2008

Annual Report

Strength in Numbers

Strength in Numbers...

1.3 Million

customers in 50 states

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). UGI is 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 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 engine fuel.

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

On the cover:
We have the largest propane delivery fleet in the nation, with more than 5,000 delivery and service vehicles.

Strength in Numbers...

AmeriGas

993 Million

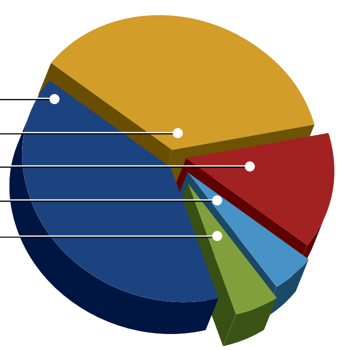
gallons sold in 2008

Financial Highlights

Year Ended September 30,	2008	2007	2006
(Millions of dollars, except as noted)			
Retail gallons sold (millions)	**993.2**	1,006.7	975.2
Degree days – % warmer than normal (1)	**3.4%**	6.5%	10.2%
Revenues	**$ 2,815.2**	$2,277.4	$ 2,119.3
Operating income	**$ 234.9**	$ 265.7	$ 184.1
Net income	**$ 158.0**	$ 190.8	$ 91.2
Income tax expense	**1.7**	0.8	0.2
Interest expense	**72.9**	71.5	74.1
Depreciation and amortization	**80.4**	75.6	72.4
EBITDA (2)	**$ 313.0**	$ 338.7	$ 237.9
Units outstanding – end of year (millions)	**57.0**	57.0	56.8

Retail Markets by Volume

Residential 40%
Commercial/Industrial 36%
Motor fuel 14%
Transport 5%
Agricultural 5%



Contents

(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) Earnings before interest expense, income taxes, depreciation and amortization (EBITDA) should not be considered as an alternative to net income (as an indicator of operating performance) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States ("GAAP"). Management believes EBITDA is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership's operating performance with other companies within the propane industry and (2) assess its ability to meet loan covenants. The Partnership's definition of EBITDA may be different from that used by other companies. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA, management also assesses the profitability of the business by comparing net income for the relevant years. Management also uses EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's EBITDA to assess the profitability of the Partnership. UGI Corporation discloses the Partnership's EBITDA as the profitability measure to comply with the requirement in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," to provide profitability information about its domestic propane segment.

Strength in Numbers...

$158,

Dear Investors,

We are pleased to report that fiscal year 2008 was a year of noteworthy accomplishments for AmeriGas. We achieved record EBITDA of $313 million in 2008, a 7% increase over the prior fiscal year's EBITDA of $292.6 million, excluding the one-time gain of $46.1 million from the sale of our storage terminal in Arizona. Over the last five years, we achieved a 14% compound annual growth rate in net income per unit. As a result of our consistent earnings track record and confidence in the future, in April 2008 we announced a 5% increase in our distribution and raised our target for annual distribution increases from 3% to 5%.

These excellent results were achieved despite a 50% increase in the wholesale cost of propane, which drove up selling prices to customers and resulted in reduced demand. The dramatic increase in energy prices also led to a 40% rise in the cost of diesel fuel for our fleet, higher travel and utility expenses and an increase in bad debt expense.

The growth in our earnings in fiscal year 2008 was the direct result of the effective execution of our strategy. Our strategic objective is to increase annually earnings by 4% and distributions by 5%. This is achieved through acquisitions, sales and marketing programs, leveraging our scale, driving productivity and achieving world-class safety performance.

We have a track record of growing our sales through a combination of strategies, which include acquiring well-targeted competitors, expanding our AmeriGas Cylinder Exchange (ACE) program, adding Strategic Accounts and expanding our traditional base of residential and commercial customers. Our unmatched geographic coverage is our most significant competitive advantage in growing our market share. We can reach 95% of all propane consumers from our locations in 46 states. We top the list of capable suppliers when a propane customer with a regional or national footprint like Home Depot, UPS or U-Haul wants to gain economies through vendor consolidation. Once we win their business, we strive to retain it through excellent customer service. We use the same deliberate strategy in growing our traditional customer base. We aim to be the most reliable, the safest and the most responsive propane company in the markets that we serve. Every field employee and every manager in the company has a portion of their annual incentive tied to growing our customer base. This employee focus on customers is what sets us apart from the other public propane companies and it is the key to our track record of earnings growth.

Here is a summary of the progress made on our strategies in fiscal year 2008:

- We completed four acquisitions this fiscal year, and on October 1 we added Penn Fuel Propane with 11 locations, primarily in eastern Pennsylvania and Maryland. These five acquisitions will add 20 million gallons annually.
- We achieved 10% growth in ACE transactions through same-store sales growth and by adding 1,200 locations. We now have nearly 1,000 self-serve cylinder dispensing machines, which provide a competitive advantage in this market. These self-service machines give customers 24/7 access to propane grill cylinders without having to enter a store.
- We upgraded the quality of our Strategic Accounts customer base, which resulted in a 4% increase in its EBITDA contribution.
- For the first time in six years, we were not successful in growing our retail customer base, primarily due to the slowdown in new home sales. We believe that our continued focus on customer growth and service helped mitigate the impact of the weak housing market. One indication was that in 2008, 93% of surveyed customers rated our service as meeting or exceeding their expectations.

In fiscal year 2008, we reduced employee and vehicle incidents by more than 25%, primarily through safety training and awareness programs. This reduction in safety incidents reflects our commitment to promote the safety of our employees, customers and the communities we serve. Reducing accidents also reduces expenses and improves productivity. We have set long-term safety goals based on companies with exemplary safety records and we aim to continually and progressively reduce safety incidents in AmeriGas. This commitment advances our goal of achieving world-class safety performance.

Hurricane Ike, which hit the Texas coast on September 13, 2008, gave us an opportunity to demonstrate the benefits

AmeriGas

000,000 net income in 2008

of our geographic footprint and our dedication to customer service. This hurricane affected customers in our four Houston-area locations. We mobilized our emergency response team in Georgia before the hurricane made landfall. This response team arrived at the scene in Texas with generators, satellite phones, trailers for temporary employee housing and fuel for our vehicles. Employees from a three-state area volunteered to join local AmeriGas employees in responding to the crisis. The day after the storm hit Galveston, vehicles from our Houston locations as well as surrounding districts were on the road. Their first priorities were to get fuel to back-up generators at cell towers, propane for FEMA trailers and grill cylinders to home centers to supply homeowners without power. We brought in cylinders from Georgia and Alabama to keep up with demand. Customers were amazed at how quickly we were back on the road and very complimentary of our response to the crisis. We would like to acknowledge and thank all of the employees who helped our customers and emergency workers in Texas. Nearly every year we have a challenging crisis like Hurricane Ike that gives us an opportunity to demonstrate how we quickly can mobilize

John L. Walsh **Eugene V.N. Bissell** **Lon R. Greenberg**

our national resources to address local customer needs.

Finally, we would like to take this opportunity to thank the entire AmeriGas team for growing our business, achieving our earnings and improving our safety performance. We would also like to thank the AmeriGas Board of Directors for their invaluable guidance.

Lon R. Greenberg
Chairman

John L. Walsh
Vice Chairman

Eugene V. N. Bissell
President and
Chief Executive Officer

November 28, 2008

20 Million

gallons added through five acquisitions

As part of our continuing commitment to growth, we acquired Penn Fuel Propane in October 2008. Acquisitions allow us to enter new markets or to increase our efficiency in markets we already serve.

Since the Partnership's inception in 1995, our goals have been to provide exceptional customer service, to carefully execute growth strategies and to generate returns that make the Partnership an attractive investment. Since 1959, the Partnership's predecessor has grown from a three-location propane distributorship in suburban Philadelphia into the nation's largest retail propane company that delivers propane from nearly 600 locations to customers in all 50 states.

This remarkable expansion has allowed us to capitalize on the strength of our numbers. Our national footprint has given us significant advantages in the marketplace and we have turned those advantages into tangible benefits for our unitholders, customers and employees.

Four Growth Strategies Benefit Our Partnership and Customers

For more than a decade we have remained committed to four growth strategies:

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

On October 1, 2008, we acquired Penn Fuel Propane, which added 11 locations primarily in eastern Pennsylvania and Maryland. This acquisition – plus the purchase of four

25,000

AmeriGas Cylinder Exchange distribution locations

other propane companies in fiscal 2008 – has added 42,000 customers using nearly 20 million gallons annually. We will integrate these acquired businesses into our existing operations, increase customer density and improve efficiency. Through acquisitions we have built a network of locations from border to border and coast to coast, giving us the ability to serve 95% of all propane consumers.

In addition to our size and geographic scope, we have an extensive storage and distribution infrastructure that enables us to better serve our customers. These factors make us the provider of choice for large-volume propane users with multiple locations who want the benefits and convenience of working with a single supplier. We serve customers at nearly 20,000 Strategic Accounts locations and our annual growth in earnings from this program has averaged 9% since 2005.

Our AmeriGas Cylinder Exchange program is another success story. ACE cylinders are used primarily to fuel barbecue grills, which are found in more than one-half of all American homes. The cylinder exchange business gives the AmeriGas brand a visible presence at approximately 25,000 home centers, convenience stores and supermarkets across the nation. More than 10 million tank transactions were made in 2008, representing a 10% increase over the prior year.

In 2008, more than 10 million cylinder transactions occurred through our ACE program at home stores, supermarkets and convenience stores.

24/7

availability to meet customer needs

We have a 24-hour emergency call center that responds to customers' needs and dispatches service personnel any time, day or night.

We continuously work to grow our base business by providing the best service in the propane industry. We have a variety of programs designed to fuel our growth and offset the effects of customer conservation caused by higher energy costs:

- We offer outstanding service and a comprehensive package of convenient customer payment programs that help to ensure continued customer satisfaction and loyalty.
- We promote the use of tankless propane water heaters, a lower cost and environmentally superior alternative for existing customers.
- We are developing partnerships with the manufacturers and dealers of commercial lawn mowers to increase the availability of propane-powered equipment, which has lower operating costs and fewer carbon emissions.

Reliability and Responsiveness: Keys to Customer Satisfaction

We remain focused on our value proposition to be the most reliable, the safest and the most responsive propane supplier in the United States. We monitor and evaluate our reliability and responsiveness through an index of factors that reflect customer loyalty. We regularly survey our customers to determine their level of satisfaction. In 2008, 93% of our customers surveyed were satisfied or very satisfied with the service

93%

customer satisfaction rating

they received. In fact, nearly 1,000 customers wrote letters to describe the positive experiences they had with our employees.

Commitment to Safety Improves Performance

Safety is a core value for AmeriGas and we believe that all improvements in safety provide a competitive advantage and lead to better employee morale, better customer service and lower expenses. We continue to improve our safety standards each year. In fiscal year 2008, our overall safety results improved more than 25% as a direct result of a new management safety training program and the development of localized safety plans.

During 2008, we trained more than 25% of our drivers in the well-regarded Smith Defensive Driving course and we will continue teaching these techniques in the coming year. In 2009, we are expanding the use of DriveCam technology, a pilot program we successfully tested that films the driver and allows for coaching on driving skills.

AmeriGas is the only supplier in the industry with a 24/7 call center that addresses customer safety questions and dispatches service personnel when needed. To ensure safety, over the next two years we will requalify approximately 400,000 older propane cylinders that are currently deployed at customer locations.

Good customer relationships are critical to our success. For more than ten years, UPS has been a Strategic Accounts customer of AmeriGas. We currently serve nearly 400 UPS and UPS Freight locations.

Strength in Numbers...

5,900

employees at nearly 600 locations

The employees of our Gardena, California location gather at the start of their workday. We are dedicated to providing the products our customers need and the service they expect.

Propane is Safer for the Environment

Propane has long been recognized for its clean-burning properties. It produces fewer carbon emissions than gasoline, diesel, coal or fuel oil, and it is classified as an alternative fuel by the federal Environmental Protection Agency. Propane is widely used as an over-the-road vehicle fuel, especially for many commercial fleets. It is also a desirable forklift fuel where indoor air quality is a concern. The development of commercial propane lawn mowers has the potential to significantly decrease carbon emissions and operating costs while expanding propane usage by 40 million gallons annually.

Strength in Numbers

We believe that the inherent strengths of AmeriGas are critical to our organization's success – whether it is the 5,900 trained employees who serve our 1.3 million customers, our commitment to customer satisfaction or our superior geographic coverage. Utilizing these strengths to fulfill our commitment to be the most reliable, the safest and the most responsive propane distributor in the industry will ultimately lead to exceptional returns for our unitholders.

Operations Review

Executive Overview

AmeriGas Partners is the largest retail propane marketer in the United States, with sales to retail customers of nearly a billion gallons during the year ended September 30, 2008 ("Fiscal 2008"). We deliver propane to approximately 1.3 million customers from our distribution locations in 46 states. The propane industry is mature, with only modest growth in residential customer demand. Our strategy is to grow through acquisitions and internal sales programs, leverage our national and local economies of scale and achieve operating efficiencies through productivity programs.

During the past three years our financial results reflect growth achieved through execution of the strategy referred to above. Temperatures based upon heating degree days in Fiscal 2008 were colder than in the year ended September 30, 2007 ("Fiscal 2007") although slightly warmer than normal. Notwithstanding the slightly colder year-over-year weather and the full-year effects of Fiscal 2007 acquisitions, retail volumes declined modestly in Fiscal 2008 reflecting the effects of record high propane commodity prices on customer usage and a weak economy. In Fiscal 2008, net income was $158.0 million compared with net income of $190.8 million in Fiscal 2007 which included the effects of a $46.1 million pre-tax gain from the sale of our 3.5 million barrel liquefied petroleum gas storage facility located in Arizona. Notwithstanding the lower retail volumes sold in Fiscal 2008, total margin increased due principally to high average propane margin per retail gallon sold.

In Fiscal 2009 and beyond, we will continue to focus on growing through acquisitions and internal sales programs, leveraging our national and local economies of scale and achieving operating efficiencies through productivity programs. 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.

Fiscal 2008 Compared with Fiscal 2007

Based upon heating degree-day data, average temperatures in our service territories were 3.4% warmer than normal in Fiscal 2008 compared with temperatures that were 6.5% warmer than normal in Fiscal 2007. Notwithstanding the slightly colder Fiscal 2008 weather and the full-year benefits of acquisitions made in Fiscal 2007, retail gallons sold were slightly lower reflecting, among other things, customer conservation in response to increasing propane product costs and a weak economy. The average wholesale propane cost at Mont Belvieu, Texas, one of the major liquefied petroleum gas ("LPG") supply points in the U.S. increased nearly 50% during Fiscal 2008 over the average cost during Fiscal 2007.

Retail propane revenues increased $480.7 million in Fiscal 2008 reflecting a $507.0 million increase due to the higher average selling prices partially offset by a $26.3 million decrease as a result of the lower retail volumes sold. Wholesale propane revenues increased $47.8 million in Fiscal 2008 reflecting a $55.1 million increase from higher average wholesale selling prices partially offset by a $7.3 million decrease from lower wholesale volumes sold. Total cost of sales increased $471.1 million to $1,908.3 million in Fiscal 2008 reflecting higher propane product costs.

Total margin was $66.7 million greater in Fiscal 2008 principally reflecting higher average propane margin per retail gallon sold and, to a much lesser extent, higher fee income.

EBITDA in Fiscal 2008 was $313.0 million compared to EBITDA of $338.7 million in Fiscal 2007. Fiscal 2007 EBITDA includes $46.1 million resulting from the sale of the Partnership's Arizona storage facility. Excluding the effects of this gain in Fiscal 2007, EBITDA in Fiscal 2008 increased $20.4 million over Fiscal 2007 principally reflecting the previously mentioned increase in total margin partially offset by a $47.9 million increase in operating and administrative expenses. The increased operating expenses reflect expenses associated with acquisitions, increased vehicle fuel and maintenance expenses, greater general insurance expense and, to a lesser extent, higher uncollectible accounts expenses largely attributable to the higher revenues.

The Partnership's operating income decreased $30.8 million in Fiscal 2008 reflecting the lower EBITDA and higher depreciation and amortization expense resulting from the full-year effects of Fiscal 2007 propane business acquisitions and plant and equipment expenditures.

Consolidated Balance Sheets

(Thousands of dollars)

	September 30, 2008	2007
Assets		
Current assets:		
Cash and cash equivalents	**$ 10,909**	$ 34,034
Accounts receivable (less allowances for doubtful accounts of $20,215 and $15,150, respectively)	**218,411**	184,038
Accounts receivable – related parties	**5,130**	3,684
Inventories	**144,206**	124,840
Derivative financial instruments	**13**	18,300
Collateral deposits	**17,830**	—
Prepaid expenses and other current assets	**28,597**	10,124
Total current assets	**425,096**	375,020
Property, plant and equipment (less accumulated depreciation and amortization of $743,097 and $679,081, respectively)	**616,834**	633,978
Goodwill	**640,843**	640,664
Intangible assets (less accumulated amortization of $20,033 and $29,253, respectively)	**27,579**	29,809
Other assets	**14,721**	17,313
Total assets	**$1,725,073**	$1,696,784
Liabilities and Partners' Capital		
Current liabilities:		
Current maturities of long-term debt	**$ 71,466**	$ 1,925
Accounts payable – trade	**172,800**	163,092
Accounts payable – related parties	**2,017**	3,588
Employee compensation and benefits accrued	**31,408**	31,330
Interest accrued	**23,490**	23,364
Customer deposits and advances	**106,946**	99,137
Derivative financial instruments	**55,792**	—
Other current liabilities	**68,642**	56,157
Total current liabilities	**532,561**	378,593
Long-term debt	**861,924**	931,117
Other noncurrent liabilities	**72,490**	64,460
Total liabilities	**1,466,975**	1,374,170
Commitments and contingencies (note 11)		
Minority interests	**10,723**	11,386
Partners' capital:		
Common unitholders (units issued – 57,009,951 and 56,988,702, respectively)	**308,186**	293,245
General partner	**3,094**	2,952
Accumulated other comprehensive (loss) income	**(63,905)**	15,031
Total partners' capital	**247,375**	311,228
Total liabilities and partners' capital	**$1,725,073**	$1,696,784

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(Thousands of dollars, except per unit)

	Year Ended September 30,		
	2008	2007	2006
Revenues:			
Propane	**$2,624,672**	$2,096,080	$1,953,714
Other	**190,517**	181,295	165,552
	2,815,189	2,277,375	2,119,266
Costs and expenses:			
Cost of sales – propane (excluding depreciation shown below)	**1,836,917**	1,365,071	1,277,306
Cost of sales – other (excluding depreciation shown below)	**71,396**	72,125	66,463
Operating and administrative expenses	**610,465**	562,524	535,288
Depreciation and amortization	**80,402**	75,614	72,452
Gain on sale of Arizona storage facility	**—**	(46,117)	—
Other (income), net	**(18,855)**	(17,572)	(16,299)
	2,580,325	2,011,645	1,935,210
Operating income	**234,864**	265,730	184,056
Loss on extinguishments of debt	**—**	—	(17,079)
Interest expense	**(72,886)**	(71,487)	(74,094)
Income before income taxes	**161,978**	194,243	92,883
Income tax expense	**(1,672)**	(846)	(185)
Minority interests	**(2,287)**	(2,613)	(1,540)
Net income	**$ 158,019**	$ 190,784	$ 91,158
General partner's interest in net income	**$ 2,278**	$ 5,600	$ 912
Limited partners' interest in net income	**$ 155,741**	$ 185,184	$ 90,246
Income per limited partner unit – basic and diluted (note 2)	**$ 2.70**	$ 3.15	$ 1.59
Average limited partner units outstanding (thousands):			
Basic	**57,005**	56,826	56,797
Diluted	**57,044**	56,862	56,835

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Thousands of dollars)

	Year Ended September 30,		
	2008	2007	2006
Cash Flows from Operating Activities			
Net income	**$ 158,019**	$ 190,784	$ 91,158
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**80,402**	75,614	72,452
Gain on sale of Arizona storage facility	**–**	(46,117)	—
Loss on extinguishments of debt	**–**	—	17,079
Provision for uncollectible accounts	**15,852**	9,544	10,768
Other, net	**839**	4,856	(6,182)
Net change in:			
Accounts receivable	**(51,270)**	(17,142)	(21,027)
Inventories	**(19,032)**	(18,829)	(9,039)
Accounts payable	**8,136**	17,819	7,557
Other current assets	**(23,178)**	310	3,845
Other current liabilities	**10,446**	(12,340)	11,216
Net cash provided by operating activities	**180,214**	204,499	177,827
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(62,756)**	(73,764)	(70,710)
Proceeds from disposals of assets	**8,442**	5,954	10,448
Net proceeds from sale of Arizona storage facility	**–**	49,031	—
Acquisitions of businesses, net of cash acquired	**(1,322)**	(78,763)	(2,846)
Net cash used by investing activities	**(55,636)**	(97,542)	(63,108)
Cash Flows from Financing Activities			
Distributions	**(144,659)**	(154,672)	(130,805)
Minority interest activity	**(2,138)**	(2,144)	1,130
Issuance of long-term debt	**–**	—	343,875
Repayment of long-term debt	**(1,680)**	(1,762)	(343,453)
Proceeds from issuance of Common Units	**766**	814	146
Capital contributions from General Partner	**8**	66	1
Net cash used by financing activities	**(147,703)**	(157,698)	(129,106)
Cash and cash equivalents decrease	**$ (23,125)**	$ (50,741)	$ (14,387)
Cash and Cash Equivalents			
End of year	**$ 10,909**	$ 34,034	$ 84,775
Beginning of year	**34,034**	84,775	99,162
Decrease	**$ (23,125)**	$ (50,741)	$ (14,387)

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, 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
Net income		155,741	2,278		158,019
Net losses on derivative instruments				(25,925)	(25,925)
Reclassification of net gains on derivative instruments				(53,011)	(53,011)
Comprehensive income		155,741	2,278	(78,936)	79,083
Distributions		(142,515)	(2,144)		(144,659)
Unit-based compensation expense		949	—		949
Common Units issued in connection with incentive compensation plans	21,249	766	8		774
Balance September 30, 2008	**57,009,951**	**$308,186**	**$ 3,094**	**$(63,905)**	**$247,375**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

Note 1 – Partnership Organization

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, 2008, 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 32,318,742 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

Accounting and Consolidation Principles. Our financial statements are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). 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.

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 GAAP. 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.

Delivery Expenses. Expenses associated with the delivery of propane to customers (including expenses of delivery personnel, vehicle repair and maintenance and general liability expenses) are classified as operating and administrative expenses on the Consolidated Statements of Operations. Depreciation expense associated with delivery vehicles is classified in depreciation and amortization on the Consolidated Statements of Operations.

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 (see Notes 4 and 15).

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.

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 $75,679 in Fiscal 2008, $71,555 in Fiscal 2007 and $67,793 in Fiscal 2006. 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. No provisions for impairments were recorded during Fiscal 2008, Fiscal 2007 or Fiscal 2006.

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

	2008	2007
Subject to amortization:		
Customer relationships and noncompete agreements	**$ 47,612**	$ 59,062
Accumulated amortization	**(20,033)**	(29,253)
	$ 27,579	$ 29,809
Not subject to amortization:		
Goodwill	**$640,843**	$640,664

The increase in intangible assets and goodwill during Fiscal 2008 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 $4,712 in Fiscal 2008, $4,037 in Fiscal 2007 and $4,460 in Fiscal 2006. 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: Fiscal 2009 - $4,625; Fiscal 2010 - $4,205; Fiscal 2011 - $4,121; Fiscal 2012 - $4,050; Fiscal 2013 - $3,403.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. For purposes of the goodwill impairment test, the Partnership has determined it has one reporting unit. Fair value of the reporting unit is estimated using a market value approach taking into account the quoted market price of AmeriGas Partners Common Units. Amortizable intangible assets are tested for impairment whenever events or circumstances indicate that the carrying value of these assets might not be recoverable. No provisions for impairments of goodwill or amortizable intangibles were recorded during Fiscal 2008, Fiscal 2007 or Fiscal 2006.

Deferred Debt Issuance Costs. Included in other assets are net deferred debt issuance costs of $8,845 and $10,721 at September 30, 2008 and 2007, respectively. We are amortizing these costs over the terms of the related debt.

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, if no best estimate can be made, 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. We do not discount to present value the costs of future expenditures for environmental liabilities. At September 30, 2008, the Partnership's accrued liability for environmental investigation and cleanup costs was not material.

Similar to environmental issues, we accrue for other pending claims and legal actions investigation and other legal costs for other matters when it is probable a liability exists and the amount or range of amounts can be reasonably estimated.

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 and state income taxes. Accordingly, our consolidated financial statements reflect income taxes related to these corporate subsidiaries. Legislation in certain states allows for taxation of partnerships income and the accompanying financial statements reflect state income taxes resulting from such legislation. 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, 2008, the financial reporting basis of the Partnership's assets and liabilities exceeded the tax basis by approximately $246,000.

Effective October 1, 2007, we adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainties in Income Taxes" ("FIN 48"). FIN 48 provides a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions that an entity has taken or expects to take on a tax return. The adoption of FIN 48 did not have a significant effect on the Partnership.

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. 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. We recognized total equity-based compensation expense of $3,162, $2,421 and $787 in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively.

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 and Restated on

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 2 continued)

December 5, 2006 (the "UGI OECP"). 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 of 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 at the grant date and remeasured as of the end of each period.

During Fiscal 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.

For a further description of our equity-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 period. 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, the dilution effect of EITF 03-6 will typically impact net income per limited partner unit for periods in our first three fiscal quarters. Theoretical distributions of net income in accordance with EITF 03-6 for Fiscal 2008 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 $0.03. Theoretical distributions of net income in accordance with EITF 03-6 for Fiscal 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 Fiscal 2006.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation of approximately 39,000 in Fiscal 2008, 35,000 in Fiscal 2007 and 37,000 in Fiscal 2006 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.

Substantially all of our derivative financial instruments qualify and are designated as cash flow hedges. Our cash flow hedges relate principally to the variability in cash flows associated with purchases of propane and variability of interest rates associated with anticipated issuances of long-term debt. For cash flow hedges, changes in the fair value of the derivatives are recorded in accumulated other comprehensive income, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. For cash flow hedges, we discontinue hedge accounting if the occurrence of the forecasted transaction is determined to be no longer probable.

Gains and losses on derivative financial instruments qualifying as cash flow hedges of variability in purchase prices of propane, when recognized, are recorded in cost of sales on the Consolidated Statements of Operations. Gains and losses on derivative financial instruments qualifying as cash flow hedges of variability in interest rates associated with anticipated issuances of long-term debt, when recognized, are recorded in interest expense. The portion of any gains or losses on cash flow hedges determined to be ineffective, or any portion of gains or losses excluded from the measurement of the hedging relationship's effectiveness, are recorded in other income, net. Cash flows from derivative financial instruments are included in cash flows from operating activities.

For a more 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 $70,801 in Fiscal 2008, $69,451 in Fiscal 2007 and $77,802 in Fiscal 2006.

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 Not Yet Adopted. In April 2008, the FASB issued FASB Staff Position ("FSP") No. SFAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP SFAS 142-3"). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R") and other applicable accounting literature. FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (Fiscal 2010) and must be applied prospectively to intangible assets acquired after the effective date. We are currently evaluating the provisions of FSP SFAS 142-3.

In March 2008, the FASB ratified the consensus reached in EITF 07-4, "Application of the Two-Class Method under FAS 128 to Master Limited Partnerships" ("EITF 07-4"). EITF 07-4 addresses the application of the two-class method for master limited partnerships when incentive distribution rights are present and entitle the holder of such rights to a portion of the distributions. EITF 07-4 states that when earnings exceed distributions, the computation of earnings per unit should be based on the terms of the partnership agreement. Accordingly, any contractual limitations on the distributions to incentive distribution rights holders would need to be determined for each reporting period. If distributions are contractually limited to the holder of the incentive distribution rights holders' share of currently designated available cash as defined in the partnership agreement, undistributed earnings in excess of available cash should not be allocated with respect to the incentive distribution rights. EITF 07-4 is effective for fiscal periods that begin after December 15, 2008 (Fiscal 2010), and would be accounted for as a change in accounting principle and applied retrospectively. Early adoption of EITF 07-4 is not permitted. We are currently evaluating the impact of EITF 07-4 on our income (loss) per limited partner unit calculation.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 requires enhanced disclosures in the following areas: (1) qualitative disclosures about the overall objectives and strategies for using derivatives; (2) quantitative disclosures on the fair value of the derivative instruments and related gains and losses in a tabular format; and (3) credit-risk-related contingent features in derivative instruments. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008 (second quarter of Fiscal 2009). We are currently evaluating the impact of the provisions of SFAS 161 on our future disclosures.

In December 2007, the FASB issued SFAS 141R, "Business Combinations." SFAS 141R applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS 141R establishes, among other things, principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognizes and measures the goodwill acquired in a business combination or gain from a bargain purchase; and (3) determines what information with respect to a business combination should be disclosed. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008 (Fiscal 2010). Among the more significant changes in accounting for acquisitions are (1) transaction costs will generally be expensed (rather than being included as costs of the acquisition), (2) contingencies, including contingent consideration, will generally be recorded at fair value with subsequent adjustments recognized in operations (rather than as adjustments to the purchase price) and (3) decreases in valuation allowances on acquired deferred tax assets will be recognized in operations (rather than decreases in goodwill). Generally, the effects of SFAS 141R will depend on future acquisitions.

Also in December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 is effective for us on October 1, 2009 (Fiscal 2010). This standard will change the accounting and reporting relating to noncontrolling interests in a consolidated subsidiary. After adoption, noncontrolling interests ($10,723 and $11,386 at September 30, 2008 and 2007, respectively) will be classified as partners' capital, a change from its current classification between liabilities and partners' capital. Earnings attributable to minority interests ($2,287, $2,613 and $1,540 in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively) will be included in net income, although such income will continue to be deducted to measure income per limited partner unit. In addition, changes in a parent's ownership interest while retaining control will be accounted for as equity transactions and any retained noncontrolling equity investments in a former subsidiary will be initially measured at fair value.

In April 2007, the FASB issued FASB Staff Position No. FIN 39-1, "Amendment of FASB Interpretation No. 39" ("FSP 39-1"). FSP 39-1 permits companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. In addition, upon the adoption, companies are permitted to change their accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. FSP 39-1 requires retrospective application for all periods presented. FSP 39-1 was effective for us on October 1, 2008 (Fiscal 2009). FSP 39-1 did not have a material effect on our earnings or financial position and will have no effect on our future cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). Under SFAS 159, we may elect to report individual financial

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 2 continued)

instruments and certain items at fair value with changes in fair value reported in earnings. Once made, this election is irrevocable for those items. SFAS 159 was effective for us on October 1, 2008 (Fiscal 2009). The adoption of SFAS 159 did not impact our financial statements.

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. In February 2008, the FASB issued two final staff positions ("FSPs") amending SFAS 157. FSP SFAS 157-1 amends SFAS 157 to exclude SFAS No. 13, "Accounting for Leases," and its related interpretive accounting pronouncements that address leasing transactions. FSP SFAS 157-2 delays the effective date of SFAS 157 until Fiscal years beginning after November 15, 2008 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The standard, as amended, applies prospectively to new fair value measurements for the Partnership as follows: on October 1, 2008 (Fiscal 2009) the standard applies to our measurements of fair values of financial instruments and recurring fair value measurements of non-financial assets and liabilities; on October 1, 2009 (Fiscal 2010) the standard will apply to all remaining fair value measurements including nonrecurring measurements of non-financial assets and liabilities such as measurement of potential impairments of goodwill, other intangible assets and other long-lived assets. It will also apply to non-financial assets acquired and liabilities assumed that are initially measured at fair value in a business combination but that are not subject to remeasurement at fair value in subsequent periods. SFAS 157 is not expected to have a material effect on our earnings or financial position and will have no effect on our future cash flows.

Note 3 – Acquisitions

During Fiscal 2008, the Partnership acquired several retail propane distribution businesses for total net cash consideration of $2,478. Also during Fiscal 2008, the Partnership received a working capital payment refund of $1,157 associated with a Fiscal 2007 acquisition. 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 to the General Partner (see Note 12). During Fiscal 2006, the Partnership acquired several retail distribution businesses and a cylinder refurbishing business for total cash consideration of $2,846. In conjunction with these acquisitions, liabilities of $2,445 in Fiscal 2008, $1,516 in Fiscal 2007 and $464 in Fiscal 2006 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:

	2008	2007	2006
Net current (liabilities) assets	**$(1,010)**	$ (2,208)	$ 172
Property, plant and equipment	**2,731**	59,439	1,626
Goodwill	**751**	19,449	884
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	**2,451**	8,238	632
Other long-term assets and liabilities	**–**	(98)	(4)
Total	**$ 4,923**	$84,820	$3,310

The pro forma effect of these transactions is not material.

Note 4 – Sale 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.

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 borrowing 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.

Quarterly distributions of Available Cash per limited partner unit during Fiscal 2008, Fiscal 2007 and Fiscal 2006 were as follows:

	2008	2007	2006
1st Quarter	**$0.61**	$0.58	$0.56
2nd Quarter	**$0.61**	$0.58	$0.56
3rd Quarter	**$0.64**	$0.61	$0.58
4th Quarter	**$0.64**	$0.86	$0.58

Because the Partnership made quarterly distributions to Common Unitholders in excess of $0.605 per limited partner unit beginning in the third quarter of Fiscal 2007, the General Partner has 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 2008 and Fiscal 2007 totaled $2,144 and $5,239 which amounts included incentive distributions of $698 and $3,692, respectively.

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:

AmeriGas Propane:	**2008**	2007
AmeriGas Partners Senior Notes:		
8.875%, due May 2011 (including unamortized premium of $127 and $175, respectively, effective rate – 8.46%)	**$ 14,767**	$ 14,815
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 $201 and $584, respectively, effective rate – 6.52%)	**70,201**	70,584
Series E, 8.50%, due July 2010 (including unamortized premium of $42 and $66, respectively, effective rate – 8.47%)	**80,042**	80,066
Other	**3,380**	2,577
Total long-term debt	**933,390**	933,042
Less current maturities (including net unamortized premium of $273 and $455, respectively)	**(71,466)**	(1,925)
Total long-term debt due after one year	**$861,924**	$931,117

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: Fiscal 2009 - $71,193; Fiscal 2010 - $80,749; Fiscal 2011 - $15,174; Fiscal 2012 - $504; Fiscal 2013 - $399.

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 AmeriGas Partners 10% Senior Notes, and an AmeriGas OLP $35,000 term loan with proceeds from the issuance of $350,000 of AmeriGas Partners 7.125% Senior Notes due 2016. AmeriGas Partners recognized a loss of $17,079 associated with this refinancing which amount is reflected in "Loss on extinguishments of debt" in the Fiscal 2006 Consolidated Statement of Operations. AmeriGas Partners may, under certain circumstances involving excess sales proceeds from the disposition of assets not reinvested in the business or a change of control, be required to offer to prepay the 7.25% and 7.125% Senior Notes.

AmeriGas OLP First Mortgage Notes. 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. AmeriGas OLP may, under certain circumstances involving excess sales proceeds from the disposition of assets not reinvested in the business or a change of control, be required to offer to prepay the First Mortgage Notes, in whole or in part.

AmeriGas OLP Credit Agreements. AmeriGas OLP has a 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.

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 OLP First Mortgage Notes (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, 2008 or 2007. Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled $42,874 and $58,034 at September 30, 2008 and 2007, respectively.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 6 continued)

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, 2008 and 2007.

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 (5.00% at September 30, 2008), 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.

In October 2008, UGI agreed to provide guarantees of up to $50,000 to AmeriGas OLP for propane suppliers through September 30, 2009. In addition, on November 14, 2008, AmeriGas OLP entered into a revolving credit agreement with two major banks ("Supplemental Credit Agreement"). The Supplemental Credit Agreement expires on May 14, 2009, and permits AmeriGas OLP to borrow up to $50,000 for working capital and general purposes. Except for more restrictive covenants regarding the incurrence of additional indebtedness by AmeriGas OLP, the Supplemental Credit Agreement has restrictive covenants substantially similar to the existing AmeriGas 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. As previously mentioned, 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 Notes indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. These conditions include:

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

If the ratio in item 2 above is less than or equal to 1.75-to-1, the Partnership may make cash distributions in a total amount not to exceed $24,000 less the total amount of distributions made during the immediately preceding 16 Fiscal quarters. At September 30, 2008, the Partnership was not restricted by the consolidated fixed charge coverage ratio from making cash distributions. See the provisions of the Partnership Agreement relating to distributions of Available Cash in Note 5.

The credit agreements 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 agreements and First Mortgage Notes require that AmeriGas OLP maintain a maximum 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 agreements and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the credit agreements require 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.

At September 30, 2008, the amount of net assets of the Partnership's subsidiaries that was restricted from transfer as a result of the amount of Available Cash, computed in accordance with the Partnership Agreement, the applicable debt agreements and the partnership agreements of the Partnership's subsidiaries, totaled approximately $900,000.

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 $7,089 in Fiscal 2008, $7,039 in Fiscal 2007 and $5,813 in Fiscal 2006.

The General Partner sponsors a supplemental executive retirement plan, which is a non-qualified deferred compensation plan for executives. Under the plan, the General Partner credits to each participant's account annually an amount equal to 5 percent of the participant's compensation below the Internal Revenue Code compensation limits and 10% of compensation in excess of such limit. Costs associated with this plan were not material in Fiscal 2008, Fiscal 2007, and Fiscal 2006.

Note 8 – Inventories

Inventories comprise the following at September 30:

	2008	2007
Propane gas	**$121,365**	$103,587
Materials, supplies and other	**19,296**	16,186
Appliances for sale	**3,545**	5,067
Total inventories	**$144,206**	$124,840

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:

	2008	2007
Land	**$ 66,153**	$ 66,391
Buildings and improvements	**91,760**	89,878
Transportation equipment	**68,254**	68,005
Storage facilities	**118,650**	109,934
Equipment, primarily cylinders and tanks	**992,532**	958,917
Other	**22,582**	19,934
Gross property, plant and equipment	**1,359,931**	1,313,059
Less accumulated depreciation and amortization	**(743,097)**	(679,081)
Net property, plant and equipment	**$ 616,834**	$ 633,978

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 having a fair value of $34.28 per Common Unit (see Note 12).

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 entities in a peer group. Grantees of AmeriGas Performance Units will 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. Except in the event of retirement, death or disability, 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 values of AmeriGas Performance Units awarded after Fiscal 2005 are estimated using a Monte Carlo valuation model. The fair value associated with the target award and the award above the target, if any, which will be paid in AmeriGas Units, is accounted for as equity and the fair value of all distribution equivalents, which will be paid in cash, 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 rates on U.S. Treasury bonds at the time of grant. Volatility for all comparator entities 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	**2008**	2007	2006
Risk-free rate	**3.1%**	4.7%	5.2%
Expected life	**3 years**	3 years	3 years
Expected volatility	**17.7%**	17.6%	18.1%
Dividend yield	**6.8%**	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 are paid in Common Units and cash. The General Partner granted awards under the 2000 Propane Plan and the nonexecutive plan representing 40,050, 49,650, and 38,350 Common Units in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively, having weighted-average grant date fair values per Common Unit of $37.91, $33.63, and $29.62, respectively. At September 30, 2008 and 2007, awards representing 126,100 and 119,317 Common Units, respectively, were outstanding. At September 30, 2008, 281,586 and 138,800 Common Units were available for future grants under the 2000 Propane Plan and the nonexecutive plan, respectively.

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 10 continued)

The following table summarizes AmeriGas Unit and AmeriGas Performance Unit award activity for Fiscal 2008:

	Total		Vested		Non-Vested	
	Number of Common Units	Weighted Average Grant Date Fair Value (per Unit)	Number of Common Units	Weighted Average Grant Date Fair Value (per Unit)	Number of Common Units	Weighted Average Grant Date Fair Value (per Unit)
September 30, 2007	119,317	$ 30.63	12,583	$ 29.87	106,734	$ 30.72
Granted	40,050	$ 37.91	—	$ —	40,050	$ 37.91
Forfeited	(750)	$ 32.54	—	$ —	(750)	$ 32.54
Vested	—	$ —	59,900	$ 31.10	(59,900)	$ 31.10
Units paid	(32,517)	$ 29.49	(32,517)	$ 29.49	—	$ —
September 30, 2008	126,100	$ 33.44	39,966	$ 32.03	86,134	$ 34.10

During Fiscal 2008, the Partnership paid 32,517 AmeriGas Partners Common Units, comprising Common Units and $809 in cash, associated with 39,767 awards granted in Fiscal 2005. During Fiscal 2007, the Partnership paid 38,736 AmeriGas Partners Common Units, comprising Common Units and $600 in cash, associated with 51,200 awards granted in Fiscal 2004. During Fiscal 2006, the Partnership paid 6,750 AmeriGas Partners Common Units, comprising Common Units and $73 in cash, associated with 43,500 awards granted in Fiscal 2003.

As of September 30, 2008, there was $751 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 1.7 years. As of September 30, 2008, there was a total of approximately $1,704 of unrecognized compensation cost associated with 126,100 Common Unit awards that is expected to be recognized over a weighted average period of 1.7 years. The total fair value of Common Units that vested during Fiscal 2008, Fiscal 2007, and Fiscal 2006 was $2,087, $1,213 and $646, respectively. As of September 30, 2008 and 2007, total liabilities of $1,023 and $1,769 associated with Common Unit awards are reflected in "Other current liabilities" and "Other noncurrent liabilities" in the Consolidated Balance Sheets. 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.

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 $55,825 in Fiscal 2008, $56,342 in Fiscal 2007 and $53,085 in Fiscal 2006.

Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,	
2009	$ 45,417
2010	38,818
2011	32,691
2012	26,712
2013	21,373
Thereafter	56,985
Total minimum operating lease payments	$221,996

(Note 11 continued)

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, 2008, contractual obligations under these contracts totaled $36,451.

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, 2008, 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. We believe that liability under such indemnity agreement is remote.

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.

In 2005, the Swigers filed what purports to be a class action in the Circuit Court of Harrison County, West Virginia against UGI, an insurance subsidiary of UGI, certain officers of UGI and the General Partner, and their insurance carriers and insurance adjusters. In the Harrison County lawsuit, the Swigers are seeking compensatory and punitive damages on behalf of the putative class for violations of the West Virginia Insurance Unfair Trade Practice Act, negligence, intentional misconduct, and civil conspiracy. The Swigers have also requested that the Court rule that insurance coverage exists under the policies issued by the defendant insurance companies for damages sustained by the members of the class in the Monongalia County lawsuit. The Circuit Court of Harrison County has not certified the class in the Harrison County lawsuit at this time and, in October 2008, stayed that lawsuit pending resolution of the class action lawsuit in Monongalia County. We believe we have good defenses to the claims in both actions.

By letter dated March 6, 2008, the New York State Department of Environmental Conservation ("DEC") notified AmeriGas OLP that DEC had placed property owned by the Partnership in Saranac Lake, New York on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by DEC disclosed contamination related to former manufactured gas plant operations on the site. DEC has classified the site as a significant threat to public health or environment with further action required. The General Partner is researching the history of the site and is investigating DEC's findings. The General Partner has reviewed the preliminary site characterization study prepared by the DEC and is in the early stages of investigating the extent of contamination and the possible existence of other potentially responsible parties. Due to the early stage of such investigation, the amount of expected clean up costs cannot be reasonably estimated. When such expected clean up costs can be reasonably estimated, it is possible that the amount could be material to the Partnership's results of operations.

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

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 $345,460 in Fiscal 2008, $333,565 in Fiscal 2007 and $313,553 in Fiscal 2006 include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula comprising revenues, operating expenses and net assets employed and considers the Partnership's relative percentage of such items to the total of such items for UGI's other operating subsidiaries for which general and administrative services are provided. Management believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled $11,197 in Fiscal 2008, $10,820 in Fiscal 2007 and $10,350 in Fiscal 2006. In addition, UGI and certain of its subsidiaries provide office space and automobile liability insurance to the Partnership. These expenses totaled $2,328 in Fiscal 2008, $2,532 in Fiscal 2007 and $2,682 in Fiscal 2006.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and subsidiaries ("Energy Services"), which is owned by an affiliate of UGI, pursuant to 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 a terminal located 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

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts)

(Note 12 continued)

account published index prices and the locational value of deliveries at the Atlantic Energy terminal. Purchases of propane by AmeriGas OLP from Energy Services totaled $47,307, $34,654 and $37,720 during Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively. Amounts due to Energy Services at September 30, 2008 and 2007 totaled $1,309 and $3,507, respectively, which are included in accounts payable - related parties in our Consolidated Balance Sheets.

During Fiscal 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).

The Partnership also sells propane to other affiliates of UGI. Such amounts were not material in Fiscal 2008, Fiscal 2007 or Fiscal 2006.

Note 13 – Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2008	2007
Property and casualty liability	**$27,831**	$17,923
Taxes other than income taxes	**6,411**	6,718
Propane exchange liability	**12,583**	11,950
Deferred tank fee revenue	**12,470**	11,753
Other	**9,347**	7,813
Total other current liabilities	**$68,642**	$56,157

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.

Certain of the Partnership's over-the-counter derivative financial instruments have bilateral collateral provisions which require the transfer of cash collateral when the value of the derivative instruments reaches certain threshold amounts. Although commodity propane prices increased through much of Fiscal 2008, a precipitous decline in prices in late Fiscal 2008 which continued into Fiscal 2009 has resulted in greater cash needed by the Partnership to fund counterparty collateral requirements. These collateral requirements are associated with derivative financial instruments used by the Partnership to manage market price risk associated with fixed sales price commitments to customers principally during the heating-season months of October through March. At September 30, 2008, the Partnership had made collateral deposits of $17,830 with counterparties. At November 20, 2008, such collateral deposits totaled $144,493.

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 2008 and Fiscal 2007, there were no net losses recognized in earnings representing cash flow ineffectiveness. During Fiscal 2006, the net loss recognized in earnings representing cash flow hedge ineffectiveness was $445. Gains and losses included in accumulated other comprehensive income at September 30, 2008 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 loss at September 30, 2008 are net losses of approximately $5,719 from IRPAs associated with forecasted issuances of debt generally anticipated to occur during Fiscal 2009 and 2010. The amount of net loss that is expected to be reclassified into net income during the next twelve months is not material. The remaining net loss on derivative instruments included in accumulated other comprehensive loss at September 30, 2008 of $53,486 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 noncurrent liabilities" in the Consolidated Balance Sheets.

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

	Asset (Liability)	
	Carrying Amount	Estimated Fair Value
2008:		
Propane swap and option contracts	$ (54,018)	$ (54,018)
Interest rate protection agreements	(5,778)	(5,778)
Long-term debt	(933,390)	(863,550)
2007:		
Propane swap and option contracts	$ 18,290	$ 18,290
Interest rate protection agreements	583	583
Long-term debt	(933,042)	(923,505)

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

(Note 14 continued)

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:

	2008	2007	2006
Gain on sales of fixed assets	**$ 1,698**	$ 862	$ 2,801
Finance charges	**11,822**	10,208	8,371
Other	**5,335**	6,502	5,127
Total other income, net	**$18,855**	$17,572	$16,299

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,	
	2007	2006	**2008**	2007	**2008**	2007	**2008**	2007(a)
Revenues	**$748,168**	$616,591	**$1,006,656**	$809,808	**$535,129**	$433,917	**$525,236**	$417,059
Operating income (loss)	**$ 73,958**	$ 75,260	**$ 153,287**	$139,260	**$ 9,585**	$ 12,035	**$ (1,966)**	$ 39,175
Net income (loss)	**$ 54,305**	$ 55,640	**$ 132,950**	$119,886	**$ (8,788)**	$ (5,712)	**$ (20,448)**	$ 20,970
Income (loss) per limited partner unit – basic and diluted (b)	**$ 0.87**	$ 0.88	**$ 1.58**	$ 1.47	**$ (0.16)**	$ (0.10)	**$ (0.36)**	$ 0.30

(a) 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.

(b) Theoretical distributions of net income in accordance with EITF 03-6 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 quarterly earnings per limited partner unit for the quarters ended December 31 and March 31 as follows:

	December 31,		March 31,	
Quarter ended:	2007	2006	2008	2007
Decrease in income per limited partner unit	$(0.07)	$(0.09)	$(0.73)	$(0.62)

Note 17 – Subsequent Events

On October 1, 2008, AmeriGas OLP acquired all of the assets of Penn Fuel Propane, LLC (now named UGI Central Penn Propane, LLC, "CPP") from CPP, a subsidiary of UGI Central Penn Gas, Inc., for $32,000 cash plus estimated working capital of $1,621. CPP sells propane to customers primarily in eastern Pennsylvania. AmeriGas OLP funded the acquisition of the assets of CPP principally from borrowings under its Credit Agreement.

On November 13, 2008, AmeriGas OLP sold its 600,000 barrel refrigerated, above-ground storage facility located on leased property in California for approximately $43,000 in cash. We expect to record a pre-tax gain of approximately $40,000 associated with this transaction during our first quarter of Fiscal 2009.

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, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2008 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, 2008 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.

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

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
November 21, 2008

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 under the supervision and participation of management including 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, 2008, 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, 2008 was approximately 50,000 and the Common Units outstanding totaled 57,009,951 of which 32,318,742 were held by the public.

Market Price of Common Units and Distributions Paid

2008 Fiscal Year	High	Low	Distributions
1st Quarter	$37.90	$34.71	$.61
2nd Quarter	36.81	29.46	.61
3rd Quarter	35.90	30.25	.64
4th Quarter	32.42	28.84	.64

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

Distributions on AmeriGas Partners Common Units have been paid without interruption since 1995. The current annualized rate of distribution is $2.56 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 December 1, 2008. 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, 2008.

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, 2009, 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, 2008.

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.

AmeriGas

100%

continued dedication to our partnership

Board of Directors

Standing:

Gregory A. Pratt [1,4]
Vice Chairman,
OAO Technology Solutions, Inc.
(information technology and professional services)

Lon R. Greenberg [2]
Chairman, AmeriGas Propane, Inc.
Chairman and Chief Executive Officer, UGI Corporation

Eugene V. N. Bissell
President and Chief Executive Officer, AmeriGas Propane, Inc.

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

William J. Marrazzo [1,3]
Chief Executive Officer and President, WHYY, Inc.
(public television and radio)

Sitting:

James W. Stratton [2,4]
Chief Investment Officer,
Stratton Management Company
(advisory and financial consulting firm)

Richard C. Gozon [2,3,4]
Retired, former Executive Vice President, Weyerhaeuser Company
(integrated forest products)

Stephen D. Ban [3]
Director, Technology Transfer Division of the Argonne National Laboratory
(research and development)

Howard B. Stoeckel [1]
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

Officers

Lon R. Greenberg
Chairman

John L. Walsh
Vice Chairman

Eugene V. N. Bissell
President and Chief Executive Officer

Richard W. Fabrizio
Vice President and Chief Information Officer

John S. Iannarelli
Vice President – Business Reengineering

William D. Katz
Vice President – Human Resources

Robert H. Knauss
Vice President, General Counsel and Secretary

Robert W. Krick
Vice President and Treasurer

David L. Lugar
Vice President – Supply and Logistics

Carey M. Monaghan
Vice President – Sales and Marketing

Joseph B. Powers
Vice President – AmeriGas Cylinder Exchange

William G. Robey
Vice President – Sales Operations

Kevin Rumbelow
Vice President – Operations Support

Steven A. Samuel
Vice President – Law, Associate General Counsel

Jerry E. Sheridan
Vice President – Finance and Chief Financial Officer

William J. Stanczak
Controller and Chief Accounting Officer

Randy A. Hannigan
Vice President – Field Operations

AmeriGas

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