

AmeriGas

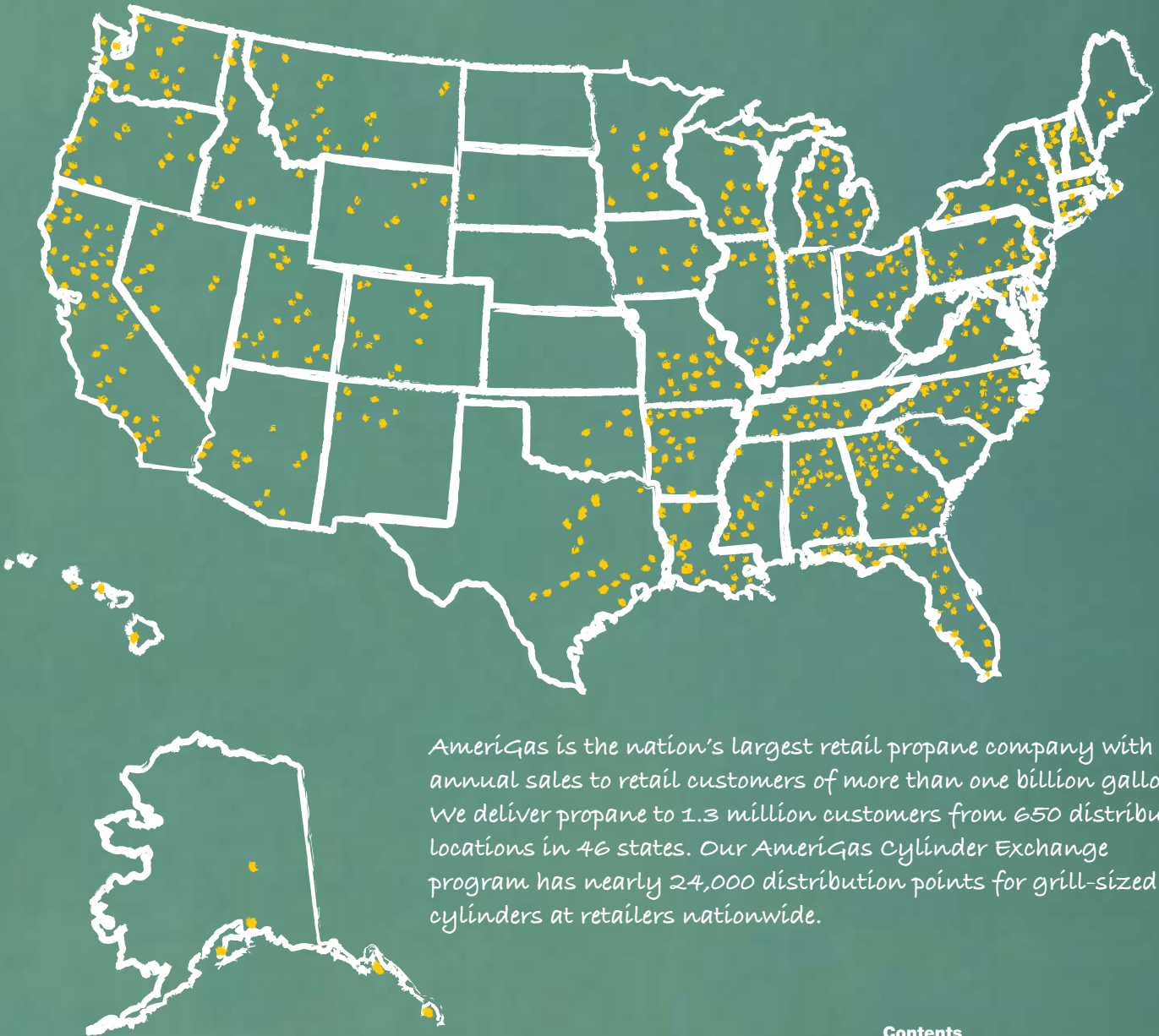
2007 Annual Report

Strategy + Execution = Performance



performance:

The nation's largest retail propane marketer



AmeriGas is the nation's largest retail propane company with annual sales to retail customers of more than one billion gallons. We deliver propane to 1.3 million customers from 650 distribution locations in 46 states. Our AmeriGas Cylinder Exchange program has nearly 24,000 distribution points for grill-sized cylinders at retailers nationwide.

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AmeriGas Partners, L.P.'s (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 products and services. Through subsidiaries, UGI owns 44% of AmeriGas Partners, and more than 50,000 individual unitholders own the remaining 56%.

The portability and versatility of clean-burning 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.

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

Financial Highlights

Year Ended September 30,	2007	2006	2005
(Millions of dollars, except as noted)			
Retail gallons sold (millions)	1,006.7	975.2	1,034.9
Degree days – % warmer than normal (1)	6.5%	10.2%	6.9%
Revenues	\$ 2,277.4	\$ 2,119.3	\$ 1,963.3
Operating income	\$ 265.7	\$ 184.1	\$ 177.3
Net income	\$ 190.8	\$ 91.2	\$ 60.8
Income tax expense	0.8	0.2	1.5
Interest expense	71.5	74.1	79.9
Depreciation and amortization	75.6	72.4	73.7
EBITDA (2)	\$ 338.7	\$ 237.9	\$ 215.9
Interest expense	(71.5)	(74.1)	(79.9)
Maintenance capital expenditures	(27.2)	(23.6)	(19.3)
Loss on extinguishments of debt	–	17.1	33.6
Distributable cash (3)	\$ 240.0	\$ 157.3	\$ 150.3
Units outstanding – end of year (millions)	57.0	56.8	56.8

Retail Markets by Volume

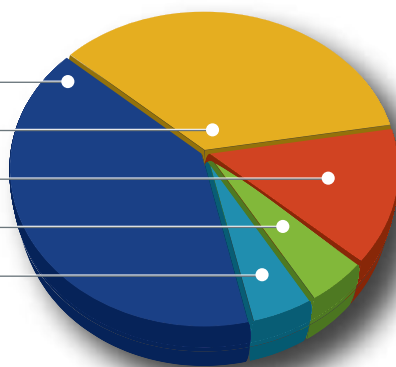
Residential 40%

Commercial/Industrial 36%

Motor fuel 14%

Transport 5%

Agriculture 5%



(1) Deviation from average heating degree days for the 30-year period 1971–2000 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration 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. The Partnership's definition of EBITDA may be different from that used by other entities.

(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 Investors:

In fiscal year 2007, AmeriGas achieved record earnings and we made significant progress on our core strategies. Our net income in fiscal year 2007 was \$145 million compared to \$108 million for the previous fiscal year. These figures excluded a \$46 million gain on the sale of the Arizona propane storage facility in 2007 and the \$17 million loss on the early extinguishment of debt in fiscal 2006. Based on this strong financial performance, we increased our regular distribution 5% during the year and we reiterated our pledge to increase the distribution at least 3% per year. In fiscal year 2008, we will continue to leverage our competitive advantages and will focus on the effective execution of our core strategies that have allowed us to achieve a compounded annual rate of return to unitholders of 18% over the last five years. We would like to review each of our strategies and share with you the progress we made in fiscal year 2007.

Acquisitions. AmeriGas has the competitive advantage of being able to identify, negotiate and quickly integrate acquisitions. We have completed more than 60 acquisitions since we became a publicly traded master limited partnership (MLP) in 1995. With 3,500 propane companies in the United States, there are ample opportunities for quality acquisitions. Our discipline in acquiring quality businesses at competitive prices and our ability to continue to grow these businesses set us apart from other

MLPs who are aggressively pursuing acquisitions. With locations in 46 states, our large geographic footprint gives us an operating advantage when integrating acquisitions. We are more likely than our competitors to have overlaps that allow us to combine operations, resulting in efficiencies and expense savings. In 2007, we completed five acquisitions that added 45 million annual gallons to our volume. We also acquired two cylinder refurbishing centers that support our AmeriGas Cylinder Exchange (ACE) program. Acquisitions have been and will continue to be a critical part of our growth.

Internally Generated Growth. We believe we have the best track record in the industry of internally generated growth. We exploit our unmatched geographic coverage through our ACE operation and our Strategic Accounts program. We are in a position to serve more than 95% of the U.S. population from our 650 locations. We are the preferred propane supplier of choice for companies such as UPS or U-Haul that want to consolidate purchases through a single vendor. In 2007, we grew ACE sales volume by 39%, primarily through the roll out of our self-service grill cylinder vending machines and growth in same-store sales. Our Strategic Accounts team also grew volume and earnings through the addition of new accounts.

The toughest competition in the propane industry is for the traditional residential and commercial customers. Each of our



From left:
Lon R. Greenberg
John L. Walsh
Eugene V.N. Bissell


districts face, on average, competition from seven other propane marketers. Our reputation for superior customer service and competitive pricing allows us to compete successfully for new customers. Our value proposition to be the most reliable, the safest and most responsive propane distributor helps us grow our customer base and retain our existing customers. We measure our customer service satisfaction through customer surveys. This year, 96% of our customers responded that they are “satisfied” or “very satisfied” with AmeriGas service. We drive improvements in customer service through our customer service index, a series of measures tied to our goal of improving reliability, safety and responsiveness. Performance on the customer service index affects manager bonuses and performance ratings. We also encourage customer growth through incentive programs that reward our front-line employees and managers for achieving targeted levels of customer growth. In fiscal year 2007, we continued our track record of growth in these critical residential and commercial customer segments and achieved increased growth compared to the prior year.

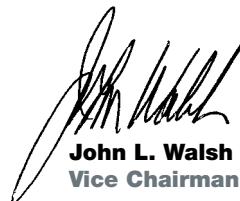
Safety. Another strategy that sets AmeriGas apart from our competition is our drive to achieve world-class safety performance. We regard improved customer and employee safety as a fundamental business imperative, and we recognize that reduced accidents pay dividends in positive employee morale, enhanced customer service and improved productivity. Over the last five years, we have reduced employee injuries by 50% through training, the implementation of best practices and strict enforcement of our safety policies.

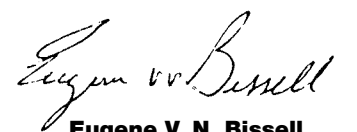
In fiscal year 2007, we effectively utilized and capitalized on our national footprint and resources when faced with local or regional challenges. In past years, we brought people and equipment from around the country to respond to hurricanes, fires and other natural disasters. In 2007, propane supplies in the Northeast were threatened by a “perfect storm” of challenges during an extended period of cold weather: employees of the largest railroad that serves this area went on strike; mechanical problems caused

an interruption in service from a major supply pipeline; and ships loaded with propane were not able to get to ports due to rough weather. We leveraged our favorable agreements with major propane suppliers and brought in transport trucks and drivers from around the country to make sure we took care of our customers. We have the industry’s largest fleet of transport trucks and drivers, and we are best able to deploy the necessary resources to respond to these kinds of unpredictable challenges.

We want to recognize the critical role that our team of more than 6,000 employees plays in the effective execution of our strategies. We depend on our highly trained and dedicated teams at each of our 650 locations to respond to the needs of our customers and to the many challenges we face each year. Finally, we would also like to thank our Directors for their guidance. The breadth of their experience and their active involvement are a competitive advantage for AmeriGas.


Lon R. Greenberg
Chairman


John L. Walsh
Vice Chairman


Eugene V. N. Bissell
President and
Chief Executive Officer

November 26, 2007

Growth Performance:

= 45 million annual gallons acquired

= 39% volume increase in cylinder exchange

In 2007, we acquired five propane businesses and added 65,000 new customers.



We now have 23,600 AmeriGas Cylinder Exchange distribution points where customers can purchase clean, pre-filled tanks used primarily for grilling.

We have grown our business for almost 50 years and will continue to grow by striving to fulfill our value proposition to be the most reliable, the safest and the most responsive propane supplier in the United States. In 2007, we exceeded our financial goals and built a stronger company for our unitholders.

Successful Execution of Four Growth Strategies

Our growth in 2007 has been the result of success in four targeted areas:

- Acquiring quality propane marketers
- Expanding our AmeriGas Cylinder Exchange program
- Attracting and retaining new residential and commercial customers
- Growing our Strategic Accounts program

Acquisitions Add 65,000 Customers

Our corporate strategic goal has been to add at least 10 million annual gallons each year through the acquisition of local and regional propane marketers. In 2007, we exceeded our goal by adding 45 million annual gallons. We accomplished this objective by acquiring five propane distribution businesses. These acquisitions included two large multi-location marketers, All Star Gas Corporation and Shell Gas LPG USA. Through these acquisitions, we added 65,000 customers and welcomed 190 new employees into the AmeriGas family. We integrated the majority of our recently acquired distribution locations into our existing operations, increasing customer density and operating efficiency in these markets.

We also acquired two regional cylinder reconditioning centers that will support the rapid growth of our cylinder exchange program.

AmeriGas Cylinder Exchange Now Has 23,600 Distribution Points

Through AmeriGas Cylinder Exchange (ACE), we have made it more convenient for American families who barbecue to refill their grill-sized propane cylinders. In 2007, AmeriGas Cylinder Exchange had volume growth of 39% due to the addition of 1,600 new locations. We also had an 8% increase in same-store sales. ACE cylinders are now available at thousands of home centers, convenience stores and supermarkets. We believe our reputation for customer service is the primary reason ACE retail distribution partners choose to do business with us. Our commitment to innovation and our employees' dedication to customer service have built a strong foundation for the future with our ACE retail distribution partners.

Base Customer Growth Reflects Innovative Sales Efforts

We continue to attract and retain new residential and commercial customers. In response to the nationwide decline in new housing construction, we focused our efforts on adding customers in segments that are less sensitive to construction-related activities, such as motor fuel and commercial/industrial end users. One of our goals is to identify markets in which propane is the more cost-effective energy source. We plan to capitalize on escalating electricity rates as certain utilities emerge from generation rate caps. Another strategy is to increase the number of communities served by centrally piped systems. These systems deliver propane to residential and commercial customers from centrally located storage tanks through distribution lines with usage metered at each customer location. These systems are more cost-effective than installing individual tanks for each customer.



Service Performance:

- = Innovative programs for customers
- = 96% customer satisfaction rating



Customers rely on America's propane deliveries for heating and other energy needs.

Our responsiveness and reliability have helped us keep customers for decades. Dan and Dora Cosfol have received deliveries from America's for 44 years.



Strategic Accounts Improves Profitability

We are the nation's largest retail propane supplier. Our superior distribution network makes us the provider of choice to high-volume, multi-location regional and national propane users seeking to consolidate purchases through a single vendor. In 2007, we improved our profitability and diversified our customer base by adding more than 2,300 Strategic Account customer locations.

Reliability and Responsiveness Drive Performance

We believe providing responsive and reliable service is the key to customer satisfaction. We constantly ask our customers to rate our effectiveness in this area. We created a customer service index by which our employees are rewarded for a job well done.

Responsive to Customers' Budgeting Needs

We offer a variety of pricing and billing options for our customers, which we believe are important components of customer satisfaction and loyalty. Our various price-protection programs allow customers to lock in their price for a set period of time. These popular programs have helped insulate customers from product price volatility seen in the energy market over the past few years.

Supply and Distribution Infrastructure Ensures Our Reliability

We have built an extensive propane supply and distribution infrastructure to ensure our reliability when faced with challenging conditions. In 2007, a "perfect storm" of delivery challenges converged in the Northeast. These delivery challenges included a railroad strike, a supply pipeline disruption and severe weather that prevented propane transport by barge. Our responsive and flexible strategy to deliver propane

and maintain uninterrupted service to customers in New England included redeploying drivers and transport trucks from around the country.

We continually evaluate our distribution assets to determine the most cost-effective way to ensure a reliable supply network. In 2007, we sold our 3.5-million-barrel underground storage facility near Phoenix, Arizona while retaining long-term storage rights. This arrangement allows us to focus our resources on our core business while ensuring that we continue to meet the needs of customers in the region.

Striving for World-Class Safety Performance

We believe that improvements in safety result in positive employee morale, lower expenses and better customer service – all factors that give us a competitive marketplace advantage. We benchmark our safety performance against comparable global safety leaders and strive to achieve equivalent safety results. Our strategy to achieve our safety goals ranges from improving the skills of our drivers to ensuring the availability and use of personal protective equipment.

We Proactively Invest to Achieve a High Standard of Safety

In 2007, we trained 57 field employees as Market Safety Advisors. They coordinate local safety initiatives, which improve safety awareness and reduce incidents. Over the next three years, we will extend this training to include all of our local managers. We also commissioned the design of a web-based reporting system called PerformTrax. This system will enable us to more effectively track and respond to certain types of safety-related incidents and provide the ability to develop targeted training and prevention strategies.



Safety Performance:

- = Technology and training improve safety results
- = Lost workdays cut by 50% since 2000



We are committed to the highest standards of safety. In 2007, we trained 57 employees as Market Safety Advisors.

In 2008, we will pilot a program using DriveCam cameras in our vehicles. These on-board cameras will monitor both driver behavior and the view through the windshield. This technology is currently used in other transportation-related industries where it has reduced accidents and improved driver skills through supervisory coaching.

Our Safety Performance Helps Us Retain Customers and Lower Costs

We recertify our tanks used at customer locations through regularly scheduled inspections and refitting or replacing tanks when needed. Our nationwide 24-hour Emergency Call Center demonstrates our commitment to customer safety and even responds to safety-related calls from competitors' customers when their suppliers are unavailable.

During 2007, our combined safety efforts led to a decrease in both lost workdays and responsible vehicle incidents. Since 2000, we decreased incidents that lead to lost workdays by 50%, and our improved safety performance has reduced our insurance costs.

Propane Is Cleaner

Propane is a clean-burning fuel and produces less on-site carbon emissions than ethanol, gasoline, kerosene, diesel, heating oil or bituminous coal. Propane is also considered an alternative vehicle fuel. A tax credit effective in 2007 gives propane a competitive monetary advantage for use as a forklift and over-the-road motor fuel.

We have been proud to be "America's Propane Company" since 1959. We demonstrate our industry leadership through our commitment to safety, reliability and responsiveness in all that we do.

Operations Review

Executive Overview

AmeriGas Partners is the largest retail propane marketer in the United States, with sales to retail customers of more than a billion gallons during the year ended September 30, 2007 ("Fiscal 2007"). We deliver propane to more than a million customers from our distribution locations in 46 states. The propane industry is mature, with only modest growth in residential customer demand. Accordingly, our growth strategy focuses on acquisition of other propane marketers and internal growth to be achieved by leveraging our geographic coverage to secure regional and national accounts, serving the growing grill cylinder program and offering superior customer service.

During the past three years our financial results reflect growth achieved through (1) acquisitions of retail propane distribution and cylinder refurbishment businesses, (2) additions of multi-location regional and national accounts and new distribution points for our cylinder exchange operation, and (3) growth in our traditional residential and commercial customer base. During Fiscal 2007, we achieved record net income of \$190.8 million which includes, among other things, the effects of a \$46.1 million gain from the sale of our 3.5 million barrel liquefied petroleum gas storage facility located in Arizona. Net income during the year ended September 30, 2006 ("Fiscal 2006") includes the impact of a \$17.1 million loss on early extinguishment of debt related to debt refinancings. Colder temperatures during Fiscal 2007 had a favorable impact on our retail volumes sold and total margin compared to the prior year. Our AmeriGas Cylinder Exchange program also experienced higher volumes sold primarily reflecting customer growth.

In Fiscal 2008 and beyond, we will continue to focus on growing our traditional customer base, as well as growing through acquisitions and our strategic account and grill cylinder program. We expect to achieve base business growth by providing best-in-class customer service and improving the effectiveness of our sales force, while maintaining competitive prices. In addition, we plan to manage the growth rate of operating and administrative expenses by executing a series of initiatives to enhance safety and productivity.

Fiscal 2007 Compared with Fiscal 2006

Temperatures in the Partnership's service territories based upon heating degree days during Fiscal 2007 were 6.5% warmer than normal compared with temperatures that were 10.2% warmer than normal during Fiscal 2006. Retail propane volumes sold increased approximately 3.2% reflecting greater demand attributable to the colder weather and the effects of higher sales in our AmeriGas Cylinder Exchange program.

Retail propane revenues increased \$142.5 million reflecting an \$83.8 million increase due to higher average selling prices and \$58.7 million due to the higher volumes sold. Wholesale propane revenues decreased slightly reflecting a \$2.6 million decrease due to lower volumes sold largely offset by a \$2.5 million increase due to higher average selling prices. In Fiscal 2007, our average retail propane product cost per retail gallon sold was approximately 4% higher than in Fiscal 2006 resulting in higher year-over-year prices to our customers. Total cost of sales increased to \$1,437.2 million in Fiscal 2007 from \$1,343.8 million in Fiscal 2006 primarily reflecting the increase in propane product costs and the increased volumes sold. Total margin increased \$64.7 million principally due to the higher average retail propane margins per gallon, the higher volumes and higher fees in response to increases in operating and administrative expenses.

EBITDA during Fiscal 2007 increased \$100.8 million as a result of the previously mentioned increase in total margin, a \$46.1 million gain from the sale of the Partnership's storage facility in Arizona, and the absence of a \$17.1 million loss on early extinguishments of debt recorded in Fiscal 2006 partially offset by a \$27.2 million increase in operating and administrative expenses. The \$17.1 million loss on early extinguishments of debt incurred during Fiscal 2006 was associated with the refinancings of AmeriGas OLP's Series A and Series C First Mortgage Notes totaling \$228.8 million, and \$59.6 million of AmeriGas Partners' 10% Senior Notes, with \$350 million of 7.125% AmeriGas Partners' Senior Notes due 2016. The Partnership also used a portion of the proceeds from the issuance of the 7.125% Senior Notes to repay AmeriGas OLP's \$35 million term loan. The increase in Fiscal 2007 operating and administrative expenses principally resulted from higher (1) employee compensation and benefits, (2) vehicle costs and (3) maintenance and repairs expenses. Both Fiscal 2007 and 2006 benefited from favorable expense reductions related to general insurance primarily reflecting improved claims experience.

Operating income increased \$81.6 million mainly reflecting the previously mentioned increase in EBITDA but excluding the impact of the prior period's \$17.1 million loss on extinguishment of debt (which is included in EBITDA but not operating income) slightly offset by greater depreciation expense. Net income in Fiscal 2007 increased \$99.6 million reflecting the increase in operating income, the absence of the Fiscal 2006 loss on extinguishment of debt and a decrease in interest expense.

Consolidated Balance Sheets

(Thousands of dollars)

	September 30,	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,034	\$ 84,775
Accounts receivable (less allowances for doubtful accounts of \$15,150 and \$14,460, respectively)	184,038	171,091
Accounts receivable – related parties	3,684	3,104
Inventories	124,840	99,836
Derivative financial instruments	18,300	12
Prepaid expenses and other current assets	10,124	9,391
Total current assets	375,020	368,209
Property, plant and equipment (less accumulated depreciation and amortization of \$679,081 and \$622,684, respectively)	633,978	580,592
Goodwill	640,664	619,938
Intangible assets (less accumulated amortization of \$29,253 and \$25,216, respectively)	29,809	25,608
Other assets	17,313	17,420
Total assets	\$1,696,784	\$1,611,767
Liabilities and Partners' Capital		
Current liabilities:		
Current maturities of long-term debt	\$ 1,925	\$ 1,825
Accounts payable – trade	163,092	143,528
Accounts payable – related parties	3,588	3,530
Employee compensation and benefits accrued	31,330	28,279
Interest accrued	23,364	23,373
Customer deposits and advances	99,137	103,329
Derivative financial instruments	–	25,778
Other current liabilities	56,157	50,514
Total current liabilities	378,593	380,156
Long-term debt	931,117	931,921
Other noncurrent liabilities	64,460	67,739
Commitments and contingencies (note 11)		
Minority interests	11,386	10,448
Partners' capital:		
Common unitholders (units issued – 56,988,702 and 56,797,105, respectively)	293,245	250,493
General partner	2,952	2,525
Accumulated other comprehensive income (loss)	15,031	(31,515)
Total partners' capital	311,228	221,503
Total liabilities and partners' capital	\$1,696,784	\$1,611,767

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(Thousands of dollars, except per unit)

	Year Ended September 30,		
	2007	2006	2005
Revenues:			
Propane	\$2,096,080	\$1,953,714	\$1,819,659
Other	181,295	165,552	143,597
	2,277,375	2,119,266	1,963,256
Costs and expenses:			
Cost of sales – propane	1,365,071	1,277,306	1,161,808
Cost of sales – other	72,125	66,463	58,198
Operating and administrative expenses	562,524	535,288	518,127
Depreciation and amortization	75,614	72,452	73,625
Gain on sale of Arizona storage facility	(46,117)	–	–
Other (income), net	(17,572)	(16,299)	(25,781)
	2,011,645	1,935,210	1,785,977
Operating income	265,730	184,056	177,279
Loss on extinguishments of debt	–	(17,079)	(33,602)
Interest expense	(71,487)	(74,094)	(79,900)
Income before income taxes	194,243	92,883	63,777
Income tax expense	(846)	(185)	(1,514)
Minority interests	(2,613)	(1,540)	(1,418)
Net income	\$ 190,784	\$ 91,158	\$ 60,845
General partner's interest in net income	\$ 5,600	\$ 912	\$ 608
Limited partners' interest in net income	\$ 185,184	\$ 90,246	\$ 60,237
Income per limited partner unit – basic and diluted (note 2)	\$ 3.15	\$ 1.59	\$ 1.10
Average limited partner units outstanding (thousands):			
Basic	56,826	56,797	54,602
Diluted	56,862	56,835	54,655

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Thousands of dollars)

	Year Ended September 30,		
	2007	2006	2005
Cash Flows from Operating Activities			
Net income	\$ 190,784	\$ 91,158	\$ 60,845
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	75,614	72,452	73,625
Gain on sale of Arizona storage facility	(46,117)	-	-
Gain on sale of Atlantic Energy	-	-	(9,135)
Loss on extinguishments of debt	-	17,079	33,602
Provision for uncollectible accounts	9,544	10,768	11,591
Other, net	4,856	(6,182)	(3,631)
Net change in:			
Accounts receivable	(17,142)	(21,027)	(28,184)
Inventories	(18,829)	(9,039)	(5,741)
Accounts payable	17,819	7,557	25,798
Other current assets and liabilities	(12,030)	15,061	24,788
Net cash provided by operating activities	204,499	177,827	183,558
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	(73,764)	(70,710)	(62,616)
Proceeds from disposals of assets	5,954	10,448	18,335
Net proceeds from sale of Arizona storage facility	49,031	-	-
Net proceeds from sale of Atlantic Energy	-	-	11,504
Acquisitions of businesses, net of cash acquired	(78,763)	(2,846)	(22,656)
Net cash used by investing activities	(97,542)	(63,108)	(55,433)
Cash Flows from Financing Activities			
Distributions	(154,672)	(130,805)	(122,187)
Minority interest activity	(2,144)	1,130	(967)
Issuance of long-term debt	-	343,875	446,000
Repayment of long-term debt	(1,762)	(343,453)	(466,380)
Proceeds from issuance of Common Units	814	146	73,248
Capital contributions from General Partner	66	1	740
Net cash used by financing activities	(157,698)	(129,106)	(69,546)
Cash and cash equivalents (decrease) increase	\$ (50,741)	\$ (14,387)	\$ 58,579
Cash and Cash Equivalents			
End of year	\$ 34,034	\$ 84,775	\$ 99,162
Beginning of year	84,775	99,162	40,583
(Decrease) increase	\$ (50,741)	\$ (14,387)	\$ 58,579

See accompanying notes to consolidated financial statements.

Consolidated Statements of Partners' Capital

(Thousands of dollars, except unit data)

	Number of Common Units	Common Unitholders	General partner	Accumulated other comprehensive income (loss)	Total partners' capital
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
Net income		90,246	912		91,158
Net losses on derivative instruments				(56,552)	(56,552)
Reclassification of net gains on derivative instruments				(20,064)	(20,064)
Comprehensive income		90,246	912	(76,616)	14,542
Distributions		(129,497)	(1,308)		(130,805)
Unit-based compensation expense		202	–		202
Common Units issued in connection with incentive compensation plans	4,500	146	1		147
Balance September 30, 2006	56,797,105	250,493	2,525	(31,515)	221,503
Net income		185,184	5,600		190,784
Net gains on derivative instruments				25,270	25,270
Reclassification of net losses on derivative instruments				21,276	21,276
Comprehensive income		185,184	5,600	46,546	237,330
Distributions		(149,433)	(5,239)		(154,672)
Unit-based compensation expense		489	–		489
Common Units issued in connection with incentive compensation plans	25,392	814	8		822
Common Units issued in connection with acquisition	166,205	5,698	58		5,756
Balance September 30, 2007	56,988,702	\$293,245	\$ 2,952	\$15,031	\$311,228

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

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

At September 30, 2007, AmeriGas Propane, Inc. (the “General Partner”), an indirect wholly owned subsidiary of UGI Corporation (“UGI”), held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner and its wholly owned subsidiary Petrolane Incorporated (“Petrolane,” a predecessor company of the Partnership) also owned 24,691,209 Common Units of AmeriGas Partners. The remaining 32,297,493 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 (see Note 12).

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. Prior to its sale in November 2004, the Partnership’s 50% ownership interest in Atlantic Energy, Inc. (“Atlantic Energy”) was accounted for by the equity method (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. We present revenue-related taxes collected from customers and remitted to taxing authorities, principally sales and use taxes, on a net basis.

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 acquired businesses are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, we eliminate the associated cost and accumulated depreciation from the appropriate accounts and recognize any resulting gain or loss in “Other income, net” in the Consolidated Statements of Operations. Also see Note 4. 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 \$71,555 in fiscal 2007, \$67,793 in fiscal 2006 and \$68,108 in fiscal 2005. No depreciation expense is included in cost of sales in the Consolidated Statements of Operations.

We evaluate the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We evaluate recoverability based upon undiscounted future cash flows expected to be generated by such assets. During fiscal 2007, 2006 and 2005, no provisions for impairments were recorded.

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

	2007	2006
Subject to amortization:		
Customer relationships and noncompete agreements	\$ 59,062	\$ 50,824
Accumulated amortization	(29,253)	(25,216)
	29,809	\$ 25,608
Not subject to amortization:		
Goodwill	\$640,664	\$ 619,938

The increase in intangible assets and goodwill during fiscal 2007 is a result of business acquisitions (see Note 3). 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 \$4,037 in 2007, \$4,460 in 2006 and \$4,598 in 2005. No amortization expense is included in cost of sales in the Consolidated Statements of Operations. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: 2008 – \$4,534; 2009 – \$4,161; 2010 – \$3,753; 2011 – \$3,673; 2012 – \$3,602.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. We test amortizable intangible assets for impairment whenever events or circumstances indicate that the carrying value of these assets might not be recoverable. When performing our impairment tests, we use quoted market prices. No provisions for impairments of goodwill or amortizable intangibles were recorded during fiscal 2007, 2006 and 2005.

Deferred Debt Issuance Costs. Included in other assets are net deferred debt issuance costs of \$10,721 and \$11,929 at September 30, 2007 and 2006, respectively. We are amortizing these costs over the terms of the related debt.

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 issues, 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., as amended ("Partnership Agreement") and the Internal Revenue Code. At September 30, 2007, the financial reporting basis of the Partnership's assets and liabilities exceeded the tax basis by approximately \$251,000.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 2 continued)

Equity-Based Compensation. The Partnership adopted Statement of Financial Accounting Standards (“SFAS”) No. 123 (Revised 2004), “Share-Based Payment” (“SFAS 123R”), effective October 1, 2005. The General Partner may grant Common Unit awards to key employees under its executive and nonexecutive Common Unit plans, and certain key employees of the General Partner may be granted stock options for UGI Common Stock under UGI’s 2004 Omnibus Equity Compensation Plan, as Amended on December 5, 2006 (“UGI OECP”). Among other things, SFAS 123R requires expensing the fair value of stock options, a previously optional accounting method. We chose the modified prospective approach which requires that the new guidance be applied to the unvested portion of all outstanding option grants as of October 1, 2005 and to new grants after that date. The adoption of SFAS 123R resulted in pre-tax stock option expense of \$994 and \$596 in 2007 and 2006, respectively. Assuming no significant change in the level of future UGI stock option grants, we do not believe equity-based compensation expense associated with stock options will be material.

In accordance with SFAS 123R, all of our equity-based compensation, comprising Common Unit awards and UGI stock options, is measured at fair value on the grant date, date of modification or at the end of the reporting period and recognized in earnings over the requisite service period. Depending upon the settlement terms of the awards, all or a portion of the fair value of the awards may be presented as a liability or as equity in the Consolidated Balance Sheets. We use a Black-Scholes option-pricing model to estimate the fair value of UGI stock options. We use a Monte Carlo valuation approach to estimate the fair value our Common Unit awards. Equity-based compensation costs associated with the portion of Common Unit awards classified as equity are measured based upon their fair value on the date of grant or modification. Equity-based compensation costs associated with the portion of Common Unit awards classified as liabilities are measured based upon their fair value as of the end of each period.

During 2006, the General Partner modified the settlement terms of Common Unit awards that were granted to key employees on January 1, 2006. As a result of this modification, the fair value of a portion of the modified awards was reclassified to partners’ capital. The Partnership did not incur any incremental equity-based compensation cost as a result of the modification.

Prior to October 1, 2005, we applied the provisions of Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”), in recording compensation expense for grants of equity instruments to employees. Under APB 25, the Partnership did not record any compensation expense for stock options, but provided the required pro forma disclosures as if we had determined compensation expense under the fair value method prescribed by the provisions of SFAS No. 123, “Accounting for Stock-Based Compensation.”

We recognized total equity-based compensation expense of \$2,421, \$787 and \$540 in fiscal 2007, 2006 and 2005, respectively.

The chart below reflects the effects on net income and basic and diluted earnings per limited partner unit for fiscal 2005 as if we had applied the provisions of SFAS 123R:

	2005
Net income as reported	\$60,845
Add: Unit-based employee compensation expense included in reported net income	540
Deduct: Total unit-based employee compensation expense determined under the fair value method for all awards	(1,042)
Pro forma net income	\$60,343
Basic income per limited partner unit:	
As reported	\$1.10
Pro forma	\$1.09
Diluted income per limited partner unit:	
As reported	\$1.10
Pro forma	\$1.09

For a further description of our unit-based compensation plans and related disclosures, see Note 10.

Allocation of Net Income. Net income for partners’ capital and statement of operations presentation purposes is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its 1% general partner interest in AmeriGas Partners (“incentive distributions”), if any, in accordance with the Partnership Agreement (see Note 5).

Net Income Per Unit. Income per limited partner unit is computed in accordance with Emerging Issues Task Force Issue No. 03-6, “Participating Securities and the Two-Class Method under FASB Statement No. 128” (“EITF 03-6”), by dividing the limited partners’ interest in net income by the weighted average number of limited partner units outstanding. The two class method requires that income per limited partner unit be calculated as if all earnings for the period were distributed and requires a separate calculation for each quarter and year-to-date. Thus, in periods when our net income exceeds our aggregate distributions paid and undistributed earnings are above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Due to the seasonality of the propane business, EITF 03-6 will typically impact net income per limited partner unit for the periods in our first three fiscal quarters. Theoretical distributions of net income in accordance with EITF 03-6 for the year ended September 30, 2007 resulted in an increased allocation of net income to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.11. EITF 03-6 did not impact net income per limited partner unit for the 2006 or 2005 fiscal year periods.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation of approximately 35,000 in

fiscal 2007, 37,000 in fiscal 2006 and 53,000 in fiscal 2005 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 \$69,451 in fiscal 2007, \$77,802 in fiscal 2006 and \$81,023 in fiscal 2005.

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 that engages in the distribution of propane and related equipment and supplies. No single customer represents ten percent or more of consolidated revenues. In addition, substantially all of our revenues are derived from sources within the United States and substantially all of our long-lived assets are located in the United States.

Recently Issued Accounting Pronouncements. In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits entities to choose to measure certain financial instruments at fair value that are not currently required to be measured at fair value. Upon adoption, a cumulative adjustment will be made to beginning retained earnings for the initial fair value option remeasurement. Subsequent unrealized gains and losses for remeasured assets and liabilities will be reported in earnings. SFAS No. 159 is effective for our fiscal year beginning October 1, 2008 (fiscal 2009) and should not be applied retrospectively, except as permitted by certain conditions for early adoption. We are currently evaluating the potential impact of SFAS 159.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements. The provisions of SFAS 157 are effective for our fiscal year beginning October 1, 2008 (fiscal 2009). We are currently evaluating the potential impact of SFAS 157.

Note 3 – Acquisitions

During fiscal 2007, the Partnership acquired several retail propane distribution businesses, including the retail distribution businesses of All Star Gas Corporation and Shell Gas (LPG) USA, and several cylinder refurbishing businesses for total net cash consideration of \$78,763. In addition, with respect to the 2007 acquisition of All Star Gas Corporation, the Partnership also issued 166,205 Common Units having a fair value of \$5,698 (see Note 12). During fiscal 2006 and 2005, the Partnership acquired several retail distribution businesses and a cylinder refurbishing business. Cash consideration for the fiscal 2006 and 2005 acquisitions totaled \$2,846 and \$22,656, respectively. In conjunction with these acquisitions, liabilities of \$1,516 in fiscal 2007, \$464 in fiscal 2006 and \$2,599 in fiscal 2005, were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition.

The total purchase price of these acquisitions has been allocated to the assets acquired and liabilities assumed as follows:

	2007	2006	2005
Net current (liabilities) assets	\$ (2,208)	\$ 172	\$ 628
Property, plant and equipment	59,439	1,626	8,741
Goodwill	20,605	884	10,557
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	8,238	632	5,393
Other long-term assets and liabilities	(98)	(4)	(64)
Total	\$85,976	\$3,310	\$25,255

The pro forma effect of these transactions is not material.

Note 4 – Sales of Assets

In July 2007, AmeriGas OLP sold its 3.5 million barrel liquefied petroleum gas storage terminal located near Phoenix, Arizona to Plains LPG Services, L.P. The Partnership recorded a pre-tax gain of \$46,117 which is included in "Gain on sale of Arizona storage facility" in our fiscal 2007 Consolidated Statement of Operations.

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 a subsidiary of Energy Services, Inc. ("Energy Services"), an indirect wholly owned subsidiary of UGI. Energy Services 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 2005 Consolidated Statement of Operations.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

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 (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to AmeriGas Partners) until Available Cash exceeds the Minimum Quarterly Distribution of \$0.55 and the First Target Distribution of \$0.055 per Common Unit (or a total of \$0.605 per Common Unit). If Available Cash exceeds \$0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution but only with respect to the amount by which the distribution per Common Unit to limited partners exceeds \$0.605. Accordingly, because the Partnership made distributions to Common Unitholders of \$0.61 per limited partner unit on May 18, 2007 and \$0.86 per limited partner unit on August 18, 2007 (which amount included a one-time \$0.25 per limited partner unit increase in the regular quarterly distribution reflecting a distribution of a portion of the proceeds from the sale of the Partnership's Arizona storage facility), the General Partner received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas Partners and AmeriGas OLP. The total amount of distributions received by the General Partner with respect to its 1% general partner interest in AmeriGas Partners during fiscal 2007 totaled \$5,239, which includes \$3,692 of incentive distributions.

As previously mentioned, On July 30, 2007, the General Partner's Board of Directors approved a distribution of \$0.86 per Common Unit payable on August 18, 2007 to unitholders of record on August 10, 2007. This distribution included the regular quarterly distribution of \$0.61 per Common Unit and \$0.25 per Common Unit reflecting a distribution of a portion of the proceeds from the Partnership's sale of its Arizona storage facility in July 2007.

Note 6 – Debt

Long-term debt comprises the following at September 30:

	2007	2006
AmeriGas Partners Senior Notes:		
8.875%, due May 2011 (including unamortized premium of \$175 and \$223, respectively, effective rate – 8.46%)	\$ 14,815	\$ 14,863
7.25%, due May 2015	415,000	415,000
7.125%, due May 2016	350,000	350,000
AmeriGas OLP First Mortgage Notes:		
Series D, 7.11%, due March 2009 (including unamortized premium of \$584 and \$943, respectively, effective rate – 6.52%)	70,584	70,943
Series E, 8.50%, due July 2010 (including unamortized premium of \$66 and \$90, respectively, effective rate – 8.47%)	80,066	80,090
Other	2,577	2,850
Total long-term debt	933,042	933,746
Less current maturities (including net unamortized premium of \$455 and \$431, respectively)	(1,925)	(1,825)
Total long-term debt due after one year	\$931,117	\$931,921

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: 2008 – \$1,470; 2009 – \$70,521; 2010 – \$80,345; 2011 – \$14,775; 2012 – \$105.

AmeriGas Partners Senior Notes. The 8.875% Senior Notes may be redeemed at our option; a redemption premium applies through May 19, 2009. The 7.25% and 7.125% Senior Notes generally cannot be redeemed at our option prior to May 20, 2010 and 2011, respectively. In January 2006, AmeriGas Partners refinanced AmeriGas OLP's Series A and Series C First Mortgage Notes totaling \$228,800, \$59,550 of its 10% Senior Notes, and an AmeriGas OLP \$35,000 term loan with proceeds from the issuance of \$350,000 of its 7.125% Senior Notes due 2016. In May 2005, AmeriGas Partners refinanced \$373,360 of its 8.875% Senior Notes pursuant to a tender offer with proceeds from the issuance of \$415,000 of 7.25% Senior Notes due 2015. AmeriGas Partners recognized losses of \$17,079 and \$33,602 associated with these refinancings which amounts are reflected in "Loss on extinguishments of debt" in the fiscal 2006 and 2005 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 7.25% and 7.125% Senior Notes.

AmeriGas OLP First Mortgage Notes. As of November 6, 2006, AmeriGas OLP's First Mortgage Notes are no longer collateralized. 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. Effective November 6, 2006, AmeriGas OLP's entered into a new unsecured Credit Agreement ("Credit Agreement") consisting of (1) a Revolving Credit Facility and (2) an Acquisition Facility. The General Partner and Petrolane are guarantors of amounts outstanding under the Credit Agreement. References made herein to the Credit Agreement relate to the former or new Credit Agreement, as appropriate.

Under the Revolving Credit Facility, AmeriGas OLP may borrow up to \$125,000 (including a \$100,000 sublimit for letters of credit), which is subject to restrictions in the AmeriGas Partners Senior Notes indentures (see "Restrictive Covenants" below). The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Revolving Credit Facility expires on October 15, 2011, but may be extended for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. There were no borrowings outstanding under AmeriGas OLP's Revolving Credit Facility at September 30, 2007 and 2006. Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled \$58,034 and \$58,897 at September 30, 2007 and 2006, 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, 2011, at which time amounts then outstanding will be immediately due and payable. There were no amounts outstanding under the Acquisition Facility at September 30, 2007 and 2006.

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 (7.75% at September 30, 2007), or at a two-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Credit Agreement, plus a margin. The margin on Eurodollar Rate borrowings (which ranges from 1.00% to 1.75%), and the Credit Agreement facility fee rate (which ranges from 0.25% to 0.375%), are dependent upon AmeriGas OLP's ratio of funded debt to earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), each as defined in the Credit Agreement.

AmeriGas OLP Term Loan. In April 2005, AmeriGas OLP entered into a \$35,000 variable-rate term loan due October 1, 2006 ("AmeriGas OLP Term Loan"), which bore interest plus margin at the same rates as the 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. The Partnership used a portion of the proceeds from the issuance of the 7.125% Senior Notes due 2016 to repay the AmeriGas OLP Term Loan in January 2006.

Restrictive Covenants. The 7.25% and 7.125% Senior Notes of AmeriGas Partners restrict the ability of the Partnership and AmeriGas OLP to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the 7.25% and 7.125% Senior 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.

The Credit Agreement 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 and First 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 4.0-to-1 with respect to the Credit Agreement and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the Credit Agreement requires that AmeriGas OLP maintain a ratio of EBITDA to interest expense, as defined, of at least 3.0-to-1 on a rolling four-quarter basis, and a minimum EBITDA. Generally, as long as no default exists or would result, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

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 \$7,039 in fiscal 2007, \$5,813 in fiscal 2006 and \$6,312 in fiscal 2005.

Note 8 – Inventories

Inventories comprise the following at September 30:

	2007	2006
Propane gas	\$103,587	\$81,325
Materials, supplies and other	16,186	12,399
Appliances for sale	5,067	6,112
Total inventories	\$124,840	\$99,836

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:

	2007	2006
Land	\$ 66,391	\$ 58,107
Buildings and improvements	89,878	83,050
Transportation equipment	68,005	60,279
Storage facilities	109,934	101,509
Equipment, primarily cylinders and tanks	958,917	879,800
Other	19,934	20,531
Gross property, plant and equipment	1,313,059	1,203,276
Less accumulated depreciation and amortization	(679,081)	(622,684)
Net property, plant and equipment	\$ 633,978	\$ 580,592

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 2007, in conjunction with a propane business acquisition, the Partnership issued 166,205 Common Units to the General Partner at \$34.28 per Common Unit (see Note 12). 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 Common 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.

Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Propane Plan"), the General Partner may award to key employees the right to receive a total of 500,000 AmeriGas Partners Common Units (comprising AmeriGas Performance Units), or cash equivalent to the fair market value of such Common Units. In addition, the 2000 Propane Plan authorizes the crediting of Common Unit distribution equivalents to participants' accounts. AmeriGas Performance Unit grant recipients are awarded a target number of AmeriGas Performance Units. The number of AmeriGas Performance Units ultimately paid at the end of the performance period (generally three years) may be higher or lower than the target amount based upon AmeriGas Partners' Total Unitholder Return ("TUR") percentile rank relative to companies in a peer group. Grantees of AmeriGas Performance Units may not receive any award if AmeriGas Partners' TUR is below the 40th percentile of the peer group, at the 40th percentile, the employee will be paid an award equal to 50% of the target award; and at the 100th percentile will receive 200% of the target award. The actual amount of the award is interpolated between these percentile rankings. Any distribution equivalents earned are paid in cash. Generally, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. There are certain change of control and retirement eligibility conditions that, if met, generally result in accelerated vesting or elimination of further service requirements.

Under SFAS 123R, AmeriGas Performance Units are equity awards with a market-based condition, which, if settled in Common Units, results in the recognition of compensation cost

over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair value of AmeriGas Performance Units awarded prior to fiscal 2006 are estimated using the intrinsic value method. The fair value of these awards is accounted for as liabilities. The fair value of AmeriGas Performance Units awarded during fiscal 2007 and 2006 is estimated using a Monte Carlo valuation model. The fair value determined with respect to the target award and the award above the target, if any, is accounted for as equity and the fair value of all dividend equivalents is accounted for as a liability. The expected term of the AmeriGas Performance Unit awards is three years based on the performance period. Expected volatility is based upon the historical volatility of AmeriGas Partners Common Units over a three-year period. The risk-free interest rate is based on the U.S Treasury yield at the time of grant. Volatility for all comparator companies in the peer group is based on historical volatility.

The following table summarizes the weighted-average assumptions used to determine the fair value of AmeriGas Performance Unit awards and related compensation costs:

Grants Awarded in Fiscal	2007	2006
Risk-free rate	4.7%	5.2%
Expected life	3 years	3 years
Expected volatility	17.6%	18.1%
Dividend yield	7.1%	7.7%

We also have a nonexecutive AmeriGas Partners Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units (comprising AmeriGas Units) to key employees who do not participate in the 2000 Propane 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. The General Partner granted awards under the 2000 Propane Plan and the nonexecutive plan representing 49,650, 38,350 and 41,100 Common Units in fiscal 2007, 2006 and 2005, respectively, having weighted-average grant date fair values per Common Unit of \$33.63, \$29.62 and \$29.51, respectively. At September 30, 2007 and 2006, awards representing 119,317 and 113,517 Common Units, respectively, were outstanding. At September 30, 2007, 316,686 and 137,750 Common Units were available for future grants under the 2000 Propane Plan and the nonexecutive plan, respectively.

The following table summarizes AmeriGas Unit and AmeriGas Performance Unit award activity for fiscal 2007:

	Number of AmeriGas Partners Common Units	Weighted- Average Grant Date Fair Value (per Unit)
Non-vested Units – September 30, 2006	93,900	\$29.10
Granted	49,650	\$33.63
Forfeited	(1,200)	\$31.52
Vested	(31,698)	\$28.64
Performance criteria not met	(3,918)	\$28.02
Non-vested Units – September 30, 2007	106,734	\$30.61

During fiscal 2007, the Partnership paid 38,736 AmeriGas Partners Common Units, including \$600 paid in cash, associated with 51,200 awards granted in fiscal 2004. During fiscal 2006, the Partnership paid 6,750 AmeriGas Partners Common Units, including \$73 paid in cash, associated with 43,500 awards granted in fiscal 2003. During fiscal 2005, the Partnership paid 29,586 AmeriGas Partners Common Units, including \$460 paid in cash, associated with 112,250 awards granted in fiscal 2003 and 2002.

As of September 30, 2007, there was \$1,041 of unrecognized equity-based compensation expense related to non-vested UGI stock options that is expected to be recognized over a weighted average period of 1.5 years. As of September 30, 2007, there was \$1,750 of unrecognized compensation cost associated with 119,317 Common Unit awards that is expected to be recognized over a weighted average period of 1.8 years. The total fair value of Common Units that vested during fiscal 2007, 2006, and 2005 was \$1,213, \$646 and \$1,230, respectively. Also, at September 30, 2007, a liability of \$1,769 is reflected in other non-current liabilities in the Consolidated Balance Sheet. It is the Partnership's practice to issue new AmeriGas Partners Common Units for the portion of any Common Unit awards paid out in AmeriGas Partners Common Units.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

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 \$56,342 in fiscal 2007, \$53,085 in fiscal 2006 and \$49,701 in fiscal 2005.

Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,	
2008	\$ 47,342
2009	39,734
2010	34,381
2011	28,553
2012	22,503
Thereafter	51,713
Total minimum operating lease payments	\$224,226

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, 2007, contractual obligations under these contracts totaled \$25,819.

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.

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 Propane Partners, L.P. (the “1999 Acquisition”) or the operation of the business after the 1999 Acquisition (“National Claims”). At September 30, 2007, 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, resulting from the defendants’ alleged 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 such possible excess losses. 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

During 2007, the General Partner contributed to the Partnership the net assets of All Star Gas Corporation, a Missouri corporation that was acquired by the General Partner in August 2007. In consideration for the retention of certain income tax liabilities relating to All Star Gas Corporation, the Partnership issued 166,205 Common Units to the General Partner having a fair value of \$5,698 (\$34.28 per Common Unit).

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 \$333,565 in fiscal 2007, \$313,553 in fiscal 2006 and \$303,561 in fiscal 2005, 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 \$10,820 in fiscal 2007, \$10,350 in fiscal 2006 and \$13,083 in fiscal 2005. In addition, UGI and certain of its subsidiaries provide office space and automobile liability insurance to the Partnership. These expenses totaled \$2,532 in fiscal 2007, \$2,682 in fiscal 2006 and \$3,120 in fiscal 2005.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and subsidiaries (“Energy Services”), which is owned by an affiliate of UGI. Purchases of propane by AmeriGas OLP from Energy Services totaled \$34,654, \$37,720 and \$28,457 during fiscal 2007, 2006 and 2005, respectively. Amounts due to Energy Services at September 30, 2007 and 2006 totaled \$3,507 and \$3,115, respectively, which are included in accounts payable – related parties in our Consolidated Balance Sheets. In November 2004, in conjunction with the Partnership’s sale of its 50% ownership interest in Atlantic Energy to Energy Services, Energy Services and AmeriGas OLP entered into a Product Sales Agreement whereby Energy Services 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 accounting, insurance and other administrative services to Atlantic Energy and was reimbursed for the related costs. Such costs were not material during 2005. 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.

The Partnership also sells propane to other affiliates of UGI. Such amounts were not material in fiscal 2007, 2006 or 2005.

Note 13 – Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2007	2006
Self-insured property and casualty liability	\$17,923	\$17,331
Taxes other than income taxes	6,718	5,969
Propane exchange liability	11,950	9,281
Deferred tank fee revenue	11,753	10,566
Other	7,813	7,367
Total other current liabilities	\$56,157	\$50,514

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

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 accumulated other comprehensive income and are reclassified to interest expense as the interest expense on the associated debt issue affects earnings.

We are also a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts which provide for the purchase and delivery of propane and service contracts that require the counterparty to provide commodity storage or transportation service to meet our normal sales commitments. Although many of these contracts have the requisite elements of a derivative instrument, these contracts are not subject to the accounting requirements of SFAS 133 because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business or the value of the contract is directly associated with the price or value of a service.

During fiscal 2007, there were no net losses recognized in earnings representing cash flow ineffectiveness. During fiscal 2006 and 2005, the net loss recognized in earnings representing cash flow hedge ineffectiveness was \$445 and \$1,726, respectively. Gains and losses included in accumulated other comprehensive income at September 30, 2007 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, 2007 are net gains of approximately \$577 from IRPAs associated with forecasted issuances of ten-year debt generally anticipated to occur during fiscal 2009 and 2010. The amount of net gain 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, 2007 of \$18,100 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 derivative financial instruments, other assets and other non-current 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
2007:		
Propane swap and option contracts	\$ 18,290	\$ 18,290
Interest rate protection agreements	583	583
Long-term debt	933,042	923,505
2006:		
Propane swap and option contracts	\$ (26,215)	\$ (26,215)
Interest rate protection agreements	(305)	(305)
Long-term debt	933,746	934,483

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:

	2007	2006	2005
Gain on sales of fixed assets	\$ 862	\$ 2,801	\$ 5,196
Finance charges	10,208	8,371	7,552
Gain on sale of Atlantic Energy	-	-	9,135
Other	6,502	5,127	3,898
Total other income, net	\$17,572	\$16,299	\$25,781

Note 16 – 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,	
	2006	2005	2007	2006(a)	2007	2006	2007(b)	2006
Revenues	\$616,591	\$630,224	\$809,808	\$718,130	\$433,917	\$379,109	\$417,059	\$391,803
Operating income	\$ 75,260	\$ 74,665	\$139,260	\$116,325	\$ 12,035	\$ 2,873	\$ 39,175	\$ (9,807)
Net income (loss)	\$ 55,640	\$ 55,013	\$119,886	\$ 78,759	\$ (5,712)	\$(14,837)	\$ 20,970	\$(27,777)
Income (loss) per limited partner unit:								
basic and diluted	\$ 0.88	\$ 0.87	\$ 1.47	\$ 1.08	\$ (0.10)	\$ (0.26)	\$ 0.30	\$ (0.48)

(a) Includes a loss on early extinguishment of debt which decreased net income by \$16,934 or \$0.30 per limited partner unit.

(b) Includes a gain on sale of the Partnership's 3.5 million barrel storage facility which increased net income by \$45,651 or \$0.79 per limited partner unit.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of partners' capital and of cash flows present fairly, in all material respects, the financial position of AmeriGas Partners, L.P. and its subsidiaries at September 30, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2007 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of September 30, 2007 based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and the Partnership's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design

and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Notes 2 and 10 to the consolidated financial statements, the Partnership changed the manner in which it accounts for equity-based compensation as of October 1, 2005.

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.



November 29, 2007
Philadelphia, Pennsylvania

General Partner's Report

Financial Statements

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

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


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

Management's Report on Internal Control over Financial Reporting

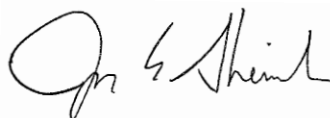
Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Partnership. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted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

Internal control over financial reporting refers to the process designed by, and under the supervision of, our Chief Executive Officer and Chief Financial Officer, to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes policies and procedures that, among other things, provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changing conditions, or the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Partnership maintained effective internal control over financial reporting as of September 30, 2007, based on the COSO Framework.



Eugene V. N. Bissell
Chief Executive Officer



Jerry E. Sheridan
Chief Financial Officer



William J. Stanczak
Chief Accounting Officer

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, 2007 was approximately 50,000 and the Common Units outstanding totaled 56,988,702 of which 32,297,493 were held by the public.

Market Price of Common Units and Distributions Paid

2007 Fiscal Year	High	Low	Distributions
1st Quarter	\$33.10	\$30.35	\$.58
2nd Quarter	34.00	31.28	.58
3rd Quarter	38.89	32.62	.61
4th Quarter	38.00	31.20	.86

2006 Fiscal Year	High	Low	Distributions
1st Quarter	\$32.54	\$27.10	\$.56
2nd Quarter	31.83	28.22	.56
3rd Quarter	31.35	28.27	.58
4th Quarter	31.27	29.40	.58

Distributions on AmeriGas Partners Common Units have been paid without interruption since 1995. The current annualized rate of distribution is \$2.44 per unit. 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 May 10, 2007. 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, 2007.

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, 2008, 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, 2007.

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 and Registrar

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

By Mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

By Overnight Delivery:
Computershare Investor Services
250 Royall Street
Canton, MA 02021

1-800-254-5196 (U.S. and Canada)
1-312-360-5100 (other countries)

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

Computershare Investor Services can be accessed through telecommunications devices for the hearing impaired by calling:

1-800-822-2794 (U.S. and Canada)
1-312-588-4110 (other countries)

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

AmeriGas Partners, L.P. has a toll-free, 24-hour news and investor information service. By calling 1-800-844-9453, you can hear Partnership news on distributions, earnings and other matters and access other unitholder services. You can also request copies of news releases, annual reports, annual reports on Form 10-K and quarterly reports on Form 10-Q – all without charge.

Comprehensive news, webcast events and other information about AmeriGas Partners, L.P. and our parent company UGI Corporation are available via the Internet at: www.amerigas.com.

You can also request all reports and governance documents, including the General Partner's Codes of Ethics and Principles of Corporate Governance free of charge, by writing to Robert W. Krick, Vice President and Treasurer, AmeriGas Propane, Inc. at the address above.

Board of Directors

AmeriGas Propane, Inc., General Partner



Stephen D. Ban

John L. Walsh

Richard C. Gozon

Eugene V. N. Bissell

Lon R. Greenberg

William J. Marrazzo

James W. Stratton

Howard B. Stoeckel

Gregory A. Pratt

Lon R. Greenberg²

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

Eugene V. N. Bissell

President and Chief Executive Officer,
AmeriGas Propane, Inc.

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

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

Gregory A. Pratt^{1,4}

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

James W. Stratton^{2,4}

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

John L. Walsh

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

Stephen D. Ban³

Director, Technology Transfer Division
of the Argonne National Laboratory
(research and development)

William J. Marrazzo^{1,3}

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

Howard B. Stoeckel¹

Vice Chairman, President and Chief
Executive Officer, Wawa, Inc.
(retailer of food products and gasoline)

1 Audit Committee
2 Executive Committee
3 Compensation/Pension Committee
4 Corporate Governance Committee

Senior Management Team

AmeriGas Propane, Inc., General Partner



William D. Katz

Jerry E. Sheridan

John S. Iannarelli

Kevin Rumbelow

David L. Lugar

Carey M. Monaghan

Randy A. Hannigan

Eugene V. N. Bissell

Lon R. Greenberg

John L. Walsh

Lon R. Greenberg

Chairman

Eugene V. N. Bissell

President and Chief Executive Officer

John S. Iannarelli

Vice President –
Business Reengineering

David L. Lugar

Vice President – Supply and Logistics

Kevin Rumbelow

Vice President – Operations Support

John L. Walsh

Vice Chairman

Randy A. Hannigan

Vice President – Field Operations

William D. Katz

Vice President – Human Resources

Carey M. Monaghan

Vice President – Sales and Marketing

Jerry E. Sheridan

Vice President – Finance and
Chief Financial Officer



AmeriGas Partners, L.P.

P.O. Box 965

Valley Forge, PA 19482

**You can obtain news
and other information about**

AmeriGas Partners, L.P.

24 hours a day at 1-800-844-9453

or www.amerigas.com