact the first three fiscal quarters. EITF 03-6 did not impact net income per limited partner unit for the 2005, 2004 or 2003 fiscal years.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation of 53,000 in 2005, 75,000 in 2004 and 70,000 in 2003 reflect the effects of Common Unit awards issued under AmeriGas Propane, Inc. incentive compensation plans.

Derivative Instruments. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. For a detailed description of the derivative instruments we use, our objectives for using them and related supplemental information required by SFAS 133, see Note 14.

Consolidated Statements of Cash Flows. We define cash equivalents as all highly liquid investments with maturities of three months or less when purchased. We record cash equivalents at cost plus accrued interest, which approximates market value. We paid interest totaling \$81,023 in 2005, \$84,421 in 2004 and \$89,157 in 2003.

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

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

Recently Issued Accounting Pronouncements. In May 2005, the Financial Accounting Standards Board ("FASB") issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 replaces APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting principle. SFAS 154 provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). It requires an entity to recognize a liability for a conditional asset retirement obligation when incurred if the liability can be reasonably estimated. FIN 47 clarifies that the term "Conditional Asset Retirement Obligation" refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event

that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The application of FIN 47 will not have a material effect on our financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R replaces SFAS 123 and supersedes APB 25. SFAS 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, SFAS 123 permitted entities the option of continuing to apply the guidance in APB 25 as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is required to be measured based on the fair value of the equity or liability instruments issued. SFAS 123R covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. We adopted SFAS 123R effective October 1, 2005. Under the modified prospective transition method, beginning October 1, 2005, unrecognized compensation expense for awards that are not vested on the adoption date will be recognized in the Partnership's statements of operations through the end of the requisite service period. The Partnership does not believe that the adoption of SFAS 123R will have a material impact on its financial position or results of operations. For disclosure regarding pro forma net income and earnings per unit as if we had determined unit-based compensation under the fair value method prescribed by SFAS 123, see Unit-Based Compensation above.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that lack commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 was effective for interim periods beginning July 1, 2005. The adoption of SFAS 153 did not have a material effect on our financial position or results of operations.

Note 3 - Acquisitions

During 2005, AmeriGas OLP acquired several retail propane distribution businesses for total cash consideration of approximately \$22,656. In conjunction with these acquisitions, liabilities of \$2,599 were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition. The total purchase price of these acquisitions has been allocated to the assets and liabilities acquired as follows:

Net current assets	\$ 628
Property, plant and equipment	8,741
Goodwill	10,557
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	5,393
Other assets and liabilities	(64)
Total	\$25,255

The pro forma effect of all of these transactions was not material.

During 2004, AmeriGas OLP acquired substantially all of the retail propane distribution assets and business of Horizon Propane LLC ("Horizon Propane") and several other retail propane businesses for total cash consideration of \$42,593. In conjunction with these acquisitions, liabilities of \$1,561 were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition. The total purchase price of these acquisitions has been allocated to the assets and liabilities acquired as follows:

Net current assets	\$ 1,958
Property, plant and equipment	24,431
Goodwill	11,977
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	5,788
Total	\$44,154

The pro forma effect of all of these transactions was not material.

During 2003, AmeriGas OLP acquired several retail propane distribution businesses for total cash consideration of \$27,000. In conjunction with these acquisitions, liabilities of \$1,469 were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition. The total purchase price of these acquisitions has been allocated to the assets and liabilities acquired as follows:

Net current assets	\$ 2,260
Property, plant and equipment	6,095
Goodwill	12,552
Customer relationships and noncompete agreements (estimated useful life of 15 and 5 years, respectively)	7,729
Other assets and liabilities	(167)
Total	\$28,469

The pro forma effect of all of these transactions was not material.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

Note 4 – Sale of Ownership Interest in Atlantic Energy, Inc.

In November 2004, the Partnership sold its 50% ownership interest in Atlantic Energy consisting of 3,500 shares of common stock (“Shares”) pursuant to a Stock Purchase Agreement (“Agreement”) by and between AmerE Holdings, Inc. (“AmerE”), an indirect wholly owned subsidiary of AmeriGas OLP, and UGI Asset Management, Inc. (“UGI Asset Management”), an indirect wholly owned subsidiary of UGI. UGI Asset Management purchased AmerE’s Shares for \$11,504 in cash, which is net of post-closing adjustments, as defined in the Agreement.

The Partnership recognized a pre-tax gain on the sale totaling \$9,135 (\$7,107 net of tax), which amount is included in “Other income net” in The Consolidated Statement of Operations.

Note 5 – Quarterly Distributions of Available Cash

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

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

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

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner. The Partnership may pay an incentive distribution to the General Partner if Available Cash exceeds the Minimum Quarterly Distribution of \$0.55 and the First Target Distribution of \$0.055 per unit on all units.

Note 6 – Debt

Long-term debt comprises the following at September 30:

	2005	2004
AmeriGas Partners Senior Notes:		
8.875%, due May 2011 (including unamortized premium of \$271 and \$8,301, respectively, effective rate - 8.46%)	\$ 14,911	\$396,301
10%, due April 2006 (less unamortized discount of \$39 and \$107, respectively, effective rate - 10.125%)	59,961	59,893
7.25%, due May 2015	415,000	–
AmeriGas OLP First Mortgage Notes:		
Series A, 9.34% - 11.71%, due April 2006 through April 2009 (including unamortized premium of \$3,605 and \$5,159, respectively, effective rate - 8.91%)	163,605	165,159
Series B, 10.07%, due April 2005 (including unamortized premium of \$301, effective rate - 8.74%)	–	40,301
Series C, 8.83%, due April 2006 through April 2010	68,750	82,500
Series D, 7.11%, due March 2009 (including unamortized premium of \$1,280 and \$1,595, respectively, effective rate - 6.52%)	71,280	71,595
Series E, 8.50%, due July 2010 (including unamortized premium of \$113 and \$124, respectively, effective rate - 8.47%)	80,113	80,124
AmeriGas OLP Term Loan, 4.44%, due October 2006	35,000	–
Other	4,882	5,478
Total long-term debt	913,502	901,351
Less current maturities (including net unamortized premium of \$1,813 and \$3,104, respectively)	(118,087)	(60,068)
Total long-term debt due after one year	\$ 795,415	\$841,283

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: 2006 - \$116,274; 2007 - \$89,849; 2008 - \$54,358; 2009 - \$124,161; 2010 - \$93,950.

In April 2005, AmeriGas OLP entered into a \$35,000 variable-rate term loan due October 1, 2006 (“AmeriGas OLP Term Loan”), which bears interest plus margin at the same rates as the AmeriGas OLP Credit Agreement. Proceeds from the AmeriGas OLP Term Loan were used to repay a portion of the \$53,750 maturing AmeriGas OLP First Mortgage Notes.

AmeriGas Partners Senior Notes. The 7.25% Senior Notes generally cannot be redeemed at our option prior to May 20, 2010. The 8.875% Senior Notes generally cannot be redeemed at our option prior to May 20, 2006. A redemption premium applies thereafter through May 19, 2009. The 10% Senior Notes generally cannot be redeemed at our option prior to their maturity. AmeriGas Partners refinanced \$373,360 of its 8.875% Senior Notes in May 2005 pursuant to a tender offer with \$415,000 of 7.25% Senior Notes due 2015. AmeriGas Partners redeemed \$85,000 of its 10.125% Senior Notes in January 2003 with 8.875% Senior Notes. AmeriGas Partners recognized losses of \$33,602 and \$3,023 associated with these refinancings which amounts are reflected in "Loss on extinguishments of debt" in the 2005 and 2003 Consolidated Statements of Operations, respectively. AmeriGas Partners may, under certain circumstances following the disposition of assets or a change of control, be required to offer to prepay the 10% and 7.25% Senior Notes.

AmeriGas OLP First Mortgage Notes. AmeriGas OLP's First Mortgage Notes are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the Series A, B, and C First Mortgage Notes, and the General Partner is co-obligor of the Series D and E First Mortgage Notes. AmeriGas OLP may prepay the First Mortgage Notes, in whole or in part. These prepayments include a make whole premium. Following the disposition of assets or a change of control, AmeriGas OLP may be required to offer to prepay the First Mortgage Notes, in whole or in part.

AmeriGas OLP Credit Agreement. AmeriGas OLP has a Revolving Credit Agreement ("Credit Agreement") that consists of (1) a Revolving Credit Facility and (2) an Acquisition Facility. AmeriGas OLP's obligations under the Credit Agreement are collateralized by substantially all of its assets. The General Partner and Petrolane are guarantors of amounts outstanding under the Credit Agreement.

Under the Revolving Credit Facility, AmeriGas OLP may borrow up to \$100,000 (including a \$100,000 sublimit for letters of credit) subject to restrictions in the AmeriGas Partners Senior Notes indentures (see "Restrictive Covenants" below). The Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Revolving Credit Facility expires on October 15, 2008, but may be extended for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. There were no borrowings outstanding under AmeriGas OLP's Revolving Credit Facility at September 30, 2005 and 2004. Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled \$56,250 and \$45,938 at September 30, 2005 and 2004, respectively.

The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to \$75,000 to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the AmeriGas Partners Senior Notes indentures. The Acquisition Facility operates as a revolving facility through October 15, 2008, at which time amounts then outstanding will be immediately due and payable. There were no amounts outstanding under the Acquisition Facility at September 30, 2005 and 2004.

The Revolving Credit Facility and the Acquisition Facility permit AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank's prime rate (6.75% at September 30, 2005), or at a two-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Credit Agreement, plus a margin. The margin on Eurodollar Rate borrowings (which ranges from 1.00% to 2.25%), and the Credit Agreement facility fee rate (which ranges from 0.25% to 0.50%) are dependent upon AmeriGas OLP's ratio of funded debt to earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), each as defined in the Credit Agreement.

Restrictive Covenants. The 10% and 7.25% Senior Notes of AmeriGas Partners restrict the ability of the Partnership and AmeriGas OLP to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the 10% and 7.25% Senior Note indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. These conditions include:

1. no event of default exists or would exist upon making such distributions and
2. the Partnership's consolidated fixed charge coverage ratio, as defined, is greater than 1.75-to-1.

If the ratio in item 2 above is less than or equal to 1.75-to-1, the Partnership may make cash distributions in a total amount not to exceed \$24,000 less the total amount of distributions made during the immediately preceding 16 fiscal quarters. At September 30, 2005, such ratio was 2.61-to-1.

The Credit Agreement, AmeriGas OLP Term Loan and the First Mortgage Notes restrict the incurrence of additional indebtedness and also restrict certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The Credit Agreement, AmeriGas OLP Term Loan and First

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

Mortgage Notes require the ratio of total indebtedness, as defined, to EBITDA, as defined (calculated on a rolling four-quarter basis or eight-quarter basis divided by two), to be less than or equal to 4.75-to-1 with respect to the Credit Agreement and AmeriGas OLP Term Loan and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the Credit Agreement and AmeriGas OLP Term Loan require that AmeriGas OLP maintain a ratio of EBITDA to interest expense, as defined, of at least 2.25-to-1 on a rolling four-quarter basis. Generally, as long as no default exists or would result, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter. At September 30, 2005, the Partnership was in compliance with its financial covenants.

Note 7 – Employee Retirement Plans

The General Partner sponsors a 401(k) savings plan for eligible employees. Participants in the savings plan may contribute a portion of their compensation on a before-tax basis. Generally, employee contributions are matched on a dollar-for-dollar (100%) basis up to 5% of eligible compensation. The cost of benefits under our savings plan was \$6,312 in 2005, \$6,397 in 2004 and \$5,555 in 2003.

Note 8 – Inventories

Inventories comprise the following at September 30:

	2005	2004
Propane gas	\$72,517	\$65,938
Materials, supplies and other	11,715	13,120
Appliances for sale	6,516	5,695
Total inventories	\$90,748	\$84,753

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

Note 9 – Property, Plant and Equipment

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

	2005	2004
Land	\$ 59,120	\$ 60,833
Buildings and improvements	82,222	81,817
Transportation equipment	65,738	69,130
Storage facilities	95,951	91,779
Equipment, primarily cylinders and tanks	827,656	796,131
Other	23,654	13,110
Gross property, plant and equipment	1,154,341	1,112,800
Less accumulated depreciation and amortization	(569,822)	(520,447)
Net property, plant and equipment	\$ 584,519	\$ 592,353

Note 10 – Partners' Capital and Incentive Compensation Plans

In accordance with the Partnership Agreement, the General Partner may, in its sole discretion, cause the Partnership to issue an unlimited number of additional Common Units and other equity securities of the Partnership ranking on a parity with the Common Units.

In September 2005, AmeriGas Partners sold 2,300,000 Common Units in an underwritten public offering at a public offering price of \$33.00 per unit. The net proceeds of the public offering totaling \$72,675 and the associated capital contributions from the General Partner totaling \$1,483 were contributed to AmeriGas OLP, and used to reduce indebtedness under its bank credit agreement and for general partnership purposes.

In May 2004, AmeriGas Partners sold 2,000,000 Common Units in an underwritten public offering at a public offering price of \$25.61 per unit. In June 2004, the underwriters partially exercised their overallotment option in the amount of 100,000 Common Units. The net proceeds of the public offering totaling \$51,197 and the associated capital contributions from the General Partner totaling \$1,045 were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes.

In June 2003, AmeriGas Partners sold 2,900,000 Common Units in an underwritten public offering at a public offering price of \$27.12 per unit. The net proceeds of the public offering totaling \$75,005 and the associated capital contributions from the General Partner totaling \$1,531 were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes.

Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Incentive Plan"), the General Partner may grant to key employees the rights to receive a total of 500,000 Common Units, or cash equivalent to the fair market value of such Common Units,

upon the achievement of performance goals. In addition, the 2000 Incentive Plan may provide for the crediting of Partnership distribution equivalents to participants' accounts. Distribution equivalents will be paid in cash and such payment may, at the participant's request, be deferred. The actual number of Common Units (or their cash equivalents) ultimately issued, and the actual amount of distribution equivalents paid, is dependent upon the achievement of performance goals. Generally, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. We also have a nonexecutive Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units to key employees who do not participate in the 2000 Incentive Plan. Generally, awards under the nonexecutive plan vest at the end of a three-year period and will be paid in Common Units and cash. During 2005, 2004 and 2003, the General Partner made awards under the 2000 Incentive Plan and the nonexecutive plan representing 41,100, 51,200 and 112,500 Common Units, respectively. We recorded compensation expense of \$540 in 2005, \$1,265 in 2004 and \$2,151 in 2003 relating to these plans. At September 30, 2005 and 2004, awards representing 116,000 and 142,788 Common Units, respectively, were outstanding. At September 30, 2005, 371,103 and 151,500 Common Units were available for future grants under the 2000 Incentive Plan and the nonexecutive plan, respectively.

Note 11 – Commitments and Contingencies

We lease various buildings and other facilities and transportation, computer and office equipment under operating leases. Certain of the leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was \$49,701 in 2005, \$45,613 in 2004 and \$43,179 in 2003.

Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,	
2006	\$ 43,582
2007	36,961
2008	31,578
2009	25,836
2010	20,673
Thereafter	49,373
Total minimum operating lease payments	\$208,003

The Partnership enters into fixed price contracts with suppliers to purchase a portion of its propane supply requirements. These contracts generally have terms of less than one year. As of September 30, 2005, contractual obligations under these contracts totaled \$29,476.

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

The Partnership has succeeded to certain lease guarantee obligations of Petrolane relating to Petrolane's divestiture of non-propane operations before its 1989 acquisition by QFB Partners. Future lease payments under these leases total approximately \$10,000 at September 30, 2005. The leases expire through 2010 and some of them are currently in default. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation ("Texas Eastern"), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. In December 1999, Texas Eastern filed for dissolution under the Delaware General Corporation Law. PanEnergy Corporation ("PanEnergy"), Texas Eastern's sole stockholder, subsequently assumed all of Texas Eastern's liabilities as of December 20, 2002, to the extent of the value of Texas Eastern's assets transferred to PanEnergy as of that date (which was estimated to exceed \$94,000), and to the extent that such liabilities arise within ten years from Texas Eastern's date of dissolution. Notwithstanding the dissolution proceeding, and based on Texas Eastern previously having satisfied directly defaulted lease obligations without the Partnership's having to honor its guarantee, we believe that the probability that the Partnership will be required to directly satisfy the lease obligations subject to the indemnification agreement is remote.

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the "2001 Acquisition") pursuant to the terms of a purchase agreement (the "2001 Acquisition Agreement") by and among Columbia Energy Group ("CEG"), Columbia Propane Corporation ("Columbia Propane"), Columbia Propane, L.P. ("CPLP"), CP Holdings, Inc. ("CPH," and together with Columbia Propane and CPLP, the "Company Parties"), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the "Buyer Parties"). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of Columbia Propane and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the "1999 Acquisition Agreement"), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, "National General Partners") against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

Propane Partners, L.P. (the "1999 Acquisition") or the operation of the business after the 1999 Acquisition ("National Claims"). At September 30, 2005, the potential amount payable under this indemnity by the Company Parties was approximately \$58,000. These indemnity obligations will expire on the date that CPH acquires the remaining outstanding partnership interest of CPLP, which is expected to occur on or after July 19, 2009.

Under the terms of the 2001 Acquisition Agreement, CEG agreed to indemnify the Buyer Parties and the Company Parties against any losses that they sustain under the 1999 Acquisition Agreement and related agreements ("Losses"), including National Claims, to the extent such claims are based on acts or omissions of CEG or the Company Parties prior to the 2001 Acquisition. The Buyer Parties agreed to indemnify CEG against Losses, including National Claims, to the extent such claims are based on acts or omissions of the Buyer Parties or the Company Parties after the 2001 Acquisition. CEG and the Buyer Parties have agreed to apportion certain losses resulting from National Claims to the extent such losses result from the 2001 Acquisition itself.

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

We also have other contingent liabilities, pending claims and legal actions arising in the normal course of our business. We cannot predict with certainty the final results of these and the aforementioned matters. However, it is reasonably possible that some of them could be resolved unfavorably to us and result in losses in excess of recorded amounts. We are unable to estimate any possi-

ble losses in excess of recorded amounts. Although management currently believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on our financial position, damages or settlements could be material to our operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

Note 12 – Related Party Transactions

Pursuant to the Partnership Agreement and a Management Services Agreement among AEH, the general partner of Eagle OLP, and the General Partner, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs, which totaled \$303,561 in 2005, \$304,575 in 2004 and \$284,266 in 2003, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. Such corporate expenses totaled \$13,083 in 2005, \$11,307 in 2004 and \$8,295 in 2003. In addition, UGI and certain of its subsidiaries (excluding Atlantic Energy, which is discussed separately) provide office space and automobile liability insurance and sold propane to the Partnership. These expenses totaled \$3,766 in 2005, \$2,989 in 2004 and \$1,683 in 2003.

Prior to the November 2004 sale of the Partnership's 50% ownership interest in Atlantic Energy (see Note 4), the Partnership purchased propane on behalf of Atlantic Energy. Atlantic Energy reimbursed AmeriGas OLP for its purchases plus interest as Atlantic Energy sold such propane to third parties or to AmeriGas OLP itself. The total dollar value of propane purchased on behalf of Atlantic Energy during 2005 was \$2,420, all of which occurred prior to the sale of our ownership interests. The total dollar value of propane purchased on behalf of Atlantic Energy was \$30,034 and \$17,225 in 2004 and 2003, respectively. AmeriGas OLP still purchases propane from Atlantic Energy, now owned by an affiliate of UGI. Purchases of propane by AmeriGas OLP from Atlantic Energy during 2005, 2004 and 2003 totaled \$27,811, \$29,279 and \$23,940, respectively.

In November 2004, in conjunction with the Partnership's sale of its 50% ownership interest in Atlantic Energy, UGI Asset Management and AmeriGas OLP entered into a Product Sales Agreement whereby UGI Asset Management has agreed to sell and AmeriGas OLP has agreed to purchase a specified amount of propane annually at the Atlantic Energy terminal in Chesapeake, Virginia. The Product Sales Agreement took effect on April 1, 2005 and will continue for an initial term of five years with an option to extend the agreement for up to an additional five years. The price to

be paid for product purchased under the agreement will be determined annually using a contractual formula that takes into account published index prices and the locational value of deliveries at the Atlantic Energy terminal.

Prior to the sale of Atlantic Energy, the General Partner provided it with other services including accounting, insurance and other administrative services and was reimbursed for the related costs. Such costs were not material during 2005, 2004 or 2003. In addition, AmeriGas OLP entered into product cost hedging contracts on behalf of Atlantic Energy. When these contracts were settled, AmeriGas OLP was reimbursed the cost of any losses, or distributed the proceeds of any gains, to Atlantic Energy.

Amounts due to Atlantic Energy at September 30, 2005 totaled \$2,505 which is included in accounts payable – related parties in the Consolidated Balance Sheet. Amounts due from Atlantic Energy at September 30, 2004 totaled \$2,906, which is included in accounts receivable – related parties in the Consolidated Balance Sheet.

The Partnership sold propane to certain affiliates of UGI. Such amounts were not material in 2005, 2004 or 2003.

Note 13 – Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2005	2004
Self-insured property and casualty liability	\$13,786	\$ 15,824
Taxes other than income taxes	6,423	5,564
Fair value of derivative instruments	4,681	–
Propane exchange liability	5,131	6,587
Deferred tank fee revenue	9,346	7,787
Other	7,317	3,411
Total other current liabilities	\$46,684	\$ 39,173

Note 14 – Financial Instruments

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

On occasion, we enter into interest rate protection agreements (“IRPAs”) designed to manage interest rate risk associated with

planned issuances of fixed-rate long-term debt. We designate these IRPAs as cash flow hedges. Gains or losses on IRPAs are included in other comprehensive income and are reclassified to interest expense as the interest expense on the associated debt issue affects earnings.

During the years ended September 30, 2005, 2004 and 2003, the net loss recognized in earnings representing cash flow hedge ineffectiveness was \$1,726, \$1,534 and \$3,146, respectively. Gains and losses included in accumulated other comprehensive income at September 30, 2005 relating to cash flow hedges will be reclassified into (1) cost of sales when the forecasted purchase of propane subject to the hedges impacts net income and (2) interest expense when interest on anticipated issuances of fixed-rate long-term debt is reflected in net income. Included in accumulated other comprehensive income at September 30, 2005 are net losses of approximately \$3,824 from IRPAs associated with forecasted issuances of ten-year debt generally anticipated to occur during the next two years. The amount of net loss that is expected to be reclassified into net income during the next twelve months is not material. The remaining net gain on derivative instruments included in accumulated other comprehensive income at September 30, 2005 of \$49,834 is principally associated with future purchases of propane generally anticipated to occur during the next twelve months. The actual amount of gains or losses on unsettled derivative instruments that ultimately is reclassified into net income will depend upon the value of such derivative contracts when settled. The fair value of derivative instruments is included in other current assets, other current liabilities and other noncurrent liabilities in the Consolidated Balance Sheets.

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

	Carrying Amount	Estimated Fair Value
2005:		
Propane swap and option contracts	\$ 50,588	\$ 50,588
Interest rate protection agreements	(3,863)	(3,863)
Long-term debt	913,502	968,551
2004:		
Propane swap and option contracts	\$ 13,139	\$ 13,139
Interest rate protection agreements	(1,734)	(1,734)
Long-term debt	901,351	959,355

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

We estimate the fair value of long-term debt by using current market prices and by discounting future cash flows using rates available for similar type debt. Fair values of derivative instruments reflect the estimated amounts that we would receive or (pay) to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts.

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

Note 15 – Other Income, Net

Other income, net, comprises the following:

	2005	2004	2003
Gain on sales of fixed assets	\$ 5,196	\$ 2,306	\$2,173
Finance charges	7,552	6,456	3,942
Gain on sale of Atlantic Energy	9,135	–	–
Other	3,898	2,982	2,845
Total other income, net	\$25,781	\$11,744	\$8,960

Note 17 – Quarterly Data (Unaudited)

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

	December 31,		March 31,		June 30,		September 30,	
	2004(a)	2003	2005	2004	2005(b)	2004	2005	2004
Revenues	\$556,216	\$460,198	\$698,268	\$687,710	\$349,469	\$315,107	\$359,303	\$312,885
Operating income (loss)	\$ 67,684	\$ 65,559	\$117,893	\$127,959	\$ 1,645	\$ (3,993)	\$ (9,943)	\$ (12,805)
Net income (loss)	\$ 44,291	\$ 43,149	\$ 96,222	\$105,650	\$ (51,276)	\$ (24,132)	\$ (28,392)	\$ (32,813)

Net income (loss) per

limited partner unit:

Basic	\$ 0.77	\$ 0.78	\$ 1.49	\$ 1.68	\$ (0.93)	\$ (0.45)	\$ (0.51)	\$ (0.60)
Diluted	\$ 0.77	\$ 0.77	\$ 1.49	\$ 1.68	\$ (0.93)	\$ (0.45)	\$ (0.51)	\$ (0.60)

(a) Includes a gain on the Partnership's sale of Atlantic Energy which increased operating income by \$9,135 and net income by \$7,107 or \$0.13 per limited partner unit.

(b) Includes a loss on early extinguishment of debt which increased operating loss by \$33,602 and net loss by \$33,266 or \$0.61 per limited partner unit.

Note 16 – Management Realignment

In June 2003, the General Partner announced a plan to realign its management structure. Pursuant to the plan, the Partnership closed its seven regional offices located across the country and relocated four regional vice presidents to its Valley Forge, Pennsylvania headquarters. In addition, the Partnership reconfigured its eighty geographically-based market areas into approximately sixty market areas.

The new management structure further streamlined business processes, eliminated duplication and reduced overhead expenses. As a result of the management realignment, the Partnership incurred charges for severance, lease termination and other expenses totaling \$3,756 which are reflected as operating and administrative expenses in the 2003 Consolidated Statement of Operations.

Report of Independent Registered Public Accounting Firm

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

We have completed an integrated audit of AmeriGas Partners, L.P.'s 2005 consolidated financial statements and of its internal control over financial reporting as of September 30, 2005 and audits of its 2004 and 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated Financial Statements

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of partners' capital and of cash flows present fairly, in all material respects, the financial position of AmeriGas Partners, L.P. and its subsidiaries at September 30, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal Control over Financial Reporting

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, appearing in the 2005 Annual Report to Shareholders, that the Company maintained effective internal control over financial reporting as of September 30, 2005 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of September 30, 2005, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its

assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Partnership's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
December 13, 2005

General Partner's Report

Financial Statements

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

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

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

Management's Report on Internal Control over Financial Reporting

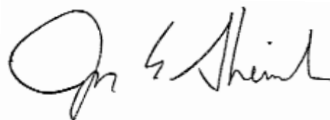
Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Partnership. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted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

sonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management also believes the system of internal control over financial reporting provides reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changing conditions, or the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Partnership maintained effective internal control over financial reporting as of September 30, 2005, based on the COSO Framework. Management's assessment of the effectiveness of the Partnership's internal control over financial reporting as of September 30, 2005, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.



Eugene V. N. Bissell
Chief Executive Officer



Jerry E. Sheridan
Chief Financial Officer



William J. Stanczak
Chief Accounting Officer

Board of Directors

AmeriGas Propane, Inc., General Partner

Lon R. Greenberg ²

Chairman, AmeriGas Propane, Inc.
Chairman and Chief Executive Officer,
UGI Corporation

John L. Walsh

Vice Chairman, AmeriGas Propane, Inc.
President and Chief Operating Officer,
UGI Corporation

Eugene V. N. Bissell

President and Chief Executive Officer,
AmeriGas Propane, Inc.

Thomas F. Donovan ³

Retired, former Vice Chairman,
Mellon Bank Corporation

Richard C. Gozon ^{2,3,4}

Retired, former Executive Vice President,
Weyerhaeuser Company
(integrated forest products)

William J. Marrazzo ^{1,3}

Chief Executive Officer and President,
WHYY, Inc.
(public television and radio)

Gregory A. Pratt ¹

Vice Chairman,
OAO Technology Solutions, Inc.
(information technology and professional services)

James W. Stratton ^{2,4}

Chairman and Chief Executive Officer,
Stratton Management Company
(investment adviser)

Roger B. Vincent ^{1,4}

President, Springwell Corporation
(corporate finance adviser)

¹ Audit Committee

² Executive Committee

³ Compensation/Pension Committee

⁴ Corporate Governance Committee

Officers

AmeriGas Propane, Inc., General Partner

Lon R. Greenberg

Chairman

John L. Walsh

Vice Chairman

Eugene V. N. Bissell

President and Chief Executive Officer

Richard W. Fabrizio

Vice President and Chief Information Officer

William D. Katz

Vice President – Human Resources

Robert H. Knauss

Vice President, General Counsel and Secretary

Robert W. Krick

Vice President and Treasurer

David L. Lugar

Vice President – Supply and Logistics

Carey M. Monaghan

Vice President – Sales and Marketing

Joseph B. Powers

Vice President – PPX[®]

William G. Robey

Vice President – Sales Operations

Jerry E. Sheridan

Vice President – Finance and Chief Financial Officer

William J. Stanczak

Controller and Chief Accounting Officer

Colleen T. Fay

Region Vice President Midwest

Randy A. Hannigan

Region Vice President South

John S. Iannarelli

Region Vice President West

John A. Sette

Region Vice President Northeast

Unitholder Information

Unit Data

Common Units – AmeriGas Partners, L.P.

The Partnership's Common Units are traded on the New York Stock Exchange under the symbol APU. The number of Common Unitholders on September 30, 2005 was approximately 50,000 and the Common Units outstanding totaled 56,792,605 of which 32,267,601 were held by the public.

Market Price of Common Units and Distributions Paid

2005 Fiscal Year	High	Low	Distributions
1st Quarter	\$30.56	\$26.11	\$.55
2nd Quarter	31.23	28.36	.55
3rd Quarter	32.88	29.15	.56
4th Quarter	35.00	30.16	.56
<hr/>			
2004 Fiscal Year	High	Low	Distributions
1st Quarter	\$28.37	\$24.80	\$.55
2nd Quarter	30.19	27.84	.55
3rd Quarter	29.98	25.09	.55
4th Quarter	29.64	25.91	.55

AmeriGas Partners intends to distribute to each holder of its Common Units \$.56 per Common Unit per quarter – \$2.24 on an annualized basis – to the extent there is sufficient Available Cash to do so. Distributions are scheduled to be paid on the 18th day of November, February, May and August.

Corporate Governance

The General Partner submitted the certification required by Section 303A.12(a) of the New York Stock Exchange corporate governance rules on June 8, 2005. In addition, the General Partner's Chief Executive Officer and Chief Financial Officer have each filed the certification required by Section 302 of the Sarbanes-Oxley Act as an exhibit to the Partnership's Annual Report on Form 10-K for the year ended September 30, 2005.

Tax Information

AmeriGas Partners, L.P. is a publicly traded limited partnership. All unitholders are partners eligible to receive cash distributions.

A partnership has different tax implications for its owners than a corporation. The annual income, gains, losses, deductions or credits of a partnership flow through to its unitholders, or limited partners, who are required to report their allocated share of these amounts on their own income tax returns.

By March 15, 2006, each unitholder of AmeriGas Partners, L.P. will be provided with information in the form of a Schedule K-1, which will summarize his or her allocated share of the Partnership's reportable tax items for the calendar year ended December 31, 2005.

For additional information regarding taxes, unitholders should consult with their personal tax adviser. AmeriGas Tax Information Services, at 1-800-310-9145, is available for questions regarding the Schedule K-1.

Investor Services

Transfer Agent & Registrar

Unitholder communications regarding transfer of units, lost certificates, lost distribution checks or changes of address should be directed to:

Mellon Investor Services LLC
Newport Office Center VII
480 Washington Boulevard
Jersey City, NJ 07310
1-800-756-3353

Unitholders can also view real-time account information and request transfer agent services online at the Mellon Investor Services website: www.melloninvestor.com

Mellon Investor Services can be accessed through telecommunications devices for the hearing impaired by calling 1-800-231-5469.

Investor Relations

Securities analysts, portfolio managers and other members of the professional investment community should direct inquiries about the Partnership to:

Robert W. Krick
Vice President and Treasurer
AmeriGas Propane, Inc.
P.O. Box 965
Valley Forge, PA 19482
1-610-337-7000

News, Earnings, Financial Reports and Governance Documents

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