

AMERIGAS PARTNERS LP
Form 10-K
November 20, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization) 23-2787918
(I.R.S. Employer Identification No.)

460 North Gulph Road, King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)
(610) 337-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each Exchange on Which Registered
Common Units representing limited partner interests	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act. "

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

The aggregate market value of AmeriGas Partners, L.P. Common Units held by non-affiliates of AmeriGas Partners, L.P. on March 31, 2018 was approximately \$2,760,131,827. At November 13, 2018, there were outstanding 92,977,072 Common Units representing limited partner interests.

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FORWARD-LOOKING INFORMATION

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

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind our Risk Factors included in Item 1A herein and the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions resulting in reduced demand; (2) cost volatility and availability of propane, and the capacity to transport propane to our customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses and achievement of anticipated synergies; (5) changes in laws and regulations, including safety, tax, consumer protection, environmental, and accounting matters; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, natural disasters and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane and butane; (13) political, regulatory and economic conditions in the United States and foreign countries; (14) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (15) changes in commodity market prices resulting in significantly higher cash collateral requirements; (16) the impact of pending and future legal proceedings; (17) the availability, timing, and success of our acquisitions and investments to grow our business; and (18) the interruption, disruption, failure or malfunction of our information technology systems, including due to cyber attack.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

PART I:

ITEM 1. BUSINESS

General

AmeriGas Partners, L.P. is a publicly traded limited partnership formed under Delaware law on November 2, 1994. We are the largest retail propane distributor in the United States based on the volume of propane gallons distributed annually. The Partnership serves over 1.7 million residential, commercial, industrial, agricultural, wholesale and motor fuel customers in all 50 states from approximately 1,900 propane distribution locations.

We are a holding company and we conduct our business principally through our subsidiary, AmeriGas Propane, L.P. (“AmeriGas OLP”), a Delaware limited partnership. AmeriGas OLP is referred to herein as “the Operating Partnership.” Our common units (“Common Units”), which represent limited partner interests, are traded on the New York Stock Exchange under the symbol “APU.” Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-7000. In this Report, the terms “Partnership” and “AmeriGas Partners,” as well as the terms “our,” “we,” and “its,” are used sometimes as abbreviated references to AmeriGas Partners, L.P. itself or collectively, AmeriGas Partners, L.P. and its consolidated subsidiaries, including the Operating

Partnership. The terms “Fiscal 2018,” “Fiscal 2017,” and “Fiscal 2016” refer to the fiscal years ended September 30, 2018, September 30, 2017, and September 30, 2016, respectively.

AmeriGas Propane, Inc. is our general partner (the “General Partner”) and is responsible for managing our operations. The General Partner is a wholly owned subsidiary of UGI Corporation (“UGI”), a publicly traded company listed on the New York Stock Exchange. The General Partner has an approximate 26% effective ownership interest in the Partnership.

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Business Strategy

Our strategy is to grow by (i) developing internal sales and marketing programs to improve customer service and attract and retain customers, (ii) leveraging our scale and driving productivity through the development of technology, and (iii) pursuing opportunistic acquisitions. We regularly consider and evaluate opportunities for growth through the acquisition of local, regional, and national propane distributors. We compete for acquisitions with others engaged in the propane distribution business. During Fiscal 2018, we completed the acquisition of two propane distribution businesses. We expect that internal growth will be provided in part from the continued expansion of our AmeriGas Cylinder Exchange (“ACE”) program, through which consumers can purchase propane cylinders or exchange propane cylinders at various retail locations, and our National Accounts program, through which we encourage multi-location propane users to enter into a supply agreement with us rather than with multiple suppliers. During Fiscal 2018, we continued to make significant investments in technology to reduce operational costs while improving our customers’ experience. For example, (i) following the successful implementation of the AmeriMobile distribution platform to all district locations to more efficiently deploy our drivers in making deliveries to customers, we began to roll out the platform to our service technicians for service scheduling, job routing, and billing, and (ii) we continue to promote a customer service culture through enhancements to our on-line customer experience, enabling customers to transact with us after hours, to sign up as a new customer and to seek customer support through live on-line chat.

General Partner Information

The Partnership’s website can be found at www.amerigas.com. Information on our website is not intended to be incorporated into this Report. The Partnership makes available free of charge at this website (under the tab “Investor Relations,” caption “SEC Filings”) copies of its reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. The General Partner’s Principles of Corporate Governance, Code of Ethics for the Chief Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics for Directors, Officers and Employees, and charters of the Corporate Governance, Audit and Compensation/Pension Committees of the Board of Directors of the General Partner are also available on the Partnership’s website (under the tab “Investor Relations, About AmeriGas, Corporate Governance”). All of these documents are also available free of charge by writing to Treasurer, AmeriGas Propane, Inc., P.O. Box 965, Valley Forge, PA 19482.

Products, Services and Marketing

The Partnership serves over 1.7 million customers in all 50 states from approximately 1,900 propane distribution locations. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems and propane-powered generators. Typically, the Partnership’s propane distribution locations are in suburban and rural areas where natural gas is not readily available. Our local offices generally consist of a business office and propane storage. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier throughout the continental U.S.

The Partnership sells propane primarily to residential, commercial/industrial, motor fuel, agricultural and wholesale customers. The Partnership distributed over 1.1 billion gallons of propane in Fiscal 2018. Approximately 95% of the Partnership’s Fiscal 2018 sales (based on gallons sold) were to retail accounts and approximately 5% were to wholesale and supply customers. Sales to residential customers in Fiscal 2018 represented approximately 36% of retail gallons sold; commercial/industrial customers 38%; motor fuel customers 18%; and agricultural customers 4%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 4% of Fiscal 2018 retail gallons. No single customer represents, or is anticipated to represent, more than 5% of the Partnership’s consolidated revenues.

The Partnership continues to expand its ACE program. At September 30, 2018, ACE cylinders were available at over 59,000 retail locations throughout the U.S. Sales of our ACE cylinders to retailers are included in commercial/industrial sales. The ACE program enables consumers to purchase or exchange propane cylinders at various retail locations such as home centers, gas stations, mass merchandisers and grocery and convenience stores. In addition, in Fiscal 2018, the ACE program continued to roll-out its 24/7 automated self-serve vending machines, enabling customers to purchase and exchange ACE cylinders at various retail locations at any time of day. We also supply retailers with large propane tanks to enable retailers to replenish customers' propane cylinders directly at the retailer's location.

Residential and commercial customers use propane primarily for home heating, water heating and cooking purposes. Commercial users include hotels, restaurants, churches, warehouses, and retail stores. Industrial customers use propane to fire furnaces, as a cutting gas and in other process applications. Other industrial customers are large-scale heating accounts and local gas utility customers who use propane as a supplemental fuel to meet peak load deliverability requirements. As a motor fuel, propane is burned in internal combustion engines that power school buses and other over-the-road vehicles, forklifts, and stationary engines.

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Agricultural uses include tobacco curing, chicken brooding, crop drying, and orchard heating. In its wholesale operations, the Partnership principally sells propane to large industrial end-users and other propane distributors.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,400 to 3,000 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 120 gallons to approximately 1,200 gallons. The Partnership also delivers propane in portable cylinders, including ACE and motor fuel cylinders. Some of these deliveries are made to the customer's location, where cylinders are either picked up or replenished in place.

Propane Supply and Storage

The United States propane market has over 250 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. Volatility in the U.S. propane market stabilized in Fiscal 2017, following record high levels reached in Fiscal 2016 and the fiscal year ended September 30, 2015, and the propane industry continued to experience normal inventory levels in Fiscal 2018. The availability and pricing of propane supply is dependent upon, among other things, the severity of winter weather, the price and availability of competing fuels such as natural gas and crude oil, and the amount and availability of exported supply and, to a much lesser extent, imported supply. In recent years, there has been an increase in overseas demand for U.S. propane exports as the U.S. continues to have low cost reliable sources of propane. We utilized our extensive distribution and logistics channels to minimize disruption to our customers due to supply chain interruptions resulting from severe cold weather events in January 2018 as well as the delay of critical supply imports into the New England area.

During Fiscal 2018, approximately 98% of the Partnership's propane supply was purchased under supply agreements with terms of one to three years. Although no assurance can be given that supplies of propane will be readily available in the future, management currently expects to be able to secure adequate supplies during Fiscal 2019. If supply from major sources were interrupted, however, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, margins could be adversely affected. Plains Marketing, L.P. supplied approximately 18% of the Partnership's Fiscal 2018 propane supply. No other single supplier provided more than 10% of the Partnership's total propane supply in Fiscal 2018. In certain geographic areas, however, a single supplier provides more than 50% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

The Partnership's supply contracts typically provide for pricing based upon (i) index formulas using the current prices established at a major storage point such as Mont Belvieu, Texas, or Conway, Kansas, or (ii) posted prices at the time of delivery. In addition, some agreements provide maximum and minimum seasonal purchase volume guidelines. The percentage of contract purchases, and the amount of supply contracted for at fixed prices, will vary from year to year as determined by the General Partner. The Partnership uses a number of interstate pipelines, as well as railroad tank cars, delivery trucks and barges, to transport propane from suppliers to storage and distribution facilities. The Partnership stores propane at various storage facilities and terminals located in strategic areas across the U.S.

Because the Partnership's profitability is sensitive to changes in wholesale propane costs, the Partnership generally seeks to pass on increases in the cost of propane to customers. There is no assurance, however, that the Partnership will always be able to pass on product cost increases fully, or keep pace with such increases, particularly when product costs rise rapidly. Product cost increases can be triggered by periods of severe cold weather, supply interruptions, increases in the prices of base commodities such as crude oil and natural gas, or other unforeseen events. The General Partner has adopted supply acquisition and product cost risk management practices to reduce the effect of volatility on selling prices. These practices currently include the use of summer storage, forward purchases and derivative commodity instruments, such as propane price swaps. See "Management's Discussion and Analysis of

Financial Condition and Results of Operations - Market Risk Disclosures.”

The following graph shows the average prices of propane on the propane spot market during the last five fiscal years at Mont Belvieu, Texas and Conway, Kansas, both major storage areas.

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Average Propane Spot Market Prices

General Industry Information

Propane is separated from crude oil during the refining process and also extracted from natural gas or oil wellhead gas at processing plants. Propane is normally transported and stored in a liquid state under moderate pressure or refrigeration for economy and ease of handling in shipping and distribution. When the pressure is released or the temperature is increased, it is usable as a flammable gas. Propane is colorless and odorless; an odorant is added to allow for its detection. Propane is considered a clean alternative fuel under the Clean Air Act Amendments of 1990, producing negligible amounts of pollutants when properly consumed.

Competition

Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers with suppliers of electricity, fuel oil and natural gas, principally on the basis of price, service, availability and portability. Electricity is generally more expensive than propane on a British thermal unit (“Btu”) equivalent basis, but the convenience and efficiency of electricity make it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane but is currently more expensive than propane as well as a less environmentally attractive energy source. Historically, however, fuel oil has been less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a significantly less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation’s natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many areas of the country where propane is sold for heating and cooking purposes.

For motor fuel customers, propane competes with gasoline, diesel fuel, electric batteries, fuel cells, and, in certain applications, liquefied natural gas and compressed natural gas. Wholesale propane distribution is a highly competitive, low margin business. Propane sales to other retail distributors and large-volume, direct-shipment industrial end-users are price sensitive and frequently involve a competitive bidding process.

Retail propane industry volumes have been declining for several years and no or modest growth in total demand is foreseen in the next several years. Therefore, the Partnership’s ability to grow within the industry is dependent on its ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the ACE program and the National Accounts program (through which the Partnership encourages multi-location propane users to enter into a single AmeriGas Propane supply agreement rather than agreements with multiple suppliers), as well as the success of its sales and marketing programs designed to attract and retain customers. The failure of the Partnership to retain and grow its customer base would have an adverse effect on its long-term results.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Some farm

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cooperatives, rural electric cooperatives, and fuel oil distributors include propane distribution in their businesses and the Partnership competes with them as well. The ability to compete effectively depends on providing high quality customer service, maintaining competitive retail prices and controlling operating expenses. The Partnership also offers customers various payment and service options, including guaranteed price programs, fixed price arrangements and pricing arrangements based on published propane prices at specified terminals.

In Fiscal 2018, the Partnership's retail propane sales totaled more than 1.0 billion gallons. Based on the most recent annual survey by the American Petroleum Institute, 2016 domestic retail propane sales (annual sales for other than chemical uses) in the U.S. totaled approximately 8.2 billion gallons. Based on LP-GAS magazine rankings, 2016 sales volume of the ten largest propane distribution companies (including AmeriGas Partners) represented approximately 36% of domestic retail sales.

Trade Names, Trade and Service Marks

The Partnership markets propane and other services principally under the "AmeriGas®," "America's Propane Company®," "Driving Every DaySM" "Heritage Propane®," and "Relationships Matter®," trade names and related service marks. The Partnership also markets propane under various other trade names throughout the United States. UGI owns, directly or indirectly, all the right, title and interest in the "AmeriGas" name and related trade and service marks. The General Partner owns all right, title and interest in the "America's Propane Company" trade name and related service marks. The Partnership has an exclusive (except for use by UGI, AmeriGas, Inc., AmeriGas Polska Sp. z.o.o. and the General Partner), royalty-free license to use these trade names and related service marks. UGI and the General Partner each have the option to terminate its respective license agreement (except its licenses with permitted transferees and on 12 months prior notice in the case of UGI), without penalty, if the General Partner is removed as general partner of the Partnership for cause. If the General Partner ceases to serve as the general partner of the Partnership other than for cause, the General Partner has the option to terminate its license agreement upon payment of a fee to AmeriGas Propane, L.P. equal to the fair market value of the licensed trade names. UGI has a similar termination option; however, UGI must provide 12 months prior notice in addition to paying the fee to AmeriGas Propane, L.P. UGI and the General Partner each also have the right to terminate its respective license agreement in order to settle any claim of infringement, unfair competition or similar claim or if the agreement has been materially breached without appropriate cure.

Seasonality

Because many customers use propane for heating purposes, the Partnership's retail sales volume is seasonal. During Fiscal 2018, approximately 65% of the Partnership's retail sales volume occurred, and substantially all of the Partnership's operating income was earned, during the peak heating season from October through March. As a result of this seasonality, sales are typically higher in the Partnership's first and second fiscal quarters (October 1 through March 31). Cash receipts are generally greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

Sales volume for the Partnership traditionally fluctuates from year-to-year in response to variations in weather, prices, competition, customer mix and other factors, such as conservation efforts and general economic conditions. For information on national weather statistics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Government Regulation

The Partnership is subject to various federal, state and local environmental, health, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage propane terminals.

Environmental

Generally, the applicable environmental laws impose limitations on the discharge of pollutants, establish standards for the handling of solid and hazardous substances, and require the investigation and cleanup of environmental contamination. These laws include, among others, the federal Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA” or the “Superfund Law”), the Clean Air Act, the Clean Water Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right-to-Know Act, comparable state statutes and any applicable amendments. The Partnership incurs expenses associated with compliance with its obligations under federal and state environmental laws and regulations, and we believe that the Partnership is in material compliance with all of its obligations. The Partnership maintains various permits that are necessary to operate its facilities, some of which may be material to its operations. The Partnership continually monitors its operations with respect to potential environmental issues, including changes in legal requirements.

The Partnership is investigating and remediating contamination at a number of present and former operating sites in the United States, including sites where its predecessor entities operated manufactured gas plants. CERCLA and similar state laws impose

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joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a “hazardous substance” into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of CERCLA.

Health and Safety

The Partnership is subject to the requirements of OSHA and comparable state laws that regulate the protection of the health and safety of our workers. These laws require the Partnership, among other things, to maintain information about materials, some of which may be hazardous or toxic, that are used, released, or produced in the course of our operations. Certain portions of this information must be provided to employees, federal and state and local governmental authorities and responders, commercial and industrial customers and local citizens in accordance with applicable federal and state Emergency Planning and Community Right-to-Know Act requirements. The Partnership’s operations are also subject to the safety hazard communication requirements and reporting obligations set forth in federal workplace standards.

All states in which the Partnership operates have adopted fire safety codes that regulate the storage, distribution, and use of propane. In some states, these laws are administered by state agencies, and in others they are administered on a municipal level. The Partnership conducts training programs to help ensure that its operations are in compliance with applicable governmental regulations. With respect to general operations, the Partnership is subject in all jurisdictions in which it operates to rules and procedures governing the safe handling of propane, including those established by National Fire Protection Association Pamphlets No. 54 and No. 58, various state, local and international codes (including international fire, building and fuel gas codes), and OSHA fall protection standards. Management believes that the policies and procedures currently in effect at all of its facilities for the handling, storage, distribution and use of propane, as well as its fall protection standards, are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under federal legislation, including the Federal Motor Carrier Safety Act, the Hazardous Materials & Transportation Act, and the Homeland Security Act of 2002. Regulations under these statutes cover the security and transportation of hazardous materials, including propane for purposes of these regulations, and are administered by the Pipeline and Hazardous Materials Safety Administration of the U.S. Department of Transportation (“DOT”). The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT’s pipeline safety regulations apply to, among other things, a propane gas system which supplies 10 or more residential customers or two or more commercial customers from a single source and to a propane gas system any portion of which is located in a public place. The DOT’s pipeline safety regulations require operators of all gas systems to provide operator qualification standards and training and written instructions for employees and third party contractors working on covered pipelines and facilities, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and conduct and keep records of inspections and testing. Operators are subject to the Pipeline Safety Improvement Act of 2002. Management believes that the procedures currently in effect at all of the Partnership’s facilities for the handling, storage, transportation and distribution of propane are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations.

Climate Change

There continues to be concern, both nationally and internationally, about climate change and the contribution of greenhouse gas (“GHG”) emissions, most notably carbon dioxide, to global warming. Because propane is considered a clean alternative fuel under the federal Clean Air Act Amendments of 1990, the Partnership anticipates that this will provide it with a competitive advantage over other sources of energy, such as fuel oil and coal, to the extent new climate change regulations become effective. At the same time, increased regulation of GHG emissions, especially in the transportation sector, could impose significant additional costs on the Partnership, its suppliers and its customers.

In recent years, there has been an increase in state initiatives aimed at regulating GHG emissions. For example, the California Environmental Protection Agency established a Cap & Trade program that requires certain covered entities, including propane distribution companies, to purchase allowances to compensate for the GHG emissions created by their business operations. Compliance with these types of regulations may increase our operating costs if we are unable to pass these costs to our customers.

Employees

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 2018, the General Partner had approximately 7,700 employees, including over 250 part-time, seasonal and temporary employees, working on behalf of the Partnership. UGI also performs certain financial and administrative services for the General Partner on behalf of the Partnership and is reimbursed by the Partnership.

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ITEM 1A. RISK FACTORS

There are many factors that may affect our business and results of operations. Additional discussion regarding factors that may affect our businesses and operating results is included elsewhere in this Report.

RISKS RELATED TO OUR BUSINESS

Supplier defaults may have a negative effect on our operating results.

When we enter into fixed-price sales contracts with customers, we typically enter into fixed-price purchase contracts with suppliers. Depending on changes in the market prices of propane compared to the prices secured in our contracts with suppliers of propane, a default of one or more of our suppliers under such contracts could cause us to purchase propane at higher prices, which would have a negative impact on our operating results.

We are dependent on our principal propane suppliers, which increases the risks from an interruption in supply and transportation.

During Fiscal 2018, AmeriGas Propane purchased approximately 87% of its propane needs from twenty suppliers. If supplies from these sources were interrupted, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, our earnings could be affected. Additionally, in certain geographical areas, a single supplier may provide more than 50% of our propane requirements. Disruptions in supply in these areas could also have an adverse impact on our earnings.

Our ability to grow will be adversely affected if we are not successful in making acquisitions or integrating the acquisitions we have made.

We have historically expanded our propane business through acquisitions. We regularly consider and evaluate opportunities for growth through the acquisition of local, regional and national propane distributors. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. We can give no assurances that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that we will be able to finance acquisitions on economically acceptable terms, that any acquisitions will not be dilutive to earnings and distributions or that any additional debt incurred to finance an acquisition will not affect our ability to make distributions.

To the extent we are successful in making acquisitions, such acquisitions involve a number of risks, including, but not limited to, the assumption of material liabilities, environmental liabilities, the diversion of management's attention from the management of daily operations to the integration of operations, difficulties in the assimilation and retention of employees and difficulties in the assimilation of different cultures and practices and internal controls, as well as in the assimilation of broad and geographically dispersed personnel and operations. The failure to successfully integrate acquisitions could have an adverse effect on our business, financial condition and results of operations.

We are subject to operating and litigation risks that may not be covered by insurance.

Our operations are subject to all of the operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing combustible liquids such as propane for use by consumers. These risks could result in substantial losses due to personal injury and/or loss of life, and severe damage to and destruction of property and equipment arising from explosions and other catastrophic events, including acts of terrorism. As a result, we are often a defendant in legal proceedings and litigation arising in the ordinary course of business, including regulatory investigations, claims, lawsuits and other proceedings. Additionally, environmental contamination could result in future legal proceedings. There can be no assurance that our insurance coverage will be adequate to protect us from all material expenses related to pending and future claims or that such levels of insurance would be available in the future at economical prices. Moreover, defense and settlement costs may be substantial, even with respect to claims and investigations that have no merit. If we cannot resolve these matters favorably, our business, financial condition, results of operations and future prospects may be materially adversely affected.

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Our operations, capital expenditures and financial results may be affected by regulatory changes and/or market responses to global climate change.

Increased regulation of GHG emissions, such as propane and methane, could impose significant additional costs on us, our suppliers and our customers. Some states have adopted laws and regulations regulating the emission of GHGs for some industry sectors. For example, the California Environmental Protection Agency established a Cap & Trade program that requires certain covered entities, including propane companies, to purchase allowances to compensate for the GHG emissions created by their business operations. In September 2009, the EPA issued a final rule establishing a system for mandatory reporting of GHG emissions. However, there is currently no federal or regional legislation mandating the reduction of GHG emissions in the United States. Although Congress has not enacted federal climate change legislation, the EPA adopted and implemented regulations to restrict emissions of GHGs from motor vehicles and certain large stationary sources, and to require reporting of GHG emissions by certain regulated facilities on an annual basis. The Partnership's facilities are not currently subject to these regulations, but the potential increased costs of regulatory compliance and mandatory reporting by our customers and suppliers could have an effect on our operations or financial condition.

The adoption of additional federal or state climate change legislation or regulatory programs to reduce emissions of GHGs could also require the Partnership or its suppliers to incur increased capital and operating costs, with resulting impact on product price and demand. The impact of new legislation and regulations will depend on a number of factors, including (i) which industry sectors would be impacted, (ii) the timing of required compliance, (iii) the overall GHG emissions cap level, (iv) the allocation of emission allowances to specific sources, and (v) the costs and opportunities associated with compliance. At this time, we cannot predict the effect that climate change regulation may have on our business, financial condition or operations in the future.

If we are unable to protect our information technology systems against service interruption, misappropriation of data, or breaches of security resulting from cyber security attacks or other events, or we encounter other unforeseen difficulties in the operation of our information technology systems, our operations could be disrupted, our business and reputation may suffer, and our internal controls could be adversely affected.

In the ordinary course of business, we rely on information technology systems, including the Internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including (i) intellectual property, (ii) our proprietary business information and that of our suppliers and business partners, (iii) personally identifiable information of our customers and employees, and (iv) data with respect to invoicing and the collection of payments, accounting, procurement, and supply chain activities. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements. Despite our security measures, our information technology systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, sabotage, or other disruptions. A loss of our information technology systems, or temporary interruptions in the operation of our information technology systems, misappropriation of data, or breaches of security could have a material adverse effect on our business, financial condition, results of operations, and reputation.

Moreover, the efficient execution of our business is dependent upon the proper functioning of our internal systems, including an information technology system that supports our Order-to-Cash business processes. Any significant failure or malfunction of this information technology system may result in disruptions of our operations. Our results of operations could be adversely affected if we encounter unforeseen problems with respect to the operation of this system. While we have purchased cyber security insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses.

INDUSTRY-SPECIFIC RISKS

Decreases in the demand for propane because of warmer-than-normal heating season weather or unfavorable weather conditions may adversely affect our results of operations.

Because many of our customers rely on propane as a heating fuel, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Accordingly, the volume of propane sold is at its highest during the peak heating season of October through March and is directly affected by the severity of the winter weather. For example, historically approximately 60% to 70% of our annual retail propane volumes are sold during these months. There can be no assurance that normal winter weather in our service territories will occur in the future.

The agricultural demand for propane is also affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane. Our ACE operations experience higher volumes in the spring and summer, mainly due to the grilling season. Sustained periods of unfavorable weather conditions, including periods of significant rainfall, can negatively affect our ACE revenues. Unfavorable weather conditions may also cause a reduction in the purchase and use of grills and other propane

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appliances, which could reduce the demand for our ACE cylinders.

Changes in commodity market prices may have a negative effect on our liquidity.

Depending on the terms of our contracts with suppliers as well as our use of financial instruments to reduce volatility in the cost of propane, changes in the market price of propane can create margin payment obligations for us and expose us to an increased liquidity risk. In addition, increased demand for domestically produced propane overseas may, depending on production volumes in the United States, result in higher domestic propane prices and expose us to additional liquidity risks.

Our potential to increase revenues may be affected by the decline of the retail propane industry and our ability to retain and grow our customer base.

The retail propane industry has been declining over the past several years, with no or modest growth or decline in total demand foreseen in the next several years. Accordingly, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of our ACE and National Accounts programs, as well as the success of our sales and marketing programs designed to attract and retain customers. Any failure to retain and grow our customer base would have an adverse effect on our results.

The risk of natural disasters and catastrophic events, including terrorism, may adversely affect the economy and the price and availability of propane.

Natural disasters and catastrophic events, such as fires, earthquakes, explosions, floods, tornadoes, hurricanes, terrorist attacks, political unrest and other similar occurrences, may adversely impact the price and availability of propane, which could adversely impact our financial condition and results of operations, our ability to raise capital and our future growth. The impact that the foregoing may have on our industries in general, and on us in particular, is not known at this time. A natural disaster or an act of terror could result in disruptions of crude oil or natural gas supplies and markets (the sources of propane), cause price volatility in the cost of propane, and our infrastructure facilities could be direct or indirect targets. A natural disaster or terrorist activity may also hinder our ability to transport propane if our means of supply transportation, such as rail or pipeline, become damaged as a result of an attack. A lower level of economic activity could result in a decline in energy consumption, which could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of a natural disaster or terrorism could also affect our ability to raise capital. We have opted to purchase insurance coverage for natural disasters and terrorist acts within our property and casualty insurance programs, but we can give no assurance that our insurance coverage would be adequate to fully compensate us for any losses to our business or property resulting from natural disasters or terrorist acts.

Our operations may be adversely affected by competition from other energy sources.

Propane competes with other sources of energy, some of which are less costly on an equivalent energy basis. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations. We compete for customers against suppliers of electricity, fuel oil and natural gas.

Electricity is a major competitor of propane but is generally more expensive than propane on a Btu equivalent basis for space heating, water heating, and cooking. Notwithstanding cost, the convenience and efficiency of electricity make it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane but is currently more expensive than propane as well as a less environmentally attractive energy source. Historically, however, fuel oil is less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Our customers generally have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist because natural gas is generally a significantly less expensive source of energy than propane. As long as natural gas remains a less expensive energy

source than propane, our business will lose customers in each region into which natural gas distribution systems are expanded. The gradual expansion of the nation's natural gas distribution systems has resulted, and may continue to result, in the availability of natural gas in some areas that previously depended upon propane.

Our profitability is subject to propane pricing and inventory risk.

The retail propane business is a "margin-based" business in which gross profits are dependent upon the excess of the sales price over the propane supply costs. Propane is a commodity, and, as such, its unit price is subject to volatile fluctuations in response to changes in supply or other market conditions. We have no control over supplies, commodity prices or market conditions. Consequently, the unit price of the propane that we and other marketers purchase can change rapidly over a short period of time.

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Most of our propane product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major storage points such as Mont Belvieu, Texas or Conway, Kansas. Because our profitability is sensitive to changes in wholesale propane supply costs, it will be adversely affected if we cannot pass on increases in the cost of propane to our customers, or if there is a delay in passing on such cost increases. Due to competitive pricing in the industry, we may not fully be able to pass on product cost increases to our customers when product costs rise, or when our competitors do not raise their product prices in a timely manner. Finally, market volatility may cause us to sell inventory at less than the price we purchased it, which would adversely affect our operating results.

High propane prices can lead to customer conservation and attrition, resulting in reduced demand for our product. Prices for propane are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high propane costs our prices generally increase. High prices can lead to customer conservation and attrition, resulting in reduced demand for our product.

Our cash flow and net income will decrease if we are required to incur additional costs to comply with new governmental safety, health, transportation, and environmental regulations.

We are subject to various federal, state and local safety, health, transportation, and environmental laws and regulations governing the storage, distribution and transportation of propane. We have implemented safety and environmental programs and policies designed to avoid potential liability and costs under applicable laws. It is possible, however, that we will incur increased costs as a result of complying with new safety, health, transportation and environmental regulations and such costs will reduce our net income. It is also possible that material environmental liabilities will be incurred, including those relating to claims for damages to property and persons.

Volatility in credit and capital markets may restrict our ability to grow, increase the likelihood of defaults by our customers and counterparties and adversely affect our operating results.

Volatility in credit and capital markets may create additional risks to our business in the future. We are exposed to financial market risk (including refinancing risk) resulting from, among other things, changes in interest rates and conditions in the credit and capital markets. Developments in the credit markets during the past few years increase our possible exposure to the liquidity, default and credit risks of our suppliers and vendors, counterparties associated with derivative financial instruments and our customers. Although we believe that current financial market conditions, if they were to continue for the foreseeable future, will not have a significant impact on our ability to fund our existing operations, less favorable market conditions could restrict our ability to grow through acquisitions, limit the scope of major capital projects if access to credit and capital markets is limited, or adversely affect our operating results.

We may not be able to collect on the accounts of our customers.

We depend in part on the viability of our customers for collections of accounts receivable. Moreover, our businesses sell LPG to numerous retail customers, and as we grow our businesses through acquisitions, our retail customer base is expected to significantly expand. There can be no assurance that our customers will not experience financial difficulties in the future or that we will be able to collect all of our outstanding accounts receivable or notes receivable and any such nonpayment by our customers could adversely affect our business.

We depend on our intellectual property and failure to protect that intellectual property could have an adverse effect on us.

We seek trademark protection for our brands in each of our businesses, and we invest significant resources in developing our business brands. Failure to maintain our trademarks and brands could adversely affect our customer-facing businesses and our operational results.

Our ability to obtain sufficient quantities of LPG is dependent on transportation facilities and providers.

Spikes in demand caused by weather or other factors can limit our access to port terminals and other transportation and storage facilities, disrupt transportation and limit our ability to obtain sufficient quantities of LPG. A significant increase in port and similar fees and fuel prices may also adversely affect our transportation costs and business. Transportation providers (rail and truck) in some circumstances have limited ability to provide additional resources in times of peak demand. Moreover, our transportation providers maintaining a staff of qualified truck drivers is critical to the success of our business. Regulatory requirements and an improvement in the economy could reduce the number of eligible drivers or require us to pay higher

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transportation fees as our transportation providers seek to pass on additional labor costs associated with attracting and retaining drivers.

RISKS INHERENT IN AN INVESTMENT IN OUR COMMON UNITS

Cash distributions are not guaranteed and may fluctuate with our performance.

Although we distribute all of our available cash each quarter, the amount of cash that we generate each quarter fluctuates. As a result, we cannot guarantee that we will pay the current regular quarterly distribution each quarter. Available cash generally means, with respect to any fiscal quarter, all cash on hand at the end of each quarter, plus all additional cash on hand as of the date of the determination of available cash resulting from borrowings after the end of the quarter, less the amount of reserves established to provide for the proper conduct of our business, to comply with applicable law or agreements, or to provide funds for future distributions to partners. The actual amount of cash that is available to be distributed each quarter will depend upon numerous factors, including:

- our cash flow generated by operations;
- the weather in our areas of operation;
- our borrowing capacity under our bank credit facilities;
- required principal and interest payments on our debt;
- fluctuations in our working capital;
- our cost of acquisitions (including related debt service payments);
- restrictions contained in our debt instruments;
- our capital expenditures;
- our issuances of debt and equity securities;
- reserves made by our General Partner in its discretion;
- prevailing economic and industry conditions; and
- financial, business and other factors, a number of which are beyond our control.

As is the case for most master limited partnerships, our Fourth Amended and Restated Agreement of Limited Partnership dated as of July 27, 2009, as amended as of March 13, 2012 and as of July 27, 2015 (the “Partnership Agreement”) requires that distributions to our partners upon our liquidation (or to a partner upon certain redemptions) be made in accordance with positive capital account balances in order to comply with Treasury regulations (“Treasury Regulations”) promulgated under the Internal Revenue Code of 1986, as amended (the “Code”), as to our allocations of tax items. Although our Partnership Agreement grants our General Partner broad discretion to use special allocations, capital account adjustments, and other corrective measures to prevent this capital account liquidation requirement from causing economic distortions, it is not possible to confirm in all instances that such economic distortions will not result from this capital account liquidation requirement.

Our General Partner has broad discretion to determine the amount of “available cash” for distribution to holders of our equity securities through the establishment and maintenance of cash reserves, thereby potentially lessening and limiting the amount of “available cash” eligible for distribution.

Our General Partner determines the timing and amount of our distributions and has broad discretion in determining the amount of funds that will be recognized as “available cash.” Part of this discretion comes from the ability of our General Partner to establish reserves. Decisions as to amounts to be reserved have a direct impact on the amount of available cash for distributions because reserves are taken into account in computing available cash. Each fiscal quarter, our General Partner may, in its reasonable discretion, determine the amounts to be reserved, subject to restrictions on the purposes of the reserves. Reserves may be made, increased or decreased for any proper purpose, including, but not limited to, reserves:

- to comply with terms of any of our agreements or obligations, including the establishment of reserves to fund the future payment of interest and principal on our debt securities;
-

to provide for level distributions of cash notwithstanding the seasonality of our business; and

to provide for future capital expenditures and other payments deemed by our General Partner to be necessary or advisable.

The decision by our General Partner to establish reserves may limit the amount of cash available for distribution to holders of our equity securities. Holders of our equity securities will not receive payments unless we are able to first satisfy our own obligations and the establishment of any reserves.

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We are a holding company and have no material operations or assets. Accordingly, unitholders will receive distributions only if we receive distributions from our Operating Partnership after it meets its own financial obligations.

We are a holding company for our subsidiaries, with no material operations and only limited assets. We are dependent on cash distributions from the Operating Partnership to make cash distributions to our unitholders.

Unitholders will not receive cash distributions unless the Operating Partnership is able to make distributions to us after it first satisfies its obligations under the terms of its own borrowing arrangements and reserves any necessary amounts to meet its own financial obligations. The Operating Partnership is required to distribute all of its available cash each quarter, less the amount of cash reserves that our General Partner determines are necessary or appropriate in its reasonable discretion to provide for the proper conduct of our Operating Partnership's business, to enable it to make distributions to us so that we can make timely distributions to our limited partners and the General Partner under our Partnership Agreement during the next four quarters, or to comply with applicable law or any of our Operating Partnership's debt or other agreements.

The agreements governing certain of the Operating Partnership's debt obligations require the Operating Partnership to include in its cash reserves amounts for future required payments. This limits the amount of available cash the Operating Partnership may distribute to us each quarter.

Holders of Common Units may experience dilution of their interests.

We may issue an unlimited number of additional limited partner interests and other equity securities, including senior equity securities, for such consideration and on such terms and conditions as shall be established by our General Partner in its sole discretion, without the approval of any unitholders. We also may issue an unlimited number of partnership interests junior to the Common Units without a unitholder vote. When we issue additional equity securities, a unitholder's proportionate partnership interest will decrease and the amount of cash distributed on each unit and the market price of the Common Units could decrease. Issuance of additional Common Units will also diminish the relative limited voting power of each previously outstanding unit. Please read "Holders of Common Units have limited voting rights, management and control of us" below. The ultimate effect of any such issuance may be to dilute the interests of holders of units in AmeriGas Partners and to make it more difficult for a person or group to remove our General Partner or otherwise change our management.

The market price of the Common Units may be adversely affected by various change of management provisions. Our Partnership Agreement contains certain provisions that are intended to discourage a person or group from attempting to remove our General Partner as general partner or otherwise change the management of AmeriGas Partners. If any person or group other than the General Partner or its affiliates acquires beneficial ownership of 20% or more of the Common Units, such person or group will lose its voting rights with respect to all of its Common Units. The effect of these provisions and the change of control provisions in our debt instruments may be to diminish the price at which the Common Units will trade under certain circumstances.

Restrictive covenants in the agreements governing our indebtedness and other financial obligations may reduce our operating flexibility.

The various agreements governing our and the Operating Partnership's indebtedness and other financing transactions restrict quarterly distributions. These agreements contain various negative and affirmative covenants applicable to us and the Operating Partnership and some of these agreements require us and the Operating Partnership to maintain specified financial ratios. If we or the Operating Partnership violate any of these covenants or requirements, a default may result and distributions would be limited. These covenants limit our and the Operating Partnership's ability to, among other things:

- incur additional indebtedness;
- engage in transactions with affiliates;
- create or incur liens;
- sell assets;
- make restricted payments, loans and investments;

enter into business combinations and asset sale transactions; and
engage in other lines of business.

Holders of Common Units have limited voting rights, management and control of us.

Our General Partner manages and operates AmeriGas Partners. Unlike the holders of common stock in a corporation, holders of outstanding Common Units have only limited voting rights on matters affecting our business. Holders of Common Units have no right to elect the general partner or its directors, and our General Partner generally may not be removed except pursuant to the

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vote of the holders of not less than two-thirds of the outstanding units. In addition, removal of the general partner may result in a default under our debt instruments and loan agreements. As a result, holders of Common Units have limited say in matters affecting our operations and others may find it difficult to attempt to gain control or influence our activities.

Holders of Common Units may be required to sell their Common Units against their will.

If at any time our General Partner and its affiliates hold 80% or more of the issued and outstanding Common Units, our General Partner will have the right (but not the obligation) to purchase all, but not less than all, of the remaining Common Units held by nonaffiliates at certain specified prices pursuant to the Partnership Agreement. Accordingly, under certain circumstances holders of Common Units may be required to sell their Common Units against their will and the price that they receive for those securities may be less than they would like to receive. They may also incur a tax liability upon a sale of their Common Units.

Holders of Common Units may not have limited liability in certain circumstances and may be liable for the return of distributions that cause our liabilities to exceed our assets.

The limitations on the liability of holders of Common Units for the obligations of a limited partnership have not been clearly established in some states. If it were determined that AmeriGas Partners had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right or the exercise of the right by the holders of Common Units as a group to remove or replace our General Partner, to make certain amendments to our Partnership Agreement or to take other action pursuant to that Partnership Agreement constituted participation in the “control” of the business of AmeriGas Partners, then a holder of Common Units could be held liable under certain circumstances for our obligations to the same extent as our General Partner. We are not obligated to inform holders of Common Units about whether we are in compliance with the limited partnership statutes of any states.

Holders of Common Units may also have to repay AmeriGas Partners amounts wrongfully returned or distributed to them. Under Delaware law we may not make a distribution to holders of Common Units if the distribution causes our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and nonrecourse liabilities are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date.

Our General Partner has conflicts of interest and limited fiduciary responsibilities, which may permit our General Partner to favor its own interest to the detriment of holders of Common Units.

Conflicts of interest can arise as a result of the relationships between AmeriGas Partners, on the one hand, and the General Partner and its affiliates, on the other. The directors and officers of the General Partner have fiduciary duties to manage the General Partner in a manner beneficial to the General Partner’s sole shareholder, AmeriGas, Inc., a wholly owned subsidiary of UGI Corporation. At the same time, the General Partner has fiduciary duties to manage AmeriGas Partners in a manner beneficial to both it and the unitholders. The duties of our General Partner to AmeriGas Partners and the unitholders, therefore, may come into conflict with the duties of the directors and officers of our General Partner to its sole shareholder, AmeriGas, Inc.

Such conflicts of interest might arise in the following situations, among others:

Decisions of our General Partner with respect to the amount and timing of cash expenditures, borrowings, and issuances of additional units and reserves in any quarter affect whether and the extent to which there is sufficient available cash from operating surplus to make quarterly distributions in a given quarter. In addition, actions by our General Partner may have the effect of enabling the General Partner to receive distributions that exceed 2% of total distributions.

AmeriGas Partners does not have any employees and relies solely on employees of the General Partner and its affiliates.

Under the terms of the Partnership Agreement, we reimburse our General Partner and its affiliates for costs incurred in managing and operating AmeriGas Partners, including costs incurred in rendering corporate staff and support services to us.

Any agreements between us and our General Partner and its affiliates do not grant to the holders of Common Units, separate and apart from AmeriGas Partners, the right to enforce the obligations of our General Partner and such affiliates in our favor. Therefore, the General Partner, in its capacity as the general partner of AmeriGas Partners, is primarily responsible for enforcing such obligations.

Under the terms of the Partnership Agreement, our General Partner is not restricted from causing us to pay the General

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Partner or its affiliates for any services rendered on terms that are fair and reasonable to us or entering into additional contractual arrangements with any of such entities on behalf of AmeriGas Partners. Neither the Partnership Agreement nor any of the other agreements, contracts and arrangements between us, on the one hand, and the General Partner and its affiliates, on the other, are or will be the result of arm's-length negotiations.

Our General Partner may exercise its right to call for and purchase units as provided in the Partnership Agreement or assign such right to one of its affiliates or to us.

Our Partnership Agreement expressly permits our General Partner to resolve conflicts of interest between itself or its affiliates, on the one hand, and us or the unitholders, on the other, and to consider, in resolving such conflicts of interest, the interests of other parties in addition to the interests of the unitholders. In addition, the Partnership Agreement provides that a purchaser of Common Units is deemed to have consented to certain conflicts of interest and actions of our General Partner and its affiliates that might otherwise be prohibited and to have agreed that such conflicts of interest and actions do not constitute a breach by the General Partner of any duty stated or implied by law or equity. The General Partner is not in breach of its obligations under the Partnership Agreement or its duties to us or the unitholders if the resolution of such conflict is fair and reasonable to us. The latitude given in the Partnership Agreement to the General Partner in resolving conflicts of interest may significantly limit the ability of a unitholder to challenge what might otherwise be a breach of fiduciary duty.

Our Partnership Agreement expressly limits the liability of our General Partner by providing that the General Partner, its affiliates and its officers and directors are not liable for monetary damages to us, the limited partners or assignees for errors of judgment or for any actual omissions if the General Partner and other persons acted in good faith. In addition, we are required to indemnify our General Partner, its affiliates and their respective officers, directors, employees and agents to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our General Partner or such other persons, if the General Partner or such persons acted in good faith and in a manner they reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal proceedings, had no reasonable cause to believe the conduct was unlawful.

Our General Partner may voluntarily withdraw or sell its general partner interest.

Our General Partner may withdraw as the general partner of AmeriGas Partners and the Operating Partnership without the approval of our unitholders. Our General Partner may also sell its general partner interest in AmeriGas Partners and the Operating Partnership without the approval of our unitholders. Any such withdrawal or sale could have a material adverse effect on us and could substantially change the management and resolutions of conflicts of interest, as described above.

Our substantial debt could impair our financial condition and our ability to make distributions to holders of Common Units and operate our business.

Our substantial debt and our ability to incur significant additional indebtedness, subject to the restrictions under AmeriGas OLP's bank credit agreement, the outstanding Heritage Operating, L.P. note agreements and the indentures governing our outstanding notes of the master limited partnership could adversely affect our ability to make distributions to holders of our Common Units and could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and place us at a competitive disadvantage compared to our competitors that have proportionately less debt. If we are unable to meet our debt service obligations, we could be forced to restructure or refinance our indebtedness, seek additional equity capital or sell assets. We may be unable to obtain financing or sell assets on satisfactory terms, or at all.

Our partnership agreement limits our General Partner's fiduciary duties of care to unitholders and restricts remedies available to unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duties.

Our partnership agreement contains provisions that reduce the standards of care to which our General Partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement waives or limits, to the extent permitted by law, any standard of care and duty imposed under state law to act in accordance with the provisions of our partnership agreement so long as such action is reasonably believed by our General Partner to be in, or not inconsistent with, our best interest. Accordingly, you may not be entitled to the benefits of certain fiduciary duties

imposed by statute or otherwise that would ordinarily apply to directors and senior officers of publicly traded corporations.

TAX RISKS

Our tax treatment depends on our status as a partnership for federal income tax purposes. If the IRS were to treat us as a corporation, then our cash available for distribution to holders of Common Units would be substantially reduced. The availability to a common unitholder of the federal income tax benefits of an investment in the Common Units depends, in

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large part, on our classification as a partnership for federal income tax purposes. No ruling from the IRS as to this status has been or is expected to be requested.

If we were classified as a corporation for federal income tax purposes (including, but not limited to, due to a change in our business or a change in current law), we would be required to pay tax on our income at corporate tax rates (currently a maximum 21% federal rate, in addition to state and local income taxes at varying rates), and distributions received by the Common Unitholders would generally be taxed a second time as corporate distributions. Because a tax would be imposed upon us as an entity, the cash available for distribution to the Common Unitholders would be substantially reduced. Treatment of us as a corporation would cause a material reduction in the anticipated cash flow and after-tax return to the Common Unitholders, likely causing a substantial reduction in the value of the Common Units.

Our Partnership Agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state, or local income tax purposes, our Partnership distribution levels will change. These changes would include a decrease in the current regular quarterly distribution and the target distribution levels to reflect the impact of this law on us. Any such reductions could increase our General Partner's percentage of cash distributions and decrease our limited partners' percentage of cash distributions.

In addition, on January 19, 2017, the IRS and Treasury Department issued final regulations concerning which activities give rise to qualifying income within the meaning of Section 7704 of the Code. We do not believe these regulations affect our ability to qualify as a publicly traded partnership.

If federal or state tax treatment of partnerships changes to impose entity-level taxation, the amount of cash available to us for distributions may be lower and distribution levels may have to be decreased.

Current law may change, causing us to be treated as a corporation for federal income tax purposes or otherwise subjecting us to entity-level taxation. For example, from time to time members of Congress have considered substantive changes to the existing federal income tax laws that would have affected certain publicly traded partnerships. Specifically, federal income tax legislation has been considered that would have eliminated partnership tax treatment for certain publicly traded partnerships and recharacterized certain types of income received from partnerships. Similarly, several states currently impose entity-level taxes on partnerships, including us. If any additional states were to impose a tax upon us as an entity, our cash available for distribution would be reduced. We are unable to predict whether any such changes in state entity-level taxes will ultimately be enacted. Any such changes could negatively impact the value of an investment in our Common Units.

Holders of Common Units will likely be subject to state, local and other taxes in states where holders of Common Units live or as a result of an investment in the Common Units.

In addition to United States federal income taxes, unitholders will likely be subject to other taxes, such as state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which the unitholder resides or in which we do business or own property. A unitholder will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. It is the responsibility of each unitholder to file all applicable United States federal, state and local tax returns.

A successful IRS contest of the federal income tax positions that we take may adversely affect the market for Common Units and the costs of any contest will be borne directly or indirectly by the unitholders and our General Partner.

We have not requested a ruling from the IRS with respect to our classification as a partnership for federal income tax purposes, the classification of any of the revenue from our propane operations as "qualifying income" under Section 7704 of the Code, or any other matter affecting us. Accordingly, the IRS may adopt positions that differ from the conclusions expressed herein or the positions taken by us. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of such conclusions or the positions taken by us. A court may not concur with some or all of our positions. Any contest with the IRS may materially and adversely impact the market for

the Common Units and the prices at which they trade. In addition, the costs of any contest with the IRS will be borne directly or indirectly by the unitholders and our General Partner.

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Holders of Common Units may be required to pay taxes on their allocable share of our taxable income even if they do not receive any cash distributions.

A unitholder will be required to pay federal income taxes and, in some cases, state and local income taxes on the unitholder's allocable share of our taxable income, even if the unitholder receives no cash distributions from us. We cannot guarantee that a unitholder will receive cash distributions equal to the unitholder's allocable share of our taxable income or even the tax liability to the unitholder resulting from that income.

Ownership of Common Units may have adverse tax consequences for tax-exempt organizations and certain other investors.

Investment in Common Units by certain tax-exempt entities, regulated investment companies and foreign persons raises issues unique to them. For example, virtually all of our taxable income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to the unitholder.

In addition, distributions to foreign persons will be reduced by withholding taxes at the highest applicable effective tax rate, and foreign persons will be required to file U.S. federal income tax returns and pay tax on their share of our taxable income. Prospective unitholders who are tax-exempt organizations or foreign persons should consult their tax advisors before investing in Common Units.

There are limits on the deductibility of losses that may adversely affect holders of Common Units.

In the case of taxpayers subject to the passive loss rules (e.g., individuals, closely-held corporations and regulated investment companies), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of the unitholder's entire investment in us in a fully taxable transaction with an unrelated party. A unitholder's share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly traded partnerships.

Tax gain or loss on disposition of Common Units could be different than expected.

A unitholder who sells Common Units will recognize the gain or loss equal to the difference between the amount realized, including the unitholder's share of our nonrecourse liabilities, and the unitholder's adjusted tax basis in the Common Units. Prior distributions in excess of cumulative net taxable income allocated for a Common Unit which decreased a unitholder's tax basis in that unit will, in effect, become taxable income if the Common Unit is sold at a price greater than the unitholder's tax basis in that Common Unit, even if the price is less than the unit's original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income. Furthermore, should the IRS successfully contest some conventions used by us, a unitholder could recognize more gain on the sale of Common Units than would be the case under those conventions, without the benefit of decreased income in prior years.

The reporting of partnership tax information is complicated and subject to audits.

We will furnish each unitholder with a Schedule K-1 that sets forth the unitholder's share of our income, gains, losses and deductions. In preparing these schedules, we will use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these schedules will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. Further, our tax return may be audited, which could result in an audit of a unitholder's individual tax return and increased liabilities for taxes because of adjustments resulting from the audit. The rights of a unitholder owning less than a 1% profits interest in us to participate in the income tax audit process are very limited. Further, any adjustments in our tax returns will lead to adjustments in the unitholders' tax returns and may lead to audits of unitholders' tax returns and adjustments of items unrelated to us. Each unitholder would bear the cost of any expenses incurred in connection with an examination of the unitholder's personal tax return.

There is a possibility of loss of tax benefits relating to nonconformity of Common Units and nonconforming depreciation conventions.

Because we cannot match transferors and transferees of Common Units, uniformity of the tax characteristics of the Common Units to a purchaser of Common Units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which we believe conform to

Treasury Regulations under Section 743(b) of the Code. A successful challenge to those conventions by the IRS could adversely affect the amount of tax benefits available to a purchaser of Common Units and could have a negative impact on the value of the Common Units.

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We prorate our items of income, gain, loss, and deduction for federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss, and deduction among our unitholders.

We will prorate our items of income, gain, loss and deduction for federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations, and, accordingly, our counsel is unable to opine as to the validity of this method.

However, in 2015, the Treasury Department issued regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Nonetheless, these regulations do not specifically authorize the use of all aspects of the proration method we have adopted. If the IRS were to challenge this method or new Treasury Regulations are issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

Holder of Common Units may have negative tax consequences if we default on our debt or sell assets.

If we default on any of our debt, the lenders will have the right to sue us for non-payment. This could cause an investment loss and negative tax consequences for unitholders through the realization of taxable income by unitholders without a corresponding cash distribution. Likewise, if we were to dispose of assets and realize a taxable gain while there is substantial debt outstanding and proceeds of the sale were applied to the debt, our unitholders could have increased taxable income without a corresponding cash distribution.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our General Partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so under all circumstances. If we are required to make payments of taxes, penalties and interest resulting from audit adjustments, our cash available for distribution to our unitholders might be substantially reduced.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of September 30, 2018, the Partnership owned approximately 80% of its nearly 640 local offices throughout the country. The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 30, 2018, the Partnership operated a transportation fleet with the following assets:

Approximate Quantity & Equipment Type	% Owned	
	Owned	Leased
920 Trailers	75%	25%
350 Tractors	4%	96%
510 Railroad tank cars	0%	100%
3,000 Bobtail trucks	26%	74%

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400	Rack trucks	29%	71%
3,700	Service and delivery trucks	35%	65%

Other assets owned at September 30, 2018 included approximately 1 million stationary storage tanks with typical capacities of more than 120 gallons, approximately 4.2 million portable propane cylinders with typical capacities of 1 to 120 gallons, 22 terminals and 12 transflow units.

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ITEM 3. LEGAL PROCEEDINGS

With the exception of the matters set forth in Note 12 to Consolidated Financial Statements included in Item 8 of this Report, no material legal proceedings are pending involving the Partnership, any of its subsidiaries, or any of their properties, and no such proceedings are known to be contemplated by governmental authorities other than claims arising in the ordinary course of the Partnership's business.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II:

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Each Common Unit represents a limited partner interest in the Partnership. Common Units are listed on the New York Stock Exchange, which is the principal trading market for such securities, under the symbol "APU." The following table sets forth, for the periods indicated, the high and low sale prices per Common Unit, as reported on the New York Stock Exchange ("NYSE") Composite Transactions tape, and the amount of cash distributions paid per Common Unit.

2018 Fiscal Year	Price Range		Cash
	High	Low	Distribution
Fourth Quarter	\$43.79	\$39.01	\$ 0.95
Third Quarter	\$43.30	\$39.42	\$ 0.95
Second Quarter	\$48.37	\$39.41	\$ 0.95
First Quarter	\$46.85	\$43.61	\$ 0.95

2017 Fiscal Year	Price Range		Cash
	High	Low	Distribution
Fourth Quarter	\$46.50	\$42.00	\$ 0.95
Third Quarter	\$47.92	\$42.52	\$ 0.95
Second Quarter	\$50.00	\$44.25	\$ 0.94
First Quarter	\$48.24	\$43.50	\$ 0.94

As of November 13, 2018, there were 596 record holders of the Partnership's Common Units.

The Partnership makes quarterly distributions to its partners in an aggregate amount equal to its Available Cash, as defined in the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as amended (the "Partnership Agreement"). Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. Reserves may be maintained to provide for (i) the proper conduct of the Partnership's business, (ii) distributions during the next four fiscal quarters and (iii) compliance with applicable law or any debt instrument or other agreement or obligation to which the Partnership is a party or its assets are subject. The information concerning restrictions on distributions required by Item 5 of this Report is incorporated herein by reference to Notes 5 and 6 to Consolidated Financial Statements, which are incorporated herein by reference.

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ITEM 6. SELECTED FINANCIAL DATA

(Dollars in thousands, except per unit amounts)	Year Ended September 30,					
	2018	2017	2016	2015	2014	
FOR THE PERIOD:						
Income statement data:						
Revenues	\$2,822,978	\$2,453,495	\$2,311,817	\$2,885,322	\$3,712,935	
Net income including noncontrolling interest	\$194,002	\$165,869	\$211,193	\$214,969	\$294,441	
Less: net income attributable to noncontrolling interest	(3,480)	(3,810)	(4,209)	(3,758)	(4,548)	
Net income attributable to AmeriGas Partners, L.P.	\$190,522	\$162,059	\$206,984	\$211,211	\$289,893	
Limited partners' interest in net income attributable to AmeriGas Partners, L.P.	\$143,296	\$116,913	\$166,757	\$178,742	\$263,144	
Income per limited partner unit — basic and diluted (a)	\$1.54	\$1.25	\$1.77	\$1.91	\$2.82	
Cash distributions declared per limited partner unit	\$3.80	\$3.78	\$3.72	\$3.60	\$3.44	
AT PERIOD END:						
Balance sheet data:						
Current assets	\$451,891	\$413,774	\$344,448	\$366,361	\$505,908	
Total assets	\$3,925,818	\$4,059,261	\$4,057,770	\$4,120,152	\$4,338,456	
Current liabilities (excluding debt)	\$437,402	\$433,085	\$426,780	\$468,515	\$496,925	
Total debt	\$2,801,633	\$2,712,279	\$2,487,009	\$2,330,036	\$2,375,132	
Partners' capital:						
AmeriGas Partners, L.P. partners' capital	\$536,607	\$747,899	\$984,221	\$1,164,216	\$1,322,514	
Noncontrolling interest	33,061	35,172	34,988	36,157	38,376	
Total partners' capital	\$569,668	\$783,071	\$1,019,209	\$1,200,373	\$1,360,890	
OTHER DATA:						
Capital expenditures	\$101,277	\$98,164	\$101,693	\$102,009	\$113,934	
Retail propane gallons sold (millions)	1,081.3	1,046.9	1,065.5	1,184.3	1,275.6	
Degree days — % colder (warmer) than normal (b)	0.3	% (11.3))% (12.4))% 0.2	% 9.5	%
Distributable Cash Flow ("DCF") (c):						
DCF	\$389,346	\$333,007	\$331,879	\$399,875	\$430,864	
DCF after growth capital expenditures	\$341,021	\$286,877	\$282,290	\$355,681	\$387,217	
Total distributions paid	\$402,645	\$398,877	\$387,659	\$368,426	\$346,744	
Ratio of DCF to total distributions paid	1.0	0.8	0.9	1.1	1.2	
Ratio of DCF after growth capital expenditures to total distributions paid	0.8	0.7	0.7	1.0	1.1	

Calculated in accordance with accounting guidance regarding the application of the two-class method for (a) determining earnings per share as it relates to master limited partnerships. See Note 2 to Consolidated Financial Statements.

Deviation from average heating degree days for the 15-year period of 2002-2016 based upon national weather (b) statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

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(c) The following table reconciles net cash provided by operating activities to (1) DCF and (2) DCF after growth capital expenditures:

(Thousands of dollars)	Year Ended September 30,				
	2018	2017	2016	2015	2014
Net cash provided by operating activities	\$410,269	\$356,782	\$422,943	\$523,858	\$480,070
Exclude the impact of changes in operating working capital:					
Accounts receivable	22,849	35,132	(3,963)	(51,613)	15,246
Inventories	13,783	37,398	(15,478)	(86,198)	22,804
Accounts payable	(18,573)	(26,325)	5,267	52,975	16,643
Other current assets	393	8,661	(3,895)	10,889	(2,429)
Other current liabilities	26,467	14,436	(7,564)	8,825	(11,045)
Provision for uncollectible accounts	(14,016)	(17,693)	(11,215)	(15,800)	(26,403)
Other cash flows from operating activities, net	1,110	(23,350)	(2,112)	14,754	6,265
	442,282	385,041	383,983	457,690	501,151
Maintenance capital expenditures (i)	(52,936)	(52,034)	(52,104)	(57,815)	(70,287)
DCF (ii) (A)	389,346	333,007	331,879	399,875	430,864
Growth capital expenditures (i)	(48,325)	(46,130)	(49,589)	(44,194)	(43,647)
DCF after growth capital expenditures (ii) (B)	\$341,021	\$286,877	\$282,290	\$355,681	\$387,217
Distributions:					
Distributions to Common Unitholders	\$353,298	\$351,363	\$345,644	\$334,387	\$319,427
Distributions to the General Partner	49,347	47,514	42,015	34,039	27,317
Total distributions paid (C)	\$402,645	\$398,877	\$387,659	\$368,426	\$346,744
Ratio of DCF to total distributions paid (A)/(C)	1.0	0.8	0.9	1.1	1.2
Ratio of DCF after growth capital expenditures to total distributions paid (B)/(C)	0.8	0.7	0.7	1.0	1.1

The Partnership considers maintenance capital expenditures to include those capital expenditures that maintain the (i) operating capacity of the Partnership while growth capital expenditures include capital expenditures that increase the operating capacity of the Partnership.

"DCF" and "DCF after growth capital expenditures" should not be considered as alternatives to net income (as an indicator of operating performance) or alternatives to cash flow (as a measure of liquidity or ability to service debt obligations) and are not measures of performance or financial condition under accounting principles generally accepted in the United States of America ("GAAP"). Management believes DCF and DCF after growth capital expenditures are meaningful non-GAAP measures for evaluating the Partnership's ability to declare and pay distributions pursuant to the terms of the Partnership Agreement. The Partnership's definitions of DCF and DCF (ii) after growth capital expenditures may be different from those used by other companies. The ability of the Partnership to pay distributions on all units depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the Partnership's ability to borrow under its Credit Agreement, to refinance maturing debt and to increase its long-term debt. Some of these factors are affected by conditions beyond our control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") discusses our results of operations and our financial condition. MD&A should be read in conjunction with our Items 1 "Business," 1A "Risk Factors," and 2 "Properties" and our Consolidated Financial Statements in Item 8 below.

Our results are significantly influenced by temperatures in our service territories particularly during the heating season months of October through March. As a result, our earnings, after adjusting for the effects of gains and losses on commodity derivative instruments not associated with current period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

AmeriGas Partners does not designate its propane commodity derivative instruments as hedges under U.S. generally accepted accounting principles ("GAAP"). As a result, volatility in net income attributable to AmeriGas Partners as determined in accordance with GAAP can occur as gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising non-cash changes in unrealized gains and losses, are reflected in cost of sales.

AmeriGas Partners' management presents the non-GAAP measures "Adjusted EBITDA," "adjusted net income attributable to AmeriGas Partners," "adjusted total margin," and "adjusted operating income" (in addition to "net income attributable to AmeriGas Partners" determined in accordance with GAAP) in order to assist in the evaluation of the Partnership's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners' performance because they eliminate the impact of (1) changes in unrealized gains and losses, and certain realized gains and losses, on commodity derivative instruments not associated with current-period transactions and (2) certain other gains and losses that competitors do not necessarily have, to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. For additional information on these non-GAAP measures as well as the non-GAAP measure, "EBITDA," including reconciliations of these non-GAAP measures to the most closely associated GAAP terms, see the non-GAAP information included in the section "Non-GAAP Financial Measures" below.

Executive Overview

Our Fiscal 2018 operating results benefited from temperatures based upon heating degree days that were near normal and approximately 13% colder than in Fiscal 2017. The near normal Fiscal 2018 weather followed two consecutive years of significantly warmer than normal weather. Although Fiscal 2018 average weather was near normal, we experienced significant variability in weather patterns throughout the heating season that continued into the spring of 2018. The heating season began slowly with temperatures in October and November averaging nearly 10% warmer than normal. In late December 2017 and early January 2018, we experienced extremely cold weather which was followed by significantly warmer than normal temperatures in February through mid-March. Colder than normal weather returned during the second half of March and continued through the month of April.

We recorded GAAP net income attributable to AmeriGas Partners for Fiscal 2018 of \$190.5 million compared to GAAP net income attributable to AmeriGas Partners for Fiscal 2017 of \$162.1 million. GAAP net income in Fiscal 2018 reflects the effects of (1) a \$75.0 million impairment charge related to the decision to discontinue the use of certain tradenames and trademarks and (2) \$12.5 million of unrealized gains on commodity derivative instruments not associated with current-period transactions. GAAP net income in Fiscal 2017 reflects the effects of (1) \$31.1 million of unrealized gains on commodity derivative instruments not associated with current-period transactions; (2) \$59.7 million of losses on early extinguishments of debt; and (3) a \$7.5 million environmental accrual. Net income attributable to AmeriGas Partners for Fiscal 2017 was also reduced by the impact of net adjustments of \$7.7 million to correct previously recorded gains on sales of fixed assets (\$8.8 million) and to decrease depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage Propane acquisition in 2012.

Adjusted net income attributable to AmeriGas Partners (as further described below) for Fiscal 2018 was \$252.4 million compared with adjusted net income attributable to AmeriGas Partners for Fiscal 2017 of \$198.5 million. The \$53.9 million increase in adjusted net income attributable to AmeriGas Partners reflects a \$57.7 million increase in adjusted total margin on higher retail volumes sold, and the absence of \$7.7 million of net adjustments recorded in Fiscal 2017 to correct previously recorded gains on sales of fixed assets and associated depreciation. These increases in adjusted net income were partially offset by slightly higher operating and administrative expenses. During Fiscal 2018, the Partnership continued to drive costs out of the business through technology initiatives and organizational structure changes. Through continued expansion and enhancement of technology initiatives, we continue to reduce our distribution costs and optimize our delivery routing to increase the efficiency of our distribution model. We increased the number of customer

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accounts registered for online capabilities and have developed and deployed other technology-enabled methods of communicating with our customers. Volumes from our ACE cylinder program in Fiscal 2018 were the highest on record reflecting an increase in the number of retail locations including locations at which we offer 24/7 automated self-serve vending machines. Our National Account's performance in Fiscal 2018 benefited from double-digit volume growth due in large part to more normal winter weather along with customer growth and favorable unit margins. During Fiscal 2018, we divested certain non-core assets including our HVAC business in the Mid-Atlantic region and a dozen non-strategic district locations, and we completed the acquisition of two retail propane distribution businesses. As more fully described below under "Financial Condition and Liquidity" and in Note 11 to Consolidated Financial Statements, on November 7, 2017, we entered into a Standby Equity Commitment Agreement with the General Partner and UGI pursuant to which UGI has committed to make up to \$225 million of capital contributions to the Partnership through July 1, 2019, for consideration comprising new Class B Common Units representing limited partner interests in the Partnership. Although the Partnership has not called on this facility, this capital commitment provides balance sheet flexibility to continue our strategic initiatives and underscores the Partnership's commitment to providing long-term value to its investors while maintaining a strong balance sheet.

Looking ahead, our results in Fiscal 2019 will be influenced by a number of factors including, among others, temperatures and the severity of weather in our service territories during the peak heating-season, the level of volatility of commodity prices for propane, the level of customer conservation and the strength of economic activity.

Non-GAAP Financial Measures

The Partnership's management uses certain non-GAAP financial measures, including adjusted total margin, EBITDA, Adjusted EBITDA, adjusted operating income, and adjusted net income attributable to AmeriGas Partners, when evaluating the Partnership's overall performance. These financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

Management believes earnings before interest, income taxes, depreciation and amortization ("EBITDA"), as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have ("Adjusted EBITDA"), is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership's operating performance with that of other companies within the propane industry and (2) assess the Partnership's ability to meet loan covenants. The Partnership's definition of Adjusted EBITDA may be different from those used by other companies. Management uses Adjusted 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, the effects of gains and losses on commodity derivative instruments not associated with current-period transactions or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization, gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have from Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant years. Management also uses Adjusted EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's Adjusted EBITDA to assess the profitability of the Partnership which is one of UGI Corporation's reportable segments. UGI Corporation discloses the Partnership's Adjusted EBITDA in its disclosure about reportable segments as the profitability measure for its domestic propane segment.

Our other non-GAAP financial measures comprise adjusted total margin, adjusted operating income and adjusted net income attributable to AmeriGas Partners. Management believes the presentations of these non-GAAP financial measures provide useful information to investors to more effectively evaluate the period-over-period results of operations of the Partnership. Management uses these non-GAAP financial measures because they eliminate the impact of (1) gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other gains and losses that competitors do not necessarily have to provide insight into the comparison of period-over-period profitability to that of other master limited partnerships.

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The following tables include reconciliations of adjusted total margin, adjusted operating income, adjusted net income attributable to AmeriGas Partners, EBITDA and Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP for the years presented:

(Millions of dollars)	Year Ended September 30,		
	2018	2017	2016
Adjusted total margin:			
Total revenues	\$2,823.0	\$2,453.5	\$2,311.8
Cost of sales - propane	(1,215.6)	(891.3)	(719.8)
Cost of sales - other (a)	(86.6)	(80.5)	(78.9)
Total margin	1,520.8	1,481.7	1,513.1
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(12.5)	(31.1)	(66.1)
Adjusted total margin	\$1,508.3	\$1,450.6	\$1,447.0
Adjusted operating income:			
Operating income	\$361.3	\$387.9	\$422.6
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(12.5)	(31.1)	(66.1)
Impairment of Heritage tradenames and trademarks	75.0	—	—
MGP environmental accrual	—	7.5	—
Adjusted operating income	\$423.8	\$364.3	\$356.5
Adjusted net income attributable to AmeriGas Partners:			
Net income attributable to AmeriGas Partners	\$190.5	\$162.1	\$207.0
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(12.5)	(31.1)	(66.1)
Loss on extinguishments of debt	—	59.7	48.9
Impairment of Heritage tradenames and trademarks	75.0	—	—
MGP environmental accrual	—	7.5	—
Noncontrolling interest in net gains on commodity derivative instruments not associated with current-period transactions, impairment of Heritage tradenames and trademarks and MGP environmental accrual	(0.6)	0.3	0.7
Adjusted net income attributable to AmeriGas Partners	\$252.4	\$198.5	\$190.5
EBITDA and Adjusted EBITDA:			
Net income attributable to AmeriGas Partners	\$190.5	\$162.1	\$207.0
Income tax expense (benefit) (a)	4.3	2.0	(1.6)
Interest expense	163.1	160.2	164.1
Depreciation	145.8	147.7	146.8
Amortization	39.9	42.8	43.2
EBITDA	543.6	514.8	559.5
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(12.5)	(31.1)	(66.1)
Loss on extinguishments of debt	—	59.7	48.9
MGP environmental accrual	—	7.5	—
Impairment of Heritage tradenames and trademarks	75.0	—	—
Noncontrolling interest in net gains on commodity derivative instruments not associated with current-period transactions, impairment of Heritage tradenames and trademarks and MGP environmental accrual (a)	(0.6)	0.4	0.7

Adjusted EBITDA	\$605.5	\$551.3	\$543.0
(a) Includes the impact of rounding.			

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Analysis of Results of Operations

The following analyses compare the Partnership's results of operations for (1) Fiscal 2018 with Fiscal 2017 and (2) Fiscal 2017 with the year ended September 30, 2016 ("Fiscal 2016").

Fiscal 2018 Compared with Fiscal 2017

(Dollars in millions)	2018	2017	Increase (Decrease)		
Gallons sold (millions):					
Retail	1,081.3	1,046.9	34.4	3.3	%
Wholesale	62.3	49.1	13.2	26.9	%
	1,143.6	1,096.0	47.6	4.3	%
Revenues:					
Retail propane	\$2,480.7	\$2,142.8	\$337.9	15.8	%
Wholesale propane	65.1	40.7	24.4	60.0	%
Other	277.2	270.0	7.2	2.7	%
	\$2,823.0	\$2,453.5	\$369.5	15.1	%
Total margin (a)	\$1,520.8	\$1,481.7	\$39.1	2.6	%
Operating and administrative expenses (b)	\$923.1	\$915.1	\$8.0	0.9	%
Impairment of Heritage tradenames and trademarks (c)	\$75.0	\$—	\$75.0	N.M.	
Operating income (d)(f)	\$361.3	\$387.9	\$(26.6)	(6.9)	%
Net income attributable to AmeriGas Partners (g)	\$190.5	\$162.1	\$28.4	17.5	%
Non-GAAP financial measures (e):					
Adjusted total margin	\$1,508.3	\$1,450.6	\$57.7	4.0	%
EBITDA (f)	\$543.6	\$514.8	\$28.8	5.6	%
Adjusted EBITDA (f)	\$605.5	\$551.3	\$54.2	9.8	%
Adjusted operating income (d)(f)	\$423.8	\$364.3	\$59.5	16.3	%
Adjusted net income attributable to AmeriGas Partners (g)	\$252.4	\$198.5	\$53.9	27.2	%
Heating degree days — % colder (warmer) than normal (h)	0.3	% (11.3)	%	—	—

Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin includes (a) the impact of net unrealized gains of \$12.5 million and \$31.1 million, respectively, on commodity derivative instruments not associated with current-period transactions.

Operating and administrative expenses in Fiscal 2017 include a \$7.5 million environmental accrual associated with (b) the site of a former manufactured gas plant ("MGP") obtained in a prior-year acquisition (see Note 12 to Consolidated Financial Statements).

(c) Reflects a \$75.0 million impairment charge associated with a plan to discontinue the use of Heritage tradenames and trademarks (see Note 10 to Consolidated Financial Statements).

Amounts for Fiscal 2017 reflect an adjustment to correct depreciation expense associated with prior periods which (d) reduced operating income and adjusted operating income by \$7.5 million (see Note 2 to Consolidated Financial Statements).

These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, (e) GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section "Non-GAAP Financial Measures" above.

Amounts for Fiscal 2017 reflect adjustments to correct previously recorded gains on sales of fixed assets (\$8.8 million) and decreased depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage (f) Propane acquisition in 2012, which reduced operating income and adjusted operating income by \$7.7 million, and reduced EBITDA and Adjusted EBITDA by \$8.8 million (see Note 2 to Consolidated Financial Statements).

(g) Fiscal 2017 includes loss on extinguishments of debt of \$59.7 million.

(h)

Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration (“NOAA”) for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

N.M. - Variance is not meaningful.

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The Partnership's retail gallons sold during Fiscal 2018 were 3.3% higher than in Fiscal 2017. Average temperatures based upon heating degree days during Fiscal 2018 were 0.3% colder than normal and 13.0% colder than Fiscal 2017.

Retail propane revenues increased \$337.9 million during Fiscal 2018 reflecting the effects of higher average retail selling prices (\$267.5 million) and higher retail volumes sold (\$70.4 million). Wholesale propane revenues increased \$24.4 million reflecting the effects of higher average wholesale selling prices (\$13.5 million) and higher wholesale volumes sold (\$10.9 million). Average daily wholesale propane commodity prices during Fiscal 2018 at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 36% higher than such prices during Fiscal 2017. Other revenues in Fiscal 2018 were slightly higher than in the prior year principally reflecting higher service and ancillary revenues.

Total cost of sales during Fiscal 2018 increased \$330.3 million from Fiscal 2017. Cost of sales in Fiscal 2018 and Fiscal 2017 include \$12.5 million and \$31.1 million of gains on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of these net gains on derivative commodity instruments, total cost of sales increased \$311.8 million principally reflecting the effects on propane cost of sales of higher average propane product costs (\$266.1 million) and, to a much lesser extent, the effects of the higher retail and wholesale propane volumes sold (\$39.6 million).

Total margin (which includes \$12.5 million and \$31.1 million of gains on commodity derivative instruments not associated with current-period transactions in Fiscal 2018 and Fiscal 2017, respectively) increased \$39.1 million. Adjusted total margin increased \$57.7 million principally reflecting slightly higher retail propane total margin (\$56.6 million) and slightly higher non-propane total margin (\$1.1 million). The increase in retail propane total margin reflects the higher retail volumes sold and, to a much lesser extent, slightly higher average retail propane unit margins.

EBITDA and operating income (both of which include the effects of the previously mentioned unrealized gains on commodity derivative instruments, the impairment charge associated with the Heritage tradenames and trademarks, and the environmental accrual in Fiscal 2017 and, with respect to EBITDA, the loss on extinguishments of debt in Fiscal 2017), increased (decreased) \$28.8 million and \$(26.6) million, respectively. Adjusted EBITDA increased \$54.2 million in Fiscal 2018 principally reflecting the effects of the higher adjusted total margin (\$57.7 million) and higher other operating income (\$12.5 million) partially offset by a \$15.5 million increase in operating and administrative expenses (excluding the effects of the \$7.5 million MGP accrual in the prior year). The increase in other operating income largely reflects the absence of an \$8.8 million adjustment recorded in Fiscal 2017 to correct previously recorded gains on sales of fixed assets acquired with the Heritage Propane acquisition in 2012. The increase in operating and administrative expenses reflects, among other things, higher total compensation and benefits cost (\$20.4 million), principally higher labor, overtime and incentive compensation costs associated with the increased activity and improved performance; higher vehicle expenses (\$10.6 million); and higher outside services expense (\$6.3 million). These increases in operating expenses were partially offset by lower general insurance and self-insured casualty and liability expense and, to a lesser extent, lower provisions for uncollectible accounts and travel and entertainment expenses. Adjusted operating income increased \$59.5 million in Fiscal 2018 reflecting the \$54.2 million increase in Adjusted EBITDA and lower depreciation and amortization expense (\$4.8 million).

The \$53.9 million increase in adjusted net income attributable to AmeriGas Partners principally reflects the \$59.5 million increase in adjusted operating income partially offset by slightly higher interest expense on higher average short-term borrowings and interest rates, and a \$2.2 million increase in income taxes. The increase in income taxes includes adjustments to existing deferred income tax assets of our corporate subsidiary resulting from the Tax Cuts and Jobs Act (the "TCJA") signed into law on December 22, 2017 which reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. Other than this one-time adjustment to the deferred income tax assets of our corporate subsidiary, we do not expect the TCJA to have a material impact on our results.

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Fiscal 2017 Compared with Fiscal 2016

(Dollars in millions)	2017	2016	Increase (Decrease)	
Gallons sold (millions):				
Retail	1,046.9	1,065.5	(18.6)	(1.7)%
Wholesale	49.1	49.7	(0.6)	(1.2)%
	1,096.0	1,115.2	(19.2)	(1.7)%
Revenues:				
Retail propane	\$2,142.8	\$2,023.8	\$119.0	5.9 %
Wholesale propane	40.7	29.3	11.4	38.9 %
Other	270.0	258.7	11.3	4.4 %
	\$2,453.5	\$2,311.8	\$141.7	6.1 %
Total margin (a)	\$1,481.7	\$1,513.1	\$(31.4)	(2.1)%
Operating and administrative expenses (b)	\$915.1	\$928.8	\$(13.7)	(1.5)%
Operating income (c)(d)	\$387.9	\$422.6	\$(34.7)	(8.2)%
Net income attributable to AmeriGas Partners (e)	\$162.1	\$207.0	\$(44.9)	(21.7)%
Non-GAAP financial measures (f):				
Adjusted total margin	\$1,450.6	\$1,447.0	\$3.6	0.2 %
EBITDA (c)	\$514.8	\$559.5	\$(44.7)	(8.0)%
Adjusted EBITDA (c)	\$551.3	\$543.0	\$8.3	1.5 %
Adjusted operating income (c)(d)	\$364.3	\$356.5	\$7.8	2.2 %
Adjusted net income attributable to AmeriGas Partners (e)	\$198.5	\$190.5	\$8.0	4.2 %
Heating degree days — % (warmer) than normal (g)	(11.3)%	(12.4)%	—	—

Total margin represents “total revenues” less “cost of sales — propane” and “cost of sales — other.” Total margin includes (a) impact of net unrealized gains of \$31.1 million and \$66.1 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) Operating and administrative expenses in Fiscal 2017 include a \$7.5 million environmental accrual associated with the site of a former MGP obtained in a prior-year acquisition (see Note 12 to Consolidated Financial Statements).

Amounts for Fiscal 2017 reflect adjustments to correct previously recorded gains on sales of fixed assets (\$8.8 million) and decreased depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage

(c) Propane acquisition in 2012, which reduced operating income and adjusted operating income by \$7.7 million; and reduced EBITDA and Adjusted EBITDA by \$8.8 million (see Note 2 to Consolidated Financial Statements).

Amounts for Fiscal 2017 reflect an adjustment to correct depreciation expense associated with prior periods which (d) reduced operating income and adjusted operating income by \$7.5 million (see Note 2 to Consolidated Financial Statements).

(e) Fiscal 2017 and Fiscal 2016 include losses on extinguishments of debt of \$59.7 million and \$48.9 million, respectively, (see Note 6 to Consolidated Financial Statements).

These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, (f) GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section “Non-GAAP Financial Measures” above.

(g) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by NOAA for 344 Geo regions in the United States, excluding Alaska and Hawaii.

Retail gallons sold during Fiscal 2017 decreased 1.7% compared with Fiscal 2016. Average temperatures based upon heating degree days during Fiscal 2017 were significantly warmer than normal but slightly colder than Fiscal 2016. Although average temperatures during Fiscal 2017 were slightly colder than the prior year, the critical heating season months of January and February were approximately 9% warmer than during the same period of Fiscal 2016.

Retail propane revenues increased \$119.0 million during Fiscal 2017 reflecting the effects of higher average retail selling prices (\$154.3 million) partially offset by the lower retail volumes sold (\$35.3 million). Wholesale propane revenues increased \$11.4 million during Fiscal 2017 reflecting the effects of higher average wholesale selling prices (\$11.8 million) partially offset by lower wholesale volumes sold (\$0.4 million). Average daily wholesale propane commodity prices during Fiscal 2017 at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 50% higher than such prices during Fiscal 2016 when commodity propane prices were at recent historic lows. Other revenues in Fiscal 2017 were slightly higher than in Fiscal 2016.

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Total cost of sales during Fiscal 2017 increased \$173.2 million from Fiscal 2016. Cost of sales in Fiscal 2017 and Fiscal 2016 are net of \$31.1 million and \$66.1 million of gains on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects of the net gains on derivative commodity instruments, total cost of sales increased \$138.2 million principally reflecting the effects on propane cost of sales of higher average propane product costs (\$150.1 million) reduced by the effects of the lower propane volumes sold (\$13.6 million).

Total margin (which includes \$31.1 million and \$66.1 million of net unrealized gains on commodity derivative instruments in Fiscal 2017 and Fiscal 2016, respectively), decreased \$31.4 million in Fiscal 2017. Adjusted total margin increased \$3.6 million in Fiscal 2017 as slightly lower retail propane total margin (\$5.7 million) was more than offset by higher non-propane total margin. The slight decrease in retail propane total margin principally reflects the decrease in retail gallons sold partially offset by slightly higher average retail unit margin.

Fiscal 2017 EBITDA and operating income (including the effects of the previously mentioned unrealized gains on commodity derivative instruments, the MGP environmental accrual and, with respect to EBITDA, losses on extinguishments of debt) decreased \$44.7 million and \$34.7 million, respectively, from amounts in Fiscal 2016. Adjusted EBITDA in Fiscal 2017 increased \$8.3 million principally reflecting lower Fiscal 2017 operating and administrative expenses (\$21.2 million), as adjusted for the effects of the \$7.5 million MGP accrual in Fiscal 2017, and the slightly higher total margin (\$3.6 million). These increases were offset, in part, by a decrease in other operating income (\$16.4 million). Partnership operating and administrative expenses in Fiscal 2017, as adjusted for the \$7.5 million MGP accrual, reflect lower uninsured litigation and general insurance expenses (\$26.8 million), resulting in large part from the absence of a \$15.0 million accrual for a class action lawsuit recorded during the fourth quarter of Fiscal 2016, and lower group medical insurance expenses (\$9.8 million). These operating and administrative expense decreases were partially offset by higher vehicle expenses (\$7.8 million) and higher bad debt expense (\$6.5 million). The lower other operating income in Fiscal 2017 reflects, among other things, lower gains on asset sales (\$10.3 million), primarily resulting from an \$8.8 million adjustment recorded during the first quarter of Fiscal 2017 to correct previously recorded gains on sales of fixed assets, and lower fuel tax credits (\$2.8 million). Adjusted operating income increased \$7.8 million in Fiscal 2017 principally reflecting the higher Adjusted EBITDA (\$8.3 million).

During Fiscal 2017, AmeriGas Partners recognized a loss of \$59.7 million associated with early extinguishments of debt. During Fiscal 2016, AmeriGas Partners recognized a loss of \$48.9 million associated with early extinguishments of debt.

Financial Condition and Liquidity

Capitalization and Liquidity

The Partnership's debt outstanding at September 30, 2018, totaled \$2,801.6 million (including current maturities of long-term debt of \$8.6 million and short-term borrowings of \$232.0 million). The Partnership's debt outstanding at September 30, 2017, totaled \$2,712.3 million (including current maturities of long-term debt of \$8.4 million and short-term borrowings of \$140.0 million). Total long-term debt outstanding at September 30, 2018, including current maturities, comprises \$2,575.0 million of AmeriGas Partners' Senior Notes, \$7.5 million of HOLP Senior Notes and \$14.6 million of other long-term debt, and is net of \$27.5 million of unamortized debt issuance costs.

In December 2017, AmeriGas OLP entered into the Second Amended and Restated Credit Agreement ("AmeriGas OLP Credit Agreement") with a group of banks. The AmeriGas OLP Credit Agreement amends and restates a previous credit agreement (collectively, the "credit agreements"). The AmeriGas OLP Credit Agreement provides for borrowings up to \$600 million (including a \$150 million sublimit for letters of credit) and expires in December 2022. The AmeriGas OLP Credit Agreement permits 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, or at a one-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the AmeriGas OLP Credit Agreement, plus a margin. The applicable margin on base rate borrowings ranges from 0.50% to 1.75%, and the applicable margin on Eurodollar Rate borrowings ranges from 1.50% to 2.75%.

At September 30, 2018 and 2017, there were \$232.0 million and \$140.0 million, respectively, of credit agreement borrowings outstanding. The weighted average interest rates on credit agreement borrowings at September 30, 2018 and 2017, were 4.58% and 3.74%, respectively. Issued and outstanding letters of credit under the credit agreements, which reduce the amounts available for borrowings, totaled \$63.5 million and \$67.2 million at September 30, 2018 and 2017. The average daily and peak short-term borrowings outstanding under the credit agreements during Fiscal 2018 were \$191.2 million and \$349.0 million, respectively. The average daily and peak short-term borrowings outstanding under the credit agreement during Fiscal 2017 were \$89.3 million and \$292.5 million, respectively. At September 30, 2018, the Partnership's available borrowing capacity under the AmeriGas OLP Credit Agreement was \$304.5 million.

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Based on existing cash balances, cash expected to be generated from operations, and borrowings available under the AmeriGas OLP Credit Agreement, the Partnership’s management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2019. For a more detailed discussion of the AmeriGas OLP Credit Agreement, see Note 6 to Consolidated Financial Statements.

UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement (the “Commitment Agreement”) with the General Partner and UGI. Under the terms of the Commitment Agreement, UGI has committed to make up to \$225 million of capital contributions to the Partnership through July 1, 2019 (the “Commitment Period”). UGI’s capital contributions may be made from time to time during the Commitment Period upon request of the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement. In consideration for any capital contributions pursuant to the Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in the Partnership (“Class B Units”). The Class B Units will be issued at a price per unit equal to the 20-day volume-weighted average price of the Partnership’s Common Units prior to the date of the Partnership’s related capital call. The Class B Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Unit yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in kind in the form of additional Class B Units. While outstanding, the Class B Units will not be subject to any incentive distributions from the Partnership.

Generally, at any time after five years from the initial issuance of the Class B Units, holders may elect to convert all or any portion of the Class B Units they own into Common Units on a one-for-one basis, and at any time after six years from the initial issuance of the Class B Units, subject to certain conditions, the Partnership may elect to convert all or any portion of the Class B Units into Common Units.

Partnership Distributions

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 Fourth Amended and Restated Agreement of Limited Partnership, as amended, (the “Partnership Agreement”) for such quarter. Available Cash generally means:

- 1.cash on hand at the end of such quarter, plus
- 2.all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter, less
- 3.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.

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). When 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 paid during Fiscal 2018, Fiscal 2017 and Fiscal 2016 were as follows:

	2018	2017	2016
1st Quarter	\$0.95	\$0.94	\$0.92
2nd Quarter	\$0.95	\$0.94	\$0.92
3rd Quarter	\$0.95	\$0.95	\$0.94
4th Quarter	\$0.95	\$0.95	\$0.94

During Fiscal 2018, Fiscal 2017 and Fiscal 2016, the Partnership made quarterly distributions to Common Unitholders in excess of \$0.605 per limited partner unit. As a result, the General Partner received a greater percentage of the total

Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. The total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled \$54.9 million in Fiscal 2018,

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\$52.7 million in Fiscal 2017 and \$47.4 million in Fiscal 2016. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2018, Fiscal 2017 and Fiscal 2016 of \$45.3 million, \$43.5 million and \$38.2 million, respectively.

Cash Flows

Operating Activities:

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

Comparisons of year-over-year cash flow from operating activities is affected by the impact on operating cash flow from changes in operating working capital resulting from changes in commodity prices for propane. Cash flow from operating activities in Fiscal 2018, Fiscal 2017 and Fiscal 2016 was \$410.3 million, \$356.8 million and \$422.9 million, respectively. Cash flow from operating activities before changes in operating working capital was \$455.2 million in Fiscal 2018, \$426.1 million in Fiscal 2017 and \$397.3 million in Fiscal 2016. The year-over-year differences in cash flow from operating activities before changes in operating working capital (after adjusting for the effects of unrealized gains and losses on derivative instruments, impairment of tradenames and trademarks, and losses on extinguishments of debt) principally reflects the impact of year-over-year changes in operating results adjusted for changes in other noncash charges and credits included in net income. Changes in operating working capital (used) provided operating cash flow of \$(44.9) million in Fiscal 2018, \$(69.3) million in Fiscal 2017 and \$25.6 million in Fiscal 2016. Cash flow from changes in operating working capital primarily reflects the impact of propane prices on cash receipts from customers as reflected in changes in accounts receivable, and cash paid for propane purchased as reflected in changes in inventories and accounts payable. The higher use of cash from changes in operating working capital in Fiscal 2018 and Fiscal 2017 reflects, among other things, generally increasing propane commodity prices over the last two fiscal years.

Investing Activities:

Investing activity cash flow principally comprises expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from disposals of assets. We spent \$101.3 million for property, plant and equipment in Fiscal 2018; \$98.2 million in Fiscal 2017; and \$101.7 million in Fiscal 2016. Proceeds from disposals of assets were slightly higher in Fiscal 2018 principally reflecting proceeds from the sale of non-strategic district locations in late Fiscal 2018.

Financing Activities:

Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, short-term borrowings, and issuances of AmeriGas Partners Common Units. Distributions on Common Units and the General Partner interest totaled \$402.6 million, \$398.9 million and \$387.7 million in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. The year-over-year increases in distributions principally reflect the effects of increases in the Common Unit distribution rate in May 2017 and May 2016. During Fiscal 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$700.0 million of Senior Notes the net proceeds of which were used in large part for the early repayment of a portion of AmeriGas Partners' 7.00% Senior Notes having an aggregate principal balance of \$500.0 million. Also during Fiscal 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$525 million of Senior Notes the net proceeds of which were used primarily for the early repayments in February and May of the remaining outstanding AmeriGas Partners' 7.00% Senior Notes having an

aggregate principal balance of \$480.8 million. In Fiscal 2016, AmeriGas Partners issued \$1.35 billion face amount of AmeriGas Partners Senior Notes and used substantially all of the net proceeds to repay \$1.27 billion principal amount of existing AmeriGas Partners Senior Notes subject to tender offers and notices of redemption.

Capital Expenditures

In the following table, we present capital expenditures (which exclude acquisitions) for Fiscal 2018, Fiscal 2017 and Fiscal 2016. We also provide amounts we expect to spend in Fiscal 2019. We expect to finance Fiscal 2019 capital expenditures principally from cash generated by operations and borrowings under our Credit Agreement.

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Year Ended September 30, (millions of dollars)	2019 (estimate)	2018	2017	2016
Maintenance capital expenditures	\$ 54.0	\$52.9	\$52.0	\$52.1
Growth capital expenditures	63.0	48.4	46.1	49.6
Total capital expenditures	\$ 117.0	\$101.3	\$98.1	\$101.7

The increase in Fiscal 2019 capital expenditures principally reflects IT expenditures associated with an Enterprise Resource Planning (“ERP”) system. The Partnership considers a number of factors in determining whether its capital expenditures are growth capital expenditures or maintenance capital expenditures. The Partnership considers growth capital expenditures to include those expenditures that increase the operating capacity of the Partnership. Examples of growth capital expenditures include, but are not limited to, expenditures to build new plants, expenditures related to the growth of our base business, such as new customer tanks and equipment, expansion of our National Accounts or ACE programs and expenditures in technology that enable us to leverage our scale to generate efficiencies or expand our operations. Maintenance capital expenditures are generally considered to be any capital expenditure that maintains the Partnership’s operating capacity and include capital repairs to buildings, bulk storage plants, vehicles, company-owned tanks and any expenditure related to the maintenance of our existing infrastructure.

Contractual Cash Obligations and Commitments

The Partnership has certain contractual cash obligations that extend beyond Fiscal 2018 including scheduled repayments of long-term debt, interest on long-term fixed-rate debt and lease obligations. The following table presents significant contractual cash obligations as of September 30, 2018:

(millions of dollars)	Payments Due by Period				
	Total	Fiscal 2019	Fiscal 2020 - 2021	Fiscal 2022 - 2023	Thereafter
Long-term debt (a)	\$2,597.1	\$8.8	\$11.6	\$1.9	\$ 2,574.8
Interest on long-term fixed-rate debt (b)	1,067.0	147.0	292.9	292.6	334.5
Operating leases	407.9	74.7	129.1	98.6	105.5
Propane supply contracts	14.0	14.0	—	—	—
Total	\$4,086.0	\$244.5	\$433.6	\$393.1	\$ 3,014.8

(a) Based upon stated maturity dates.

(b) Based upon stated interest rates.

The components of other noncurrent liabilities included in our Consolidated Balance Sheet at September 30, 2018, principally consist of property and casualty liabilities and, to a much lesser extent, liabilities associated with executive compensation plans and employee post-employment benefit programs. These liabilities are not included in the table of Contractual Cash Obligations and Commitments because they are estimates of future payments and not contractually fixed as to timing or amount. Certain of our operating lease arrangements, primarily vehicle leases with remaining lease terms of one to ten years, have residual value guarantees. Although such fair values at the end of the leases have historically exceeded the guaranteed amount, at September 30, 2018, the maximum potential amount of future payments under lease guarantees, assuming the leased equipment was deemed worthless at the end of the lease term, was approximately \$55 million.

Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement, 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 \$575.7 million in Fiscal 2018, \$561.6 million in Fiscal 2017 and \$557.0 million in Fiscal 2016, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate

expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$17.2 million in Fiscal 2018, \$16.9 million in Fiscal 2017 and \$18.7 million in Fiscal 2016. In addition, UGI and certain of its subsidiaries

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provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs related to these items totaled \$3.4 million in Fiscal 2018, \$3.3 million in Fiscal 2017 and \$2.3 million in Fiscal 2016. From time to time, AmeriGas OLP purchases propane on an as needed basis from UGI Energy Services, LLC (“Energy Services”). The price of the purchases is generally based on market price at the time of purchase. Purchases from affiliates of UGI during Fiscal 2018 were not material. There were no purchases of propane by AmeriGas OLP from Energy Services during Fiscal 2017 and Fiscal 2016.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement with the General Partner and UGI pursuant to which UGI has committed to make up to \$225 million of capital contributions to the Partnership through July 1, 2019, for consideration comprising new Class B Common Units representing limited partner interests in the Partnership. See Note 11 to Consolidated Financial Statements for additional information.

Off-Balance-Sheet Arrangements

We do not have any off-balance-sheet arrangements that are expected to have an effect on the Partnership’s financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Market Risk Disclosures

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

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership’s profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully, or keep pace with such increases, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership’s propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at September 30, 2018, was a net gain of \$52.3 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of \$24.0 million.

Interest Rate Risk

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

At September 30, 2018, our variable-rate debt includes borrowings under the AmeriGas OLP Credit Agreement. AmeriGas OLP Credit Agreement borrowings have interest rates that are generally indexed to short-term market interest rates. At September 30, 2018, there were \$232.0 million of borrowings outstanding under the AmeriGas OLP Credit Agreement. Based upon the average level of borrowings outstanding under the AmeriGas OLP Credit Agreement during Fiscal 2018, an increase in short-term interest rates of 100 basis points (1%) would have increased our Fiscal 2018 annual interest expense by approximately \$2 million.

The remainder of our debt outstanding is subject to fixed rates of interest. A 100 basis point increase in market interest rates would result in decreases in the fair value of this fixed-rate debt of approximately \$140.9 million at September 30, 2018. A 100 basis point decrease in market interest rates would result in increases in the fair market value of this debt of approximately \$148.0 million at September 30, 2018.

Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt.

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Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at September 30, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At September 30, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Critical Accounting Policies and Estimates

Accounting policies and estimates discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Changes in these policies and estimates could have a material effect on the financial statements. The application of these accounting policies and estimates necessarily requires management's most subjective or complex judgments regarding estimates and projected outcomes of future events which could have a material impact on the financial statements. Management has reviewed these critical accounting policies, and the estimates and assumptions associated with them, with the General Partner's Audit Committee. In addition, management has reviewed the following disclosures regarding the application of these critical accounting policies and estimates with the Audit Committee. Also, see Note 2 to Consolidated Financial Statements which discusses our significant accounting policies.

Litigation and Loss Contingencies. The Partnership is involved in litigation that arises in the normal course of its business. In addition, the Partnership is subject to risk of loss for general, automobile and product liability and workers' compensation claims for which we obtain insurance coverage that is subject to self-insured retentions or deductibles. In accordance with GAAP, the Partnership establishes reserves for pending litigation, and for pending and incurred but not reported claims associated with general and product liability, automobile and workers' compensation when it is probable that a liability exists and the amount or range of amounts related to such liability can be reasonably estimated. When no amount within a range of possible loss is a better estimate than any other amount within the range, liabilities recorded are based upon the low end of the range. For insured claims, the Partnership records a receivable related to the amount of the liability expected to be paid by insurance. For litigation and pending claims including those covered by the Partnership's insurance policies, the analysis of probable loss is performed on a case by case basis and includes an evaluation of the nature of the claim, the procedural status of the matter, the probability or likelihood of success in prosecuting or defending the claim, the information available with respect to the claim, the opinions and views of outside counsel and other advisors, and past experience in similar matters. With respect to unasserted claims arising from unreported incidents, we use the work of a specialist to estimate the ultimate losses to be incurred using actuarially determined loss development factors applied to actual claims data. Our estimated reserves for litigation and pending claims may differ materially from the ultimate liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

Environmental Matters. We are subject to environmental laws and regulations intended to mitigate or remove the effects of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current or former operating sites.

Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. Amounts recorded as environmental liabilities on the Consolidated Balance

Sheets represent 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 investigation and remediation 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. Under GAAP, if the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, such liabilities are discounted to reflect the time value of money.

Indefinite-Lived Intangible Asset Evaluation. In accordance with GAAP, intangible assets with indefinite lives are not amortized but are tested annually for impairment (and more frequently if indicators of impairment are present) and written down to fair value, if impaired. We test our indefinite-lived intangible assets comprising trademarks and tradenames obtained through acquisitions

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by comparing their carrying values to their estimated fair values. The estimated fair values of the Partnership's trademarks and tradenames are determined using the "relief from royalty" method. This method requires the Partnership to forecast future revenues derived from the use of these trademarks and tradenames, and to determine a fair royalty rate for their use. These future estimated royalties are then discounted to present value using a discount rate based upon a weighted-average cost of capital adjusted for the risks inherent in the forecasted financial information and risks specific to the asset itself. The estimated revenues used in the fair value calculation reflect our current business plans including our plans to continue to support the use of these trademarks and tradenames. Changes in the judgments, assumptions and estimates that are used in our impairment testing of trademarks and tradenames, including discount rates and future cash flow projections and the effects of our business plans and continued support of these trademarks and tradenames, could result in different fair value estimates.

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane, was presented to the Partnership's senior management. After considering the merits of the plan, the Partnership's senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. As a result, during the third quarter of Fiscal 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values of approximately \$7.9 million. During the third quarter of Fiscal 2018, the Partnership recorded a non-cash impairment charge of \$75 million which amount is reflected in "Impairment of tradenames and trademarks" on the Consolidated Statements of Operations, and is amortizing the remaining fair value of these tradenames and trademarks over their estimated period of benefit of three years (see Notes 2 and 10 to Consolidated Financial Statements).

Accounting For Derivative Instruments At Fair Value. The Partnership enters into derivative instruments to economically hedge the risks associated with changes in commodity prices for propane. These derivatives are recognized as assets and liabilities at fair value on the Consolidated Balance Sheets. Derivative assets and liabilities are presented net by counterparty on our Consolidated Balance Sheets if the right of offset exists. 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. The fair values of our commodity derivative instruments are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts not traded on an exchange, we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity. We maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair values of derivatives. At September 30, 2018, the net fair value of our derivative assets totaled \$45.0 million and we had no net derivative liabilities.

Purchase Price Allocations. From time to time, we enter into material business combinations. In accordance with accounting guidance associated with business combinations, the purchase price is allocated to the various assets acquired and liabilities assumed at their estimated fair value. Fair values of assets acquired and liabilities assumed are based upon available information and may involve us engaging an independent third party to perform an appraisal. Estimating fair values can be complex and subject to significant business judgment. Estimates most commonly impact property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, if necessary, up to one year from the acquisition date to finalize the purchase price allocation.

Recently Issued Accounting Pronouncements

See Note 3 to Consolidated Financial Statements for a discussion of the effects of recently issued accounting guidance.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

“Quantitative and Qualitative Disclosures About Market Risk” are contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations under the caption “Market Risk Disclosures” and are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management’s Annual Report on Internal Control Over Financial Reporting and the financial statements and financial statement schedules referred to in the Index contained on page F-2 of this Report are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The General Partner’s disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Partnership in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The General Partner’s management, with the participation of the General Partner’s Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Partnership’s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Partnership’s disclosure controls and procedures, as of September 30, 2018, were effective at the reasonable assurance level.

(a) For “Management’s Annual Report on Internal Control Over Financial Reporting” see Item 8 of this Report (which information is incorporated herein by reference).

(b) During the most recent fiscal quarter, no change in the Partnership’s internal control over financial reporting (c) occurred that has materially affected, or is reasonably likely to materially affect, the Partnership’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III:

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We do not directly employ any persons responsible for managing or operating the Partnership. The General Partner and UGI provide such services and are reimbursed for direct and indirect costs and expenses including all compensation and benefit costs. See “Certain Relationships and Related Transactions, and Director Independence - Related Person Transactions” and Note 13 to Consolidated Financial Statements.

Board Committees

The Board of Directors of the General Partner has an Audit Committee, a Compensation/Pension Committee, a Corporate Governance Committee and an Executive Committee. The members of each of the Board Committees, with the exception of the Executive Committee, are independent as defined by the New York Stock Exchange listing standards. The Charters of the Audit Committee, the Compensation/Pension Committee and the Corporate Governance Committee can be found on the Partnership’s website, www.amerigas.com, under Investor Relations, About AmeriGas, Corporate Governance, or in print, free of charge, by writing to Investor Relations, AmeriGas Propane, Inc., Box 965, Valley Forge, PA 19482.

Audit Committee: The Audit Committee has the authority to (i) make determinations or review determinations made by management in transactions that require special approval by the Audit Committee under the terms of the Partnership Agreement and (ii) at the request of the General Partner, review specific matters as to which the General Partner believes there may be a conflict of interest, in order to determine if the resolution of such conflict is fair and reasonable to the Partnership. In addition, the Audit Committee acts on behalf of the Board of Directors in fulfilling its responsibility to:

- oversee the accounting and financial reporting processes and audits of the financial statements of the Partnership;

- monitor the independence of the Partnership’s independent registered public accounting firm and the performance of the independent registered public accountants and internal audit staff;

- oversee the adequacy of the Partnership’s controls relative to financial and business risk;

- oversee the partnership’s policies and programs to promote cyber security;

- provide a means for open communication among the independent registered public accountants, management, internal audit staff and the Board of Directors; and

- oversee compliance with applicable legal and regulatory requirements.

The Audit Committee has sole authority to appoint, retain, fix the compensation of and oversee the work of the Partnership’s independent registered public accounting firm.

The Audit Committee members are Messrs. Marrazzo (Chair), Ford, Hartmann and Turner. The Board of Directors of the General Partner has determined that all members of the Audit Committee qualify as “audit committee financial experts” within the meaning of the Securities and Exchange Commission regulations and all are deemed financially literate under applicable New York Stock Exchange listing standards.

Compensation/Pension Committee: The Compensation/Pension Committee members are Mrs. Pol (Chair) and Messrs. Marrazzo and Schlanger. The Committee establishes executive compensation policies and programs, confirms that executive compensation plans do not encourage unnecessary risk-taking; recommends to the independent Board members the base salary, annual bonus target levels and long-term compensation awards for the Chief Executive Officer, approves base salary, annual bonus target levels and long-term compensation awards for senior executives (other than the Chief Executive Officer), approves corporate goals and objectives relating to the Chief Executive Officer’s compensation, assists the Board in establishing a succession plan for the Chief Executive Officer, and

reviews the General Partner's plans for senior management succession and management development.

Corporate Governance Committee: The Corporate Governance Committee members are Messrs. Ramos (Chair), Ford and Schlanger. The Committee identifies nominees and reviews qualifications of persons eligible to stand for election as Directors and makes recommendations to the Board on these matters, advises the Board with respect to significant developments in corporate governance matters, reviews and assesses the performance of the Board and each Committee, and reviews and makes recommendations to the Board of Directors regarding director compensation.

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Executive Committee: The Executive Committee members are Messrs. Schlanger (Chair), Marrazzo and Walsh. The Committee has limited powers to act on behalf of the Board of Directors between regularly scheduled meetings on matters that cannot be delayed.

Code of Ethics

The General Partner has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers that applies to the General Partner's Chief Executive Officer, Principal Financial Officer and Chief Accounting Officer. The Code of Ethics is included as an exhibit to this Report and is posted on the Partnership's website, www.amerigas.com; see "Investor Relations, About AmeriGas, Corporate Governance." Copies of all corporate governance documents posted on the Partnership's website are available free of charge by writing to Treasurer, AmeriGas Propane, Inc., P. O. Box 965, Valley Forge, PA 19482.

Directors and Executive Officers of the General Partner

The following table sets forth certain information with respect to the directors and executive officers of the General Partner. AmeriGas, Inc., as the sole shareholder of the General Partner, elects directors annually. AmeriGas, Inc. is a wholly owned subsidiary of UGI. Executive officers are elected for one-year terms. There are no family relationships between any of the directors or any of the executive officers or between any of the executive officers and any of the directors.

Name	Age	Position with the General Partner
John L. Walsh	63	Chairman and Director
Hugh J. Gallagher	55	President, Chief Executive Officer and Director
Roger Perreault	54	Director
Marvin O. Schlanger	70	Presiding Director
Brian R. Ford	69	Director
John R. Hartmann	55	Director
Frank S. Hermance	69	Director
William J. Marrazzo	69	Director
Anne Pol	71	Director
Pedro A. Ramos	53	Director
K. Richard Turner	60	Director
Ted J. Jastrzebski	57	Principal Financial Officer
Troy E. Fee	50	Vice President - Human Resources and Strategic Initiatives
Monica M. Gaudiosi	55	Vice President, General Counsel and Secretary
Anthony D. Rosback	55	Vice President and Chief Operating Officer
Laurie A. Bergman	41	Controller and Chief Accounting Officer

Listed below is the biographical information for each of the Directors of the General Partner, as well as a description of the specific experience, qualifications, attributes and skills that led the Board to conclude that, in light of the Company's business and structure, the individual should serve as a director. The biographical business experience of the executive officers of the General Partner is also listed below.

John L. Walsh is a Director (since 2005) and Chairman (since 2016) of the General Partner. He was Vice Chairman from 2005 until his election as Chairman in 2016. He also serves as a Director and President (since 2005) and Chief Executive Officer (since 2013) of UGI Corporation, the General Partner's parent company. In addition, Mr. Walsh is a Director and Vice Chairman (since 2005) of UGI Utilities, Inc., an affiliate of the General Partner. He served as Chief Operating Officer (2005 to 2013) of UGI Corporation and as President and Chief Executive Officer (2009 to 2011) of UGI Utilities, Inc. Previously, Mr. Walsh was the Chief Executive of the Industrial and Special Products division of the BOC Group plc, an industrial gases company, a position he assumed in 2001. He was also an Executive Director of BOC (2001 to 2005). He joined BOC in 1986 as Vice President - Special Gases and held various senior management positions in BOC, including President of Process Gas Solutions, North America (2000 to 2001) and

President of BOC Process Plants (1996 to 2000). Mr. Walsh also serves as Director at Main Line Health, Inc., the United Way of Greater Philadelphia and Southern New Jersey, the World Affairs Council of Philadelphia, the Greater Philadelphia Chamber of Commerce, the Satell Institute, and the Philadelphia Zoo, and as Trustee at the Saint Columbkille Partnership School.

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Mr. Walsh's qualifications to serve as a director include his in-depth knowledge of the Partnership's business, competition, risks, and health, environmental and safety issues. Additionally, Mr. Walsh's extensive strategic planning, logistics and distribution, and operational experience, as well as his executive leadership experience and educational background enables him to provide valuable strategic, operational, management development and business leadership as the Partnership's Chairman.

Hugh J. Gallagher is President and Chief Executive Officer (since September 2018) and a Director (since October 1, 2018) of the General Partner. Previously he served as Vice President - Finance and Chief Financial Officer of the General Partner (2013 to 2018). He has also served as Treasurer of both UGI Corporation and the General Partner (2011 to 2014), Director - Treasury Services and Investor Relations of UGI Corporation (2009 to 2011) and Director - Treasury Services (2007 to 2009) of UGI Corporation. He has also served as the General Partner's Director - Business Development (2004 to 2007), Director of Financial Planning and Analysis (2000 to 2004), Financial Manager - Operations (1999 to 2000), Manager of Financial Reporting (1996 to 1999), and Team Leader - Financial Reporting (1995 to 1996). Mr. Gallagher joined UGI Corporation in 1990, serving in various finance and accounting roles of increasing responsibility.

Mr. Gallagher's senior executive experience as the Company's President and Chief Executive Officer, and previously as Vice President and Chief Financial Officer, as well as his other leadership positions at both the General Partner and at UGI Corporation, have provided him with executive leadership experience, as well as an in-depth knowledge and understanding of all aspects of the Partnership's operations, including supply and logistics, risk management, competition and finance.

Roger Perreault is Executive Vice President, Global LPG of UGI Corporation (since September 2018), President of UGI International, LLC (since 2015), and a Director (since October 1, 2018) of the General Partner. Prior to joining UGI Corporation, Mr. Perreault held various positions at Air Liquide, an industrial gases company he joined in 1994, and served in various leadership positions from 2008 to 2014, including in a global role as President, Large Industries with international responsibilities and, prior to that, in a role with responsibility for Air Liquide's North American large industries business. Prior to joining Air Liquide, Mr. Perreault was a chemical engineer and operations manager with I.C.I. in Quebec, Canada.

Mr. Perreault's senior executive experience as UGI Corporation's Executive Vice President, Global LPG and President of UGI International, as well as his prior leadership positions at Air Liquide, provide him with senior executive leadership experience and a solid understanding of international operations, logistics, supply and distribution, risk management and health, environmental and safety issues.

Marvin O. Schlanger has been a Director of the General Partner since 2009 and currently holds the position of Presiding Director. Mr. Schlanger is a Principal in the firm of Cherry Hill Chemical Investments, L.L.C., a management services and capital firm for chemical and allied industries (since 1998). Mr. Schlanger previously served as Chief Executive Officer of CEVA Holdings BV and CEVA Holdings, LLC, an international logistics supplier (2012 to 2013). Mr. Schlanger is currently Chairman of the Board (since January 2016) of UGI Corporation, the General Partner's parent company, where he has been a director since 1998. He serves as a director of UGI Utilities, Inc. (since 1998), an affiliate of the General Partner, CEVA Logistics AG, Hexion, Inc., Momentive Performance Materials, Inc. and VECTRA Company. Mr. Schlanger also serves on the advisory board of the Kleinman Center for Energy Policy at the University of Pennsylvania. Mr. Schlanger previously served as a member of the boards of CEVA Holdings, LLC (2009 to 2018) and CEVA Group, plc (2009 to 2018),

Mr. Schlanger's qualifications to serve as a director include his senior management, strategic planning, business development, risk management, and general operational experience. Additionally, by virtue of his experience as Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of Arco Chemical Company, a large public

company and his experience serving as chairman, director and committee member on the boards of directors of large public and private international companies, Mr. Schlanger also possesses in-depth knowledge in the areas of executive compensation and corporate governance. The Board also considered Mr. Schlanger's intimate knowledge and understanding of the Company's businesses by virtue of his years of serving as a director of the General Partner.

Brian R. Ford has been a Director of the General Partner since 2013. Mr. Ford served as the Chief Executive Officer of Washington Philadelphia Partners, LP, a real estate investment company (2008 to 2010). Prior to that, Mr. Ford was a partner of Ernst & Young LLP, a multinational professional services firm offering assurance, tax, consulting, and advisory services, where he served in various roles of increasing responsibility from 1971 until his retirement in 2008. Mr. Ford currently serves as a director of NRG Yield, Inc., the primary vehicle through which NRG Energy, Inc. owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets, and FSIC BDC, a specialty finance company that invests primarily in the debt securities of private U.S. middle-market companies. Mr. Ford previously served as a member of the board of GulfMark Offshore, Inc. (2009 to 2017).

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Mr. Ford's qualifications to serve as a director include his extensive financial, audit, accounting, and retail experience as a partner of a large public accounting firm. The Board also considered Mr. Ford's experience as a director and committee member of other public and private companies.

John R. Hartmann has been a Director of the General Partner since 2016. Mr. Hartmann is Chief Executive Officer and President of True Value Company LLC, a global wholesaler of hardware and related merchandise at retail locations worldwide (since May 2013). Mr. Hartmann previously served as the Chief Executive Officer of Mitre 10 (New Zealand) Limited, a chain of home improvement stores (2010 to 2013). From 2006 to 2010, Mr. Hartmann held a number of senior executive leadership positions at HD Supply, an industrial distributor in North America, including Chief Operating Officer - Electrical & Plumbing/HVAC Divisions, Vice President - Operations and Sourcing, and Director - Strategic Business Development. From 2002 to 2006, he held a number of positions with The Home Depot, including Director of Strategic Business Development, Senior Director of Long-Range Planning & Strategy and Senior Director of Risk Management. Mr. Hartmann also previously served as Vice President, Corporate Services at Cardinal Health, a worldwide healthcare services and products company (1998 to 2002) and was a Supervisory Special Agent and FBI Academy Instructor with the Federal Bureau of Investigation (1988 to 1998).

Mr. Hartmann's qualifications to serve as a director include his extensive experience and expertise, including as Chief Executive Officer, as well as his valuable management and leadership skills, in the retail and marketing sectors. The Board also considered his strong leadership, strategic planning, business development and risk management expertise.

Frank S. Hermance was elected a Director of the General Partner on June 15, 2018. Mr. Hermance is the retired Chairman (2001 to 2017) and Chief Executive Officer (1999 to 2016) of AMETEK, Inc., a global manufacturer of electronic instruments and electromechanical devices. He previously served as AMETEK's President and Chief Operating Officer (1996 to 1999). Mr. Hermance also serves as a Director of UGI Corporation (since 2011), the General Partners' parent company, and UGI Utilities, Inc. (since 2011), an affiliate of the General Partner, as Director Emeritus of the Greater Philadelphia Alliance for Capital and Technologies, as Vice Chairman of the World Affairs Council of Philadelphia, and as an advisory board member at American Securities LLP, a private equity firm. He previously served as a member of the Board of Trustees of the Rochester Institute of Technology (until 2016).

Mr. Hermance's qualifications to serve as a director include his extensive senior management experience in the roles of Chairman, Chief Executive Officer, President and Chief Operating Officer of a large global company. The Board also considered Mr. Hermance's relevant experience in the areas of logistics, distribution, risk management, mergers and acquisitions, corporate governance, human resources management and executive compensation.

William J. Marrazzo has been a Director of the General Partner since 2001. He is Chief Executive Officer and President of WHYY, Inc., a public television and radio company in the nation's fourth largest market (since 1997). Previously, he was Chief Executive Officer and President of Roy F. Weston, Inc., a publicly traded corporation (1988 to 1997), served as Water Commissioner for the Philadelphia Water Department (1971 to 1988) and was Managing Director for the City of Philadelphia (1983 to 1984). Mr. Marrazzo previously served as a member of the board of American Water Works Company, Inc. (2003 to 2016).

Mr. Marrazzo's qualifications to serve as a director include his extensive experience as Chief Executive Officer of both non-profit and public companies, and his city government leadership experience. Mr. Marrazzo's senior-level executive experience in both the public and private sectors provide him with financial, strategic planning, risk management, business development and operational expertise.

Anne Pol has been a Director of the General Partner since 2013. Mrs. Pol retired in 2005 as President and Chief Operating Officer of Trex Enterprises Corporation, a high technology research and development company (2001 to 2005). She previously served as Senior Vice President (1998 to 2001) and Vice President (1996 to 1998) of Thermo

Electron Corporation, an environmental monitoring and analytical instruments company and a major producer of recycling equipment, biomedical products and alternative energy systems. Mrs. Pol also served as President of Pitney Bowes Shipping and Weighing Systems Division, a business unit of Pitney Bowes Inc., a company that sells mailing and related business equipment (1993 to 1996); Vice President of New Product Programs in the Mailing Systems Division of Pitney Bowes Inc. (1991 to 1993); and Vice President of Manufacturing Operations in the Mailing Systems Division of Pitney Bowes Inc. (1990 to 1991). Mrs. Pol also serves as a Director (since 1998) of UGI Corporation, the General Partner's parent company, and UGI Utilities, Inc., an affiliate of the General Partner.

Mrs. Pol's qualifications to serve as a director include her strategic planning, business development and technology experience as a senior-level executive with a diversified high-technology company. Mrs. Pol also possesses an important understanding of, and extensive experience in the areas of executive compensation, human resource management, corporate governance and government regulation.

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Pedro A. Ramos has been a Director of the General Partner since 2015. Mr. Ramos is the President and Chief Executive Officer of The Philadelphia Foundation, a charitable foundation committed to improving the quality of life in the five-county Philadelphia region (since 2015). Previously, Mr. Ramos served as a Partner with the law firm Schnader Harrison Segal & Lewis LLP (August 2013 to July 2015). From June 2009 until the firm's attorneys joined Schnader Harrison Segal & Lewis LLP in August 2013, he served as a Partner with the law firm Trujillo Rodriguez & Richards, LLC. Prior to that, Mr. Ramos was a Partner with the law firm Blank Rome LLP (2007 to 2009). Mr. Ramos served as Managing Director of the City of Philadelphia (2005 to 2007) and as City Solicitor of the City of Philadelphia (2004 to 2005). Additionally, Mr. Ramos served as Vice President and Chief of Staff to the President of the University of Pennsylvania (2002 to 2004), and prior to that, as a Partner and Associate with the law firm Ballard Spahr LLP (1992 to 2001). Mr. Ramos was formerly Chairman of the Philadelphia School Reform Commission, a gubernatorial appointment (2011 to 2013). Mr. Ramos also serves as a director of FS Investment Corporation, a publicly traded business development company that provides companies with customized credit solutions, and the Independence Health Group, a private, for-profit health insurance company.

Mr. Ramos' qualifications to serve as a director include his expertise and extensive business experience as an attorney at various law firms advising clients in the areas of compliance, transactional matters, strategy, risk management, internal investigations, fiduciary responsibility, pension, executive compensation and employee benefits laws. The Board also considered his strong leadership experience by virtue of his varied and extensive civic and community engagement activities, including Managing Director of the City of Philadelphia and Vice President and Chief of Staff to the President of the University of Pennsylvania.

K. Richard Turner has been a Director of the General Partner since 2012. Mr. Turner is currently Managing Director, Altos Energy Partners, a private equity firm (since 2012), after having retired as Senior Managing Director from the Stephens Group, LLC, a private, family-owned investment firm (1983 to 2011). Mr. Turner previously served as a member of the boards for the general partner of Energy Transfer Equity, L.P. (2002 to 2018), Sunoco LP (2014 to 2018), Energy Transfer Partners, L.P. (2004 to 2011) and North American Energy Partners, Inc. (2003 to 2016).

Mr. Turner's qualifications to serve as a director include his extensive experience as a private equity executive, including serving in accounting and investment roles. Mr. Turner is a non-practicing certified public accountant and also has public accounting experience. The Board also considered Mr. Turner's public company directorship and committee experience, including serving on boards and audit committees of other energy companies and master limited partnerships, providing him with significant industry experience.

Ted J. Jastrzebski is the General Partner's Principal Financial Officer (since September 18, 2018) and is the Chief Financial Officer of UGI Corporation, the General Partner's parent company (since May 2018). From 2013 until 2018, Mr. Jastrzebski served as Executive Vice President and Chief Financial Officer of Qurate Retail Group, which is comprised of QVC, HSN, Cornerstone Brands, and Zulily. Previously, Mr. Jastrzebski held various positions at The Hershey Company, including Senior Vice President and President, Hershey Americas (2011 to 2013), Senior Vice President and President, Hershey International (2007 to 2010) and Vice President, Finance, Hershey International (2004 to 2007). Mr. Jastrzebski also served as Senior Vice President, Finance, IT and Administration and Chief Financial Officer of CARE (2002 to 2004) and as Vice President and Chief Financial Officer of Project Hope (1999 to 2002).

Troy E. Fee is Vice President - Human Resources and Strategic Initiatives of the General Partner (since 2013). Mr. Fee served as Senior Vice President - Human Resources (2007 to 2013) at PEP BOYS, a retail and service chain serving the automotive aftermarket. Prior to joining PEP BOYS, Mr. Fee served as Senior Vice President, Human Resources Shared Services (2006 to 2007) of TBC Corporation, a marketer of tires for the automotive replacement market and as Vice President - Human Resources of TBC Retail Group (2003 to 2006). Mr. Fee also served in various positions at Sears, Roebuck & Company, a nationwide retail company, including as Director Human Resources -

Sears Automotive Group (2002 to 2003), Northwest Regional Human Resources Director - Sears Stores (2001 to 2002), Labor Relations Manager - Sears (2000 to 2001), and Regional Human Resources Manager - Sears Automotive (1999 to 2000). Mr. Fee held various positions of increasing responsibility at Sears, Roebuck & Company from 1987 to 1999.

Monica M. Gaudiosi is Vice President (since 2012), General Counsel (since 2015) and Secretary (since 2012) of the General Partner. Ms. Gaudiosi is also Vice President, General Counsel and Secretary of UGI Corporation, the General Partner's parent company, and UGI Utilities, Inc., an affiliate of the General Partner (since 2012). Prior to joining the General Partner, Ms. Gaudiosi served as a Senior Vice President and General Counsel (2007 to 2012) and Senior Vice President and Associate General Counsel (2005 to 2007) of Southern Union Company. Prior to joining Southern Union Company in 2005, Ms. Gaudiosi held various positions with General Electric Capital Corporation (1997 to 2005). Before joining General Electric Capital Corporation, Ms. Gaudiosi was an associate at the law firms of Hunton & Williams (1994 to 1997) and Sutherland, Asbill & Brennan (1988 to 1994).

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Anthony D. Rosback is Vice President and Chief Operating Officer of the General Partner (since 2015). Mr. Rosback served as Senior Director, West Region Operations and North American Logistics of Williams Scotsman, Inc., a mobile and modular space and storage solution company (2014 to 2015). He previously served as Senior Vice President, General Manager, West of The Brickman Group Ltd., a commercial landscaping and property maintenance company (2013 to 2014). Previously, Mr. Rosback served as Area President (2012 to 2013), Regional Vice President, Operations (2010 to 2012), Vice President, Operations Support (2008 to 2010) and Vice President, Sales and Marketing (2006 to 2008) at Republic Services, Inc., a provider of recycling and non-hazardous waste services in the U.S. From 1999 to 2006, Mr. Rosback served as an Assistant Vice President at Cintas Corporation, a provider of uniforms, first aid and safety and fire protection products and services.

Laurie A. Bergman is Controller and Chief Accounting Officer of the General Partner (since May 2016). Ms. Bergman joined the General Partner in 2006 as Manager, Disbursements and has held various positions at the General Partner, including Group Director, Financial Planning and Financial Operations (2013 to 2016), Director-Financial Planning and Analysis (2012 to 2013), Assistant Controller (2011 to 2012), Team Captain - Project Foundation (2009 to 2011), and Director, Revenue Management and Disbursements (2007 to 2009). Previously, Ms. Bergman held various financial positions at CIGNA Corp.

Director Independence

The Board of Directors of the General Partner has determined that, other than Messrs. Gallagher, Perreault and Walsh, no director has a material relationship with the Partnership and each is an “independent director” as defined under the rules of the New York Stock Exchange. The Board of Directors has established the following guidelines to assist it in determining director independence:

(i) service by a director on the Board of Directors of UGI Corporation and its subsidiaries in and of itself will not be considered to result in a material relationship between such director and the Partnership; and

(ii) if a director serves as an officer, director or trustee of a non-profit organization, charitable contributions to that organization by the Partnership and its affiliates that do not exceed the greater of \$1,000,000 or two percent of the charitable organization’s total revenues per year will not be considered to result in a material relationship between such director and the Partnership.

In making its determination of independence, the Board of Directors considered charitable contributions and ordinary business transactions between the Company, or affiliates of the Company, and companies where our Directors are employed or serve as directors, as well as Mr. Ramos’ current service on the board of the parent company of Independent Blue Cross, with which UGI and/or its subsidiaries contracts for employee benefits. All such transactions were in compliance with either the independence rules of the New York Stock Exchange or the categorical standard set by the Board of Directors for determining director independence.

Executive Sessions

Non-management directors meet at regularly scheduled executive sessions without management present. These sessions are led by Mr. Schlanger, who currently holds the position of Presiding Director.

Communications with the Board of Directors and Non-management Directors

You may contact the Board of Directors, an individual non-management director, or the non-management Directors as a group by writing to them c/o AmeriGas Propane, Inc., P.O. Box 965, Valley Forge, PA 19482. These procedures have been posted on the Partnership’s website at www.amerigas.com; see “Investor Relations, About AmeriGas, Corporate Governance, Contact AmeriGas Propane, Inc. Board of Directors.”

Any communications directed to the Board of Directors, an individual non-management Director, or the non-management Directors as a group from employees or others that concern complaints regarding accounting, financial statements, internal controls, ethical, or auditing matters will be handled in accordance with procedures

adopted by the Audit Committee.

All other communications directed to the Board, an individual non-management Director, or the non-management Directors as a group are initially reviewed by the Corporate Secretary. In the event the Corporate Secretary has any question as to whether the directors should be made aware of any issue raised, the Corporate Secretary shall be entitled to consult with the Chair of the Board in making such determination. The Corporate Secretary will distribute communications to the Board, an individual director, or to selected directors, depending on the content of the communication. The Corporate Secretary maintains a log of all such communications that is available for review for one year upon request of any member of the Board.

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Typically, we do not forward to our Board communications from our shareholders or other parties that are of a personal nature or are not related to the duties and responsibilities of the Board, including, but not limited to junk mail and mass mailings, resumes and other forms of job inquiries, opinion surveys and polls, business solicitations or advertisements.

Section 16(a) — Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires directors and certain officers of the General Partner and any 10% beneficial owners of the Partnership to send reports of their beneficial ownership of Common Units and changes in beneficial ownership to the Securities and Exchange Commission. Based on our records, we believe that, during Fiscal 2018, all of such reporting persons complied with all Section 16(a) reporting requirements applicable to them.

ITEM 11. EXECUTIVE
COMPENSATION

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation/Pension Committee of the General Partner are Mrs. Pol (Chair) and Messrs. Marrazzo and Schlanger. None of the members is a former or current officer or employee of the General Partner or any of its subsidiaries. None of the members has any relationship required to be disclosed under this caption under the rules of the Securities and Exchange Commission.

REPORT OF THE COMPENSATION/PENSION COMMITTEE

The Compensation/Pension Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on this review and discussion, the Committee recommended to the General Partner’s Board of Directors, and the Board of Directors approved, the inclusion of the Compensation Discussion and Analysis in the Partnership’s Annual Report on Form 10-K for the year ended September 30, 2018.

Compensation/Pension Committee

Anne Pol, Chair

William J. Marrazzo

Marvin O. Schlanger

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this Compensation Discussion and Analysis, we address the compensation paid or awarded to the following executive officers: Hugh J. Gallagher, our President and Chief Executive Officer, since September 18, 2018, and our former Vice President - Finance and Chief Financial Officer until September 18, 2018; Ted J. Jastrzebski, our Principal Financial Officer, since September 18, 2018; John L. Walsh, our Chairman; Monica M. Gaudiosi, our Vice President, General Counsel and Secretary; Anthony D. Rosback, our Vice President and Chief Operating Officer; and Jerry E. Sheridan, our former President and Chief Executive Officer, through September 18, 2018. We refer to these executive officers as our “named executive officers” (“NEOs”) for Fiscal 2018. Messrs. Gallagher, Rosback, and Sheridan are referred to collectively as the “AmeriGas NEOs.”

Compensation decisions for Mr. Gallagher, in his capacity as President and Chief Executive Officer, and Mr. Sheridan were made by the independent members of the Board of Directors of the General Partner, after receiving the recommendation of its Compensation/Pension Committee, while compensation decisions for Mr. Gallagher, in his capacity as Vice President - Finance and Chief Financial Officer, and Mr. Rosback were made by the General Partner’s Compensation/Pension Committee. Compensation decisions for Mr. Walsh were made by the independent members of the UGI Corporation Board of Directors after receiving the recommendations of its Compensation and Management Development Committee, while compensation decisions for Mr. Jastrzebski and Ms. Gaudiosi were made by the UGI

Corporation Compensation and Management Development Committee.

For ease of understanding, we will use the term “we” to refer to AmeriGas Propane, Inc. and/or UGI Corporation and the term “Committee” or “Committees” to refer to the AmeriGas Propane, Inc. Compensation/Pension Committee and/or the UGI Corporation Compensation and Management Development Committee as appropriate in the relevant compensation discussions, unless the context indicates otherwise. We will use the term “Company” or “General Partner” to refer to AmeriGas Propane, Inc.

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Executive Summary

Objectives of Our Compensation Program

Our compensation program for named executive officers is designed to provide a competitive level of total compensation; motivate and encourage our executives to contribute to our financial success; retain talented and experienced executives; and reward our executives for leadership excellence and performance that promotes sustainable growth in unitholder value.

Fiscal 2018 Components

The following chart summarizes the principal elements of our Fiscal 2018 executive compensation program. We describe these elements, as well as retirement, severance and other benefits, in more detail later in this Compensation Discussion and Analysis.

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Component	Principal Objectives	Fiscal 2018 Compensation Actions
Base Components		
Salary	Compensate executives as appropriate for his or her position, experience and responsibilities based on market data.	Merit salary increases ranged from 1.5% to 5.0%.
Annual Bonus Awards	Motivate executives to focus on achievement of our annual business objectives.	Target incentives ranged from 50% to 125% of salary. Actual bonus payouts to our named executive officers was 92% of target for the AmeriGas NEOs and 118% of target for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, primarily based on achievement of financial goals.
Long-Term Incentive Awards		
Performance Units	Align executive interests with unitholder and shareholder interests; create a strong financial incentive for achieving long-term performance goals by encouraging total AmeriGas common unitholder return that compares favorably to other energy master limited partnerships and its two propane peer companies (or total UGI shareholder return that compares favorably to other utility-based companies); further align long-term compensation with strategic goals and objectives related to customer gain/loss performance.	The number of performance units awarded in Fiscal 2018 ranged from 2,400 to 37,000. A portion of the AmeriGas NEOs' performance units (payable in AmeriGas Partners common units, other than for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi) will be earned based on total unitholder return ("TUR") relative to master limited partnerships in the Alerian MLP Index, modified by AmeriGas Partners' TUR performance as compared to the other two propane distribution companies in the Alerian MLP Index, over a three-year period. The remaining portion of performance units awarded in Fiscal 2018 to the AmeriGas NEOs will be payable in AmeriGas Partners common units provided a customer gain/loss metric is met. For Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, performance units will be payable in UGI Corporation common stock based on total shareholder return of UGI stock relative to entities in an industry index over a three-year period.
UGI Stock Options	Align executive interests with shareholder interests; create a strong financial incentive for achieving or exceeding long-term performance goals, as the value of stock options is a function of the price of UGI stock.	The number of shares underlying option awards ranged from 13,000 shares to 260,000 shares.
Restricted Units	Attract and retain a new executive.	In connection with Mr. Jastrzebski's commencement of employment, he received a restricted unit award of 12,000 shares of UGI Corporation common stock, 6,000 of which will vest on the second anniversary of his date of hire and 6,000 of which will vest on the third anniversary of his date of hire.
Restricted Units (Discretionary award to Mr. Rosback)	Retention of key member of the senior management team following organizational changes at the General Partner in Fiscal 2018.	Mr. Rosback received 2,856 AmeriGas Partners restricted units with a grant date of November 15, 2018 and a vesting date three years from the date of grant, provided Mr. Rosback is an employee as of the vesting date.

Compensation and Corporate Governance Practices

The Committee seeks to implement and maintain sound compensation and corporate governance practices, which include the following:

- The Committee is composed entirely of directors who are independent, as defined in the corporate governance listing standards of the New York Stock Exchange.

- The Committee utilizes the services of Pay Governance LLC (“Pay Governance”), an independent outside compensation consultant.

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AmeriGas Partners allocates a substantial portion of compensation to performance-based compensation. In Fiscal 2018, 71 percent of the principal compensation components, in the case of Mr. Sheridan, and 53 percent to 81 percent of the principal compensation components, in the case of all other named executive officers, were variable and tied to financial and business performance or total shareholder return.

AmeriGas Partners awards a substantial portion of compensation in the form of long-term awards, namely stock options and performance units, so that executive officers' interests are aligned with unitholders and our long-term performance.

Annual bonus opportunities for the named executive officers are based primarily on key financial metrics. Similarly, long-term incentives for the AmeriGas NEOs were based on the relative performance of AmeriGas Partners common units and customer gain/loss performance. In the case of Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, long-term incentives were based on UGI Corporation common stock values and relative stock price performance.

We require termination of employment for payment under our change in control agreements (referred to as a "double trigger"). In addition, we require a double trigger for the accelerated vesting of equity awards in the event of a change in control. We also have not entered into change in control agreements providing for tax gross-up payments under Section 280G of the Internal Revenue Code since 2010. See "Potential Payments Upon Termination of Employment or Change in Control - Change in Control Agreements."

We have meaningful equity ownership guidelines. See "Equity Ownership Policy" in this Compensation Discussion and Analysis for information on equity ownership.

We have a recoupment policy for incentive-based compensation paid or awarded to current and former executive officers in the event of a restatement due to material non-compliance with financial reporting requirements.

- We have a policy prohibiting directors and executive officers from (i) hedging the securities of AmeriGas Partners and UGI Corporation, (ii) holding AmeriGas Partners and UGI Corporation securities in margin accounts as collateral for a margin loan, and (iii) pledging the securities of AmeriGas Partners and UGI Corporation.

The Company's Board of Directors adopted an annual limit of \$400,000 with respect to individual Director equity awards. In establishing this limit, the Board of Directors considered competitive pay levels as well as the need to retain its current Directors and attract new directors with the relevant skills and attributes desired in director candidates.

The Compensation Committee believes that, during Fiscal 2018, there was no conflict of interest between Pay Governance and the Compensation Committee. Additionally, the Compensation Committee believes that Pay Governance was independent. In reaching the foregoing conclusions, the Compensation Committee considered the factors set forth by the New York Stock Exchange regarding compensation committee advisor independence.

Compensation Philosophy and Objectives

Our compensation program for our named executive officers is designed to provide a competitive level of total compensation necessary to attract and retain talented and experienced executives. Additionally, our compensation program is intended to motivate and encourage our executives to contribute to our success and reward our executives for leadership excellence and performance that promotes sustainable growth in unitholder and shareholder value.

In Fiscal 2018, the components of our compensation program included salary, annual bonus awards, long-term incentive compensation (performance unit awards, restricted unit awards and UGI Corporation stock option grants), perquisites, retirement benefits and other benefits, all as described in greater detail in this Compensation Discussion and Analysis. We believe that the elements of our compensation program are essential components of a balanced and competitive compensation program to support our annual and long-term goals.

Determination of Competitive Compensation

In determining Fiscal 2018 compensation, the Committees engaged Pay Governance as their compensation consultant. The primary duties of Pay Governance were to:

- Provide the Committees with independent and objective market data;
- Conduct compensation analysis;
- Review and advise on pay programs and salary, target bonus and long-term incentive levels applicable to our executives;

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Review components of our compensation program as requested from time to time by the Committees and recommend plan design changes as appropriate; and
Provide general consulting services related to the fulfillment of the Committees' charters.

Pay Governance has not provided actuarial or other services relating to pension and post-retirement plans or services related to other benefits to us or our affiliates, and generally all of its services are those that it provides to the Committees. Pay Governance has provided market data for positions below the senior executive level as requested by management as well as market data for director compensation, but its fees for this work historically are modest relative to its overall fees.

In assessing competitive compensation, we referenced market data provided to us in Fiscal 2017 by Pay Governance. Pay Governance provided us with two reports: the "2017 Executive Cash Compensation Review" and the "2017 Executive Long-Term Incentive Review." We do not benchmark against specific companies in the databases utilized by Pay Governance in preparing its reports. Our Committees do benchmark, however, by using Pay Governance's analysis of compensation databases that include numerous companies as a reference point to provide a framework for compensation decisions. Our Committees exercise discretion and also review other factors, such as internal equity (both within and among our business units) and sustained individual and company performance, when setting our executives' compensation.

For the AmeriGas NEOs, the executive compensation analysis is based on general industry data in Willis Towers Watson's 2017 General Industry Executive Compensation Database ("General Industry Database"). For Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, the analysis was based on the General Industry Database and Willis Towers Watson's 2017 Energy Services Executive Compensation Database ("Energy Services Database"). Pay Governance weighted the General Industry Database survey data 75 percent and the Energy Services Database survey data 25 percent and added the two. For example, if the relevant market rate for a particular executive position derived from information in the General Industry Database was \$100,000 and the relevant market rate derived from information in the Energy Services Database was \$90,000, Pay Governance would provide us with a market rate of \$97,500 for that position ($(\$100,000 \times 75 \text{ percent} = \$75,000) \text{ plus } (\$90,000 \times 25 \text{ percent} = \$22,500)$). The impact of weighting information derived from the two databases is to obtain a market rate designed to approximate the relative sizes of our nonutility and utility businesses. Willis Towers Watson's 2017 General Industry Database is comprised of approximately 500 companies from a broad range of industries, including oil and gas, aerospace, automotive and transportation, chemicals, computer, consumer products, electronics, food and beverages, metals and mining, pharmaceutical and telecommunications. The Willis Towers Watson Energy Services Database is comprised of approximately 125 companies, primarily utilities.

We generally seek to position a named executive officer's salary grade so that the midpoint of the salary range for his or her salary grade approximates the 50th percentile of the "going rate" for comparable executives included in the executive compensation database material referenced by Pay Governance. By comparable executive, we mean an executive having a similar range of responsibilities and the experience to fully perform these responsibilities. Pay Governance size-adjusted the survey data to account for the relative revenues of the survey companies in relation to ours. In other words, the adjustment reflects the expectation that a larger company would be more likely to pay a higher amount of compensation for the same position than a smaller company. Using this adjustment, Pay Governance developed going rates for positions comparable to those of our executives, as if the companies included in the respective databases had revenues similar to ours. We believe that Pay Governance's application of size adjustments to applicable positions in these databases is an appropriate method for establishing market rates. After consultation with Pay Governance, we considered salary grade midpoints that were within 15 percent of the median going rate developed by Pay Governance to be competitive.

Elements of Compensation

Salary

Salary is designed to compensate executives for their level of responsibility and sustained individual performance. We pay our executive officers a salary that is competitive with that of other executive officers providing comparable services, taking into account the size and nature of the business of AmeriGas Partners and UGI Corporation, as the case may be.

As noted above, we seek to establish the midpoint of the salary grade for the positions held by our named executive officers at approximately the 50th percentile of the going rate for executives in comparable positions. Based on the data provided by Pay Governance in July 2017, we increased the range of salary in each salary grade for Fiscal 2018 for each named executive officer, other than Mr. Walsh, by 2 percent. The Committee established Mr. Walsh's Fiscal 2018 salary grade midpoint at the market median of comparable executives as identified by Pay Governance based on its analysis of the executive compensation databases. For Mr. Walsh, this resulted in an increase of the range of salary in his salary grade from the prior year of 2 percent.

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For Fiscal 2018, the merit increases were targeted at 3 percent, but individual increases varied based on performance evaluations and the individual's position within the salary range. Performance evaluations were based on qualitative and subjective assessments of each individual's contribution to the achievement of our business strategies, including the development of growth opportunities and leadership in carrying out our talent development program. Messrs. Sheridan and Walsh, in their capacities as chief executive officers of the General Partner and UGI Corporation, respectively, had additional goals and objectives for Fiscal 2018, as established during the first quarter of Fiscal 2018. Mr. Sheridan's annual goals and objectives for Fiscal 2018 included achievement of annual financial goals, execution of a plan to centralize AmeriGas Propane's operations, execution of AmeriGas Propane's safety improvement plan, and implementation of AmeriGas Propane's growth strategies, including with respect to customer growth and retention and customer service initiatives. Mr. Walsh's annual goals and objectives included the development of a senior executive succession plan, the enterprise-wide alignment of the Company's critical processes, the recruitment of experienced individuals to fill key roles within the organization, achievement of annual financial and strategic goals, and leadership in identifying investment opportunities for the Company and its subsidiaries. Mr. Gallagher did not establish additional goals and objectives in Fiscal 2018 in connection with his promotion to the role of President and Chief Executive Officer of the General Partner. Goals and objectives have been established for Mr. Gallagher in his capacity as President and Chief Executive Officer for fiscal year 2019. All named executive officers received a salary in Fiscal 2018 that was within 90 percent to 117 percent of the midpoint for his or her salary range.

The following table sets forth each named executive officer's Fiscal 2018 salary.

Name	Salary	Percentage Increase over Fiscal 2017 Salary
Hugh J. Gallagher (1)	\$354,081	5.0%
Ted J. Jastrzebski (2)	\$650,000	N/A
John L. Walsh	\$1,196,845	2.0%
Monica M. Gaudiosi	\$475,345	3.5%
Anthony D. Rosback	\$391,508	1.5%
Jerry E. Sheridan	\$563,407	2.0%

(1) Effective September 18, 2018, Mr. Gallagher's base salary increased to \$460,000 in connection with his promotion to the role of President and Chief Executive Officer of the General Partner.

(2) Mr. Jastrzebski's salary was prorated in Fiscal 2018 based on his commencement of employment with UGI Corporation. As a result, Mr. Jastrzebski's actual salary received in Fiscal 2018 (based on his employment commencement date of May 22, 2018) was \$210,000.

Annual Bonus Awards

Our annual bonus plans provide our named executive officers with the opportunity to earn an annual cash incentive, provided that certain performance goals are satisfied. Our annual cash incentive is intended to motivate our executives to focus on the achievement of our annual business objectives by providing competitive incentive opportunities to those executives who have the ability to significantly impact our financial performance. We believe that basing a meaningful portion of an executive's compensation on financial performance emphasizes our pay for performance philosophy and will result in the enhancement of unitholder or shareholder value. We also believe that annual bonus payments to our most senior executives should reflect our overall financial results for the fiscal year and that the Partnership's earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted, and UGI's diluted earnings per share ("EPS"), as adjusted, provide straightforward, "bottom line" measures of performance.

The Partnership's Fiscal 2018 EBITDA is adjusted to exclude changes in unrealized gains or losses on commodity derivative instruments not associated with current period transactions at AmeriGas Propane and other gains and losses that AmeriGas Propane's competitors do not necessarily have ("Adjusted EBITDA") and UGI Corporation's Fiscal 2018 EPS is adjusted to exclude (i) the impact of changes in unrealized gains and losses on commodity and certain foreign currency derivative instruments not associated with current period transactions, (ii) integration expenses associated with the Finagaz acquisition in France, (iii) losses on extinguishments of debt, (iv) the remeasurement impact on net

deferred tax liabilities from a change in French corporate income tax rate and U.S. tax reform legislation, and (v) the impairment of AmeriGas Propane, L.P.'s tradenames and trademarks ("Adjusted EPS").

In determining each executive position's target award level under our annual bonus plans, we considered database information derived by Pay Governance regarding the percentage of salary payable upon achievement of target goals for executives in similar positions at other companies as described above. In establishing the target award level, we positioned the amount at approximately the 50th percentile for comparable positions.

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The AmeriGas NEOs participate in the AmeriGas Propane, Inc. Executive Annual Bonus Plan (the “AmeriGas Bonus Plan”). For the AmeriGas NEOs, 90 percent of the target award opportunity was based on AmeriGas Partners’ Adjusted EBITDA, subject to modification based on achievement of a safety performance goal, as described below. The other 10 percent was based on achievement of a customer service goal, but contingent on a payout under the financial component of the award. We believe that customer service for AmeriGas Partners is an important component of the bonus calculation because we foresee no or minimal growth in total demand for propane in the next several years, and, therefore, customer service is an important factor in our ability to improve the long-term financial performance of AmeriGas Partners. We also believe that achievement of superior safety performance is an important short-term and long-term strategic initiative and is therefore included as a component of the AmeriGas Propane bonus calculation.

Messrs. Walsh and Jastrzebski and Ms. Gaudiosi participate in the UGI Corporation Executive Annual Bonus Plan (the “UGI Bonus Plan”). For reasons similar to those underlying our use of Adjusted EBITDA as a goal for the AmeriGas NEOs, the entire target award opportunity for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi was based on UGI’s Adjusted EPS, which was then modified based on the achievement of a safety performance goal based on weighted average safety modifier results from AmeriGas Propane, UGI Utilities, Inc., UGI Energy Services, LLC, and UGI International, LLC. We also believe that Adjusted EPS is an appropriate measure for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi because their duties encompass UGI and its affiliated businesses, including the General Partner and AmeriGas Partners. Adjusted EPS is not subject to adjustment based on customer growth or similar metrics, but we believe that achievement of superior safety performance is an important short-term and long-term strategic initiative of UGI Corporation and is therefore included as a component of the UGI Corporation bonus calculation.

Each Committee has discretion under our executive annual bonus plans to (i) adjust Adjusted EBITDA and Adjusted EPS for extraordinary items or other events as the Committee deems appropriate, (ii) increase or decrease the amount of an award determined to be payable under the bonus plan by up to 50 percent, and (iii) review quantitative factors (such as performance) and qualitative factors (such as individual performance and overall contributions to the General Partner and UGI) when determining the annual bonus to be paid to an executive who terminates employment during the fiscal year on account of retirement, death or disability. The AmeriGas Bonus Plan and the UGI Bonus Plan each provides that, unless the Committee determines otherwise, all executive officers who have not fulfilled their respective equity ownership requirements receive as part of their ongoing compliance up to 10 percent of their gross annual bonus in fully vested AmeriGas Partners common units or UGI Corporation stock, as applicable.

As noted above, the 90 percent component of the bonus award opportunity for each of the AmeriGas NEOs was based on Adjusted EBITDA of AmeriGas Partners and structured so that no amount would be paid unless AmeriGas Partners’ Adjusted EBITDA was at least 80 percent of the target amount, while 200 percent of the target bonus could be payable if Adjusted EBITDA equaled or exceeded 120 percent of the target amount. The percentage of target bonus payable based on the level of achievement of Adjusted EBITDA is referred to as the “Adjusted EBITDA Leverage Factor.” The Adjusted EBITDA Leverage Factor is then modified to reflect the degree of achievement of a predetermined safety performance objective tied to AmeriGas Propane’s Fiscal 2018 Occupational Safety and Health Administration (“OSHA”) recordables (“Safety Leverage Factor”). For Fiscal 2018, the percentage representing the Safety Leverage Factor ranged from 80 percent if the performance target was not achieved, to a maximum of 120 percent if performance exceeded the target. We believe the Safety Leverage Factor for Fiscal 2018 represented an achievable but challenging performance target. Once the Adjusted EBITDA Leverage Factor and Safety Leverage Factor are determined, the Adjusted EBITDA Leverage Factor is multiplied by the Safety Leverage Factor to obtain a total adjusted leverage factor (the “Total Adjusted Leverage Factor”). The Total Adjusted Leverage Factor is then multiplied by the target bonus opportunity to arrive at the 90 percent portion of the bonus award payable for the fiscal year. The actual Adjusted EBITDA achieved for Fiscal 2018 was \$605.5 million. The applicable range for targeted Adjusted EBITDA for bonus purposes for Fiscal 2018 was \$650 million to \$690 million. The remaining 10 percent component of the bonus award opportunity was based on customer service goals, but this portion of the bonus award is only

payable if there is at least a threshold payout under the Adjusted EBITDA financial component of the award. For Fiscal 2018, AmeriGas Propane engaged a third party company to conduct surveys of the Partnership's customers in order to better understand customer satisfaction with services provided by the Partnership. Each individual survey is given an overall satisfaction score and the scores are then aggregated by the third party company to calculate a total score known as a net promoter score. The award opportunity for the customer service component for each of the AmeriGas NEOs was structured so that no amount would be paid unless the net promoter score was at least 85 percent of the net promoter score target, with the target bonus award being paid out if the net promoter score was 100 percent of the targeted goal. The maximum award, equal to 150 percent of the targeted award, would be payable if the net promoter score exceeded the net promoter score target. Based on (i) the Adjusted EBITDA Leverage Factor, as modified by the Total Adjusted Safety Leverage Factor (which exceeded the targeted amount), and (ii) the net promoter score (which was slightly below the net promoter score target), the AmeriGas NEOs each received a bonus payout equal to 91.7 percent of his target award for Fiscal 2018.

The bonus award opportunity for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi was structured so that no amount would be paid unless UGI's Adjusted EPS, as modified based on the achievement of a safety performance goal based on weighted average safety modifier results from AmeriGas Propane, UGI Utilities, Inc., UGI Energy Services, LLC, and UGI International, LLC was

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at least 80 percent of the target amount, with the target bonus award being paid out if UGI's Adjusted EPS was 100 percent of the targeted Adjusted EPS. The maximum award, equal to 200 percent of the target award, would be payable if Adjusted EPS equaled or exceeded 120 percent of the Adjusted EPS target. The targeted Adjusted EPS for bonus purposes for Fiscal 2018 was established to be in the range of \$2.45 to \$2.65 per UGI common share. Adjusted EPS achieved for Fiscal 2018 was \$2.74 and Adjusted EPS for bonus purposes, as adjusted to exclude all current-period impacts of U.S. tax reform legislation and the change in French corporate income tax rate, was \$2.55. As a result, Messrs. Walsh and Jastrzebski and Ms. Gaudiosi each received a bonus payout equal to 118.2 percent of his or her target award for Fiscal 2018.

Long-Term Compensation - Fiscal 2018 Equity Awards

Background and Determination of Grants - Stock Options and Performance Units

Our long-term incentive compensation is intended to create a strong financial incentive for achieving or exceeding long-term performance goals and to encourage executives to hold a significant equity stake in our Company in order to align the executives' interests with shareholder interests. Additionally, we believe our long-term incentives provide us the ability to attract and retain talented executives in a competitive market.

Our long-term compensation for Fiscal 2018 included UGI Corporation stock option grants and either AmeriGas Partners or UGI Corporation performance unit awards. AmeriGas Partners performance units were awarded under the 2010 AmeriGas Propane, Inc. Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. (the "2010 Plan"). UGI Corporation stock options and performance units were awarded under the UGI Corporation 2013 Omnibus Incentive Compensation Plan (the "2013 UGI Plan"). UGI Corporation stock options generally have a term of ten years and become exercisable in three equal annual installments beginning on the first anniversary of the grant date. The AmeriGas NEOs were awarded AmeriGas Partners performance units tied to (i) a relative TUR metric based on the Alerian MLP Index, as modified by AmeriGas Partners' TUR performance compared to the other two retail propane distribution companies in the Alerian Index, and (ii) a customer gain/loss metric. Messrs. Walsh and Jastrzebski and Ms. Gaudiosi were awarded UGI Corporation performance units tied to the three-year total shareholder return performance of UGI common stock relative to that of the companies in the Adjusted Russell MidCap Utilities Index. Each performance unit represents the right of the recipient to receive a common unit or share of common stock if specified performance goals and other conditions are met. In addition, Mr. Jastrzebski received a UGI Corporation restricted unit award of 12,000 UGI Corporation restricted stock units, with dividend equivalents, in connection with the commencement of his employment. Each stock unit represents a share of UGI Corporation common stock, 6,000 of which will vest on the second anniversary of Mr. Jastrzebski's employment commencement date and 6,000 of which will vest on the third anniversary of Mr. Jastrzebski's employment commencement date.

As is the case with cash compensation and annual bonus awards, we referenced Pay Governance's analysis of executive compensation database information in establishing equity compensation for the named executive officers. In determining the total dollar value of the long-term compensation opportunity to be provided in Fiscal 2018, we initially referenced (i) median salary information, and (ii) competitive market-based long-term incentive compensation information, both as calculated by Pay Governance.

For the AmeriGas NEOs, we initially applied approximately 30 percent of the amount of the long-term incentive opportunity to UGI Corporation stock options, and approximately 70 percent to AmeriGas performance units (30 percent is applied to AmeriGas Partners performance compared to the Alerian MLP Index, as modified by AmeriGas Partners' TUR performance compared to the other two publicly traded retail propane distribution companies, Ferrellgas Partners, L.P. and Suburban Propane Partners, L.P. (the "Propane MLP Group"), and 40 percent is tied to a customer gain/loss performance metric). For Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, we initially applied approximately 50 percent of the amount of the long-term incentive opportunity to stock options and approximately 50 percent to performance units. We believe this bifurcation provides a good balance between two important goals. Because the value of stock options is a function of the appreciation or depreciation of stock price, stock options are

designed to align the executive's interests with shareholder interests. As explained in more detail below, the performance units are designed to encourage increased total unitholder or shareholder return over a period of time.

For Fiscal 2018 equity awards, Pay Governance provided the competitive market incentive levels based on its assessment of accounting values. Pay Governance then provided data for our long-term incentive values by utilizing accounting values. Accounting values are reported directly by companies to the survey databases and are determined in accordance with GAAP.

While management used the Pay Governance calculations as a starting point, in accordance with past practice, management recommended adjustments to the aggregate number of UGI Corporation stock options and AmeriGas Partners and UGI performance units calculated by Pay Governance. The adjustments were designed to address historic grant practices, internal pay equity and the policy of UGI that the three-year average of the annual number of equity awards made under the 2013 UGI Plan for the fiscal

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years 2016 through 2018, expressed as a percentage of common shares outstanding at fiscal year-end, will not exceed 2 percent. For purposes of calculating the annual number of equity awards used in this calculation: (i) each stock option granted is deemed to equal one share, and (ii) each performance unit earned and paid in shares of stock is deemed to equal 4.67 shares. The adjustments resulted in (i) a decrease in the number of shares underlying options for Mr. Walsh and an increase therein for all other NEOs and (ii) a decrease in the number of performance units awarded to Mr. Walsh and an increase therein for all other NEOs, in each case as compared to amounts calculated by Pay Governance using accounting values.

As a result of the Committee's acceptance of management's recommendations, the named executive officers received between approximately 83 percent and 107 percent of the total dollar value of long-term compensation opportunity recommended by Pay Governance using accounting values. The actual grant amounts based on the foregoing analysis are as follows:

Name	Shares Underlying Stock Options # Granted	Performance Units Alerian MLP Index (as modified) # Granted	Performance Units Customer Gain/Loss # Granted
Hugh J. Gallagher	13,000	1,500	2,400
Ted J. Jastrzebski	155,000	(1)	N/A
John L. Walsh	260,000	(1)	N/A
Monica M. Gaudiosi	60,000	(1)	N/A
Anthony D. Rosback	21,000	2,450	4,200
Jerry E. Sheridan	50,000	5,600	11,250

Messrs. Walsh and Jastrzebski and Ms. Gaudiosi were awarded 37,000, 21,000 and 8,500 UGI performance units, (1) respectively, during Fiscal 2018. Mr. Jastrzebski was also awarded 12,000 UGI Corporation restricted stock units in connection with the commencement of his employment.

Peer Groups and Performance Metrics

The AmeriGas NEOs were awarded performance unit awards for the period from January 1, 2018 to December 31, 2020 tied to two different metrics: (i) the three-year TUR performance of AmeriGas Partners common units relative to that of the entities in the Alerian MLP Index, as modified based on the three-year TUR performance of AmeriGas Partners common units relative to that of the other companies in the Propane MLP Group, and (ii) a customer gain/loss metric. The Committee determined that a metric directly tied to customer gains and losses would strengthen the link between pay and performance and advance AmeriGas Partners' long-term strategic goals and objectives.

With respect to AmeriGas Partners performance units tied to the Alerian MLP Index, we will compare the TUR of AmeriGas Partners' common units relative to the TUR performance of those entities comprising the Alerian MLP Index as of the beginning of the performance period using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of calculation. The result is then modified based on AmeriGas Partners' TUR performance compared to the Propane MLP Group. If AmeriGas Partners' Alerian TUR performance qualifies for a payout at the conclusion of the three-year period ending December 31, 2020, then that payout would be modified as follows: (i) if AmeriGas Partners' TUR during the three-year period ranks first compared to the other companies in the Propane MLP Group, then the performance unit payout would be leveraged at 130 percent; (ii) if AmeriGas Partners' TUR during the three-year period ranks second compared to the other companies in the Propane MLP Group, then the performance unit payout would be leveraged at 100 percent; and (iii) if AmeriGas Partners' TUR during the three-year

period ranks third compared to the other Propane MLP Group companies, then the performance unit payout would be leveraged at 70 percent. The overall payout is capped at 200 percent of the target number of performance units awarded. In calculating the TUR for purposes of the modification, we will compare the TUR of AmeriGas Partners' common units relative to the TUR performance of those entities comprising the Propane MLP Group using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of calculation. In computing TUR, we will use the average price for the calendar quarter prior to January 1 of the beginning and end of a given three-year performance period. In addition, TUR gives effect to all distributions throughout the three-year performance period as if they had been reinvested. If one of the other two companies in the Propane MLP Group ceases to exist as a publicly traded company or declares bankruptcy ("Adjustment Event") during the first year of the performance period, then the performance units tied to the Propane MLP Group will become payable at the end of the three-year performance period based on AmeriGas Partners' TUR performance compared to the Alerian MLP Index and no modification will be made. If an Adjustment Event occurs during the second year of the performance period, then one-half of the modifier would be applied to the payout calculated under the Alerian MLP Index. If an Adjustment Event occurs during the third year of the

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performance period, then the full Propane MLP Group modifier would be calculated using the TUR as of the day immediately preceding the first public announcement of the Adjustment Event. The entities comprising the Alerian MLP Index as of January 1, 2018 were as follows:

Alliance Resource Partners, L.P.	Enterprise Products Partners, L.P.	Shell Midstream Partners L.P.
AmeriGas Partners, L.P.	EQT Midstream Partners, L.P.	Spectra Energy Partners, LP
Andeavor Logistics LP	GasLog Partners LP	Suburban Propane Partners, L.P.
Antero Midstream Partners, L.P.	Genesis Energy, L.P.	Summit Midstream Partners L.P.
Boardwalk Pipeline Partners L.P.	Golar LNG Partners, L.P.	Sunoco L.P.
Buckeye Partners, L.P.	Holly Energy Partners, L.P.	Tallgrass Energy Partners L.P.
Cheniere Energy Partners, L.P.	Magellan Midstream Partners, L.P.	TC Pipelines, L.P.
Crestwood Equity Partners L.P.	MPLX, L.P.	Teekay LNG Partners L.P.
DCP Midstream Partners, LP	NGL Energy Partners, L.P.	Valero Energy Partners, L.P.
Dominion Midstream Partners, L.P.	Nobel Midstream Partners LP	Viper Energy Partners LP
Enable Midstream Partners, L.P.	NuStar Energy L.P.	Western Gas Partners, LP
Enbridge Energy Partners, L. P.	Phillips 66 Partners, L.P.	Williams Partners L.P.
Energy Transfer Partners, L.P.	Plains All American Pipeline, L.P.	
EnLink Midstream Partners, L.P.	Rice Midstream Partners, L.P.	

The Fiscal 2018 performance units awarded to the AmeriGas NEOs and tied to customer gain and loss performance will be paid at the conclusion of the three-year performance period ending September 30, 2020 (assuming continued employment through December 31, 2020). The overall payout is capped at 200 percent of the target number of performance units awarded. The Committee believes that challenging goals and targets have been established with respect to the customer gain/loss metric for the described performance units. For illustrative purposes, with the exception of Fiscal 2018, there would have been no payout during at least the last five fiscal years had this metric been in place.

With respect to UGI performance units, we will compare the TSR of UGI's common stock relative to the TSR performance of those companies comprising the Adjusted Russell MidCap Utilities Index as of the beginning of the performance period using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of calculation. In computing TSR, the Company uses the average of the daily closing prices for its common stock and the common stock of each company in the Adjusted Russell MidCap Utilities Index for the calendar quarter prior to January 1 of the beginning and end of a given three-year performance period. In addition, TSR gives effect to all dividends throughout the three-year performance period as if they had been reinvested. If a company is added to the Adjusted Russell MidCap Utilities Index during a three-year performance period, we do not include that company in our TSR analysis. We will only remove a company that was included in the Adjusted Russell MidCap Utilities Index at the beginning of a performance period if such company ceases to exist during the applicable performance period. Those companies in the Adjusted Russell MidCap Utilities Index as of January 1, 2018 were as follows:

Alliant Energy	Edison International	Pinnacle West Capital Corp.
Ameren Corporation	Entergy Corporation	PPL Corporation
American Water Works Company, Inc.	Eversource Energy	Public Service Enterprise Group
Aqua America, Inc.	FirstEnergy Corp.	SCANA Corporation
Atmos Energy Corporation	Great Plains Energy	Sempra Energy
Avangrid	Hawaiian Electric Industries, Inc.	The AES Corporation
Calpine Corporation	MDU Resources Group, Inc.	Vectren Corporation
Centerpoint Energy, Inc.	National Fuel Gas Company	Vistra Energy Corporation
CMS Energy Corporation	NiSource Inc.	WEC Energy
Consolidated Edison, Inc.	NRG Energy, Inc.	Westar Energy, Inc.

DTE Energy Company

OGE Energy Corp.

Xcel Energy Inc.

The Committee determined that the Adjusted Russell MidCap Utilities Index is an appropriate peer group because the companies included in the Russell MidCap Utilities Index generally are comparable to the Company in terms of market capitalization and the Company is included in the Russell MidCap Utilities Index. Beginning in November 2010, the Company, with approval of the Committee, excluded telecommunications companies from the peer group because the nature of the telecommunications business is markedly different from that of other companies in the utilities industry. The minimum award, equivalent to 25 percent of the number of performance units, will be payable if the Company's TSR rank is at the 25th percentile of the Adjusted Russell

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MidCap Utilities Index. The target award, equivalent to 100 percent of the number of performance units, will be payable if the TSR rank is at the 50th percentile. The maximum award, equivalent to 200 percent of the number of performance units, will be payable if the Company's TSR rank is at the 90th percentile of the Adjusted Russell MidCap Utilities Index.

Each award payable to the named executive officers provides a number of AmeriGas Partners common units or UGI shares equal to the number of performance units earned. After the Committee has determined that the conditions for payment have been satisfied, the General Partner or UGI, as the case may be, has the authority to provide for a cash payment to the named executives in lieu of a limited number of the shares or common units payable. The cash payment is based on the value of the securities at the end of the performance period and is designed to meet minimum statutory tax withholding requirements. In the event that executives earn shares in excess of the target award, the value of the shares earned in excess of target is paid entirely in cash.

All performance units have distribution or dividend equivalent rights, as applicable. A distribution equivalent is an amount determined by multiplying the number of performance units credited to a recipient's account by the per-unit cash distribution or the per-unit fair market value of any non-cash distribution paid during the performance period on AmeriGas Partners common units on a distribution payment date. A dividend equivalent relates to UGI common stock and is determined in a similar manner. Accrued distribution and dividend equivalents are payable in cash based on the number of common units or UGI common shares, if any, paid out at the end of the performance period.

Long-Term Compensation - Payout of Performance Units for 2015-2017 Period

During Fiscal 2018, we paid out awards to those executives who received AmeriGas Partners' performance units and UGI performance units covering the period from January 1, 2015 to December 31, 2017. For that period, Messrs. Gallagher, Rosback, and Sheridan received AmeriGas performance units tied to two different metrics: (i) the Alerian Index and (ii) customer gain/loss performance. AmeriGas Partners' TUR ranked 1st relative to the other companies in the Alerian Index and the Propane MLP Group, placing AmeriGas Partners at the 100th percentile ranking and resulting in a maximum payout of 200 percent of the target award. Because the payout exceeded 100 percent, the AmeriGas 2010 Plan provides that cash will be paid in lieu of units for any amount in excess of the 100 percent target. During Fiscal 2018, we paid out awards to those executives who received UGI performance units covering the period from January 1, 2015 to December 31, 2017. For that period, UGI's TSR ranked 20th relative to the other companies in the Russell Midcap Utilities Index, placing UGI at the 41st percentile ranking, resulting in a 72 percent payout of the target award. The performance unit payouts for Fiscal 2018 were as follows:

Name	Performance Unit Payout (#) (1)	Performance Unit Payout Value (\$) (2)	Cash Payout (\$) (3)
Hugh J. Gallagher (4)	1,097	\$ 73,968	\$ 109,712
Ted J. Jastrzebski (5)	N/A	\$ N/A	\$ N/A
John L. Walsh (6)	21,549	\$ 1,519,067	\$ 91,483
Monica M. Gaudiosi (6)	4,823	\$ 318,978	\$ 19,210
Anthony D. Rosback (4)	1,403	\$ 92,460	\$ 133,620
Jerry E. Sheridan (4)	4,910	\$ 321,299	\$ 476,561

(1) Number of units/shares paid out after withholding taxes.

(2) Payout value based on performance units awarded before withholding taxes.

(3) Includes award in excess of 100 percent and dividend or distribution equivalent payout.

(4) Messrs. Gallagher, Rosback and Sheridan received AmeriGas Partners performance units.

(5) Mr. Jastrzebski did not receive a performance unit payout during Fiscal 2018.

(6) Mr. Walsh and Ms. Gaudiosi received UGI performance units.

Perquisites and Other Compensation

We provide limited perquisite opportunities to our named executive officers. We provide reimbursement for tax preparation services (discontinued in Fiscal 2011 for newly hired executives), airline membership reimbursement, and limited spousal travel. Our named executive officers may also occasionally use UGI's tickets for sporting events for personal rather than business purposes. The aggregate cost of perquisites for all named executive officers in Fiscal 2018 was less than \$10,000.

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Other Benefits

Our named executive officers participate in various retirement, pension, deferred compensation and severance plans, which are described in greater detail in the Ongoing Plans and Post-Employment Agreements section of this Compensation Discussion and Analysis. We also provide employees, including the named executive officers, with a variety of other benefits, including medical and dental benefits, disability benefits, life insurance, and paid time off for holidays and vacations. These benefits generally are available to all of our full-time employees, although the General Partner provided certain enhanced disability and life insurance benefits to its senior executives, which for the AmeriGas NEOs had a total aggregate cost in Fiscal 2018 of less than \$5,000.

Ongoing Plans and Post-Employment Agreements

We have several plans and agreements (described below) that enable our named executive officers to accrue retirement benefits as the executives continue to work for us, provide severance benefits upon certain types of termination of employment events or provide other forms of deferred compensation.

AmeriGas Propane, Inc. Savings Plan (the “AmeriGas Savings Plan”)

This plan is a tax-qualified defined contribution plan for employees of the General Partner. Subject to Code limits, which are the same as described below with respect to the UGI Savings Plan, an employee may contribute, on a pre-tax basis, up to 50 percent of his or her eligible compensation, and the General Partner provides a matching contribution equal to 100 percent of the first 5 percent of eligible compensation contributed in any pay period. Participants in the AmeriGas Savings Plan may invest amounts credited to their account among a number of funds, including the UGI stock fund. Each of the AmeriGas NEOs is eligible to participate in the AmeriGas Savings Plan.

UGI Utilities, Inc. Savings Plan (the “UGI Savings Plan”)

This plan is a tax-qualified defined contribution plan available to, among others, employees of UGI. Under the plan, an employee may contribute, subject to Internal Revenue Code (the “Code”) limitations, up to a maximum of 50 percent of his or her eligible compensation on a pre-tax basis and up to 20 percent of his or her eligible compensation on an after-tax basis. The combined maximum of pre-tax and after-tax contributions is 50 percent of his or her eligible compensation. UGI provides matching contributions targeted at 50 percent of the first 3 percent of eligible compensation contributed by the employee in any pay period, and 25 percent of the next 3 percent. For participants entering the UGI Savings Plan on or after January 1, 2009 who are not eligible to participate in the UGI Utilities Retirement Plan, UGI provides matching contributions targeted at 100 percent of the first 5 percent of eligible compensation contributed by the employee in any pay period. Amounts credited to an employee’s account in the plan may be invested among a number of funds, including the Company’s stock fund. Messrs. Walsh and Jastrzebski and Ms. Gaudiosi are eligible to participate in the UGI Savings Plan.

Retirement Income Plan for Employees of UGI Utilities, Inc. (the “UGI Utilities Retirement Plan”)

This plan is a tax-qualified defined benefit plan available to, among others, employees of UGI and certain of its subsidiaries. The UGI Utilities Retirement Plan was closed to new participants as of January 1, 2009. The UGI Utilities Retirement Plan provides an annual retirement benefit based on an employee’s earnings and years of service, subject to maximum benefit limitations. Mr. Walsh participates in the UGI Utilities Retirement Plan. See Compensation of Executive Officers - Pension Benefits Table - Fiscal 2018 and accompanying narrative for additional information.

UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan

UGI Corporation Supplemental Executive Retirement Plan

This plan is a nonqualified defined benefit plan that provides retirement benefits that would otherwise be provided under the UGI Utilities Retirement Plan to employees hired prior to January 1, 2009, but are prohibited from being paid from the UGI Utilities Retirement Plan by Code limits. The plan also provides additional benefits in the event of certain terminations of employment covered by a change in control agreement. Mr. Walsh participates in the UGI

Corporation Supplemental Executive Retirement Plan. See Compensation of Executive Officers - Pension Benefits Table - Fiscal 2018 and accompanying narrative for additional information.

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UGI Corporation Supplemental Savings Plan

This plan is a nonqualified deferred compensation plan that provides benefits that would be provided under the qualified UGI Savings Plan to employees hired prior to January 1, 2009 in the absence of Code limitations. The Supplemental Savings Plan is intended to pay an amount substantially equal to the difference between the Company matching contribution to the qualified UGI Savings Plan and the matching contribution that would have been made under the qualified UGI Savings Plan if the Code limitations were not in effect. At the end of each plan year, a participant's account is credited with earnings equal to the weighted average return on two indices: 60 percent on the total return of the Standard and Poor's 500 Index and 40 percent on the total return of the Barclays Capital U.S. Aggregate Bond Index. The plan also provides additional benefits in the event of certain terminations of employment covered by a change in control agreement. Mr. Walsh is eligible to participate in the UGI Corporation Supplemental Savings Plan. See Compensation of Executive Officers - Nonqualified Deferred Compensation Table - Fiscal 2018 and accompanying narrative for additional information.

2009 UGI Corporation Supplemental Executive Retirement Plan for New Employees

The 2009 UGI Corporation Supplemental Executive Retirement Plan for New Employees (the "UGI SERP") is a nonqualified deferred compensation plan that is intended to provide retirement benefits to executive officers who are not eligible to participate in the UGI Utilities Retirement Plan, having commenced employment with UGI on or after January 1, 2009. Under the UGI SERP, the Company credits to each participant's account annually an amount equal to 5 percent of the participant's compensation (salary and annual bonus) up to the Code compensation limit (\$270,000 in 2018) and 10 percent of compensation in excess of such limit. In addition, if any portion of the Company's matching contribution under the UGI Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant's account. Participants direct the investment of their account balances among a number of mutual funds, which are generally the same funds available to participants in the UGI Savings Plan, other than the UGI stock fund. Mr. Jastrzebski and Ms. Gaudiosi are eligible to participate in the UGI SERP. See Compensation of Executive Officers - Nonqualified Deferred Compensation Table - Fiscal 2018 and accompanying narrative for additional information.

AmeriGas Propane, Inc. Supplemental Executive Retirement Plan

The General Partner maintains a supplemental executive retirement plan, which is a nonqualified deferred compensation plan for highly compensated employees of the General Partner. Under the plan, the General Partner credits to each participant's account annually an amount equal to 5 percent of the participant's compensation up to the Code compensation limits and 10 percent of compensation in excess of such limit. In addition, if any portion of the General Partner's matching contribution under the AmeriGas Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant's account. Participants direct the investment of the amounts in their accounts among a number of mutual funds. Mr. Sheridan participated in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan ("AmeriGas SERP") through September 18, 2018 and the other AmeriGas NEOs currently participate in the AmeriGas SERP. See Compensation of Executive Officers - Nonqualified Deferred Compensation Table - Fiscal 2018 and accompanying narrative for additional information.

AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan

The General Partner maintains a nonqualified deferred compensation plan under which participants may defer up to \$10,000 of their annual compensation. Deferral elections are made annually by eligible participants in respect of compensation to be earned for the following year. Participants may direct the investment of deferred amounts into a number of mutual funds. Payment of amounts accrued for the account of a participant generally is made following the participant's termination of employment. The AmeriGas NEOs are eligible to participate in the AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan. See Compensation of Executive Officers - Nonqualified Deferred Compensation Table - Fiscal 2018 and accompanying narrative for additional information.

UGI Corporation 2009 Deferral Plan, As Amended and Restated Effective June 1, 2010

This plan provides deferral options that comply with the requirements of Section 409A of the Code related to (i) all phantom units and stock units granted to the General Partner's and UGI's non-employee Directors, (ii) benefits payable under the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, (iii) benefits payable under the UGI Corporation Supplemental Executive Retirement Plan, and (iv) the UGI SERP. If an eligible participant elects to defer payment under the plan, the participant may receive future benefits after separation from service as (x) a lump sum payment, (y) annual installment payments over a period between two and ten years, or (z) one to five retirement distribution amounts to be paid in a lump sum in the year specified by the

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individual. Deferred benefits, other than stock units and phantom units, will be deemed to be invested in investment funds selected by the participant from among a list of available funds. The plan was closed to new participants in Fiscal 2017.

Severance Pay Plans for Senior Executive Employees

The General Partner and UGI each maintain a severance pay plan that provides severance compensation to certain senior level employees. The plans are designed to alleviate the financial hardships that may be experienced by executive employee participants whose employment is terminated without just cause, other than in the event of death or disability. The General Partner's plan covers the AmeriGas NEOs and the UGI plan covers Messrs. Walsh and Jastrzebski and Ms. Gaudiosi. See Compensation of Executive Officers - Potential Payments Upon Termination or Change in Control for further information regarding the severance plans.

Separation Agreement with Mr. Sheridan

Mr. Sheridan entered into a Separation Agreement and General Release with the General Partner (the "Separation Agreement") in accordance with the AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended and restated. In accordance with the Separation Agreement, Mr. Sheridan has resigned from all offices held prior to September 18, 2018 and will receive a lump sum payment. Mr. Sheridan remains an employee of the General Partner through January 2, 2019. Mr. Sheridan's agreement requires that he execute a release discharging the General Partner and its subsidiaries from liability in connection with his separation of service from the Company.

Change in Control Agreements

The General Partner has change in control agreements with each of the AmeriGas NEOs and UGI has change in control agreements with Messrs. Walsh and Jastrzebski and Ms. Gaudiosi. The change in control agreements are designed to reinforce and encourage the continued attention and dedication of the executives without distraction in the face of potentially disturbing circumstances arising from the possibility of the change in control and to serve as an incentive to their continued employment with us. The agreements provide for payments and other benefits if we terminate an executive's employment without cause or if the executive terminates employment for good reason within two years following a change in control of UGI (and, in the case of the AmeriGas NEOs, the General Partner or AmeriGas Partners). See Compensation of Executive Officers - Potential Payments Upon Termination or Change in Control for further information regarding the change in control agreements.

Equity Ownership Guidelines

We seek to align executives' interests with unitholder and shareholder interests through our Equity Ownership and Retention Policy (the "Policy"). We believe that by encouraging our executives to maintain a meaningful equity interest in AmeriGas Partners and/or UGI we will enhance the link between our executives and unitholders or shareholders. The Board of Directors approved a new Policy during Fiscal 2017. Under this Policy, an executive must meet 25 percent of the ownership requirement within three years from the date of his or her employment or promotion. For an executive hired or promoted on or after January 24, 2017 and not previously subject to this Policy, the executive must satisfy his or her respective equity ownership requirement in full within six years and will also be subject to the ongoing compliance requirements. Executives subject to the Company's prior stock ownership policy prior to January 24, 2017 are not required to fully satisfy their equity ownership requirement by the end of a six-year achievement period, but will continue to be subject to the Policy's ongoing compliance requirements.

The AmeriGas Bonus Plan and UGI Bonus Plan each provides that, unless the Committee determines otherwise, all executive officers who have not fulfilled their equity ownership requirement receive up to 10 percent of their gross annual bonus in fully vested AmeriGas Partners common units or UGI Corporation common stock. In addition, the Policy requires that 50 percent of the net proceeds from a "cashless exercise" of stock options be used to purchase stock until the ownership requirement is met. The Policy also requires that, until the share ownership requirement is met, the executive retain all common units or shares received in connection with the payout of performance units. Executives

may not use unexercised stock options, unvested (unearned) performance units, or unvested (unearned) restricted shares, stock units or phantom units to satisfy their equity ownership requirements.

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As of September 30, 2018, the equity ownership requirements for the named executive officers were as follows:

Name	Equity Ownership Requirement (UGI common stock or AmeriGas Partners common units)
Hugh J. Gallagher (1)	12,000
Ted J. Jastrzebski	50,000
John L. Walsh	225,000
Monica M. Gaudiosi	30,000
Anthony D. Rosback	20,000

(1) In Mr. Gallagher’s capacity as Vice President - Finance and Chief Financial Officer, his equity ownership requirement was 12,000 AmeriGas Partners common units or UGI common stock. In his current capacity as President and Chief Executive Officer, Mr. Gallagher’s new equity ownership requirement is 30,000.

Executives are permitted to satisfy their requirements through ownership of AmeriGas Partners common units, UGI common stock, or a combination of AmeriGas Partners common units and UGI common stock, with each AmeriGas Partners common unit equivalent to 1.0 share of UGI common stock. Although not all named executive officers have met their respective ownership requirements due to the amount of time they have served in their current positions, all named executive officers were in compliance at September 30, 2018 with the Company’s Policy requiring the accumulation of equity over time. See Security Ownership of Certain Beneficial Owners and Management and Related Security Holder Matters - Ownership of Partnership Common Units by the Directors and Named Executive Officers.

Stock Option Grant Practices

The Committees approve annual stock option grants to named executive officers in the last calendar quarter of each year, to be effective the following January 1. The exercise price per share of the options is equal to or greater than the closing share price of UGI’s common stock on the last trading day of December. A grant to a new employee is generally effective on the later of the date the employee commences employment with us or the date the Committee authorizes the grant. In either case, the exercise price is equal to or greater than the closing price per share of UGI’s common stock on the effective date of grant. From time to time, management recommends stock option grants for non-executive employees, and the grants, if approved by the Committee, are effective on or after the date of Committee action and have an exercise price equal to or greater than the closing price per share of UGI’s common stock on the effective date of grant. We believe that our stock option grant practices are appropriate and effectively eliminate any question regarding “timing” of grants in anticipation of material events.

Role of Executive Officers in Determining Executive Compensation

In connection with Fiscal 2018 compensation, Mr. Walsh, aided by our corporate human resources department, provided statistical data and recommendations to the appropriate Committee to assist it in determining compensation levels. Mr. Walsh did not make recommendations as to his own compensation and was excused from the Committee meeting when his compensation was discussed by the Committee. While the Committees utilized information provided by Mr. Walsh, and valued Mr. Walsh’s observations with regard to other executive officers, the ultimate decisions regarding executive compensation were made by the Committee for all named executive officers, except Messrs. Sheridan and Walsh, for whom executive compensation decisions were made by the independent members of the applicable Board of Directors following Committee recommendations. In connection with his transition to the role of President and Chief Executive Officer, executive compensation decisions for Mr. Gallagher were also made by the independent members of the Board of Directors of the General Partner following Committee recommendation.

Tax Considerations

In Fiscal 2018, we paid salary and annual bonus compensation to named executive officers that may not be fully deductible under U.S. federal tax law. Section 162(m) of the Code sets a \$1,000,000 cap on the deduction for compensation paid by a publicly held corporation to a “covered employee,” which includes certain of our named

executive officers. Other than certain grandfathered awards, the TCJA eliminated the performance based compensation exception under Section 162(m) for taxable years beginning after December 31, 2017. We will continue to consider and evaluate all of our compensation programs in light of federal tax law and regulations. Nevertheless, we believe that, in some circumstances, factors other than tax deductibility take precedence in determining the forms and amount of compensation, and we retain the flexibility to authorize compensation that may not be deductible if we believe it is in the best interests of our Company.

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RISKS RELATED TO COMPENSATION POLICIES AND PRACTICES

Management conducted a risk assessment of our compensation policies and practices for Fiscal 2018. Based on its evaluation, management does not believe that any such policies or practices create risks that are reasonably likely to have a material adverse effect on the Partnership.

SUMMARY COMPENSATION TABLE

The following tables, narrative and footnotes provide information regarding the compensation of our Chief Executive Officer, our Principal Financial Officer, our 3 other most highly compensated executive officers, and one former executive officer in Fiscal 2018.

Summary Compensation Table — Fiscal 2018

Name and Principal Position (a)	Fiscal Year (b)	Salary (\$) (1)(c)	Bonus (\$) (2)(d)	Stock Awards (\$) (3)(e)	Option Awards (\$) (3)(f)	Non-Equity Incentive Plan Compensation (\$) (4)(g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (5)(h)	All Other Compensation (\$) (6)(i)	Total (\$) (7)(j)
H. J. Gallagher	2018	353,433	0	253,488	94,380	162,346	0	52,444	916,091
Vice President - Finance	2017	336,721	16,250	202,112	105,840	0	16,212	65,420	742,555
Chief Financial Officer	2016	323,389	0	171,241	83,843	0	56,243	32,786	667,502
T. J. Jastrzebski	2018	210,000	0	1,958,760 (8)	1,257,050 (9)	256,100	0	33,360	3,715,270
Principal Financial Officer									
J. L. Walsh	2018	1,195,943	0	1,994,300	1,887,600	1,768,338	544,481	55,997	7,446,659
Chairman	2017	1,171,854	0	1,953,960	2,041,200	1,308,319	1,334,584	51,795	7,861,712
	2016	1,132,043	0	1,648,500	1,581,030	1,159,212	2,439,939	61,549	8,022,273
M. M. Gaudiosi	2018	474,727	0	458,150	435,600	393,300	0	82,180	1,843,957
Vice President, General	2017	458,833	0	462,780	453,600	266,281	0	67,472	1,708,966
Counsel and Secretary	2016	447,655	0	362,670	335,370	238,232	0	63,956	1,447,883
A. D. Rosback	2018	391,295	0	391,940	152,460	197,457	0	59,375	1,192,527
Vice President and Chief Operating Officer	2017	385,017	15,000	358,800	173,880	0	0	69,525	1,002,222
	2016	367,128	0	289,655	134,148	0	0	53,007	843,938
J. E. Sheridan	2018	562,982	0	962,912	363,000	413,315	0	97,679	2,399,888
President and	2017	551,943	31,250	888,140	400,680	0	0	67,742	1,939,755
	2016	541,082	0	699,474	311,415	0	0	54,108	1,606,079

Chief Executive
Officer

(1) The amounts shown in column (c) represent salary payments actually received during the fiscal year shown based on the number of pay periods within such fiscal year. Mr. Jastrzebski's Fiscal 2018 salary reflects his employment date of May 22, 2018.

(2) The amounts shown in column (d) represent discretionary cash bonus awards for Fiscal 2017 to Messrs. Gallagher, Rosback, and Sheridan.

The amounts shown in columns (e) and (f) above represent the fair value of awards of performance units and stock options, as the case may be, on the date of grant. The assumptions used in the calculation of the amounts shown are included in Note 2 and Note 11 to our Consolidated Financial Statements for Fiscal 2018 and in Exhibit No. 99 to this Report. See the Grants of Plan-Based Awards Table for information on awards of performance units and stock options made in Fiscal 2018. The amount shown in this column also represents (1) a discretionary equity award to Mr. Gallagher of 1,095 units representing time-based AmeriGas Partners restricted units with a grant date of November 24, 2017, (2) a discretionary equity award to Mr. Sheridan of 2,106 units representing time-based AmeriGas Partners restricted units with a grant date of November 24, 2017 and (3) a discretionary equity award to Mr. Rosback of 1,011 units representing time-based AmeriGas restricted units with a grant date of November 24, 2017.

The amounts shown in this column represent payments made under the applicable performance-based annual bonus (4) plan. For Fiscal 2018, Mr. Jastrzebski received 10% of his payout in UGI Corporation common stock in compliance with UGI's

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ongoing stock ownership requirements and Messrs. Gallagher and Rosback received 10% of their payouts in AmeriGas Partners common units in compliance with UGI’s ongoing stock ownership requirements.

The amounts shown in column (h) of the Summary Compensation Table - Fiscal 2018 reflect (i) for Mr. Walsh, the change in the actuarial present value from September 30, 2017 to September 30 2018 of his accumulated benefit under UGI’s defined benefit pension plans, and (ii) the above-market portion of earnings, if any, on nonqualified deferred compensation accounts. The change in pension value from year to year as reported in this column is subject to market volatility and may not represent the value that Mr. Walsh will actually accrue under the UGI pension plans during any given year. Mr. Gallagher has a vested annual benefit under the Retirement Income Plan for Employees of UGI Utilities, Inc. based on prior credited service of approximately \$37,100. Mr. Gallagher is not currently earning benefits under that plan. Messrs. Jastrzebski, Sheridan and Rosback and Ms. Gaudiosi are not eligible to participate in the UGI Utilities Retirement Income Plan. The material terms of the pension plans and deferred compensation plans are described in the Pension Benefits Table - Fiscal 2018 and the Nonqualified Deferred Compensation Table - Fiscal 2018, and the related narratives to each. Earnings on deferred compensation are considered above-market to the extent that the rate of interest exceeds 120 percent of the applicable federal long-term rate. For purposes of the Summary Compensation Table - Fiscal 2018, the market rate on deferred compensation most analogous to the rate at the time the interest rate is set under the UGI plan for Fiscal 2018 was 3.16 percent, which is 120 percent of the federal long-term rate for December 2017. Earnings on deferred compensation are market-based and calculated by reference to externally managed mutual funds.

The table below shows the components of the amounts included for each named executive officer under the “All Other Compensation” column in the Summary Compensation Table - Fiscal 2018. None of the named executive officers received perquisites with an aggregate value of \$10,000 or more during Fiscal 2018.

Name	Employer Contribution to 401(k) Savings Plan (\$)	Employer Contribution to AmeriGas Executive Retirement Plan/UGI Supplemental Savings Plan (\$)	Total (\$)
H. J. Gallagher	14,116	38,328	52,444
T. J. Jastrzebski	0	33,110	33,110
J. L. Walsh	6,112	49,885	55,997
M. M. Gaudiosi	8,627	73,553	82,180
A. D. Rosback	13,750	45,625	59,375
J. E. Sheridan	13,299	84,380	97,679

The compensation reported for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi is paid by UGI. For Fiscal 2018, UGI charged the Partnership 37 percent of the total compensation expense, other than the change in pension value, for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi.

Includes transition awards granted in connection with Mr. Jastrzebski’s commencement of employment of (i) 4,000 UGI Corporation performance units for the three-year measurement period ending December 31, 2018, (ii) 7,000 UGI Corporation performance units for the three-year measurement period ending December 31, 2019, (iii) 10,000 UGI Corporation performance units for the three-year measurement period ending December 31, 2020, (iv) 6,000

UGI Corporation restricted units with a vesting date of May 22, 2020, and (v) 6,000 UGI Corporation restricted units with a vesting date of May 22, 2021.

- (9) Includes 155,000 option awards granted in connection with Mr. Jastrzebski's commencement of employment which vest in three equal annual installments beginning May 22, 2019.

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Grants of Plan-Based Awards In Fiscal 2018

The following table and footnotes provide information regarding equity and non-equity plan grants to the named executive officers in Fiscal 2018.

Grants of Plan-Based Awards Table — Fiscal 2018

Name	Grant Date	Board Action Date	Estimated Possible Payouts Under			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards	All Other Option Awards: Number of Shares of Securities Underlying Options (#) (4)	Exercise or Base Price of Option (\$/Sh) (l)	Grant Date Fair Value of Stock and Option Awards (m)
			Non-Equity Awards (1) Threshold (\$)	Incentive Plan Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
H. J. Gallagher	10/1/2017	11/16/2017	791,530	177,041	354,081							
	1/1/2018	11/16/2017							13,000	46.95	94,380	
	1/1/2018	11/16/2017				429	2,450	4,900			93,195	
	1/1/2018	11/16/2017				1,050	4,200	8,400			110,952	
	11/24/2017	11/16/2017							1,095		49,341	
T. J. Jastrzebski	5/22/2018	1/20/2018	104,000	216,667	433,333							
	5/22/2018	1/20/2018							155,000	49.19	1,257,050	
	5/22/2018	1/20/2018				1,000	4,000	8,000			317,720	
	5/22/2018	1/20/2018				1,750	7,000	14,000			356,860	
	5/22/2018	1/20/2018				2,500	10,000	20,000			693,900	
	5/22/2018	2/7/2018							12,000		590,280	
J. L. Walsh	10/1/2017	11/16/2017	7718,107	1,496,056	2,992,113							
	1/1/2018	11/16/2017							260,000	46.95	1,887,600	
	1/1/2018	11/16/2017				9,250	37,000	74,000			1,994,300	
M. M. Gaudiosi	10/1/2017	11/16/2017	148,308	308,974	617,949							
	1/1/2018	11/16/2017							60,000	46.95	435,600	
	1/1/2018	11/16/2017				2,125	8,500	17,000			458,150	
A. D. Rosback	10/1/2017	11/16/2017	111,325	215,329	430,659							
	1/1/2018	11/16/2017							21,000	46.95	152,460	
	1/1/2018	11/16/2017				429	2,450	4,900			152,219	
	1/1/2018	11/16/2017				1,050	4,200	8,400			194,166	
	11/24/2017	11/16/2017							1,011		45,556	
J. E. Sheridan	10/1/2017	11/16/2017	233,025	450,726	901,451							
	1/1/2018	11/16/2017							50,000	46.95	363,000	
	1/1/2018	11/16/2017				980	5,600	11,200			347,928	

1/1/2018	11/16/2017	2,813	11,250	22,500	520,088
11/24/2017	11/16/2017			2,106	94,896

The amounts shown under this heading relate to bonus opportunities under the relevant company's annual bonus plan for Fiscal 2018. See "Compensation Discussion and Analysis" for a description of the annual bonus plans. Payments for these awards have already been determined and are included in the Non-Equity Incentive Plan Compensation column (column (g)) of the Summary Compensation Table - Fiscal 2018. The threshold amount (1) shown for Messrs. Gallagher, Rosback and Sheridan is based on achievement of (i) 80 percent of the financial goal with the resulting amount modified to the extent provided for above or below target achievement of the safety goal, and (ii) 93 percent of the customer service goal. The threshold amount shown for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi is based on achievement of 80 percent of the UGI financial goal with the resulting amount

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modified to the extent provided for above or below target achievement of the safety modifier goal. The threshold amount shown for Mr. Jastrzebski is prorated to his commencement of employment date.

The awards shown for Messrs. Gallagher, Rosback, and Sheridan are performance units under the 2010 AmeriGas Long-Term Incentive Plan, as described in “Compensation Discussion and Analysis.” Performance units are forfeitable until the end of the performance period in the event of termination of employment, with pro-rated forfeitures in the case of termination of employment due to retirement, death or disability. In the case of a change in control, outstanding performance units and distribution equivalents will only be paid for a qualifying termination of employment and will be paid in cash in an amount equal to the greater of (i) the target award, or (ii) the award amount that would be payable if the performance period ended on the date of the change in control, based on the Partnership’s achievement of the performance goal as of the date of the change in control, as determined by the Compensation/Pension Committee. The awards shown for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi are performance units under the 2013 UGI Plan, as described in “Compensation Discussion and Analysis.” Terms of these awards with respect to forfeitures and change in control, as defined in the 2013 UGI Plan, are analogous to the terms of the performance units granted under the 2010 AmeriGas Long-Term Incentive Plan.

The awards shown for Mr. Jastrzebski are restricted stock units granted under the Company’s 2013 Plan in connection with the commencement of Mr. Jastrzebski’s employment on May 22, 2018. Each stock unit represents a share of UGI Corporation common stock, 6,000 of which will vest on the second anniversary of Mr. Jastrzebski’s employment commencement date and 6,000 of which will vest on the third anniversary of Mr. Jastrzebski’s employment commencement date. The awards of Messrs. Gallagher’s, Sheridan’s and Rosback’s 1,095, 1,011 and 2,106 restricted units, respectively, granted under the AmeriGas 2010 Plan represent time-based AmeriGas Partners restricted units with a grant date of November 24, 2017 in recognition of progress made on key operational and organizational initiatives during Fiscal 2017.

Options are granted under the 2013 UGI Plan. Under this Plan, the option exercise price is not less than 100 percent of the fair market value of UGI’s Common Stock on the effective date of the grant, which is either the date of the grant or a specified future date. The term of each option is generally 10 years, which is the maximum allowable term. The options become exercisable in three equal annual installments beginning on the first anniversary of the grant date. All options are nontransferable and generally exercisable only while the optionee is employed by the General Partner, UGI or an affiliate, with exceptions for exercise following termination without cause, retirement, disability and death. In the case of termination without cause, the option will be exercisable only to the extent that it has vested as of the date of termination of employment and the option will terminate upon the earlier of the expiration date of the option and the expiration of the 13-month period commencing on the date of termination of employment. If termination of employment occurs due to retirement, the option will thereafter become exercisable as if the optionee had continued to be employed by, or continued to provide service to, the Company, and the option will terminate upon the original expiration date of the option. If termination of employment occurs due to disability, the option term is shortened to the earlier of the third anniversary of the date of such termination of employment and the original expiration date, and vesting continues in accordance with the original vesting schedule. In the event of death of the optionee while an employee, the option will become fully vested and the option term will be shortened to the earlier of the expiration of the 12-month period following the optionee’s death, and the original expiration date. Options are subject to adjustment in the event of recapitalizations, stock splits, mergers, and other similar corporate transactions affecting UGI’s common stock. In the event of a change in control, unvested options become exercisable only for a qualifying termination of employment.

Outstanding Equity Awards at Year-End

The table below shows the outstanding equity awards as of September 30, 2018 for each of the named executive officers:

Outstanding Equity Awards at Year-End Table — Fiscal 2018

Option Awards		Stock Awards					
Number of Securities	Number of Securities	Option Exercise	Option Expiration	Number of	Market Value of	Equity Incentive	Equity Incentive

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	Underlying Unexercised Options (#)	Underlying Options (#)	Price		Shares or Units of Stock That Have Not Vested	Shares or Plan Units of Stock That Have Not Vested	Plan Awards: Number of Unearned Shares, or Other Rights That Have Not Vested	Plan Awards: Market or Payout Value of Unearned Shares, or Other Rights That Have Not Vested
Name	Exercisable	Unexercisable	(\$)	Date	(#)	(\$)	(#)	(\$)
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
H. J. Gallagher	8,250	(1)	27.64	12/31/2023				
	15,000	(2)	38.05	1/20/2025				
	11,666	(3) 5,834	(3) 33.76	12/31/2025			1,750	(14) 138,285
	4,666	(4) 9,334	(4) 46.08	12/31/2026			2,800	(15) 110,628
		(5) 13,000	(5) 46.95	12/31/2027			1,400	(16) 55,314
							2,300	(17) 90,873
							1,500	(18) 59,265
							2,400	(19) 94,824
						1,095	(20) 43,263	
T. J. Jastrzebski		155,000	(6) 49.19	5/21/2028				
							4,000	(22) 441,840
							7,000	(23) 388,360
							10,000	(24) 554,800
					12,000	(21) 665,760		
J. L. Walsh	187,500	(7)	21.06	12/31/2020				
	187,500	(8)	19.60	12/31/2021				
	178,500	(9)	21.81	12/31/2022				
	129,000	(10)	25.50	3/31/2023				
	405,000	(1)	27.64	12/31/2023				
	306,000	(11)	37.98	12/31/2024				
	220,000	(3) 110,000	(3) 33.76	12/31/2025			50,000	(22) 5,523,000
	90,000	(4) 180,000	(4) 46.08	12/31/2026			38,000	(23) 2,108,240
		(5) 260,000	(5) 46.95	12/31/2027			37,000	(24) 2,052,760
M. M. Gaudiosi	75,000	(12)	17.75	4/22/2022				
	75,000	(9)	21.81	12/31/2022				
	75,000	(1)	27.64	12/31/2023				
	63,000	(11)	37.98	12/31/2024				
	46,666	(3) 23,334	(3) 33.76	12/31/2025			11,000	(22) 1,215,060

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	20,000		40,000	(4)46.08	12/31/2026		9,000	(23)499,320
			60,000	(5)46.95	12/31/2027		8,500	(24)471,580
A. D. Rosback	12,675	(13)		33.48	3/22/2025			
	18,666	(3)	9,334	(3)33.76	12/31/2025		2,750	(14)217,305
	7,666	(4)	15,334	(4)46.08			5,000	(15)197,550
			21,000	(5)46.95	12/31/2026		2,400	(16)94,824
					12/31/2027		4,200	(17)165,942
							2,450	(18)96,800
							4,200	(19)165,942
						1,011		(20)39,945
J. E. Sheridan			21,668	(3)33.76	12/31/2025		6,700	(14)529,434
	17,666	(4)	35,334	(4)46.08	12/31/2026		12,000	(15)474,120
			50,000	(5)46.95	12/31/2027		5,500	(16)217,305
							11,000	(17)434,610
							5,600	(18)444,488
							11,250	(19)221,256
						2,106		(20)83,208

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Note: Column (d) was intentionally omitted.

- (1) These options were granted effective January 1, 2014 and were fully vested on January 1, 2017.
- (2) These options were granted effective January 21, 2015 and were fully vested on January 21, 2018.
- (3) These options were granted effective January 1, 2016. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2019.
- (4) These options were granted effective January 1, 2017. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2020.
- (5) These options were granted effective January 1, 2018. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2021.
- (6) These options were granted effective May 22, 2018 in connection with the commencement of Mr. Jastrzebski's employment. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on May 22, 2021.
- (7) These options were granted effective January 1, 2011 and were fully vested on January 1, 2014.
- (8) These options were granted effective January 1, 2012 and were fully vested on January 1, 2015.
- (9) These options were granted effective January 1, 2013 and were fully vested on January 1, 2016.
- (10) These options were granted effective April 1, 2013 in connection with Mr. Walsh's promotion to Chief Executive Officer in 2013 and were fully vested on April 1, 2016.
- (11) These options were granted effective January 1, 2015 and were fully vested on January 1, 2018.
- (12) These options were granted effective April 23, 2012 in connection with the commencement of Ms. Gaudiosi's employment and were fully vested on April 23, 2015.
- (13) These options were granted effective March 23, 2015 in connection with the commencement of Mr. Rosback's employment and were fully vested on March 23, 2018.
- (14) The amount shown relates to a target award of AmeriGas Partners performance units granted effective January 1, 2016. The performance measurement period for these units is January 1, 2016 through December 31, 2018. The value of the number of units that may be earned at the end of the performance period is based on the AmeriGas Partners' TUR relative to that of each of the master limited partnerships in the Alerian MLP Index as of the first day of the performance measurement period, and then modified based on AmeriGas Partners' three-year TUR relative to the TUR of the other companies in the Propane MLP Group. The actual number of units and accompanying distribution equivalents earned may be higher (up to 200% of the target award) or lower than the amount shown, based on TUR performance through the end of the performance period. This number is then modified as follows: (i) if AmeriGas Partners' TUR ranks first in the Propane MLP Group for the three-year period, then the performance unit payout will be leveraged at 130%; (ii) if AmeriGas Partners' TUR ranks second in the Propane MLP Group for the three-year period, then the performance unit payout will be leveraged at 100%; and (iii) if AmeriGas Partners' TUR ranks third in the Propane MLP Group for the three-year period, then the performance unit payout will be leveraged at 70%. The overall payout is capped at 200% of the target number of performance units awarded. The performance units will be payable, if at all, on January 1, 2019. As of October 31, 2018, AmeriGas Partners' TUR ranking (10 out of 39 companies in the Alerian MLP Index and 1 out of 3 companies in the Propane MLP Group) would qualify for 200% leverage of the target number of performance units originally granted. See Compensation Discussion and Analysis - Long-Term Compensation - Fiscal 2018 Equity Awards for more information on the TUR performance goal measurements.
- (15) The amount shown relates to a target award of AmeriGas Partners performance units granted effective January 1, 2016. The performance measurement period for these units is October 1, 2015 through September 30, 2018, but payable, if at all, on January 1, 2019. The value of the number of units that may be earned at the end of the performance period is based on AmeriGas Partners' customer gain/loss performance during the three-year performance period. If the three-year cumulative customer gain/loss goal is exceeded, then the maximum leverage will be 200%. If the three-year cumulative customer gain/loss goal is at the threshold, then each year's individual result will be leveraged at 25%. If the three-year cumulative customer gain/loss goal is below the threshold, then there will be no payout under this grant. Based on customer gain/loss performance during the performance measurement period, the target was not achieved and no payout is expected under this grant. See Compensation Discussion and Analysis -

Long-Term Compensation - Fiscal 2018 Equity Awards for more information on the performance goal measurements.

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(16) These performance units were awarded January 1, 2017. The measurement period for the performance goal is January 1, 2017 through December 31, 2019. The performance goal is the same as described in footnote 14, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2020.

(17) These performance units were awarded January 1, 2017. The measurement period for the performance goal is January 1, 2017 through December 31, 2019. The performance goal is the same as described in footnote 15, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2020.

(18) The amount shown relates to a target award of AmeriGas Partners performance units granted effective January 1, 2018. The performance goal is the same as described in footnote 14, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2021.

(19) The amount shown relates to a target award of AmeriGas Partners performance units granted effective January 1, 2018. The performance goal is the same as described in footnote 15, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2021.

(20) These restricted AmeriGas Partners common units were granted effective November 24, 2017 and will fully vest on November 24, 2018.

(21) These restricted units were granted effective May 22, 2018 in connection with the commencement of Mr. Jastrzebski's employment and will vest 50 percent on each anniversary of the grant date and will be fully vested on May 22, 2020.

(22) The amount shown relates to a target award of performance units granted effective January 1, 2016. The performance measurement period for these performance units is January 1, 2016 through December 31, 2018. The value of the number of performance units that may be earned at the end of the performance period is based on the Company's TSR relative to that of each of the companies in the Russell Midcap Utility Index, excluding telecommunications companies, as of the first day of the performance measurement period. The actual number of performance units and accompanying dividend equivalents earned may be higher (up to 200% of the target award) or lower than the amount shown, based on TSR performance through the end of the performance period. The performance units will be payable, if at all, on January 1, 2019. As of October 31, 2018, the Company's TSR ranking (4 out of 30 companies) would qualify for 199.1% leverage of the target number of performance units originally granted. See Compensation Discussion and Analysis - Long-Term Compensation - Fiscal 2018 Equity Awards for more information on the TSR performance goal measurements.

(23) These performance units were awarded January 1, 2017 with the exception of Mr. Jastrzebski who was awarded these units on his commencement date of May 22, 2018. The measurement period for the performance goal is January 1, 2017 through December 31, 2019. The performance goal is the same as described in footnote 21, but is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2020.

(24) These performance units were awarded January 1, 2018 with the exception of Mr. Jastrzebski who was awarded these units on his commencement date of May 22, 2018. The measurement period for the performance goal is January 1, 2018 through December 31, 2020. The performance goal is the same as described in footnote 21, but is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2021.

Option Exercises and Stock Vested Table — Fiscal 2018

The following table sets forth (1) the number of shares of UGI common stock acquired by the named executive officers in Fiscal 2018 from the exercise of stock options, (2) the value realized by those officers upon the exercise of stock options based on the difference between the market price for UGI's common stock on the date of exercise and the exercise price for the options, (3) for Messrs. Gallagher, Rosback, and Sheridan the number of AmeriGas Partners performance units previously granted that vested in Fiscal 2018, and (4) for Mr. Walsh and Ms. Gaudiosi, the number of UGI performance units previously granted that vested in Fiscal 2018. For Messrs. Gallagher, Rosback, and Sheridan the value realized was based on the closing price on the NYSE for AmeriGas Partners Common Units, and for Mr. Walsh and Ms. Gaudiosi, the value realized was based on the closing price on the NYSE for shares of UGI common stock, on the vesting date.

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Name	Option Awards		Stock/Unit Awards	
	Number of Shares Acquired on Exercise	Value Realized	Number of Shares Acquired on Vesting	Value Realized
(a)	(b)	(c)	(d)	(e)
H. J. Gallagher	20,000	559,536	3,200	183,680
T. J. Jastrzebski	0	0	0	0
J. L. Walsh	50,000	1,504,895	32,355	1,610,551
M. M. Gaudiosi	0	0	6,794	338,188
A. D. Rosback	8,325	134,714	4,000	226,080
J. E. Sheridan	103,332	1,301,501	13,900	797,860

Retirement Benefits

The following table shows the number of years of credited service for the named executive officers under the UGI Utilities, Inc. Retirement Income Plan (which we refer to below as the “UGI Utilities Retirement Plan”) and the UGI Corporation Supplemental Executive Retirement Plan (which we refer to below as the “UGI SERP”) and the actuarial present value of accumulated benefits under those plans as of September 30, 2018 and any payments made to the named executive officers in Fiscal 2018 under those plans.

Pension Benefits Table — Fiscal 2018

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
(a)	(b)	(c)	(d)	(e)
H. J. Gallagher (2)	UGI SERP	11	15,885	0
	UGI Utilities Retirement Plan	11	386,240	0
T. J. Jastrzebski	None	0	0	0
J. L. Walsh	UGI SERP	13	8,916,688	0
	UGI Utilities Retirement Plan	13	883,144	0
M. M. Gaudiosi (1)	None	0	0	0
A. D. Rosback (1)	None	0	0	0
J. E. Sheridan (1)	None	0	0	0

(1) Messrs. Jastrzebski, Rosback and Sheridan and Ms. Gaudiosi do not participate in any defined benefit pension plan.

(2) Mr. Gallagher has a vested annual benefit amount under the UGI Utilities, Inc. Retirement Plan based on prior credited service of approximately \$37,100. Mr. Gallagher is not currently earning benefits under that plan.

Retirement Income Plan for Employees of UGI Utilities, Inc.

UGI participates in the UGI Utilities Retirement Plan, a qualified defined benefit retirement plan, to provide retirement income to its employees hired prior to January 1, 2009. The UGI Utilities Retirement Plan pays benefits based upon final average earnings, consisting of base salary or wages and annual bonuses and years of credited service. Benefits vest after the participant completes five years of vesting service.

The UGI Utilities Retirement Plan provides normal annual retirement benefits at age 65, unreduced early retirement benefits at age 62 with ten years of service and reduced, but subsidized, early retirement benefits at age 55 with ten years of service. Employees terminating prior to early retirement eligibility are eligible to receive a benefit under the plan formula commencing at age 65 or an unsubsidized benefit as early as age 55, provided they had 10 years of service at termination. Employees who have attained

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age 50 with 15 years of service and are involuntarily terminated by UGI prior to age 55 are also eligible for subsidized early retirement benefits, beginning at age 55.

The UGI Utilities Retirement Plan's normal retirement benefit formula is (A) - (B) and is shown below:

A = The minimum of (1) and (2), where

(1)= 1.9% of five-year final average earnings (as defined in the UGI Utilities Retirement Plan) multiplied by years of service;

(2)= 60% of the highest year of earnings; and

B = 1% of the estimated primary Social Security benefit multiplied by years of service.

The amount of the benefit produced by the formula will be reduced by an early retirement factor based on the employee's actual age in years and months as of his early retirement date. The reduction factors range from 65 percent at age 55 to 100 percent (no reduction) at age 62.

The normal form of benefit under the UGI Utilities Retirement Plan for a married employee is a 50 percent joint and survivor lifetime annuity. Regardless of marital status, a participant may choose from a number of lifetime annuity payments.

The UGI Utilities Retirement Plan is subject to qualified-plan Code limits on the amount of annual benefit that may be paid and on the amount of compensation that may be taken into account in calculating retirement benefits under the plan. For 2018, the limit on the compensation that may be used is \$275,000 and the limit on annual benefits payable for an employee retiring at age 65 in 2018 is \$220,000. Benefits in excess of those permitted under the statutory limits are paid to certain employees under the UGI Corporation Supplemental Executive Retirement Plan, described below.

Mr. Walsh is currently eligible for early retirement benefits under the UGI Utilities Retirement Plan.
UGI Corporation Supplemental Executive Retirement Plan

The UGI Corporation Supplemental Executive Retirement Plan ("UGI SERP") is a non-qualified defined benefit plan that provides retirement benefits that would otherwise be provided under the UGI Utilities Retirement Plan, but are prohibited from being paid from the UGI Utilities Retirement Plan by Code limits. The benefit paid by the UGI SERP is approximately equal to the difference between the benefits provided under the UGI Utilities Retirement Plan and benefits that would have been provided by the UGI Utilities Retirement Plan if not for the limitations of the Employee Retirement Income Security Act of 1974, as amended, and the Code. Benefits vest after the participant completes 5 years of vesting service. The benefits earned under the UGI SERP are payable in the form of a lump sum payment or rolled over to the Company's nonqualified deferred compensation plan. For participants who attained age 50 prior to January 1, 2004, the lump sum payment is calculated using two interest rates. One rate is for service prior to January 1, 2004 and the other is for service after January 1, 2004. The rate for pre-January 1, 2004 service is the daily average of Moody's Aaa bond yields for the month in which the participant's termination date occurs, plus 50 basis points, and tax-adjusted using the highest marginal federal tax rate. The interest rate for post-January 1, 2004 service is the daily average of ten-year Treasury Bond yields in effect for the month in which the participant's termination date occurs. The latter rate is used for calculating the lump sum payment for participants attaining age 50 on or after January 1, 2004. Payment is due within 60 days after the termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following "separation from service" as defined in the Code.

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Actuarial assumptions used to determine values in the Pension Benefits Table

The amounts shown in the Pension Benefit Table above are actuarial present values of the benefits accumulated through September 30, 2018. An actuarial present value is calculated by estimating expected future payments starting at an assumed retirement age, weighting the estimated payments by the estimated probability of surviving to each post-retirement age, and discounting the weighted payments at an assumed discount rate to reflect the time value of money. The actuarial present value represents an estimate of the amount that, if invested today at the discount rate, would be sufficient on an average basis to provide estimated future payments based on the current accumulated benefit. The assumed retirement age for each named executive is age 62, which is the earliest age at which the executive could retire without any benefit reduction due to age. Actual benefit present values will vary from these estimates depending on many factors, including an executive's actual retirement age. The key assumptions included in the calculations are as follows:

	September 30, 2018	September 30, 2017
Discount rate for UGI Utilities Retirement Plan for all purposes and for SERP, for pre-commencement calculations	4.40% (UGI Utilities Retirement Plan) 4.20% (SERP)	4.00% (UGI Utilities Retirement Plan) 3.40% (SERP)
SERP lump sum rate	2.80% for applicable pre-2004 service; 3.10% for other service	2.50% for applicable pre-2004 service; 2.30% for other service
Retirement age:	62	62
Postretirement mortality for UGI Utilities Retirement Plan	RP-2014 blue collar table, adjusted to 2006 using MP-2014 with rates then decreased by 4.3%; projected forward on a generational basis using Scale BB-2D	RP-2014 blue collar table, adjusted to 2006 using MP-2014 with rates then decreased by 4.3%; projected forward on a generational basis using Scale BB-2D
Postretirement Mortality for SERP	1994 GAR Unisex	1994 GAR Unisex
Preretirement Mortality	none	none
Termination and disability rates	none	none
Form of payment - qualified plan	Single life annuity	Single life annuity
Form of payment - nonqualified plan	Lump sum	Lump sum

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Nonqualified Deferred Compensation

The following table shows the contributions, earnings, withdrawals and account balances for each of the named executive officers in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan (“AmeriGas SERP”), the UGI Corporation Supplemental Savings Plan (“SSP”), and the 2009 UGI Corporation Supplemental Executive Retirement Plan for New Employees (“UGI SERP”).

Nonqualified Deferred Compensation Table — Fiscal 2018

Name	Plan Name	Executive Contributions in Last Fiscal Year (\$)	Employer Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year (\$)(4)
(a)		(b)	(c)	(d)	(e)	(f)
H. J. Gallagher	AmeriGas SERP	0	38,328	(1)2,500	0	139,523
T. J. Jastrzebski	UGI SERP	0	33,110	0	0	0
J. L. Walsh	SSP	0	49,885	(2)73,767	0	632,388
M. M. Gaudiosi	UGI SERP	0	73,553	(3)9,559	0	407,636
A. D. Rosback	AmeriGas SERP	0	45,625	(1)1,558	0	80,230
J. E. Sheridan	AmeriGas SERP	0	84,380	(1)35,153	0	981,011

This amount represents the estimated employer contribution to the named executive officer under the AmeriGas (1)SERP, which is also reported in the Summary Compensation Table - Fiscal 2018 in the “All Other Compensation” column.

(2) This amount represents the employer contribution to the named executive officer under the SSP which is also reported in the Summary Compensation Table - Fiscal 2018 in the “All Other Compensation” column.

(3) This amount represents the employer contribution to the named executive officer under the UGI SERP which is also reported in the Summary Compensation Table - Fiscal 2018 in the “All Other Compensation” column.

(4) The aggregate balances do not include the Company contributions for Fiscal 2018 set forth in column (c) since the Company contributions occur after fiscal year-end.

The AmeriGas SERP is a nonqualified deferred compensation plan that is intended to provide retirement benefits to certain AmeriGas executive officers. Under the plan, AmeriGas credits to each participant’s account annually an amount equal to 5 percent of the participant’s compensation (salary and annual bonus) up to the Code compensation limit (\$270,000 in 2018) and 10 percent of compensation in excess of such limit. In addition, if any portion of the General Partner’s matching contribution under the AmeriGas Propane, Inc. qualified 401(k) Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant’s account. Benefits vest on the fifth anniversary of a participant’s employment commencement date. Participants direct the investment of their account balances among a number of mutual funds, which are generally the same funds available to participants in the AmeriGas 401(k) Savings Plan, other than the UGI Corporation stock fund. Account balances are payable in a lump sum within 60 days after termination of employment,

except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following “separation from service” as defined in the Code. Amounts payable under the AmeriGas SERP may be deferred in accordance with the UGI Corporation 2009 Deferral Plan. See “Compensation Discussion and Analysis-UGI Corporation 2009 Deferral Plan.”

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The AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan is a nonqualified deferred compensation plan that provides benefits to certain named executive officers that would otherwise be provided under the AmeriGas 401(k) Savings Plan. The plan is intended to permit participants to defer up to \$10,000 of annual compensation that would generally not be eligible for contribution to the AmeriGas 401(k) Savings Plan due to Code limitations and nondiscrimination requirements. Participants may direct the investment of deferred amounts into a number of funds. The funds available are the same funds available under the AmeriGas 401(k) Savings Plan, other than the UGI Corporation stock fund. Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following “separation from service” as defined in the Code.

The SSP is a nonqualified deferred compensation plan that provides benefits to certain named executive officers that would otherwise be provided under UGI’s qualified 401(k) Savings Plan in the absence of Code limitations. Benefits vest after the participant completes 5 years of service. The SSP is intended to pay an amount substantially equal to the difference between the UGI matching contribution that would have been made under the 401(k) Savings Plan if the Code limitations were not in effect, and the UGI match actually made under the 401(k) Savings Plan. The Code compensation limit for plan year 2018 was \$275,000. Under the SSP, the participant is credited with a UGI match on compensation in excess of Code limits using the same formula applicable to contributions to the UGI Corporation 401(k) Savings Plan, which is a match of 50 percent of the first 3 percent of eligible compensation, and a match of 25 percent on the next 3 percent, assuming that the employee contributed to the 401(k) Savings Plan the lesser of 6 percent of eligible compensation and the maximum amount permissible under the Code. Amounts credited to the participant’s account are credited with interest. The rate of interest currently in effect is the rate produced by blending the annual return on the S&P 500 Index (60 percent weighting) and the annual return on the Bloomberg Barclays US Aggregate Bond Index (40 percent weighting). Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following “separation from service” as defined in the Code.

The UGI SERP is a nonqualified deferred compensation plan that is intended to provide retirement benefits to executive officers who are not eligible to participate in the UGI Utilities Retirement Plan, having been hired on or after January 1, 2009. Under the UGI SERP, the Company credits to each participant’s account annually an amount equal to 5 percent of the participant’s compensation (salary and annual bonus) up to the Code compensation limit (\$275,000 in plan year 2018) and 10 percent of compensation in excess of such limit. In addition, if any portion of the Company’s matching contribution under the UGI Utilities, Inc. 401(k) Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant’s account. Benefits vest on the fifth anniversary of a participant’s employment commencement date. Participants direct the investment of their account balances among a number of mutual funds, which are generally the same funds available to participants in the UGI Utilities, Inc. 401(k) Savings Plan, other than the UGI Corporation stock fund. Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following “separation from service” as defined in the Code. Amounts payable under the UGI SERP may be deferred in accordance with the UGI Corporation 2009 Deferral Plan. See Compensation Discussion and Analysis - UGI Corporation 2009 Deferral Plan.

Potential Payments Upon Termination of Employment or Change in Control

Severance Pay Plan for Senior Executive Employees

Named Executive Officers Employed by the General Partner. The AmeriGas Propane, Inc. Senior Executive Employee Severance Plan (the “AmeriGas Severance Plan”) provides for payment to certain senior level employees of the General Partner, including Messrs. Gallagher, Rosback, and Sheridan in the event their employment is terminated without fault on their part. Specified benefits are payable to a senior executive covered by the AmeriGas Severance

Plan if the senior executive's employment is involuntarily terminated for any reason other than for just cause or as a result of the senior executive's death or disability. Under the AmeriGas Severance Plan, "just cause" generally means dismissal of an executive due to (i) misappropriation of funds, (ii) conviction of a felony or crime involving moral turpitude, (iii) material breach of UGI's code of conduct or other written employment policies, (iv) breach of a written restrictive covenant agreement, (v) gross misconduct in the performance of his or her duties, or (vi) the intentional refusal or failure to perform his or her material duties.

Except as provided herein, the AmeriGas Severance Plan provides for cash payments equal to a participant's compensation for a period of time ranging from 6 months to 18 months, depending on length of service (the "Continuation Period"). In the case of Mr. Gallagher, beginning September 18, 2018, the Continuation Period ranges from 12 months to 24 months, depending on length of service. In addition, a participant may receive an annual bonus for his year of termination, subject to the Committee's discretion

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and not to exceed the amount of his or her bonus under the Annual Bonus Plan, pro-rated for the number of months served in the fiscal year prior to termination. The levels of severance payments were established by the Compensation/Pension Committee based on competitive practice and are reviewed by management and the Compensation/Pension Committee from time to time.

Under the AmeriGas Severance Plan, the participant also receives a payment equal to the cost he or she would have incurred to continue medical and dental coverage under the General Partner's plans for the Continuation Period (less the amount the participant would be required to contribute for such coverage if the participant were an active employee), provided continued medical and dental coverage would not result in adverse tax consequences to the participant or the General Partner and its affiliates and is permitted under the applicable medical and dental plans. This amount includes a tax gross-up payment equal to 75 percent of the payment relating to medical and dental coverage. The AmeriGas Severance Plan also provides for outplacement services for a period of 12 months following a participant's termination of employment. Participants, if eligible, are entitled to receive reimbursement for tax preparation services for the final year of employment.

In order to receive benefits under the AmeriGas Severance Plan, a participant is required to execute a release that discharges the General Partner and its affiliates from liability for any claims the senior executive may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with the General Partner or its affiliates. Each senior executive is also required to ratify any existing post-employment activities agreement (which restricts the senior executive from competing with the Partnership and its affiliates following termination of employment) and to cooperate in attending to matters pending at the time of termination of employment.

Named Executive Officers Employed by UGI Corporation. The UGI Corporation Senior Executive Employee Severance Plan (the "UGI Severance Plan") provides for payment to certain senior level employees of UGI, including Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, in the event their employment is terminated without fault on their part. Benefits are payable to a senior executive covered by the UGI Severance Plan if the senior executive's employment is involuntarily terminated for any reason other than for just cause or as a result of the senior executive's death or disability. Under the UGI Severance Plan, "just cause" generally means dismissal of an executive due to (i) misappropriation of funds, (ii) conviction of a felony or crime involving moral turpitude, (iii) material breach of the General Partner's code of conduct or other written employment policies, (iv) breach of a written restrictive covenant agreement, (v) gross misconduct in the performance of his or her duties, or (vi) the intentional refusal or failure to perform his or her material duties.

Except as provided herein, the UGI Severance Plan provides for cash payments equal to a participant's compensation for a Continuation Period ranging from 6 months to 18 months. In the case of Mr. Walsh, the Continuation Period is 30 months. In addition, a participant may receive an annual bonus for his or her year of termination, subject to the Committee's discretion and not to exceed the amount of his or her bonus under the Annual Bonus Plan, pro-rated for the number of months served in the fiscal year prior to termination. The levels of severance payment were established by the Compensation and Management Development Committee based on competitive practice and are reviewed by management and the Compensation and Management Development Committee from time to time.

Under the UGI Severance Plan, the participant also receives a payment equal to the cost he or she would have incurred to continue medical and dental coverage under UGI's plans for the Continuation Period (less the amount the participant would be required to contribute for such coverage if the participant were an active employee), provided continued medical and dental coverage would not result in adverse tax consequences to the participant or UGI and its affiliates and is permitted under the applicable medical and dental plans. This amount includes a tax gross-up payment equal to 75 percent of the payment relating to medical and dental coverage. The UGI Severance Plan also provides for outplacement services for a period of 12 months following a participant's termination of employment. Participants, if eligible, are entitled to receive reimbursement for tax preparation services for their final year of employment under the UGI Severance Plan.

In order to receive benefits under the UGI Severance Plan, a participant is required to execute a release that discharges UGI and its subsidiaries from liability for any claims the senior executive may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into

with UGI or its subsidiaries. Each senior executive is also required to ratify any existing post-employment activities agreement (which restricts the senior executive from competing with UGI and its affiliates following termination of employment) and to cooperate in attending to matters pending at the time of termination of employment.

Change in Control Arrangements

Named Executive Officers Employed by the General Partner. Messrs. Gallagher, Rosback, and Sheridan each have an agreement with the General Partner that provides benefits in the event of a change in control. The agreements have a term of 3 years with automatic one-year extensions each year, unless in each case, prior to a change in control, the General Partner terminates such agreement. In the absence of a change in control or termination by the General Partner, each agreement will terminate when, for

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any reason, the executive terminates his or her employment with the General Partner. A change in control is generally deemed to occur in the following instances:

any person (other than certain persons or entities affiliated with UGI), together with all affiliates and associates of such person, acquires securities representing 20 percent or more of either (i) the then outstanding shares of common stock, or (ii) the combined voting power of UGI's then outstanding voting securities;

individuals, who at the beginning of any 24-month period constitute the UGI Board of Directors (the "Incumbent Board") and any new Director whose election by the Board of Directors, or nomination for election by UGI's shareholders, was approved by a vote of at least a majority of the Incumbent Board, cease for any reason to constitute a majority;

UGI is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation in a transaction in which former shareholders of UGI do not own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation;

the General Partner, Partnership or AmeriGas Propane, L.P. is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another entity in a transaction with respect to which all of the individuals and entities who were owners of the General Partner's voting securities or of the outstanding units of the Partnership immediately prior to such transaction do not, following such transaction, own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation, or if the resulting entity is a partnership, the former unitholders do not own more than 50 percent of the outstanding Common Units in substantially the same proportion as their ownership immediately prior to the transaction;

UGI, the General Partner, the Partnership or the Operating Partnership is liquidated or dissolved;

UGI fails to own more than 50 percent of the general partnership interests of the Partnership or the Operating Partnership;

UGI fails to own more than 50 percent of the outstanding shares of common stock of the General Partner; or

AmeriGas Propane, Inc. is removed as the general partner of the Partnership or the Operating Partnership. The General Partner will provide Messrs. Gallagher, Rosback, and Sheridan with cash benefits if we terminate the executive's employment without "cause" or if the executive terminates employment for "good reason" at any time within 2 years following a change in control of the General Partner, AmeriGas Partners or UGI. "Cause" generally includes (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the General Partner. "Good reason" generally includes a material diminution in authority, duties, responsibilities or base compensation; a material breach by the General Partner of the terms of the agreement; and substantial relocation requirements. If the events trigger a payment following a change in control, the benefits payable to Messrs. Gallagher, Rosback, and Sheridan will be as specified under his change in control agreement unless payments under the AmeriGas Severance Plan described above would be greater, in which case benefits would be provided under the AmeriGas Severance Plan. Benefits under this arrangement would be equal to 3 times Mr. Sheridan's base salary and annual bonus, 2.5 times Mr. Gallagher's base salary and annual bonus, and 2 times Mr. Rosback's base salary and annual bonus. Each named executive officer would also receive the cash equivalent of his target bonus, prorated for the number of months served in the fiscal year. In addition, Messrs. Gallagher, Rosback, and Sheridan are each entitled to receive a payment equal

to the cost he would incur if he enrolled in the General Partner's medical and dental plans for 3 years in the case of Mr. Sheridan, 2.5 years in the case of Mr. Gallagher, and 2 years in the case of Mr. Rosback (in each case less the amount he would be required to contribute for such coverage if he were an active employee). Messrs. Sheridan, Gallagher, and Rosback would also receive their benefits under the AmeriGas SERP calculated as if they had continued in employment for 3 years as to Mr. Sheridan, 2.5 years as to Mr. Gallagher, or 2 years as to Mr. Rosback. In addition, outstanding performance units, stock units and dividend equivalents will only be paid for a qualifying termination of employment and will be paid in cash based on the fair market value of Common Units in an amount equal to the greater of (i) the target award, and (ii) the award amount that would have been paid if the measurement period ended on the date of the change in control, as determined by the Compensation/Pension Committee. For treatment of stock options, see "Grants of Plan-Based Awards Table - Fiscal 2018."

AmeriGas Propane discontinued the use of a tax gross-up in November of 2010 and, as a result, the benefits for Messrs. Gallagher, Rosback, and Sheridan are not subject to a "conditional gross-up" for excise and related taxes in the event they would constitute

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“excess parachute payments,” as defined in Section 280G of the Code.

In order to receive benefits under his change in control agreement, each named executive is required to execute a release that discharges the General Partner and its affiliates from liability for any claims he may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with the General Partner or its affiliates.

Named Executive Officers Employed By UGI Corporation. Each of Messrs. Walsh and Jastrzebski and Ms. Gaudiosi has an agreement with UGI which provides benefits in the event of a change in control. The agreement has a term of 3 years with automatic one-year extensions each year, unless in each case, prior to a change in control, UGI terminates an agreement. In the absence of a change in control or termination by UGI, the agreement will terminate when, for any reason, the executive terminates his employment with UGI. A change in control is generally deemed to occur in the following instances:

any person (other than certain persons or entities affiliated with UGI), together with all affiliates and associates of such person, acquires securities representing 20 percent or more of either (i) the then outstanding shares of common stock, or (ii) the combined voting power of UGI’s then outstanding voting securities;

individuals, who at the beginning of any 24-month period constitute the UGI Board of Directors (the “Incumbent Board”) and any new Director whose election by the Board of Directors, or nomination for election by UGI’s shareholders, was approved by a vote of at least a majority of the Incumbent Board, cease for any reason to constitute a majority;

UGI is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation in a transaction in which former shareholders of UGI do not own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation; or

UGI Corporation is liquidated or dissolved.

UGI will provide Messrs. Walsh and Jastrzebski and Ms. Gaudiosi with cash benefits if UGI terminates his or her employment without “cause” or if he or she terminates employment for “good reason” at any time within 2 years following a change in control of UGI. “Cause” generally includes (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of UGI. “Good reason” generally includes material diminution in authority, duties, responsibilities or base compensation; a material breach by UGI of the terms of the agreement; and substantial relocation requirements. If the events trigger a payment following a change in control, the benefits payable to Mr. Walsh and Ms. Gaudiosi will be as specified under his or her change in control agreement unless payments under the UGI Severance Plan described above would be greater, in which case benefits would be provided under the UGI Severance Plan.

Benefits under this arrangement would be equal to 3 times Messrs. Walsh’s and Jastrzebski’s and Ms. Gaudiosi’s respective base salary and annual bonus. Each executive would also receive the cash equivalent of his or her target bonus, prorated for the number of months served in the fiscal year. In addition, Messrs. Walsh and Jastrzebski and Ms. Gaudiosi are each entitled to receive a payment equal to the cost he or she would incur if he or she enrolled in UGI’s medical and dental plans for 3 years (less the amount he or she would be required to contribute for such coverage if he or she were an active employee). Messrs. Walsh and Jastrzebski and Ms. Gaudiosi would also have benefits under UGI’s Supplemental Executive Retirement Plan calculated as if he or she had continued in employment for 3 years. In addition, outstanding performance units, stock units and dividend equivalents will only be paid for a qualifying termination of employment and will be paid in cash based on the fair market value of UGI’s common stock in an amount equal to the greater of (i) the target award, and (ii) the award amount that would have been paid if the performance unit measurement period ended on the date of the change in control, as determined by UGI’s

Compensation and Management Development Committee. For treatment of stock options, see “Grants of Plan-Based Awards Table - Fiscal 2018.”

The benefits are subject to a “conditional gross up” for excise and related taxes in the event they would constitute “excess parachute payments,” as defined in Section 280G of the Code. UGI will provide the tax gross-up if the aggregate parachute value of benefits is greater than 110 percent of the maximum amount that may be paid under Section 280G of the Code without imposition of an excise tax. If the parachute value does not exceed the 110 percent threshold, the benefits for Mr. Walsh will be reduced to the extent necessary to avoid imposition of the excise tax on “excess parachute payments.” UGI Corporation discontinued the use of a tax gross-up in July 2010 for executives (including Mr. Jastrzebski and Ms. Gaudiosi) who enter into change in control agreements subsequent thereto.

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In order to receive benefits under his or her change in control agreement, Messrs. Walsh and Jastrzebski and Ms. Gaudiosi are each required to execute a release that discharges UGI and its subsidiaries from liability for any claims he or she may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with UGI or its subsidiaries.

Potential Payments Upon Termination or Change in Control Table — Fiscal 2018

The amounts shown in the table below assume that each named executive officer's termination was effective as of September 30, 2018 and are merely estimates of the incremental amounts that would be paid out to the named executive officers upon their termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's termination of employment. The amounts set forth in the table below do not include compensation to which each named executive officer would be entitled without regard to his or her termination of employment, including (i) base salary and short-term incentives that have been earned but not yet paid or (ii) amounts that have been earned, but not yet paid, under the terms of the plans listed under the "Pension Benefits Table - Fiscal 2018" and the "Nonqualified Deferred Compensation Table - Fiscal 2018." There are no incremental payments in the event of voluntary resignation, termination for cause, disability or upon retirement.

Potential Payments Upon Termination or Change in Control Table - Fiscal 2018

Name & Triggering Event	Severance Pay\$(1)(2)	Equity Awards with Accelerated Vesting\$(3)	Nonqualified Retirement Benefits\$(4)	Welfare & Other Benefits\$(5)	Total(\$)
H. J. Gallagher					
Death					
Involuntary					
Termination Without Cause	0	697,178	13,568	0	710,746
Termination Following Change in Control	1,451,123	0	15,436	92,045	1,558,604
	1,378,007	939,664	89,602	90,056	2,497,329
T. J. Jastrzebski					
Death					
Involuntary					
Termination Without Cause	0	1,557,320	0	0	1,557,320
Termination Following Change in Control	666,667	0	0	35,332	701,999
	2,816,667	3,313,983	219,500	89,025	6,439,175
J. L. Walsh					
Death					
Involuntary					
Termination Without Cause	0	11,162,747	7,464,594	0	18,627,341
Termination Following Change in Control	7,213,293	0	8,928,940	63,877	16,206,110
	8,611,031	19,229,446	11,344,390	57,708	39,242,575
M. M. Gaudiosi					
Death					
Involuntary					
Termination Without Cause	0	2,494,953	0	0	2,494,953
Termination Following Change in Control	979,211	0	0	28,473	1,007,684
	1,223,202	4,336,094	186,836	31,775	5,777,907

A. D. Rosback

Death

Involuntary

Termination Without Cause	0	1,133,555	0	0	1,133,555
Termination	619,110	0	0	35,846	654,956
Following Change in Control	1,429,004	1,541,825	92,574	47,537	3,110,940

Following Change in Control

(1) Amounts shown under “Severance Pay” in the case of involuntary termination without cause are calculated under the terms of the UGI Severance Plan for Messrs. Walsh and Jastrzebski and Ms. Gaudiosi, and the AmeriGas Severance Plan for Messrs. Gallagher and Rosback. We assumed that 100 percent of the target annual bonus was paid.

(2) Amounts shown under “Severance Pay” in the case of termination following a change in control are calculated under the officer’s change in control agreement.

(3) In calculating the amounts shown under “Equity Awards with Accelerated Vesting,” we assumed (i) the continuation of AmeriGas Partners’ distribution (and UGI’s dividend, as applicable) at the rate in effect on September 30, 2018; and (ii) performance at the greater of actual through September 30, 2018 and target levels with respect to performance units.

(4) Amounts shown under “Nonqualified Retirement Benefits” are in addition to amounts shown in the “Pension Benefits Table - Fiscal 2018” and “Non-Qualified Deferred Compensation Table - Fiscal 2018.”

(5) Amounts shown under “Welfare and Other Benefits” include estimated payments for (i) medical and dental and life

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insurance premiums, (ii) outplacement services, and (iii) tax preparation services. In the event of a change in control, no estimated Code Section 280G tax gross-up payment would be triggered.

COMPENSATION OF DIRECTORS

The table below shows the components of director compensation for Fiscal 2018. A Director who is an officer or employee of the General Partner or its subsidiaries is not compensated for service on the Board of Directors or on any Committee of the Board.

Director Compensation Table — Fiscal 2018

Name	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
	Earned or Paid in Cash	Stock Awards					
(a)	(\$)(1) (b)	(\$)(2) (c)	(\$) (d)	(\$) (e)	Earnings (f)	(\$) (g)	(\$) (h)
B. R. Ford	112,000	74,121	0	0	0	0	186,121
J. R. Hartmann	112,000	74,121	0	0	0	0	186,121
F. S. Hermance	21,832	33,813	0	0	0	0	55,645
W. J. Marrazzo	117,000	74,121	0	0	0	0	191,121
A. Pol	82,500	74,121	0	0	749	0	157,370
P. A. Ramos	80,625	74,121	0	0	0	0	154,746
M. O. Schlanger	91,875	74,121	0	0	0	0	165,996
K. R. Turner	112,000	74,121	0	0	0	0	186,121

(1) In Fiscal 2018, the General Partner paid its non-management directors an annual retainer of \$75,000 for Board service. It paid an additional annual retainer of \$10,000 to members of the Audit Committee, other than the chairperson. The chairperson of the Audit Committee was paid an additional annual retainer of \$15,000. The General Partner also paid an additional retainer of \$7,500 for the chairperson of the Compensation/Pension and the Corporate Governance Committees and paid its Presiding Director a retainer of \$15,000 in Fiscal 2018. The General Partner does not typically pay meeting attendance fees to its directors. During Fiscal 2018, pursuant to the Partnership Agreement, the General Partner's Audit Committee served as a conflicts committee in evaluating a related party transaction with UGI Corporation. In connection with their service on this conflicts committee, the compensation reflected for each of Messrs. Ford, Hartmann, Marrazzo and Turner includes additional fees of \$27,000 during Fiscal 2018 (\$1,500 per meeting).

(2) All non-employee Directors received 1,550 Phantom Units during Fiscal 2018 as part of their annual compensation, except for Mr. Hermance, who received 775 Phantom Units in connection with his election to the Board on June 15, 2018. The Phantom Units were awarded under the 2010 Plan. Each Phantom Unit represents the right to receive an AmeriGas Partners Common Unit and distribution equivalents when the Director ends his service on the Board. Phantom Units earn distribution equivalents on each record date for the payment of a distribution by the Partnership on its Common Units. Accrued distribution equivalents are converted to additional Phantom Units annually, on the last day of the calendar year, based on the closing price for the Partnership's Common Units on the last trading day of the year. All Phantom Units and distribution equivalents are fully vested when credited to the Director's account. Account balances become payable 65 percent in AmeriGas Partners Common Units and 35 percent in cash, based on the value of a Common Unit, upon retirement or termination of

service unless otherwise deferred. In the case of a change in control of the Partnership, the Phantom Units and distribution equivalents will be paid in cash based on the fair market value of the Partnership's Common Units on the date of the change in control. The amounts shown in column (c) above represent the grant date fair value of the awards of Phantom Units. The assumptions used in the calculation of the amounts shown are included in Note 2 and Note 11 to our audited consolidated financial statements for Fiscal 2018. For the number of Phantom Units credited to each Director's account as of September 30, 2018, see "Securities Ownership of Certain Beneficial Owners and Management and Related Security Holder Matters - Beneficial Ownership of Partnership Common Units by the Directors and Named Executive Officers of the General Partner."

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Equity Ownership Guidelines for Independent Directors: All independent directors are required to hold AmeriGas Partners, L.P. units equal to five times the cash portion of their annual retainer. They have five years to meet this ownership threshold.

CEO Pay Ratio

The Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules adopted by the SEC require disclosure of the ratio of the annual total compensation of its chief executive officer to the annual total compensation of its median employee.

During Fiscal 2018, Mr. Sheridan served as our President and Chief Executive Officer until September 18, 2018, at which time Mr. Gallagher became our President and Chief Executive Officer and served in such capacity for the remainder of Fiscal 2018. As permitted by the SEC rules, we chose to use the annual total compensation of Mr. Sheridan to calculate our pay ratio and have thus annualized his compensation for purposes of the pay ratio estimation. The following table shows the ratio of the annual total compensation of our Chief Executive Officer compared to that of our median employee for Fiscal 2018.

In calculating the pay ratio, we did not utilize the “de minimis” exception, statistical sampling or other similar methods, or any cost-of-living adjustment, as permitted by applicable SEC regulations.

Annual total compensation of our CEO for Fiscal 2018	\$2,399,888
Annual total compensation of our median employee for Fiscal 2018	\$44,183
Ratio of annual total compensation of our CEO to the annual total compensation of our median employee for Fiscal 2018	54 to 1

Methodology:

1. We determined that, as of July 1, 2018, our employee population consisted of approximately 7,800 active employees (including part-time and temporary employees).
2. To identify the “median employee,” we selected Target Total Cash Compensation (base salary equivalent and overtime, plus incentive compensation and commissions) as our consistently applied compensation measure. With respect to the annual total compensation of the “median employee,” we identified and calculated the elements of
3. such employee’s compensation for Fiscal 2018 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K.
4. With respect to the annual total compensation of our Chief Executive Officer, we used the amount reported in the “Total column (column (j))” of our FY 2018 Summary Compensation Table included in this Proxy Statement.

ITEM SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND
12. RELATED SECURITY HOLDER MATTERS

Ownership of Limited Partnership Units by Certain Beneficial Owners

The following table sets forth certain information regarding each person known by the General Partner to have been the beneficial owner of more than 5 percent of the Partnership’s voting securities representing limited partner interests as of October 1, 2018. AmeriGas Propane, Inc. is the sole general partner of the Partnership.

Title of Class	Name (1) and Address (2) of Beneficial Owner	Amount and Nature of Beneficial	Percent of Class
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	Ownership of Partnership Units	
Common Units AmeriGas Propane, Inc.	23,756,882	26%

AmeriGas Propane, Inc. is a wholly-owned subsidiary of AmeriGas, Inc. and AmeriGas, Inc. is a wholly-owned (1) subsidiary of UGI Corporation. By virtue of these relationships, AmeriGas, Inc. and UGI Corporation are also beneficial owners of the Partnership Common Units set forth in the above table.

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(2) The address of each of AmeriGas Propane, Inc. and UGI Corporation is 460 North Gulph Road, King of Prussia, PA 19406. The address of AmeriGas, Inc. is 2525 N. 12th Street, Suite 360, Reading, PA 19612.

Ownership of Partnership Common Units by the Directors and Named Executive Officers

The table below sets forth, as of October 1, 2018, the beneficial ownership of Partnership Common Units by each director and each of the named executive officers, as well as by the directors and all of the executive officers of the General Partner as a group. No director, named executive officer or executive officer beneficially owns 1 percent or more of the Partnership's Common Units. The total number of Common Units beneficially owned by the directors and executive officers of the General Partner as a group represents less than 1 percent of the Partnership's outstanding Common Units.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Partnership Common Units (1)	Number of AmeriGas Partners Phantom Units (8)
H. J. Gallagher	14,594	0
T. J. Jastrzebski	0	0
J. L. Walsh	12,000	(2) 0
M. M. Gaudiosi	0	0
A. D. Rosback	2,984	0
J. E. Sheridan	53,433	(3) 0
B. R. Ford	2,300	(4) 8,173
J. R. Hartmann	0	4,463
F. S. Hermance	0	775
W. J. Marrazzo	1,000	(5) 12,073
A. Pol	0	9,532
P. A. Ramos	0	5,076
M. O. Schlanger	1,000	(6) 12,703
K. R. Turner	6,500	(7) 10,422
Directors and executive officers as a group (17 persons)	100,918	64,317

(1) Sole voting and investment power unless otherwise specified.

(2) Mr. Walsh's Units are held jointly with his spouse.

(3) Mr. Sheridan holds 51,327 Units jointly with his spouse.

Mr. Ford's Units are held in the following manner: (i) 700 Units are held jointly with his spouse; (ii) 50 Units are (4) held jointly with Colleen Ford; (iii) 50 Units are held jointly with Kevin Ford; and (iv) 50 Units are held jointly with Brandon Ford. 600 Units are also owned by Mr. Ford's spouse.

(5) Mr. Marrazzo's Units are held jointly with his spouse.

- (6) The Units shown are owned by Mr. Schlanger's spouse. Mr. Schlanger disclaims beneficial ownership of his spouse's Units.
- (7) The Turner Family Partnership holds 1,000 of Mr. Turner's Units and Mr. Turner disclaims beneficial ownership of these Units, except to the extent of his interest as the general partner of the Turner Family Partnership.

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(8) The 2010 Plan provides that Phantom Units will be converted to AmeriGas Partners Common Units and paid out to Directors upon termination of service.
Equity Compensation Plan Information

The following table sets forth information as of the end of Fiscal 2018 with respect to compensation plans under which equity securities of the Partnership are authorized for issuance.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	236,762		2,242,468
Equity compensation plans not approved by security holders			
Total	236,762		

(1) Securities are issued under the 2010 Plan. The 2010 Plan was approved by security holders on July 30, 2010.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We do not have any employees. We are managed by our General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. For information regarding our related person transactions in general, please read Note 13 to Consolidated Financial Statements included under Item 8 of this Report. The information summarizes our business relationships and related transactions with our General Partner and its affiliates, including UGI, during Fiscal 2018.

Interests of the General Partner in the Partnership

We make quarterly cash distributions of all of our Available Cash, generally defined as all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. According to the Partnership Agreement, the General Partner receives cash distributions as follows:

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 the Partnership) 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). When 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.

Related Person Transactions

The General Partner employs persons responsible for managing and operating the Partnership. The Partnership reimburses the General Partner for the direct and indirect costs of providing these services, including all compensation and benefit costs. For Fiscal 2018, these costs totaled approximately \$575.7 million.

The Partnership and the General Partner also have extensive, ongoing relationships with UGI and its affiliates. UGI performs certain financial and administrative services for the General Partner on behalf of the Partnership. UGI does not receive a fee for such services, but is reimbursed for all direct and indirect expenses incurred in connection with providing these services, including

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all compensation and benefit costs in accordance with an allocation formula. A wholly-owned subsidiary of UGI provides the Partnership with stop loss medical coverage of \$0.7 million per occurrence in excess of \$0.3 million per employee per year. Another wholly-owned subsidiary of UGI leases office space to the General Partner for its headquarters staff. In addition, pursuant to an Asset Sale and Purchase Agreement, on October 13, 2014, AmeriGas OLP purchased from UGI HVAC Enterprises, Inc. (“HVAC”), a second-tier, wholly owned subsidiary of UGI, a residential heating, ventilation, air conditioning, plumbing and related services business. In connection with this transaction, AmeriGas OLP entered into a Shared Services Agreement whereby HVAC provides certain accounting and administrative services to the Partnership with respect to the business purchased. The Partnership is also covered by UGI master insurance policies that generally provide excess liability, property and other standard insurance coverages. In general, the coverage afforded by the UGI master policies is shared with other UGI operating subsidiaries. As discussed under “Business-Trade Names, Trade and Service Marks,” UGI and the General Partner have licensed the trade names “AmeriGas” and “America’s Propane Company” and the related service marks and trademark to the Partnership on a royalty-free basis in the U.S. The Partnership obtains management information services from the General Partner, and reimburses the General Partner for its direct and indirect expenses related to those services. For Fiscal 2018, the Partnership incurred approximately \$20.6 million for the services referred to in this paragraph. AmeriGas OLP purchases propane from UGI Energy Services, LLC and its subsidiaries (“Energy Services”), which are affiliates of UGI. Purchases of propane by AmeriGas OLP from Energy Services totaled approximately \$0.3 million during Fiscal 2018. Amounts due to Energy Services at September 30, 2018 were not material.

The Partnership sold propane to certain affiliates of UGI which totaled approximately \$0.5 million in Fiscal 2018. The highest amounts due from affiliates of the Partnership during Fiscal 2018 and at November 1, 2018 were \$4.3 million and \$3.0 million, respectively.

On November 7, 2017, the Partnership entered into a Standby Equity Commitment Agreement with UGI and the General Partner pursuant to which UGI has committed to make up to \$225 million of capital contributions to the Partnership through July 1, 2019, for consideration comprising new Class B Common Units representing limited partner interests in the Partnership. See Note 11 to Consolidated Financial Statements for additional information.

Policies Regarding Transactions with Related Persons

The Partnership Agreement, the Audit Committee Charter and the Codes of Conduct set forth policies and procedures for the review and approval of certain transactions with persons affiliated with the Partnership.

Pursuant to the Audit Committee Charter, the Audit Committee has responsibility to review, and if acceptable, approve any transactions involving the Partnership or the General Partner in which a director or executive officer has a material interest. The Audit Committee also has authority to review and approve any transaction involving a potential conflict of interest between the General Partner and any of its affiliates, on the one hand, or the Partnership or any partner or assignee, on the other hand, based on the provisions of the Partnership Agreement for determining that a transaction is fair and reasonable to the Partnership. Such determinations are made at the request of the General Partner. In addition, the Audit Committee conducts an annual review of all “related person transactions,” as defined by applicable rules of the SEC.

Director Independence

For a discussion of director independence, see Item 10 “Directors, Executive Officers and Corporate Governance - Director Independence.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees billed by Ernst & Young LLP, the Company’s independent registered public accounting firm in Fiscal 2018 and Fiscal 2017, were as follows:

	2018	2017
Audit Fees (1)	\$1,734,939	\$1,646,133

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Audit-Related Fees (2)	148,400	179,090
Tax Fees (3)	-	\$1,931
All Other Fees (4)	41,334	107,472
Total Fees for Services Provided	\$1,924,673	\$1,934,626

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Audit Fees for Fiscal 2018 and Fiscal 2017 were for audit services, including (i) the annual audit of the consolidated financial statements of the Partnership, (ii) review of the interim financial statements included in the (1) Quarterly Reports on Form 10-Q of the Partnership, and (iii) services that only the independent registered public accounting firm can reasonably be expected to provide, such as services associated with SEC registration statements and documents issued in connection with securities offerings.

(2) Audit-Related Fees for Fiscal 2018 and Fiscal 2017 relate to audits of subsidiary financial statements, debt compliance letters, and pre-system implementation reviews.

(3) Tax Fees for Fiscal 2017 were for tax compliance or advisory services at the Partnership.

(4) All Other Fees for Fiscal 2017 were for services provided for the implementation of ASC 606.

In the course of its meetings, the Audit Committee considered whether the provision by Ernst & Young LLP of the professional services described under “Tax Fees” was compatible with Ernst & Young LLP’s independence. The Committee concluded that the independent auditor was independent from the Partnership and its management.

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the Company’s independent accountants. In recognition of this responsibility, the Audit Committee has a policy of pre-approving audit and permissible non-audit services provided by the independent accountants. The Audit Committee has also delegated approval authority to its Chair, such authority to be exercised in the intervals between meetings, in accordance with the Audit Committee’s pre-approval policy.

Prior to engagement of the Company’s independent accountants for the next year’s audit, management submits a list of services and related fees expected to be rendered during that year within each of the four categories of services noted above to the Audit Committee for approval.

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PART IV:

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1) Financial Statements:

Included under Item 8 are the following financial statements and supplementary data:

Management’s Annual Report on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm (on Internal Control over Financial Reporting) - Ernst & Young LLP

Report of Independent Registered Public Accounting Firm (on Consolidated Financial Statements and Schedules) - Ernst & Young LLP

Consolidated Balance Sheets as of September 30, 2018 and 2017

Consolidated Statements of Operations for the years ended September 30, 2018, 2017 and 2016

Consolidated Statements of Cash Flows for the years ended September 30, 2018, 2017 and 2016

Consolidated Statements of Partners’ Capital for the years ended September 30, 2018, 2017 and 2016

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

I — Condensed Financial Information of Registrant (Parent Company)

II — Valuation and Qualifying Accounts for the years ended September 30, 2018, 2017 and 2016

We have omitted all other financial statement schedules because the required information is (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) included elsewhere in the financial statements or notes thereto contained in this report.

(3) List of Exhibits:

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

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
2.1	Merger and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P., New AmeriGas Propane, Inc.,	AmeriGas Partners,	Registration Statement on Form S-4	10.21

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	AmeriGas Propane, Inc., AmeriGas Propane-2, Inc., Cal Gas Corporation of America, Propane Transport, Inc. and NORCO Transportation Company.	L.P.	(No. 33-92734)	
2.2	Conveyance and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P. and Petrolane Incorporated.	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	10.22
3.1	<u>Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2009.</u>	AmeriGas Partners, L.P.	Form 10-Q (6/30/09)	3.1
3.2	<u>Amendment No. 1 to Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of March 13, 2012.</u>	AmeriGas Partners, L.P.	Form 8-K (3/14/12)	3.1
3.3	<u>Amendment No. 2 to Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2015.</u>	AmeriGas Partners, L.P.	Form 8-K (7/27/15)	3.1

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Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
3.4	<u>Second Amended and Restated Agreement of Limited Partnership of AmeriGas Propane, L.P. dated as of December 1, 2004.</u>	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	3.1(a)
3.5	<u>Bylaws of AmeriGas Propane, Inc., Amended and Restated as of July 24, 2017.</u>	AmeriGas Partners, L.P.	Form 8-K (7/24/17)	3.1
4.1	Instruments defining the rights of security holders, including indentures. (The Partnership agrees to furnish to the Commission upon request a copy of any instrument defining the rights of holders of long-term debt not required to be filed pursuant to Item 601(b)(4) of Regulation S-K).			
4.2	<u>Indenture, dated as of January 12, 2012, among AmeriGas Finance Corp., AmeriGas Finance LLC, AmeriGas Partners, L.P., as guarantor, and U.S. Bank National Association, as trustee.</u>	AmeriGas Partners, L.P.	Form 8-K (1/12/12)	4.1
4.3	<u>First Supplemental Indenture, dated as of January 12, 2012, among AmeriGas Finance Corp., AmeriGas Finance LLC, AmeriGas Partners, L.P., as guarantor, and U.S. Bank National Association, as trustee.</u>	AmeriGas Partners, L.P.	Form 8-K (1/12/12)	4.2
4.4	<u>Indenture, dated as of June 27, 2016, among AmeriGas Partners, L.P., AmeriGas Finance Corp., and U.S. Bank National Association, as trustee.</u>	AmeriGas Partners, L.P.	Form 8-K (6/27/16)	4.1
4.5	<u>First Supplemental Indenture, dated as of June 27, 2016, among AmeriGas Partners, L.P., AmeriGas Finance Corp., and U.S. Bank National Association, as trustee.</u>	AmeriGas Partners, L.P.	Form 8-K (6/27/16)	4.2
4.6	<u>Second Supplemental Indenture, dated as of December 28, 2016, among AmeriGas Partners, L.P., AmeriGas Finance Corp., and U.S. Bank National Association, as trustee (including form of global note).</u>	AmeriGas Partners, L.P.	Form 8-K (12/28/16)	4.1
4.7	<u>Third Supplemental Indenture, dated as of February 13, 2017, among AmeriGas Partners, L.P., AmeriGas Finance Corp., and U.S. Bank National Association, as trustee (including form of global note).</u>	AmeriGas Partners, L.P.	Form 8-K (2/13/17)	4.1
10.1**	<u>UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of September 5, 2014.</u>	UGI	Form 10-K (9/30/16)	10.25
10.2**	<u>UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of September 5, 2014 - Terms and Conditions as effective January 1, 2016.</u>	UGI	Form 10-K (9/30/16)	10.26
10.3**	<u>UGI Corporation Senior Executive Employee Severance Plan, as amended and restated as of June 15, 2017.</u>	UGI	Form 10-Q (6/30/17)	10.7
10.4**	<u>UGI Corporation Executive Employee Severance Plan, as amended and restated as of June 15, 2017.</u>	UGI	Form 10-K (9/30/17)	10.31
10.5**	<u>UGI Corporation Executive Annual Bonus Plan effective as of October 1, 2006, as amended November 16, 2012.</u>	UGI	Form 10-Q (3/31/13)	10.14
10.6**	<u>AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. effective July 30, 2010.</u>	AmeriGas Partners, L.P.	Form 8-K (7/30/10)	10.2
10.7**	<u>AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended and restated as of June 15, 2017.</u>	AmeriGas Partners, L.P.	Form 10-Q (6/30/17)	10.4
10.8**			Form 10-K	10.9

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	<u>AmeriGas Propane, Inc. Executive Employee Severance Plan, as amended and restated as of June 15, 2017.</u>	AmeriGas Partners, L.P.	(9/30/17)	
10.9**	<u>AmeriGas Propane, Inc. Executive Annual Bonus Plan, effective as of October 1, 2006, as amended November 15, 2012.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/13)	10.9
10.10**	<u>UGI Corporation 2013 Omnibus Incentive Compensation Plan, effective as of September 5, 2014.</u>	UGI	Form 10-K (9/30/16)	10.30

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Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.11**	<u>UGI Corporation 2013 Omnibus Incentive Compensation Plan, effective as of September 5, 2014 - Terms and Conditions for Non-Employee Directors effective January 1, 2016.</u>	UGI	Form 10-K (9/30/16)	10.31
10.12**	<u>UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan, as Amended and Restated effective April 1, 2015.</u>	UGI	Form 10-K (9/30/17)	10.26
10.13**	<u>UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees, as Amended and Restated effective June 15, 2017.</u>	UGI	Form 10-Q (6/30/17)	10.1
10.14**	<u>UGI Corporation 2009 Deferral Plan, as Amended and Restated, effective June 15, 2017.</u>	UGI	Form 10-Q (6/30/17)	10.6
10.15**	<u>AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan, as Amended and Restated, effective November 22, 2013.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/14)	10.4
10.16**	<u>AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated effective June 15, 2017.</u>	AmeriGas Partners, L.P.	Form 10-Q (6/30/2017)	10.1
10.17**	<u>Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Non Employee Directors, dated January 24, 2018.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.1
10.18**	<u>Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Performance Unit Grant Letter for Employees dated January 1, 2018.***</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.2
10.19**	<u>AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. effective January 1, 2018 - Terms and Conditions.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.3
10.20**	<u>Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Nonqualified Stock Option Grant Letter for UGI, Utilities and AmeriGas Employees, dated January 1, 2018.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.4
10.21**	<u>Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Performance Unit Grant Letter for UGI and Utilities Employees, dated January 1, 2018.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.5
10.22**	<u>Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Stock Unit Grant Letter for Non Employee Directors, dated January 25, 2018.</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.6
10.23**	<u>Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for Non Employee Directors, dated January 25, 2018</u>	AmeriGas Partners, L.P.	Form 10-Q (3/31/18)	10.7
*10.24**	<u>Description of oral compensation arrangement for Messrs. John L. Walsh and Ted J. Jastrzebski and Ms. Monica M. Gaudiosi.</u>			
*10.25**	<u>Description of oral compensation arrangement for Messrs. Jerry E. Sheridan, Hugh J. Gallagher and Anthony D. Rosback.</u>			
*10.26**	<u>Summary of Director Compensation of AmeriGas Propane, Inc. dated October 1, 2018.</u>			
10.27**	<u>Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Mr. Walsh.</u>	UGI	Form 10-Q (6/30/08)	10.3
10.28**	<u>Change in Control Agreement for Monica M. Gaudiosi dated as of April 23, 2012.</u>	UGI	Form 10-Q (6/30/12)	10.1
10.29**			Form 10-Q	10.6

Change in Control Agreement for Mr. Sheridan Amended and Restated as of March 3, 2012.

AmeriGas (3/31/12)
Partners, L.P.

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Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.30**	<u>Form of Change in Control Agreement for Messrs. Hugh J. Gallagher and Anthony D. Rosback.</u>	AmeriGas Partners, L.P.	Form 10-K (9/30/13)	10.39
10.31**	<u>Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc. for Mr. Sheridan.</u>	AmeriGas Partners, L.P.	Form 10-K (9/30/09)	10.29
10.32**	<u>Form of Confidentiality, Non-Competition and Non-Solicitation Agreement for Messrs. Hugh J. Gallagher and Anthony D. Rosback.</u>	AmeriGas Partners, L.P.	Form 10-Q (12/31/16)	10.1
10.33	<u>Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.</u>	UGI	Form 10-K (9/30/10)	10.37
10.34	<u>First Amendment, dated as of November 18, 2015, to Trademark License Agreement, dated April 19, 1995, by and among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P., and AmeriGas Propane, L.P.</u>	AmeriGas Partners, L.P.	Form 10-K (9/30/15)	10.40
10.35	<u>Trademark License Agreement, dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.</u>	AmeriGas Partners, L.P.	Form 10-Q (12/31/10)	10.1
10.36	<u>Amended and Restated Credit Agreement dated as of June 18, 2014 by and among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as Guarantor, Wells Fargo Securities, LLC, as Sole Lead Arranger and Sole Book Manager, and the other financial institutions from time to time party thereto.</u>	AmeriGas Partners, L.P.	Form 8-K (6/18/14)	10.1
10.37	<u>Amendment No. 1 dated as of June 20, 2016 to Amended and Restated Credit Agreement dated June 18, 2014 by and among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as Guarantor, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender, and Issuing Lender, Wells Fargo Securities, LLC, as Sole Lead Arranger and Sole Book Manager, and the other financial institutions from time to time party thereto.</u>	AmeriGas Partners, L.P.	Form 8-K (6/20/16)	10.2
10.38	<u>Standby Equity Commitment Agreement, dated November 7, 2017, by and among AmeriGas Partners, L.P., AmeriGas Propane, Inc. and UGI Corporation.</u>	AmeriGas Partners, L.P.	Form 8-K (11/7/17)	10.1
10.39	<u>Second Amended and Restated Credit Agreement dated as of December 15, 2017 by and among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as a Guarantor, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender, and Issuing Lender, Wells Fargo Securities, LLC, as Sole Lead Arranger and Sole Bookrunner, and the other financial institutions from time to time party thereto.</u>	AmeriGas Partners, L.P.	Form 8-K (12/15/17)	10.1
14	<u>Code of Ethics for principal executive, financial and accounting officers.</u>	UGI	Form 10-K (9/30/03)	14
*21	<u>Subsidiaries of the Registrant.</u>			
*23	<u>Consent of Ernst & Young LLP.</u>			
*31.1	<u>Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2018 pursuant</u>			

to Section 302 of the Sarbanes-Oxley Act of 2002.

Certification by the Principal Financial Officer relating to the Registrant's

*31.2 Report on Form 10-K for the fiscal year ended September 30, 2018 pursuant
to Section 302 of the Sarbanes-Oxley Act of 2002.

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Incorporation by Reference

Exhibit No.	Exhibit	Registrant Filing Exhibit
*32	<u>Certification by the Chief Executive Officer and the Principal Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2018, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	
*99.1	<u>UGI Corporation Equity-Based Compensation Information.</u>	
*101.INS	XBRL Instance	
*101.SCH	XBRL Taxonomy Extension Schema	
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase	
*101.DEF	XBRL Taxonomy Extension Definition Linkbase	
*101.LAB	XBRL Taxonomy Extension Labels Linkbase	
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase	
	* Filed herewith.	
	** As required by Item 15(a)(3), this exhibit is identified as a compensatory plan or arrangement.	
	*** Portions of this exhibit have been omitted pursuant to an Order Granting Confidential Treatment under the Securities Exchange Act of 1934, as amended.	

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit No.	Description
10.24	<u>Description of oral compensation arrangement for Messrs. John L. Walsh and Ted J. Jastrzebski and Ms. Monica M. Gaudiosi.</u>
10.25	<u>Description of oral compensation arrangement for Messrs. Jerry E. Sheridan, Hugh J. Gallagher and Anthony D. Rosback.</u>
10.26	<u>Summary of Director Compensation of AmeriGas Propane, Inc. dated October 1, 2018.</u>
21	<u>Subsidiaries of the Registrant.</u>
23	<u>Consent of Ernst & Young LLP.</u>
31.1	<u>Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u>
31.2	<u>Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</u>
32	<u>Certification by the Chief Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.</u>
99.1	<u>UGI Corporation Equity-Based Compensation Information.</u>
101.INS	XBRL Instance

- 101.SCH XBRL Taxonomy Extension Schema
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF XBRL Taxonomy Extension Definition Linkbase
- 101.LAB XBRL Taxonomy Extension Labels Linkbase
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIGAS PARTNERS,
L.P.

By: AmeriGas Propane, Inc.,
Its General Partner

Date: November 20, 2018 By: /s/ Ted J. Jastrzebski

Ted J. Jastrzebski
Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on November 20, 2018, by the following persons on behalf of the Registrant in the capacities indicated.

Signature	Title
/s/ Hugh J. Gallagher Hugh J. Gallagher	President and Chief Executive Officer (Principal Executive Officer) and Director
/s/ Ted J. Jastrzebski Ted J. Jastrzebski	Principal Financial Officer
/s/ Laurie A. Bergman Laurie A. Bergman	Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ John L. Walsh John L. Walsh	Chairman and Director
/s/ Brian R. Ford Brian R. Ford	Director
/s/ John R. Hartmann John R. Hartmann	Director
/s/ Frank S. Hermance Frank S. Hermance	Director
/s/ William J. Marrazzo William J. Marrazzo	Director
/s/ Roger Perreault Roger Perreault	Director

/s/ Anne Pol
Anne Pol Director

/s/ Pedro A. Ramos
Pedro A. Ramos Director

/s/ Marvin O. Schlanger
Marvin O. Schlanger Director

/s/ K. Richard Turner
K. Richard Turner Director

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
FINANCIAL INFORMATION
FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K
YEAR ENDED SEPTEMBER 30, 2018

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
 INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

	Pages
Financial Statements:	
<u>Management’s Annual Report on Internal Control over Financial Reporting</u>	<u>F- 3</u>
<u>Report of Independent Registered Public Accounting Firm (on Internal Control over Financial Reporting)</u>	<u>F- 4</u>
<u>Report of Independent Registered Public Accounting Firm (on Consolidated Financial Statements and Schedules)</u>	<u>F- 5</u>
<u>Consolidated Balance Sheets as of September 30, 2018 and 2017</u>	<u>F- 6</u>
<u>Consolidated Statements of Operations for the years ended September 30, 2018, 2017 and 2016</u>	<u>F- 7</u>
<u>Consolidated Statements of Cash Flows for the years ended September 30, 2018, 2017 and 2016</u>	<u>F- 8</u>
<u>Consolidated Statements of Partners’ Capital for the years ended September 30, 2018, 2017 and 2016</u>	<u>F- 9</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F- 10</u>
Financial Statements Schedules:	
For the years ended September 30, 2018, 2017 and 2016:	
<u>I — Condensed Financial Information of Registrant (Parent Company)</u>	<u>S-1</u>
<u>II — Valuation and Qualifying Accounts</u>	<u>S-4</u>

We have omitted all other financial statement schedules because the required information is either (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) included elsewhere in the financial statements or related notes.

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General Partner's Reports

Financial Statements

The Partnership's consolidated financial statements and other financial information contained in this Annual Report were 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 ("GAAP") 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 four members, each of whom is independent and a non-employee director of the General Partner. The Committee is responsible for monitoring and overseeing the financial reporting process, the adequacy of internal accounting controls, the independence and performance of the Partnership's independent registered public accounting firm and internal auditors. The Committee meets regularly, with and without management present, with the independent registered public accounting firm and the internal auditors, both of which report directly to the Committee. In addition, the Committee provides regular reports to the Board of Directors.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Partnership, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. 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 as of September 30, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria").

Internal control over financial reporting refers to the process, designed under the supervision and with the participation of management, including our Chief Executive Officer and Principal Financial Officer, and effected by the General Partners' Board of Directors, 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 GAAP and includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (2) 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 Partnership are being made only in accordance with authorizations of management and directors of the General Partner; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership'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 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's internal control over financial reporting was effective as of September 30, 2018, based on the COSO criteria. Ernst & Young LLP, our independent registered public accounting firm, has audited the effectiveness of the Partnership's internal control over financial reporting as of September 30, 2018, as stated in their report, which appears herein.

/s/ Hugh J. Gallagher

Chief Executive Officer

/s/ Ted J. Jastrzebski

Principal Financial Officer

/s/ Laurie A. Bergman

Chief Accounting Officer

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Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited AmeriGas Partners, L.P. and subsidiaries' internal control over financial reporting as of September 30, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, AmeriGas Partners, L.P. and subsidiaries (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of AmeriGas Partners, L.P. and subsidiaries as of September 30, 2018 and 2017, the related consolidated statements of operations, cash flows, and partners' capital for each of the three years in the period ended September 30, 2018, and the related notes and the financial statement schedules listed in the Index at Item 15(a) and our report dated November 20, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

/s/ Ernst & Young LLP
Philadelphia, PA
November 20, 2018

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AmeriGas Partners, L.P. and subsidiaries (the Partnership) as of September 30, 2018 and 2017, the related consolidated statements of operations, cash flows, and partners' capital for each of the three years in the period ended September 30, 2018, and the related notes and the financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at September 30, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the AmeriGas Partners L.P.'s internal control over financial reporting as of September 30, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "2013 framework," and our report dated November 20, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2014.

Philadelphia, PA
November 20, 2018

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (Thousands of dollars)

	September 30,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$6,878	\$7,316
Accounts receivable (less allowances for doubtful accounts of \$12,825 and \$11,820, respectively)	206,576	197,776
Accounts receivable — related parties	3,248	3,665
Inventories	130,527	116,679
Derivative instruments	38,661	30,483
Prepaid expenses	27,981	25,605
Other current assets	38,020	32,250
Total current assets	451,891	413,774
Property, plant and equipment (less accumulated depreciation of \$1,151,726 and \$1,511,890, respectively)	1,148,383	1,206,710
Goodwill	2,003,671	2,002,010
Intangible assets	279,608	390,040
Derivative instruments	6,347	1,320
Other assets	35,918	45,407
Total assets	\$3,925,818	\$4,059,261
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	\$8,626	\$8,447
Short-term borrowings	232,000	140,000
Accounts payable — trade	137,050	119,686
Accounts payable — related parties	1,482	304
Employee compensation and benefits accrued	56,557	45,926
Interest accrued	44,574	44,135
Customer deposits and advances	91,829	109,453
Other current liabilities	105,910	113,581
Total current liabilities	678,028	581,532
Long-term debt	2,561,007	2,563,832
Other noncurrent liabilities	117,115	130,826
Total liabilities	3,356,150	3,276,190
Commitments and contingencies (Note 12)		
Partners' capital:		
AmeriGas Partners, L.P. partners' capital:		
Common unitholders (units issued — 92,977,072 and 92,958,586, respectively)	523,925	733,104
General partner	12,682	14,795
Total AmeriGas Partners, L.P. partners' capital	536,607	747,899
Noncontrolling interest	33,061	35,172
Total partners' capital	569,668	783,071
Total liabilities and partners' capital	\$3,925,818	\$4,059,261

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended September 30,		
	2018	2017	2016
Revenues:			
Propane	\$2,545,794	\$2,183,538	\$2,053,160
Other	277,184	269,957	258,657
	2,822,978	2,453,495	2,311,817
Costs and expenses:			
Cost of sales — propane (excluding depreciation and amortization shown below)	215,616	891,261	719,842
Cost of sales — other (excluding depreciation and amortization shown below)	86,576	80,611	78,857
Operating and administrative expenses	923,064	915,133	928,786
Impairment of tradenames and trademarks	75,000	—	—
Depreciation and amortization	185,753	190,505	189,980
Other operating income, net	(24,373)	(11,873)	(28,252)
	2,461,636	2,065,637	1,889,213
Operating income	361,342	387,858	422,604
Loss on extinguishments of debt	—	(59,729)	(48,889)
Interest expense	(163,125)	(160,226)	(164,095)
Income before income taxes	198,217	167,903	209,620
Income tax (expense) benefit	(4,215)	(2,034)	1,573
Net income including noncontrolling interest	194,002	165,869	211,193
Deduct net income attributable to noncontrolling interest	(3,480)	(3,810)	(4,209)
Net income attributable to AmeriGas Partners, L.P.	\$190,522	\$162,059	\$206,984
General partner's interest in net income attributable to AmeriGas Partners, L.P.	\$47,226	\$45,146	\$40,227
Limited partners' interest in net income attributable to AmeriGas Partners, L.P.	\$143,296	\$116,913	\$166,757
Income per limited partner unit (Note 2):			
Basic	\$1.54	\$1.25	\$1.77
Diluted	\$1.54	\$1.25	\$1.77
Weighted-average limited partner units outstanding (thousands):			
Basic	93,034	92,996	92,949
Diluted	93,086	93,050	93,023

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended September 30		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interest	\$ 194,002	\$ 165,869	\$ 211,193
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:			
Depreciation and amortization	185,753	190,505	189,980
Provision for uncollectible accounts	14,016	17,693	11,215
Loss on extinguishments of debt	—	59,729	48,889
Change in unrealized gains and losses on derivative instruments	(12,473)	(31,062)	(66,079)
Impairment of tradenames and trademarks	75,000	—	—
Other, net	(1,110)	23,350	2,112
Net change in:			
Accounts receivable	(22,849)	(35,132)	3,963
Inventories	(13,783)	(37,398)	15,478
Accounts payable	18,573	26,325	(5,267)
Other current assets	(393)	(8,661)	3,895
Other current liabilities	(26,467)	(14,436)	7,564
Net cash provided by operating activities	410,269	356,782	422,943
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(101,277)	(98,164)	(101,693)
Proceeds from disposals of assets	27,180	19,935	14,636
Acquisitions of businesses, net of cash acquired	(10,090)	(36,824)	(37,560)
Net cash used by investing activities	(84,187)	(115,053)	(124,617)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(402,645)	(398,877)	(387,659)
Noncontrolling interest activity	(5,591)	(3,626)	(5,378)
Increase (decrease) in short-term borrowings	92,000	(13,200)	85,100
Issuance of long-term debt, net of issuance costs	—	1,207,727	1,331,293
Repayment of long-term debt, including redemption premiums	(9,054)	(1,043,744)	(1,321,750)
Proceeds associated with equity based compensation plans, net of tax withheld	801	1,465	1,127
Capital contributions from General Partner	8	15	11
Other	(2,039)	—	—
Net cash used by financing activities	(326,520)	(250,240)	(297,256)
Cash and cash equivalents (decrease) increase	\$(438)	\$(8,511)	\$ 1,070
CASH AND CASH EQUIVALENTS			
End of year	\$ 6,878	\$ 7,316	\$ 15,827
Beginning of year	7,316	15,827	14,757
(Decrease) increase	\$(438)	\$(8,511)	\$ 1,070
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ 158,421	\$ 152,165	\$ 167,460

See accompanying Notes to Consolidated Financial Statements.

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(Thousands of dollars, except unit data)

	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling Interest	Total partners' capital
Balance September 30, 2015	92,889,980	\$1,145,291	\$18,925	\$1,164,216	\$ 36,157	\$1,200,373
Net income including noncontrolling interest		166,757	40,227	206,984	4,209	211,193
Distributions		(345,644)	(42,015)	(387,659)	(5,417)	(393,076)
Unit-based compensation expense		1,242		1,242		1,242
General Partner contribution to AmeriGas Propane, L.P.				—	39	39
Common Units issued in connection with employee and director plans, net of 33,430 tax withheld		(573)	11	(562)		(562)
Balance September 30, 2016	92,923,410	967,073	17,148	984,221	34,988	1,019,209
Net income including noncontrolling interest		116,913	45,146	162,059	3,810	165,869
Distributions		(351,363)	(47,514)	(398,877)	(5,228)	(404,105)
Unit-based compensation expense		1,237		1,237		1,237
General Partner contribution to AmeriGas Propane, L.P.				—	1,602	1,602
Common Units issued in connection with employee and director plans, net of 35,176 tax withheld		(756)	15	(741)		(741)
Balance September 30, 2017	92,958,586	733,104	14,795	747,899	35,172	783,071
Net income including noncontrolling interest		143,296	47,226	190,522	3,480	194,002
Distributions		(353,298)	(49,347)	(402,645)	(5,591)	(408,236)
Unit-based compensation expense		1,273		1,273		1,273
Common Units issued in connection with employee and director plans, net of 18,486 tax withheld		(450)	8	(442)		(442)
Balance September 30, 2018	92,977,072	\$523,925	\$12,682	\$536,607	\$ 33,061	\$569,668

See accompanying Notes to Consolidated Financial Statements.

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AmeriGas Partners and Subsidiaries

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

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Note 1 — Nature of Operations

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

AmeriGas OLP is engaged in the distribution of propane and related equipment and supplies. AmeriGas OLP comprises the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states.

At September 30, 2018, 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 also owns AmeriGas Partners Common Units (“Common Units”). The remaining Common Units outstanding represents publicly held Common Units. Common Units represent limited partner interests in AmeriGas Partners. AmeriGas Partners holds a 98.99% limited partner interest in AmeriGas OLP.

AmeriGas Partners and AmeriGas OLP have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 13).

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management’s knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

Principles of Consolidation. The consolidated financial statements include the accounts of AmeriGas Partners, its majority-owned subsidiary AmeriGas OLP, and its 100%-owned finance subsidiaries AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp., and AmeriGas Finance LLC. AmeriGas Partners and AmeriGas OLP are under the common control of the General Partner. The General Partner of AmeriGas OLP, which is also the General Partner of AmeriGas Partners, makes all decisions for AmeriGas OLP; limited partners of AmeriGas OLP do not have the ability to remove the General Partner or participate in the decision-making for AmeriGas OLP. The accounts of AmeriGas OLP are included based upon the determination that

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AmeriGas Partners and Subsidiaries

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

AmeriGas Partners has a controlling financial interest in and is the primary beneficiary of AmeriGas OLP. We eliminate intercompany accounts and transactions when we consolidate.

Finance Corps. AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp. and AmeriGas Finance LLC are 100%-owned finance subsidiaries of AmeriGas Partners. Their sole purpose is to serve as issuers or co-obligors for debt securities issued or guaranteed by AmeriGas Partners.

Fair Value Measurements. The Partnership applies fair value measurements on a recurring and, as otherwise required under GAAP, also on a nonrecurring basis. Fair value in GAAP is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value measurements performed on a recurring basis principally relate to commodity derivative instruments.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

We use the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.

Level 3 — Unobservable inputs for the asset or liability including situations where there is little, if any, market activity for the asset or liability.

Fair value is based upon assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and risks inherent in valuation techniques and inputs to valuations. This includes not only the credit standing of counterparties and credit enhancements but also the impact of our own nonperformance risk on our liabilities. We evaluate the need for credit adjustments to our derivative instrument fair values. These credit adjustments were not material to the fair values of our derivative instruments.

Derivative Instruments. Derivative instruments are reported on the Consolidated Balance Sheets at their fair values, unless the normal purchase and normal sale (“NPNS”) exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it qualifies and is designated as a hedge for accounting purposes. We do not currently have derivative instruments that are designated and qualify as cash flow hedges. Changes in the fair values of our commodity derivative instruments are reflected in “Cost of sales - propane” on the Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 16.

Revenue Recognition. Revenues from the sale of propane are recognized principally upon delivery. Revenues from the sale of appliances and equipment are recognized at the later of sale or installation. Revenues from repair or maintenance services are recognized upon completion of services. Revenues from annually billed fees are generally recorded on a straight-line basis over one year. We present revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, on a net basis.

Accounts Receivable. Accounts receivable are reported on the Consolidated Balance Sheets at the gross outstanding amount adjusted for an allowance for doubtful accounts. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition. Provisions for uncollectible accounts are established based upon our collection experience and the assessment of the collectability of specific amounts. Accounts receivable are written off in the period in which the receivable is deemed uncollectible.

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AmeriGas Partners and Subsidiaries

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Delivery Expenses. Expenses associated with the delivery of propane to customers (including vehicle expenses, 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.

Income Taxes. AmeriGas Partners and AmeriGas OLP are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to their individual partners. AmeriGas OLP has 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 Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as amended (“Partnership Agreement”) and the Internal Revenue Code.

Cash and Cash Equivalents. For cash flow purposes, cash and cash equivalents include cash on hand, cash in banks and highly liquid investments with maturities of three months or less when purchased.

Inventories. Our inventories are stated at the lower of cost or net realizable value. 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 we retire or otherwise dispose of plant and equipment, we eliminate the associated cost and accumulated depreciation and recognize any resulting gain or loss in "Other operating income, net" on the Consolidated Statements of Operations.

We record depreciation expense on plant and equipment using the straight-line method over estimated service lives. At September 30, 2018, estimated useful lives by type were as follows:

Asset Type	Minimum Estimated Useful Life (in years)	Maximum Estimated Useful Life (in years)
Buildings and improvements	15	40
Storage, customer tanks and cylinders and related assets	6	30
Vehicles, equipment and office furniture and fixtures	3	10
Computer software	3	10

We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our businesses. We classify amortization of computer software and related costs included in property, plant and equipment as depreciation expense. Depreciation expense totaled \$145,826, \$152,511 and \$151,575 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

No depreciation expense is included in cost of sales on the Consolidated Statements of Operations.

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.

Goodwill and Intangible Assets. We amortize intangible assets over their estimated useful lives unless we determine their lives to be indefinite. Estimated useful lives of definite-lived intangible assets, consisting of customer

relationships, noncompete agreements and, beginning in April 2018, the carrying amounts of tradenames and trademarks, do not exceed 15 years. We review definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the associated carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset.

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AmeriGas Partners and Subsidiaries

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Prior to April 2018, our tradenames and trademark intangible assets with indefinite lives were not amortized but were tested annually for impairment (and more frequently if indicators of impairment were present). We tested these indefinite-lived intangible assets by comparing their book values to their estimated fair values. The estimated fair values of the Partnership's tradenames and trademarks were determined using the "relief from royalty" method. This method requires the Partnership to, among other things, forecast future revenues expected to be derived from the use of these tradenames and trademarks and to determine a fair royalty rate from their use. These future estimated royalties are then discounted to present value using a discount rate based upon a weighted average cost of capital adjusted for the risks inherent in the forecasted financial information and those specific to the asset itself. In April 2018, the Partnership's senior management approved a plan to discontinue the use of these tradenames and trademarks, primarily associated with its January 2012 acquisition of Heritage Propane, over a period of approximately three years. As a result, during the third quarter of Fiscal 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values. For further information on these tradenames and trademarks, see Notes 10 and 15.

We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is the operating segment, or a business one level below the operating segment (a component) if discrete financial information is prepared and regularly reviewed by segment management. Components are aggregated as a single reporting unit if they have similar economic characteristics. A reporting unit with goodwill is required to perform an impairment test annually or whenever events or circumstances indicate that the value of goodwill may be impaired.

We are required to recognize an impairment charge under GAAP if the carrying amount of a reporting unit exceeds its fair value. From time to time, we may assess qualitative factors to determine whether it is more likely than not that the fair value of such reporting unit is less than its carrying amount. Among the significant factors considered in performing the qualitative assessment is the market price of AmeriGas Partners Common Units. We may bypass the qualitative assessment and perform the quantitative assessment by comparing the fair value of the reporting unit with its carrying amount, including goodwill. We determine fair value generally based on a weighting of income and market approaches. For purposes of the income approach, fair value is determined based upon the present value of the estimated future cash flows, including an estimate of the terminal value based upon these cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows which may include estimates of long-term future growth rates based upon our most recent long-term outlook. Cash flow estimates used to establish fair values under our income approach involve management judgments based on a broad range of information and historical results. In addition, external economic and competitive conditions can influence future performance. For purposes of the market approach, we use valuation multiples for companies comparable to our reporting unit. The market approach requires judgment to determine the appropriate valuation multiple. If the carrying amount of our reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to such excess but not to exceed the total amount of the goodwill.

There were no accumulated goodwill impairment losses at September 30, 2018 and 2017. There were no provisions for goodwill impairments recorded during Fiscal 2018, Fiscal 2017 or Fiscal 2016 and there were no provisions for intangible asset impairment recorded during Fiscal 2017 or Fiscal 2016. No amortization expense of intangible assets is included in cost of sales in the Consolidated Statements of Operations. For further information on our goodwill and intangible assets, see Note 10.

Impairment of Long-Lived Assets. We evaluate long-lived assets for impairment 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. If the undiscounted future cash

flows indicate that the recorded amounts are not expected to be recoverable, such long-lived assets are reduced to their estimated fair values. No material provisions for impairments were recorded during Fiscal 2018, Fiscal 2017 or Fiscal 2016.

Debt Issuance Costs. We defer and amortize debt issuance costs and debt premiums and discounts over the expected lives of the respective debt issues considering maturity dates. Deferred debt issuance costs associated with long-term debt are reflected as a direct deduction from the carrying amount of such debt. Deferred debt issue costs associated with revolving credit agreements are included in “Other assets” on the Consolidated Balance Sheets. Amortization of the debt issuance costs is reported as interest expense. Unamortized costs associated with redemptions of debt prior to their stated maturity are generally recognized and included in “Loss on extinguishments of debt” on the Consolidated Statements of Operations.

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, in excess of associated billings, are classified as “Customer deposits and advances” on the Consolidated Balance Sheets.

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

Equity-Based Compensation. The General Partner may grant Common Unit awards (as further described in Note 11) to employees and non-employee directors under its Common Unit plans, and employees of the General Partner may be granted stock options for UGI Common Stock. All of our equity-based compensation is measured at fair value on the grant date, date of modification or end of the period, as applicable, 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 equity-based awards may be presented as a liability or as equity on our Consolidated Balance Sheets. Equity-based compensation costs associated with the portion of Common Unit awards classified as equity are measured based upon their estimated 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 estimated fair value at the date of grant and remeasured as of the end of each period. We account for forfeitures of equity-based payments when they occur. For a further description of our equity-based compensation plans and related disclosures, see Note 11.

Environmental Matters. We are subject to environmental laws and regulations intended to mitigate or remove the effects of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current or former operating sites.

Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. Amounts recorded as environmental liabilities on the Consolidated Balance Sheets represent 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 investigation and remediation 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. Under GAAP, if the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, such liabilities are discounted to reflect the time value of money.

Loss Contingencies Subject to Insurance. The Partnership is subject to risk of loss for general, automobile and product liability, and workers' compensation claims for which it obtains insurance coverage under insurance policies that are subject to self-insured retentions or deductibles. In accordance with GAAP, the Partnership establishes reserves for pending legal actions, and for pending and incurred but not reported claims associated with general, automobile and workers' compensation when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. When no amount within a range of possible loss is a better estimate than any other amount within the range, liabilities recorded are based upon the low end of the range. The Partnership maintains insurance coverage such that its net exposure for claims covered by insurance would be limited to the self-insured retentions or deductibles, claims above which would be paid by the insurance carrier. For such claims, the Partnership records a receivable related to the amount of the liability expected to be paid by insurance.

Allocation of Net Income (Loss). Net income attributable to AmeriGas Partners, L.P. for partners' capital and statement of operations presentation purposes is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its 1% general partner interest in AmeriGas Partners based on its incentive distribution rights ("IDRs") under the Partnership Agreement (see Note 5).

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

in respect of the quarter or year-to-date periods exceeds our net income (loss) attributable to AmeriGas Partners, the calculation according to the two-class method results in an allocation of earnings to the General Partner greater than its relative ownership interest in the Partnership (or in the case of a net loss attributable to AmeriGas Partners, an allocation of such net loss to the Common Unitholders greater than their relative ownership interest in the Partnership).

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AmeriGas Partners and Subsidiaries

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

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

	2018	2017	2016
Net income attributable to AmeriGas Partners, L.P.	\$ 190,522	\$ 162,059	\$ 206,984
Adjust for general partner share and theoretical distributions of net income attributable to AmeriGas Partners, L.P. to the general partner in accordance with the two-class method for MLPs	(47,233)	(46,054)	(42,024)
Common Unitholders' interest in net income attributable to AmeriGas Partners, L.P. under the two-class method for MLPs	\$ 143,289	\$ 116,005	\$ 164,960
Weighted average Common Units outstanding — basic (thousands)	93,034	92,996	92,949
Potentially dilutive Common Units (thousands)	52	54	74
Weighted average Common Units outstanding — diluted (thousands)	93,086	93,050	93,023

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for Fiscal 2017 and Fiscal 2016 resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.01, and \$0.02, respectively. There was no such effect for Fiscal 2018.

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

Correction of Prior Period Errors. During the first quarter of Fiscal 2017, the Partnership determined that it had not properly recorded gains on sales of property, plant and equipment relating to certain assets acquired in the acquisition of Heritage Propane in Fiscal 2012. Also, during the fourth quarter of Fiscal 2017, the Partnership determined that it had not properly recorded depreciation expense on certain assets acquired in the acquisition of Heritage Propane in Fiscal 2012.

The partnership evaluated the impact of these errors on prior periods and determined that the effects were not material to the financial statements for Fiscal 2017, or any prior period financial statements, and recorded the cumulative effect of the error in accounting for certain disposals as of October 1, 2016, and recorded the cumulative effect of the error in accounting for depreciation expense relating to certain assets acquired in the Heritage Propane acquisitions as of July 1, 2017. The correction of the error related to gains on sales of certain property, plant and equipment obtained in the Heritage Propane acquisition decreased Fiscal 2017 other operating income, net by \$8,847 and decreased Fiscal 2017 depreciation by \$1,162. The correction of the error related to depreciation expense of certain assets acquired in the Heritage Propane acquisition increased Fiscal 2017 depreciation by \$7,350.

Note 3 — Accounting Changes

New Accounting Standards Adopted Effective October 1, 2018

Revenue Recognition. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). The guidance provided under this ASU, as amended, supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC")

No. 605, "Revenue Recognition," and most industry-specific guidance included in the ASC. ASU 2014-09 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers and requires, among other things, the disaggregation of revenues into categories that show how economic factors affect the nature, timing and uncertainty of revenues and cash flows. We adopted this ASU effective October 1, 2018, using the modified retrospective transition method.

The Partnership has completed the process of analyzing the impact of the new guidance using an integrated approach which includes evaluating differences in the amount and timing of revenue recognition from applying the requirements of the new guidance, reviewing its accounting policies and practices, and assessing the need for changes to its processes, accounting systems

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AmeriGas Partners and Subsidiaries

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

and design of internal controls. The adoption of this new guidance will not have a material impact on our consolidated financial statements.

Cloud Computing Implementation Costs. In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The new guidance requires a customer in a cloud computing arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an internal-use software project. These deferred implementation costs are expensed over the fixed, noncancelable term of the service arrangement plus any reasonably certain renewal periods. The new guidance also requires the entity to present the expense related to the capitalized implementation costs in the same income statement line as the hosting service fees; to classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments for hosting service fees; and to present the capitalized implementation costs in the balance sheet in the same line item in which prepaid hosting service fees are presented. The new guidance can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We adopted this ASU effective October 1, 2018, and applied the guidance prospectively to all implementation costs associated with cloud computing arrangements that are service contracts incurred after October 1, 2018.

Other Accounting Principles Not Yet Adopted

Fair Value Measurements Disclosures. In August 2018, the FASB issued ASU No. 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement." This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in this ASU are effective for annual periods beginning after December 15, 2019 (Fiscal 2021). The guidance regarding removed and modified disclosures will be adopted on a retrospective basis and the guidance regarding new disclosures will be adopted on a prospective basis. Early adoption is permitted. The Partnership is in the process of assessing the impact on its financial statement disclosures from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Derivatives and Hedging. In August 2017, the FASB issued ASU No. 2017-12, "Targeted Improvements to Accounting for Hedging Activities." This ASU amends and simplifies existing guidance to allow companies to more accurately present the economic effects of risk management activities in the financial statements. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Early adoption is permitted. For cash flow and net investment hedges as of the adoption date, the guidance requires a modified retrospective approach. The amended presentation and disclosure guidance is required only prospectively. The Partnership is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU, as subsequently updated, amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements unless an entity chooses the transition option in ASU 2018-11, "Leases: Targeted Improvements" which, among other things, provides entities with a

transition option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption. We will adopt ASU No. 2016-02, as updated, effective October 1, 2019 and expect to elect the proposed transition option which would allow the Partnership to maintain historical presentation for periods before October 1, 2019. The Partnership has completed a preliminary assessment for evaluating the impact of the guidance and anticipates that its adoption will result in a significant amount of right-of-use assets and lease liabilities for leases in effect at the adoption date. The Partnership has begun implementation activities including accumulating contracts and lease data in formats compatible with a new lease management system that will assist with the initial adoption of the standard.

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Note 4 — Acquisitions

During Fiscal 2018, Fiscal 2017 and Fiscal 2016, AmeriGas OLP acquired a number of domestic retail propane distribution businesses for total net cash consideration of \$10,090, \$36,824 and \$37,560, respectively. In conjunction with these acquisitions, liabilities of \$2,695 in Fiscal 2018, \$10,848 in Fiscal 2017 and \$11,819 in Fiscal 2016 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:

	2018	2017	2016
Net current assets (liabilities)	\$926	\$1,176	\$(162)
Property, plant and equipment	2,987	6,712	9,322
Goodwill	4,528	23,029	24,213
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	4,344	16,714	16,006
Other assets	—	41	—
Total	\$12,785	\$47,672	\$49,379

The goodwill above results principally from anticipated synergies between the acquired businesses and our existing propane business. The pro forma effects of these transactions were not material.

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, plus
- 2.all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter, less
- 3.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.

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). When Available Cash exceeds \$0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution (the "incentive 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 paid during Fiscal 2018, Fiscal 2017 and Fiscal 2016 were as follows:

	2018	2017	2016
1st Quarter	\$0.95	\$0.94	\$0.92
2nd Quarter	\$0.95	\$0.94	\$0.92
3rd Quarter	\$0.95	\$0.95	\$0.94
4th Quarter	\$0.95	\$0.95	\$0.94

During Fiscal 2018, Fiscal 2017 and Fiscal 2016, the Partnership made quarterly distributions to Common Unitholders in excess of \$0.605 per limited partner unit. As a result, the General Partner received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. During Fiscal 2018, Fiscal 2017 and Fiscal 2016, the total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled \$54,938, \$52,742 and \$47,432, respectively. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2018, Fiscal 2017 and Fiscal 2016 of \$45,321, \$43,525 and \$38,157, respectively.

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 6 — Debt

Long-term debt comprises the following at September 30:

	2018	2017
AmeriGas Partners Senior Notes:		
5.50% due May 2025 (a)	\$700,000	\$700,000
5.875% due August 2026 (a)	675,000	675,000
5.75% due May 2027 (a)	525,000	525,000
5.625% due May 2024 (a)	675,000	675,000
Heritage Operating, L.P. (“HOLP”) Senior Secured Notes	7,516	11,348
Other	14,615	17,262
Total long-term debt	2,597,131	2,603,610
Less: unamortized debt issuance costs	(27,498)	(31,331)
Less: current maturities	(8,626)	(8,447)
Total long-term debt due after one year	\$2,561,007	\$2,563,832

(a) AmeriGas Partners and AmeriGas Finance Corp. co-issued these senior notes.

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: Fiscal 2019 — \$8,758; Fiscal 2020 — \$7,950; Fiscal 2021 — \$3,559; Fiscal 2022 — \$1,598; Fiscal 2023 — \$266.

AmeriGas Partners Senior Notes

During Fiscal 2017, AmeriGas Partners and AmeriGas Finance Corp. issued, in underwritten offerings, \$700,000 principal amount of 5.50% Senior Notes due May 2025 and \$525,000 principal amount of 5.75% Senior Notes due May 2027 (collectively, the “AmeriGas 2017 Senior Notes”). The AmeriGas 2017 Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the AmeriGas 2017 Senior Notes were used (1) for the early repayment, pursuant to tender offers and notices of redemption, of all of AmeriGas Partners’ 7.00% Senior Notes, having an aggregate principal balance of \$980,844 plus accrued and unpaid interest and early redemption premiums, and (2) for general corporate purposes.

During Fiscal 2016, AmeriGas Partners and AmeriGas Finance Corp. issued in an underwritten offering \$675,000 principal amount of 5.625% Senior Notes due May 2024 and \$675,000 principal amount of 5.875% Senior Notes due August 2026 (collectively, the “AmeriGas 2016 Senior Notes”). The AmeriGas 2016 Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the AmeriGas 2016 Senior Notes were used (1) for the early repayment, pursuant to tender offers and notices of redemption, of all of AmeriGas Partners’ 6.50% Senior Notes, 6.75% Senior Notes and 6.25% Senior Notes, having an aggregate principal balance of \$1,270,001 plus accrued and unpaid interest and early redemption premiums and (2) for general corporate purposes.

In connection with the early repayments of the Partnership’s Senior Notes, during Fiscal 2017 and Fiscal 2016, the Partnership recognized losses which are reflected in “Loss on extinguishments of debt” on the Consolidated Statements of Operations and comprise the following:

	2017	2016
Early redemption premiums	\$51,253	\$39,569
Write-off of unamortized debt issuance costs	8,476	9,320
Loss on extinguishments of debt	\$59,729	\$48,889

HOLP Senior Secured Notes

The Partnership’s total long-term debt at September 30, 2018 and 2017, includes \$7,516 and \$11,348, respectively, of HOLP Senior Secured Notes including unamortized premium of \$244 and \$439, respectively. The effective interest rate on the HOLP Notes is 6.75% at September 30, 2018 and 2017. The HOLP Senior Secured Notes are

collateralized by AmeriGas OLP's receivables, contracts, equipment, inventory, general intangibles and cash.

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AmeriGas OLP Credit Agreement

In December 2017, AmeriGas OLP entered into the Second Amended and Restated Credit Agreement (“AmeriGas OLP Credit Agreement”) with a group of banks. The AmeriGas OLP Credit Agreement amends and restates an AmeriGas OLP previously existing credit agreement (collectively, the “credit agreements”). The AmeriGas OLP Credit Agreement provides for borrowings up to \$600,000 (including a \$150,000 sublimit for letters of credit) and expires in December 2022. The AmeriGas OLP Credit Agreement permits 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, or at a one-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the AmeriGas OLP Credit Agreement, plus a margin. The applicable margin on base rate borrowings ranges from 0.50% to 1.75%, and the applicable margin on Eurodollar Rate borrowings ranges from 1.50% to 2.75%. The aforementioned margins on borrowings are dependent upon AmeriGas Partners’ ratio of debt to earnings before interest expense, income taxes, depreciation and amortization (each as defined in the AmeriGas OLP Credit Agreement).

At September 30, 2018 and 2017, there were \$232,000 and \$140,000 of borrowings outstanding under the credit agreements, which amounts are reflected as “Short-term borrowings” on the Consolidated Balance Sheets. The weighted-average interest rates on borrowings under the credit agreements at September 30, 2018 and 2017 were 4.58% and 3.74%, respectively. Issued and outstanding letters of credit, which reduce available borrowings under the credit agreements, totaled \$63,497 and \$67,211 at September 30, 2018 and 2017, respectively.

Restrictive Covenants

The AmeriGas Partners Senior Notes 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 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 \$300,000 less the total amount of distributions made during the immediately preceding 16 Fiscal quarters. At September 30, 2018, 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 HOLP Senior Secured Notes contain restrictive covenants including the maintenance of financial covenants and limitations on the disposition of assets, changes in ownership, additional indebtedness, restrictive payments and the creation of liens. The financial covenants require AmeriGas OLP to maintain a ratio of Consolidated Funded Indebtedness to Consolidated EBITDA (as defined) below certain thresholds and to maintain a minimum ratio of Consolidated EBITDA to Consolidated Interest Expense (as defined).

The AmeriGas OLP Credit Agreement restricts the incurrence of additional indebtedness and also restricts certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The AmeriGas OLP Credit Agreement requires that AmeriGas OLP and AmeriGas Partners maintain ratios of total indebtedness to EBITDA, as defined, below certain thresholds. In addition, the Partnership must maintain a minimum ratio of EBITDA to interest expense, as defined and as calculated on a rolling four-quarter basis. Generally, as long as no default exists or would result therefrom, 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, 2018, 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, applicable debt agreements and AmeriGas OLP's partnership agreement, totaled approximately \$2,800,000.

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%)

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basis up to 5% of eligible compensation. The cost of benefits under our savings plan was \$11,412 in Fiscal 2018, \$10,775 in Fiscal 2017 and \$10,335 in Fiscal 2016.

The General Partner also sponsors a nonqualified deferred compensation plan and a nonqualified supplemental executive retirement plan. These plans provide benefits to executives that would otherwise be provided under the Partnership's retirement plans but are prohibited due to Internal Revenue Code limits. Costs associated with these plans were not material in Fiscal 2018, Fiscal 2017 and Fiscal 2016.

Note 8 — Inventories

Inventories comprise the following at September 30:

	2018	2017
Propane gas	\$ 114,005	\$ 99,035
Materials, supplies and other	10,546	11,899
Appliances for sale	5,976	5,745
Total inventories	\$ 130,527	\$ 116,679

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 price and quantity adjustments.

Note 9 — Property, Plant and Equipment

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

	2018	2017
Land	\$ 135,809	\$ 135,965
Buildings and improvements	197,148	196,798
Transportation equipment	214,526	250,493
Storage facilities	212,686	268,415
Equipment, primarily cylinders and tanks	1,330,049	1,612,375
Work in process	27,859	19,517
Other	182,032	235,037
Gross property, plant and equipment	2,300,109	2,718,600
Less accumulated depreciation	(1,151,726)	(1,511,890)
Net property, plant and equipment	\$ 1,148,383	\$ 1,206,710

Note 10 — Goodwill and Intangible Assets

Changes in the carrying amount of goodwill are as follows:

Balance September 30, 2016	\$ 1,978,981
Acquisitions	23,029
Balance September 30, 2017	2,002,010
Acquisitions	4,528
Dispositions	(2,867)
Balance September 30, 2018	\$ 2,003,671

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

	2018	2017
Customer relationships and noncompete agreements (subject to amortization)	\$497,373	\$497,385
Trademarks and tradenames (subject to amortization)	7,944	—
Trademarks and tradenames (not subject to amortization)	—	82,944
Gross carrying amount	505,317	580,329
Accumulated amortization	(225,709)	(190,289)
Intangible assets, net	\$279,608	\$390,040

Amortization expense of intangible assets was \$39,927, \$37,994 and \$38,405 in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2019 — \$40,389; Fiscal 2020 — \$39,152; Fiscal 2021 — \$35,914; Fiscal 2022 — \$32,963; Fiscal 2023 — \$31,627.

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane, was presented to the Partnership's senior management. After considering the merits of the plan, the Partnership's senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. As a result, during the third quarter of Fiscal 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values of approximately \$7,944. During the third quarter of Fiscal 2018, the Partnership recorded a non-cash impairment charge of \$75,000 which amount is reflected in "Impairment of tradenames and trademarks" on the Consolidated Statements of Operations, and is amortizing the remaining fair value of these tradenames and trademarks over their estimated period of benefit of three years. See Note 15 for further information on the determination of fair values for the affected tradenames and trademarks.

Note 11 — Partners' Capital and Equity Compensation Plans

Partners' Capital

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.

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement (the "Commitment Agreement") with the General Partner and UGI. Under the terms of the Commitment Agreement, UGI has committed to make up to \$225,000 of capital contributions to the Partnership through July 1, 2019 (the "Commitment Period"). UGI's capital contributions may be made from time to time during the Commitment Period upon request of the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement. In consideration for any capital contributions pursuant to the Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in the Partnership ("Class B Units"). The Class B Units will be issued at a price per unit equal to the 20-day volume-weighted average price of the Partnership's Common Units prior to the date of the Partnership's related capital call. The Class B Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Unit yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in kind in the form of additional Class B Units. While outstanding, the Class B Units will not be subject to any incentive distributions from the Partnership.

At any time after five years from the initial issuance of the Class B Units, holders may elect to convert all or any portion of the Class B Units they own into Common Units on a one-for-one basis. At any time after six years from the

initial issuance of the Class B Units, the Partnership may elect to convert all or any portion of the Class B Units into Common Units if (i) the closing trading price of the Common Units is greater than 110% of the applicable purchase price for the Class B Units and (ii) the Common Units are listed or admitted for trading on a National Securities Exchange. Upon certain events involving a change of control, and immediately prior to a liquidation or winding up of the Partnership, the Class B Units will automatically convert into Common Units on a one-for-one basis.

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Equity Compensation Plans

The General Partner grants equity-based awards to employees and non-employee directors comprising grants of AmeriGas Partners equity instruments as further described below. We recognized total pre-tax equity-based compensation expense of \$3,432, \$3,920 and \$4,025 in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. Under the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. (“2010 Plan”), the General Partner may award to employees and non-employee directors grants of Common Units (comprising “AmeriGas Stock Units” and “AmeriGas Performance Units”), options, phantom units, unit appreciation rights and other Common Unit-based awards. The total aggregate number of Common Units that may be issued under the 2010 Plan is 2,800,000. The exercise price for options may not be less than the fair market value on the date of grant. Awards granted under the 2010 Plan may vest immediately or ratably over a period of years, and options can be exercised no later than ten years from the grant date. In addition, the 2010 Plan provides that Common Unit-based awards may also provide for the crediting of Common Unit distribution equivalents to participants’ accounts.

AmeriGas Stock Unit and AmeriGas Performance Unit awards entitle the grantee to AmeriGas Partners Common Units or cash once the service condition is met and, with respect to AmeriGas Performance Units, subject to market performance conditions, and for certain awards granted on or after January 1, 2015, actual net customer acquisition and retention performance. Recipients of AmeriGas Performance Units 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 number, or it may be zero. For that portion of Performance Unit awards whose ultimate payout is based upon market-based conditions (as further described below), the number of awards ultimately paid is based upon AmeriGas Partners’ Total Unitholder Return (“TUR”) percentile rank relative to entities in a master limited partnership peer group (“Alerian MLP Group”) and, for certain AmeriGas Performance Awards granted in January 2014, based upon AmeriGas Partners’ TUR relative to the two other publicly traded propane master limited partnerships in the Alerian MLP Group (“Propane MLP Group”). For Performance Unit awards granted on or after January 1, 2015, the number of AmeriGas Performance Units ultimately paid is based upon AmeriGas Partner’s TUR percentile rank relative to entities in the Alerian MLP Group as modified by AmeriGas Partners’ performance relative to the Propane MLP Group.

With respect to AmeriGas Performance Unit awards subject to measurement compared with the Alerian MLP Group, grantees may receive from 0% to 200% of the target award granted. For such grants issued on or after January 1, 2013, if AmeriGas Partners’ TUR is below the 25th percentile compared to the peer group, the grantee will not be paid. At the 25th percentile, the employee will be paid an award equal to 25% of the target award; at the 40th percentile, 70%; at the 50th percentile, 100%; at the 60th percentile, 125%; at the 75th percentile, 162.5%; and at the 90th percentile or above, 200%. The actual amount of the award is interpolated between these percentile rankings. For such grants issued on or after January 1, 2015, the amount ultimately paid shall be modified based upon AmeriGas Partners’ TUR ranking relative to the Propane MLP Group over the performance period (“MLP Modifier”). Such modification ranges from 70% to 130%, but in no event shall the amount ultimately paid, after such modification, exceed 200% of the target award grant.

With respect to AmeriGas Performance Unit awards granted in January 2014 subject to measurement compared with the Propane MLP Group, grantees were eligible to receive 150% of the target award if AmeriGas Partners’ TUR exceeded the TUR of the other two members of the Propane MLP Group. Otherwise there would be no payout of such AmeriGas Performance Units. For those performance awards granted on or after January 1, 2015 that are subject to the MLP Modifier, if one of the other two members of the Propane MLP Group ceases to exist as a publicly traded company or declares bankruptcy (“MLP Event”) and, depending upon the timing of such MLP Event, the ultimate amount of such AmeriGas Performance Unit awards to be issued, and the amount of distribution equivalents to be paid, would depend upon AmeriGas Partners’ TUR rank relative to (1) the Alerian MLP Group for the entire performance period; (2) the Alerian MLP Group for the entire performance period and the Propane MLP Group

(through the date of the MLP Event); or (3) the Propane MLP Group through the date of the MLP Event.

With respect to AmeriGas Performance Unit awards granted in January 2015 whose payout was based upon net customer gain and retention performance, grantees could ultimately receive between 0% and 200% of the target award based upon the annual actual net customer gain and retention performance as adjusted for the net customer gain and retention performance over the three-year performance period. With respect to AmeriGas Performance Unit awards granted January 2016 and thereafter whose payout is based upon net customer gain and retention performance, grantees may ultimately receive between 0% and 200% of the target award based upon the actual net customer gain and retention performance over the entire three-year performance period.

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Common Unit distribution equivalents are paid in cash only on AmeriGas Performance Units that eventually vest. Generally, except in the event of retirement, death or disability, each grant, unless paid, will terminate when the participant ceases to be employed. 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 GAAP, AmeriGas Performance Unit awards that are subject to market-based conditions are equity awards that, if settled in Common Units, result 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 subject to market-based conditions are estimated using a Monte Carlo valuation model. The fair value associated with the target award which will be paid in Common Units, is accounted for as equity, and the fair value of the award over the target, as well as all Common Unit distribution equivalents, which will be paid in cash, is accounted for as a liability. For purposes of valuing AmeriGas Performance Unit awards that are subject to market-based conditions, expected volatility is based on the historical volatility of Common Units over a three-year period. The risk-free interest rate is based on the rates on U.S. Treasury bonds at the time of grant. Volatility for all entities in the peer group is based on historical volatility. The expected term of the AmeriGas Performance Unit awards is three years based on the performance period. AmeriGas Performance Unit awards whose ultimate payout is based upon net customer acquisition and retention performance measures are recorded as expense when it is probable all or a portion of the award will be paid. The fair value associated with the target award is the market price of the Common Units on the date of grant. The fair value of the award over the target, as well as all Common Unit distribution equivalents, which will be paid in cash, is accounted for as a liability.

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

	Grants Awarded in		
	Fiscal Year		
	2018	2017	2016
Risk-free rate	2.0%	1.5%	1.3%
Expected life	3 years	3 years	3 years
Expected volatility	21.1%	21.7%	20.6%
Dividend Yield	8.2%	7.8%	10.7%

The General Partner granted awards under the 2010 Plan representing 84,811, 67,563 and 73,080 Common Units in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, having weighted-average grant date fair values per Common Unit subject to award of \$50.05, \$52.37 and \$37.93, respectively. At September 30, 2018, 2,242,468 Common Units were available for future award grants under the 2010 Plan.

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The following table summarizes AmeriGas Common Unit-based award activity for Fiscal 2018:

	Common Units	Weighted-Average Grant-Date Fair Value (per Unit)
Total Units at September 30, 2017 (a)	218,224	\$ 50.03
AmeriGas Performance Units:		
Granted	55,550	\$ 52.14
Forfeited	(1,900)	\$ 56.70
Awards paid	(18,874)	\$ 86.53
Performance criteria not met	(37,099)	\$ 51.93
AmeriGas Stock Units:		
Granted	29,261	\$ 46.09
Forfeited	(400)	\$ 45.66
Awards paid	(8,000)	\$ 45.62
Total Units at September 30, 2018 (a)	236,762	\$ 47.12

Total units includes AmeriGas Stock Units issued to non-employee directors, which vest on the grant date, and AmeriGas Performance Units and AmeriGas Stock Units issued to retirement-eligible employees that vest on an accelerated basis. Total vested restricted units at September 30, 2018 and September 30, 2017 were 71,148 and 65,989, respectively.

During Fiscal 2018, Fiscal 2017 and Fiscal 2016, the Partnership paid AmeriGas Performance Unit and AmeriGas Stock Unit awards in Common Units and cash as follows:

	2018	2017	2016
AmeriGas Performance Unit awards:			
Number of Common Units subject to original Awards granted, net of forfeitures	65,525	53,800	44,800
Performance periods beginning in fiscal years:	2015	2014	2013
Payment of awards:			
AmeriGas Partners Common Units issued, net of units withheld for taxes	13,164	29,489	23,017
Cash paid	\$1,227	\$2,928	\$1,718
AmeriGas Stock Unit awards:			
Number of Common Units subject to original Awards granted, net of forfeitures	14,811	32,658	20,336
Payment of awards:			
AmeriGas Partners Common Units issued, net of units withheld for taxes	5,322	3,932	9,272
Cash paid	\$131	\$95	\$370

As of September 30, 2018, there was \$1,162 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 1.8 years. As of September 30, 2018, there was a total of approximately \$1,922 of unrecognized compensation cost associated with 236,762 Common Units subject to award that is expected to be recognized over a weighted-average period of 1.7 years. The total fair values of Common Unit-based awards that vested during Fiscal 2018, Fiscal 2017 and Fiscal 2016 were \$2,156, \$2,056 and \$1,968, respectively. As of September 30, 2018 and 2017, total liabilities of \$2,297 and \$2,501 associated with Common Unit-based awards are reflected in employee compensation and benefits accrued 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-based awards paid in AmeriGas Partners Common

Units.

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Note 12 — Commitments and Contingencies

Commitments

We lease various buildings and other facilities and vehicles, 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 \$83,418 in Fiscal 2018, \$78,880 in Fiscal 2017 and \$73,043 in Fiscal 2016.

Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,

2019	\$74,748
2020	68,350
2021	60,713
2022	52,771
2023	45,816
Thereafter	105,502
Total minimum operating lease payments	\$407,900

Certain of our operating lease arrangements, primarily vehicle leases with remaining lease terms of one to ten years, have residual value guarantees. At the end of the lease term, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount or we will pay the lessors the difference. Although such fair values at the end of the leases have historically exceeded the guaranteed amount, at September 30, 2018, the maximum potential amount of future payments under lease guarantees, assuming the leased equipment was deemed worthless at the end of the lease term, was approximately \$55,000. The fair values of residual lease guarantees were not material at September 30, 2018.

Contingencies

Saranac Lake Environmental Matter. In 2008, the New York State Department of Environmental Conservation (“NYDEC”) notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former manufactured gas plant (“MGP”). AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a potentially responsible party (“PRP”) as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three Records of Decision (“RODs”) related to remediation of the site totaling approximately \$27,700 and requested additional information regarding AmeriGas OLP’s purported ownership. AmeriGas renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information, the Partnership accrued an undiscounted environmental remediation liability of \$7,545 related to the site during the third quarter of Fiscal 2017 which amount is included in “Operating and administrative expenses” on the Consolidated Statement of Operations. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Purported Class Action Lawsuits. Between May and October of 2014, purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in

2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys' fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Division of the United States District Court for the Western District of Missouri ("District Court"). As of June 2018, as the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs have been remanded to the District Court. The decision of the District Court to dismiss the federal antitrust

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. Motions are pending before the District Court regarding the indirect purchasers' state law claims.

We are unable to reasonably estimate the impact, if any, arising from such litigation. We believe we have strong defenses to the claims and intend to vigorously defend against them.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Note 13 — Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement, 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 \$575,699 in Fiscal 2018, \$561,574 in Fiscal 2017 and \$556,964 in Fiscal 2016, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$17,225 in Fiscal 2018, \$16,862 in Fiscal 2017 and \$18,680 in Fiscal 2016. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs related to these items totaled \$3,391 in Fiscal 2018, \$3,283 in Fiscal 2017 and \$2,323 in Fiscal 2016.

From time to time, AmeriGas OLP purchases propane on an as needed basis from UGI Energy Services, LLC ("Energy Services"). The price of the purchases is generally based on market price at the time of purchase. Purchases from affiliates of UGI during Fiscal 2018 were not material. There were no purchases of propane by AmeriGas OLP from Energy Services during Fiscal 2017 and Fiscal 2016.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

On November 7, 2017, AmeriGas Partners entered into the Commitment Agreement with the General Partner and UGI pursuant to which UGI has committed to make up to \$225,000 of capital contributions to the Partnership through July 1, 2019, for consideration comprising new Class B Common Units representing limited partner interests in the Partnership. See Note 11 for additional information on this agreement.

Note 14 — Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2018	2017
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Litigation, property and casualty liabilities	\$56,860	\$65,071
Taxes other than income taxes	11,945	12,207
Deferred tank rent revenue	16,336	16,533
Other	20,769	19,770
Total other current liabilities	\$105,910	\$113,581

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Note 15 — Fair Value Measurements

Derivative Instruments

The following table presents on a gross basis our derivative assets and liabilities including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy as described in Note 2, as of September 30, 2018 and 2017:

	Asset (Liability)		
	Level 1	Level 2	Level 3 Total
September 30, 2018:			
Derivative instruments:			
Assets:			
Commodity contracts	\$-\$52,529	\$	-\$52,529
Liabilities:			
Commodity contracts	\$-\$ (251)	\$	-\$ (251)
September 30, 2017:			
Derivative instruments:			
Assets:			
Commodity contracts	\$-\$40,714	\$	-\$40,714
Liabilities:			
Commodity contracts	\$-\$ (920)	\$	-\$ (920)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Nonrecurring Fair Value Measurements

As discussed in Note 10, in April 2018, the Partnership's senior management approved a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane. This action required the Partnership to remeasure the fair values of these tradenames and trademarks based upon their remaining period of benefit. The Partnership used the relief from royalty method to estimate the fair values of the tradenames and trademarks, which method estimates our theoretical royalty savings from ownership of the tradenames and trademarks. Key assumptions used in this method include discount rates, royalty rates, growth rates and sales projections. These assumptions reflect current economic conditions, management expectations and projected future cash flows expected to be generated from these tradenames and trademarks. The Partnership has determined that the lowest level of the input that is significant to the fair value measurement are unobservable inputs that fall within Level 3 of the fair value hierarchy. As of the April 2018 measurement date, these tradenames and trademarks had an estimated fair value of \$7,944.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at September 30, 2018 and September 30, 2017 were as follows:

	2018	2017
Carrying amount	\$2,597,131	\$2,603,610
Estimated fair value	\$2,562,206	\$2,699,428

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade

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commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets.

Note 16 — Derivative Instruments and Hedging Activities

The Partnership is exposed to certain market risks associated with its ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risk managed by derivative instruments is commodity price risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies which govern, among other things, the derivative instruments the Partnership can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months.

Commodity Price Risk

In order to manage market risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts, to reduce propane price volatility associated with a portion of forecasted propane purchases. In addition, the Partnership from time to time enters into price swap agreements to reduce the effects of short-term commodity price volatility. At September 30, 2018 and 2017, total volumes associated with propane commodity derivatives totaled 244.8 million gallons and 213.6 million gallons, respectively. At September 30, 2018, the maximum period over which we are economically hedging propane market price risk is 24 months.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at September 30, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At September 30, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Consolidated Balance Sheets if the right of offset exists. Our derivative instruments comprise over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of offset through master netting arrangements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency, or other conditions. In general, most of our over-the-counter transactions are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties,

if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

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Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Fair Value of Derivative Instruments

The following table presents our derivative assets and liabilities by type, as well as the effects of offsetting, as of September 30, 2018 and 2017:

	2018	2017
Derivative assets:		
Derivatives not designated as hedging instruments:		
Commodity contracts	\$52,529	\$40,714
Total derivative assets — gross	52,529	40,714
Gross amounts offset in the balance sheet	(251)	(920)
Cash collateral received	(7,270)	(7,991)
Total derivative assets — net	\$45,008	\$31,803
Derivative liabilities:		
Derivatives not designated as hedging instruments:		
Commodity contracts	\$(251)	\$(920)
Total derivative liabilities — gross	(251)	(920)
Gross amounts offset in the balance sheet	251	920
Total derivative liabilities — net	\$—	\$—

Effects of Derivative Instruments

The following table provides information on the effects of derivative instruments on the Consolidated Statements of Operations for Fiscal 2018, Fiscal 2017 and Fiscal 2016:

	Gain Recognized in Income			Location of Gain Recognized in Income
	2018	2017	2016	
Derivatives Not Designated as Hedging Instruments:				
Commodity contracts	\$62,316	\$65,644	\$2,567	Cost of sales — propane

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 that 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 certain of these contracts have the requisite elements of a derivative instrument, these contracts qualify for NPNS accounting under GAAP 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 and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

Note 17 — Other Operating Income, Net

Other operating income, net, comprises the following:

	2018	2017	2016
Finance charges	\$16,379	\$11,805	\$15,201
Gains (losses) on sales of fixed assets (a)	5,236	(2,197)	8,062
Other	2,758	2,265	4,989

Total other operating income, net \$24,373 \$11,873 \$28,252

(a) Fiscal 2017 amount includes a loss of \$8,847 from correction of error (see Note 2).

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AmeriGas Partners and Subsidiaries

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 18 — Quarterly Data (Unaudited)

The following unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments with the exception of those indicated below) which we consider necessary for a fair presentation unless otherwise indicated. Our quarterly results fluctuate primarily because of the seasonal nature of our propane business and the effects of unrealized gains and losses on commodity derivative instruments used to economically hedge commodity price risk (see Note 16).

	December 31,		March 31,		June 30,		September 30,	
	2017	2016 (c)	2018	2017 (c)	2018 (a)	2017 (b) (c)	2018	2017
Revenues	\$787,296	\$677,166	\$1,040,332	\$863,660	\$528,403	\$467,496	\$466,947	\$445,173
Operating income (loss)	\$148,825	\$167,631	\$235,817	\$199,864	\$(33,699)	\$(1,137)	\$10,399	\$21,500
Net income (loss) including noncontrolling interest	\$105,870	\$93,615	\$194,166	\$137,083	\$(74,772)	\$(46,794)	\$(31,262)	\$(18,035)
Net income (loss) attributable to AmeriGas Partners, L.P.	\$104,421	\$91,954	\$191,824	\$135,088	\$(74,396)	\$(46,752)	\$(31,327)	\$(18,231)
Income (loss) per limited partner unit (d):								
Basic	\$0.97	\$0.87	\$1.44	\$1.14	\$(0.91)	\$(0.62)	\$(0.46)	\$(0.32)
Diluted	\$0.97	\$0.87	\$1.44	\$1.14	\$(0.91)	\$(0.62)	\$(0.46)	\$(0.32)

(a) The quarter ended June 30, 2018, includes the impact of the impairment of Heritage tradenames and trademarks of \$75,000 (\$74,242 after noncontrolling interest) (See Note 10).

(b) Includes an environmental accrual associated with the site of a former MGP obtained in a prior-year acquisition of \$7,545 (\$7,469 after noncontrolling interest) (See Note 12).

(c) The quarters ended December 31, 2016, March 31, 2017 and June 30, 2017 include loss on extinguishments of debt of \$33,151, \$22,144 and \$4,434, respectively (see Note 6).

(d) Theoretical distributions of net income (loss) attributable to AmeriGas Partners, L.P. in accordance with accounting guidance regarding the application of the two-class method for determining earnings per share (see Note 2) resulted in a different allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner and the limited partners 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:	2017	2016	2018	2017
Decrease in income per limited partner unit	\$(0.02)	\$	—\$(0.48)	\$(0.19)

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AMERIGAS PARTNERS, L.P.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

BALANCE SHEETS

(Thousands of dollars)

	September 30,	
	2018	2017
ASSETS		
Current assets:		
Cash	\$1,105	\$1,529
Total current assets	1,105	1,529
Investment in AmeriGas Propane, L.P.	3,128,927	3,335,902
Other assets	56	56
Total assets	\$3,130,088	\$3,337,487
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and other liabilities	\$2,879	\$2,820
Accrued interest	42,921	42,921
Total current liabilities	45,800	45,741
Long-term debt	2,547,681	2,543,847
Commitments and contingencies		
Partners' capital:		
Common unitholders	523,925	733,104
General partner	12,682	14,795
Total partners' capital	536,607	747,899
Total liabilities and partners' capital	\$3,130,088	\$3,337,487

Commitments and Contingencies

There are no scheduled principal repayments of long-term debt during the next five fiscal years.

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AMERIGAS PARTNERS, L.P.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)
STATEMENTS OF OPERATIONS

(Thousands of dollars, except per unit amounts)

	Year Ended		
	September 30,		
	2018	2017	2016
Operating expenses, net	\$(258)	\$(300)	\$(255)
Loss on extinguishments of debt	—	(59,729)	(48,889)
Interest expense (including related party interest expense)	(150,204)	(151,294)	(156,350)
Loss before equity in income of AmeriGas Propane, L.P.	(150,462)	(211,323)	(205,494)
Equity in income of AmeriGas Propane, L.P.	340,984	373,382	412,478
Net income attributable to AmeriGas Partners	\$190,522	\$162,059	\$206,984
General partner's interest in net income attributable to AmeriGas Partners	\$47,226	\$45,146	\$40,227
Limited partners' interest in net income attributable to AmeriGas Partners	\$143,296	\$116,913	\$166,757
Income per limited partner unit — basic and diluted	\$1.54	\$1.25	\$1.77
Weighted average limited partner units outstanding — basic (thousands)	93,034	92,996	92,949
Weighted average limited partner units outstanding — diluted (thousands)	93,086	93,050	93,023

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AMERIGAS PARTNERS, L.P.
 SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)
 STATEMENTS OF CASH FLOWS
 (Thousands of dollars)

	Year Ended		
	September 30,		
	2018	2017	2016
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	\$401,412	\$368,634	\$371,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Contributions to AmeriGas Propane, L.P.	—	(157,000)	(3,900)
Net cash used by investing activities	—	(157,000)	(3,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(402,645)	(398,877)	(387,659)
Issuance of long-term debt, net of issuance costs	—	1,207,727	1,331,293
Repayment of long-term debt, including redemption premiums	—	(1,032,097)	(1,309,588)
Proceeds associated with equity based compensation plans, net of tax withheld	801	1,465	1,127
Capital contribution from General Partner	8	15	11
Net cash used by financing activities	(401,836)	(221,767)	(364,816)
(Decrease) increase in cash and cash equivalents	\$(424)	\$(10,133)	\$2,820
CASH AND CASH EQUIVALENTS:			
End of year	\$1,105	\$1,529	\$11,662
Beginning of year	1,529	11,662	8,842
(Decrease) increase	\$(424)	\$(10,133)	\$2,820

(a) Includes cash distributions received from AmeriGas Propane, L.P. of \$547,958, \$512,326 and \$530,912 for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
 SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
 (Thousands of dollars)

	Balance at beginning of year	Charged to costs and expenses	Other	Balance at end of year
Year Ended September 30, 2018				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 11,820	\$ 14,016	\$(13,011)(1)	\$12,825
Year Ended September 30, 2017				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 11,436	\$ 17,693	\$(17,309)(1)	\$11,820
Year Ended September 30, 2016				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 12,257	\$ 11,215	\$(12,036)(1)	\$11,436
(1)Uncollectible accounts written off, net of recoveries.				

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