FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 1999

OR

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

FOR THE TRANSITION PERIOD FROM __________ to __________

COMMISSION FILE NUMBER 1-11727

HERITAGE PROPANE PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

DELAWARE	73-1493906
(state or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)

8801 SOUTH YALE AVENUE, SUITE 310
TULSA, OKLAHOMA 74137
(Address of principal executive offices and zip code)

(918) 492-7272
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

At April 2, 1999, the registrant had units outstanding as follows:

Heritage Propane Partners, L.P.	4,876,725	Common Units
	3,702,943	Subordinated Units

FORM 10-Q

HERITAGE PROPANE PARTNERS, L.P.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

ASSETS	February 28, 1999 (unaudited)	August 31, 1998
CURRENT ASSETS:		
Cash	$ 2,622	$ 1,837
Accounts receivable, net of allowance for doubtful accounts	20,120	10,444
Inventories	8,822	12,545
Prepaid expenses	1,500	1,359
Total current assets	33,064	26,185
PROPERTY, PLANT AND EQUIPMENT, net	145,507	139,490
INVESTMENT IN AFFILIATES	5,292	4,739
INTANGIBLES AND OTHER ASSETS, net	68,971	69,550
Total assets	$ 252,834	$ 239,964
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Working capital facility	$ 10,300	$ 10,600
Accounts payable	14,875	13,952
Accrued and other current liabilities	8,049	9,689
Current maturities of long-term debt	1,115	1,203
Total current liabilities	34,339	35,444
LONG-TERM DEBT, less current maturities	184,383	177,431
Total liabilities	218,722	212,875
COMMITMENTS AND CONTINGENCIES		
PARTNERS' CAPITAL PER ACCOMPANYING STATEMENTS:		
Common unitholders	24,727	20,775
Subordinated unitholders	9,042	6,041
General partner	343	273
Total partners' capital	34,112	27,089
Total liabilities and partners' capital	$ 252,834	$ 239,964

The accompanying notes are an integral part of these consolidated financial statements.

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit and unit data)
(unaudited)

	Three Months Ended February 28,		Six Months Ended February 28,	
	1999	1998	1999	1998
REVENUES:				
Retail	$ 54,902	$ 56,776	$ 84,243	$ 87,815
Wholesale	7,767	9,704	13,522	19,100
Other	5,829	5,176	12,291	10,647
Total revenues	68,498	71,656	110,056	117,562
COSTS AND EXPENSES:				
Cost of products sold	31,738	36,761	51,669	63,585
Operating expenses	13,358	12,481	25,536	23,233
Depreciation and amortization	3,647	3,198	7,192	6,254
Selling, general and administrative	1,685	1,284	3,026	2,559
Total costs and expenses	50,428	53,724	87,423	95,631
OPERATING INCOME	18,070	17,932	22,633	21,931
OTHER INCOME (EXPENSE):				
Interest expense	(3,963)	(3,708)	(7,859)	(7,205)
Equity in earnings of affiliates	643	493	821	552
Gain on disposal of assets	13	320	515	391
Other	(70)	(98)	(101)	(116)
INCOME BEFORE MINORITY INTEREST	14,693	14,939	16,009	15,553
Minority interest	(289)	(312)	(390)	(432)
NET INCOME	14,404	14,627	15,619	15,121
GENERAL PARTNER'S INTEREST IN NET INCOME	144	146	156	151
LIMITED PARTNERS' INTEREST IN NET INCOME	$ 14,260	$ 14,481	$ 15,463	$ 14,970
BASIC NET INCOME PER LIMITED PARTNER UNIT	$ 1.66	$ 1.74	$ 1.80	$ 1.82
BASIC WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	8,579,668	8,335,055	8,579,668	8,228,289
DILUTED NET INCOME PER LIMITED PARTNER UNIT	$ 1.65	$ 1.73	$ 1.79	$ 1.81
DILUTED WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	8,634,168	8,365,255	8,634,168	8,258,489

The accompanying notes are an integral part of these consolidated financial statements.

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands, except unit data)
(unaudited)

	NUMBER OF UNITS		Common	Subordinated	General	Total
	Common	Subordinated	Unitholders	Unitholders	Partner	Partners' Capital
BALANCE, AUGUST 31, 1998	4,876,725	3,702,943	$ 20,775	$ 6,041	$ 273	$ 27,089
Unit distribution	--	--	(4,937)	(3,749)	(88)	(8,774)
Other	--	--	100	76	2	178
Net income	--	--	8,789	6,674	156	15,619
BALANCE, FEBRUARY 28, 1999	4,876,725	3,702,943	$ 24,727	$ 9,042	$ 343	$ 34,112

The accompanying notes are an integral part of these consolidated financial statements.

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	For the Six Months Ended February 28, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 15,619	$ 15,121
Reconciliation of net income to net cash provided by operating activities-		
Depreciation and amortization	7,192	6,254
Provision for losses on accounts receivable	92	257
Gain on disposal of assets	(515)	(391)
Deferred compensation on restricted units	178	103
Undistributed earnings of affiliates	(553)	(582)
Minority interest	(52)	1
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(9,641)	(10,761)
Inventories	3,975	6,276
Prepaid expenses	(129)	195
Intangibles and other assets	690	81
Accounts payable	846	556
Accrued and other current liabilities	(1,621)	(76)
Net cash provided by operating activities	16,081	17,034
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net of cash acquired	(5,914)	(16,934)
Capital expenditures	(6,894)	(5,203)
Proceeds from asset sales	1,521	5,144
Net cash used in investing activities	(11,287)	(16,993)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	35,449	92,372
Principal payments on debt	(30,684)	(83,476)
Unit distribution	(8,774)	(8,252)
Capital contribution from General Partner	--	88
Net cash provided by (used in) financing activities	(4,009)	732
INCREASE IN CASH	785	773
CASH, beginning of period	1,837	2,025
CASH, end of period	$ 2,622	$ 2,798
NONCASH FINANCING ACTIVITIES:		
Notes payable incurred on noncompete agreements	$ 1,799	$ 4,380
Issuance of restricted common units in connection with certain acquisitions	$ --	$ 8,645
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 7,838	$ 6,354

The accompanying notes are an integral part of these consolidated financial statements.

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except unit data)

1. GENERAL:

The accompanying unaudited consolidated financial statements have been prepared by Heritage Propane Partners, L.P. (the Partnership) and include the accounts of the Partnership and its subsidiaries, including Heritage Operating Partnership, and a majority owned partnership. The Partnership accounts for its 50 percent partnership interest in another propane retailer under the equity method. All significant intercompany transactions and accounts have been eliminated in consolidation. The General Partner's 1.0101 percent interest in the Operating Partnership is accounted for in the consolidated financial statements as a minority interest. The accompanying financial statements should be read in conjunction with the Partnership's consolidated financial statements as of August 31, 1998, and the notes thereto included in the Partnership's consolidated financial statements included in Form 10-K as filed with the Securities and Exchange Commission on November 24, 1998. The accompanying financial statements include only normal recurring accruals and all adjustments that the Partnership considers necessary for a fair presentation. Due to the seasonal nature of the Partnership's business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

2. DETAILS TO CONSOLIDATED BALANCE SHEETS:

Inventories are valued at the lower of cost or market. The cost of fuel inventories is determined using average cost while the cost of appliances, parts and fittings is determined by the first-in, first-out method. Inventories consist of the following:

	February 28, 1999	August 31, 1998
Fuel	$ 3,896	$ 7,939
Appliances, parts and fittings	4,926	4,606
	$ 8,822	$ 12,545

3. NET INCOME PER LIMITED PARTNER UNIT:

Basic net income per limited partner unit is computed by dividing net income, after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding. Diluted net income per limited partner unit is computed by dividing net income, after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding and the weighted average number of Restricted Units ("Phantom Units") granted under the Restricted Unit Plan. A reconciliation of net income and weighted average units used in computing basic and diluted earnings per unit is as follows:

	For the Three Months Ended February 28,		For the Six Months Ended February 28,	
	1999	1998	1999	1998
BASIC NET INCOME PER LIMITED PARTNER UNIT:				
Basic limited partner's interest in net income	$ 14,260	$ 14,481	$ 15,463	$ 14,970
Weighted average limited partner units	8,579,668	8,335,055	8,579,668	8,228,289
Basic net income per limited partner unit	$ 1.66	$ 1.74	$ 1.80	$ 1.82
DILUTED NET INCOME PER LIMITED PARTNER UNIT:				
Limited partner's interest in net income	$ 14,260	$ 14,481	$ 15,463	$ 14,970
Weighted average limited partner units	8,579,668	8,335,055	8,579,668	8,228,289
Dilutive effect of Phantom Units	54,500	30,200	54,500	30,200
Weighted average limited partner units, assuming dilutive effect of Phantom Units	8,634,168	8,365,255	8,634,168	8,258,489
Dilutive net income per limited partner unit	$ 1.65	$ 1.73	$ 1.79	$ 1.81

CASH DISTRIBUTIONS:

The Minimum Quarterly Distribution (MQD) of $4,290, or $.50 per Common and Subordinated Unit, was paid on October 15, 1998, to Unitholders of record on October 5, 1998, and $87 was distributed to the General Partner for its cumulative two percent interest. On January 14, 1999 a quarterly distribution of $4,397, or $.5125 per Common and Subordinated Unit, was paid to Unitholders of record on January 4, 1999, and $90 was distributed to the General Partner for its cumulative two percent interest. On March 26, 1999, the Partnership declared a $.5625 per unit distribution ($2.25 annually) payable on April 14, 1999 to Unitholders of record at the close of business on April 5, 1999. This $.5625 quarterly distribution represents a 9.8% increase over the first quarter's distribution, is the second increase in the quarterly distribution this fiscal year and will include incentive distributions payable to the General Partner. The decision to increase the amount of the distribution resulted from a review of the Board of Directors of Heritage's past financial performance and current projections for available cash.

4. FOOTNOTES INCORPORATED BY REFERENCE:

Certain footnotes are applicable to the consolidated financial statements but would be substantially unchanged from those presented on Form 10-K filed with the Securities and Exchange Commission on November 24, 1998. Accordingly, reference should be made to the Company's Annual Report filed with the Securities and Exchange Commission on Form 10-K for the following:

NOTE	DESCRIPTION
1	OPERATIONS AND ORGANIZATION
2	SIGNIFICANT ACCOUNTING POLICIES AND BALANCE SHEET DETAIL
4	WORKING CAPITAL FACILITIES AND LONG-TERM DEBT
5	COMMITMENTS AND CONTINGENCIES
6	PARTNERS' CAPITAL
7	REGISTRATION STATEMENT
8	PROFIT SHARING AND 401(k) SAVINGS PLAN
9	RELATED PARTY TRANSACTIONS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Since its formation in 1989, Heritage has grown primarily through acquisitions of retail propane operations and, to a lesser extent, through internal growth. Through February 28, 1999, Heritage and the Partnership completed 49 acquisitions for an aggregate purchase price of approximately $209 million. The Partnership has completed 20 of these acquisitions since going public on June 25, 1996. The Partnership engages in the sale, distribution and marketing of propane and other related products. The Partnership derives its revenue primarily from the retail propane marketing business. The General Partner believes that the Partnership is the sixth largest retail marketer of propane in the United States, based on retail gallons sold, serving more than 240,000 residential, industrial/commercial and agricultural customers in 26 states through 146 retail outlets.

The retail propane business of the Partnership consists principally of transporting propane purchased in the contract and spot markets, primarily from major oil companies, to its retail distribution outlets and then to tanks located on the customers' premises, as well as to portable propane cylinders. In the residential and commercial markets, propane is primarily used for space heating, water heating and cooking. In the agricultural market, propane is primarily used for crop drying, tobacco curing, poultry brooding and weed control. In addition, propane is used for certain industrial applications, including use as an engine fuel that burns in internal combustion engines that power vehicles and forklifts and as a heating source in manufacturing and mining processes.

The retail propane distribution business is largely seasonal due to propane's use as a heating source in residential and commercial buildings. Historically, approximately two-thirds of the Partnership's retail propane volume and in excess of 80% of the Partnership's EBITDA is attributable to sales during the six-month peak heating season of October through March. Consequently, sales and operating profits are concentrated in the Partnership's first and second fiscal quarters. Cash Flow from operations, however, is greatest during the second and third fiscal quarters when customers pay for propane purchased during the six-month peak-heating season.

A substantial portion of the Partnership's propane is used in the heating-sensitive residential and commercial markets causing the temperatures realized in the Partnership's areas of operations, particularly during the six-month peak heating season, to have a significant effect on the financial performance of the Partnership. In any given area, sustained warmer-than-normal temperatures will tend to result in reduced propane use, while sustained colder-than-normal temperatures will tend to result in greater propane use. The Partnership therefore uses information on normal temperatures in understanding how temperatures that are colder or warmer than normal affect historical results of operations and in preparing forecasts of future operations, which assumes that normal weather will prevail in each of the Partnership's regions.

The retail propane business is a "margin-based" business in which gross profits depend on the excess of sales price over propane supply costs. The market price of propane is often subject to volatile changes as a result of supply or other market conditions over which the Partnership will have no control. Product supply contracts are one-year agreements subject to annual renewal and generally permit suppliers to charge posted prices (plus transportation costs) at the time of delivery or the current prices established at major delivery points. Since rapid increases in the wholesale cost of propane may not be immediately passed on to retail customers, such increases could reduce the Partnership's gross profits. In the past, the Partnership generally attempted to reduce price risk by purchasing propane on a short-term basis. The Partnership has on occasion purchased significant volumes of propane during periods of low demand, which generally occur during the summer months, at the then current market price, for storage both at its service centers and in major storage facilities for future resale.

Gross profit margins vary according to customer mix. For example, sales to residential customers generate higher margins than sales to certain other customer groups, such as agricultural customers. Wholesale margins are substantially lower than retail margins. In addition, gross profit margins vary by geographical region. Accordingly, a change in customer or geographic mix can affect gross profit without necessarily affecting total revenues.

ANALYSIS OF UNAUDITED HISTORICAL RESULTS OF OPERATIONS

The following discussion reflects for the periods indicated the results of operations and operating data for the Partnership. Most of the increases in the line items discussed below result from the acquisitions made by the Partnership subsequent to the prior period discussed. These acquisitions affect the comparability of prior period financial matters, as the volumes are not included in the prior period's results of operations. Amounts discussed below reflect 100% of the results of M-P Energy Partnership, a general partnership in which the Partnership owns a 60% interest. Because M-P Energy Partnership is primarily engaged in lower-margin wholesale distribution, its contribution to the Partnership's net income and EBITDA is not significant.

THREE MONTHS ENDED FEBRUARY 28, 1999 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 28, 1998.

Volume. The Partnership sold 62.7 million retail gallons in the three months ended February 28, 1999, an increase of 4.8 million gallons or 8.3% over the 57.9 million gallons sold in the three months ended February 28, 1998. This increase was primarily attributable to acquisition related volumes offset by the negative effects of warmer than normal weather.

The Partnership also sold approximately 25.4 million wholesale gallons in the second quarter, a decrease of 1.5 million gallons or 5.6% from the 26.9 million wholesale gallons sold in the second quarter of fiscal 1998. The decrease in wholesale volumes was attributable to a decline of .5 million gallons in the foreign operations of M-P Energy Partnership and a decline of 1.0 million gallons in U.S. wholesale operations, both primarily due to warmer than normal weather.

Revenues. Total revenues for the Partnership decreased $3.2 million or 4.5% to $68.5 million for the three months ended February 28, 1999 as compared to $71.7 million for the same three-month period last year. For the three months ended February 28, 1999, domestic retail propane revenues decreased $1.9 million or 3.3% to $54.9 million and U.S. wholesale revenues decreased $.7 million to $1.5 million as a result of the decline in the related volumes and lower selling prices. Other domestic revenues increased $.6 million or 11.5% to $5.8 million as a result of acquisitions and to a lesser degree internal growth. Foreign revenues decreased $1.2 million for the three months ended February 28, 1999, to $6.3 million as compared to $7.5 million for the three months ended February 28, 1998, primarily as a result of lower selling prices. A significant part of the decrease in overall revenues is attributed to the Partnership lowering the selling prices to customers as a result of favorable product costs.

Cost of Sales. Total cost of sales decreased $5.0 million or 13.6% to $31.8 million for the three months ended February 28, 1999, as compared to $36.8 million for the three months ended February 28, 1998. U.S. cost of sales decreased $3.5 million or 11.8% to $26.2 million in the second quarter of fiscal 1999, compared to $29.7 million in the second quarter of fiscal 1998. Foreign cost of sales decreased $1.5 million or 21.1% to $5.6 million in this second quarter as compared to last year's second quarter results of $7.1 million. Product costs have remained soft during the second quarter of fiscal 1999 due to reduced demand from an unseasonably warm heating season and high levels of inventory in the market.

Gross Profit. Total gross profit increased $1.8 million or 5.2% to $36.7 million for the three months ended February 28, 1999, as compared to $34.9 million for the three months ended February 28, 1998 due to acquisition related sales. First quarter increased margins were negatively affected somewhat during the second quarter due to market pressures as all marketers struggled to find new volumes during the weather shortfall.

Operating Expenses. Operating expense increased $.8 million or 6.4% to $13.3 million in the second quarter of fiscal 1999 as compared to $12.5 million in the second quarter of fiscal 1998 primarily due to acquisition related operating expenses.

Selling, General and Administrative. Selling, general and administrative expenses were $1.7 million for the three months ended February 28, 1999, an increase of $.4 million from the $1.3 million reported the same three month period last year.

Depreciation and Amortization. Depreciation and amortization increased approximately $.5 million or 15.6% to $3.7 million for the three months ended February 28, 1999, as compared to $3.2 million for the three months ended February 28, 1998. This increase was the result of additional depreciation and amortization associated with the increase in property, plant, and equipment along with intangible assets from the acquisitions the Partnership has made subsequent to February 28, 1998.

Operating Income. Operating income for the three months ended February 28, 1999, increased $.1 million to $18.0 million as compared to $17.9 million for the same three month period last fiscal year. Increased gross profit and cost containment offset by the acquisition related increases in operating expenses and depreciation and amortization has enabled the Partnership to attain operating income comparable to last year during this three month period despite adverse weather conditions.

Net Income. Second quarter net income decreased $.2 million to $14.4 million as compared to fiscal 1998's second quarter net income of $14.6 million. This decrease is the result of comparable operating income for the second quarter periods, offset by an increase in interest expense due to acquisition related debt.

EBITDA. Earnings before interest, taxes, depreciation and amortization increased $.8 million or 3.7 % to $22.4 million for the second quarter ended February 28, 1999, as compared to $21.6 million for the second quarter of fiscal 1998. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

SIX MONTHS ENDED FEBRUARY 28, 1999 COMPARED TO THE SIX MONTHS ENDED FEBRUARY 28, 1998.

Volume. The Partnership sold 98.4 million retail gallons in the six months ended February 28, 1999, an increase of 7.7 million gallons or 8.5% over the 90.7 million gallons sold in the six months ended February 28, 1998. This increase was primarily attributable to acquisition related volumes.

The Partnership also sold approximately 45.7 million wholesale gallons in the six months ended February 28, 1999, a decrease of 4.0 million gallons or 8.0% from the 49.7 million wholesale gallons sold in the same period of fiscal 1998. The decrease in wholesale volumes was attributable to a decline of 1.9 million gallons in the foreign operations of M-P Energy Partnership and a decline of 2.1 million gallons in U.S. wholesale operations, both primarily due to weather factors mentioned herein.

Revenues. Total revenues for the Partnership decreased $7.6 million or 6.5% to $110.0 million for the six months ended February 28, 1999 as compared to $117.6 million for the same six-month period last year. For the six months ended February 28, 1999, domestic retail propane revenues decreased $3.6 million or 4.1% to $84.2 million. U.S. wholesale revenues decreased $1.3 million to $2.2 million and foreign revenues decreased $4.2 million to $11.4 million for the six months ended February 28, 1999. The U.S. and foreign wholesale revenue decreases were primarily a result of lower selling prices and decreased volumes. Other domestic revenues increased $1.5 million or

14.0% to $12.2 million as a result of acquisitions and to a lesser degree internal growth. A significant part of the decrease in overall revenues is that the Partnership reacted to the reduced demand for propane, market pressure and favorable product costs by lowering the selling prices to customers.

Cost of Sales. Total cost of sales decreased $11.9 million or 18.7% to $51.7 million for the six months ended February 28, 1999, as compared to $63.6 million for the six months ended February 28, 1998. U.S. cost of sales decreased $7.6 million or 15.6% to $41.2 million in the six months ended February 28, 1999 compared to $48.8 million in the six-month period of fiscal 1998. Foreign cost of sales decreased $4.3 million or 29.1% to $10.5 million in this six-month period as compared to last year's six-month results of $14.8 million. Product costs have been soft during fiscal 1999 due to reduced demand from an unseasonably warm heating season and high levels of inventory in the market.

Gross Profit. Total gross profit increased $4.3 million or 8.0% to $58.3 million for the six months ended February 28, 1999, as compared to $54.0 million for the six months ended February 28, 1998. Strong first quarter margins coupled with acquisition related volumes offset the negative affect to the margins during the second quarter as management kept pace with market pressure and looked for new volumes.

Operating Expenses. Operating expenses increased by $2.3 million or 9.9% to $25.5 million in the six months ended February 28, 1999 as compared to $23.2 million in the six months ended February 28, 1998. Management has continued its efforts for cost containment during this period of warm weather and the resulting increase in operating expenses was primarily due to acquisition related operating expenses.

Selling, General and Administrative. Selling, general and administrative expenses were $3.0 million for the six months ended February 28, 1999, an increase of $.4 million or 15.4% from the $2.6 million reported the same six month period last year.

Depreciation and Amortization. Depreciation and amortization increased approximately $.9 million or 14.3% to $7.2 million for the six months ended February 28, 1999, as compared to $6.3 million for the six months ended February 28, 1998. This increase was the primarily the result of additional depreciation and amortization associated with the increase in property, plant, and equipment along with intangible assets from the acquisitions the Partnership has made subsequent to February 28, 1998.

Operating Income. Operating income for the six months ended February 28, 1999, increased $.7 million to $22.6 million or 3.2% as compared to $21.9 million for the same six month period last fiscal year. Increased gross profit and continued efforts for cost containment, partially offset by acquisition related increases in operating expenses and depreciation and amortization, has enabled the Partnership to attain operating income above last year's during this six month period despite an unseasonably warm heating season.

Net Income. Year to date net income increased $.5 million or 3.3% to $15.6 million as compared to fiscal 1998's year to date net income of $15.1 million. This increase is the result of higher operating income for the current six month period, offset by an increase in interest expense due to acquisition related debt.

EBITDA. Earnings before interest, taxes, depreciation and amortization increased $2.1 million or 7.3% to $30.8 million for the six months ended February 28, 1999, as compared to $28.7 million for the six months ended February 28, 1998. EBITDA is defined as operating income plus depreciation and amortization (including the EBITDA of investees). EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

LIQUIDITY AND CAPITAL RESOURCES

The ability of the Partnership to satisfy its obligations will depend on its future performance, which will be subject to prevailing economic, financial, business and weather conditions and other factors, many of which are beyond its control. Future capital needs of the Partnership are expected to be provided by various sources as follows:

a) increases in working capital will be financed on the working capital line of credit and repaid from subsequent seasonal reductions in inventory and accounts receivable

b) payment of interest costs, and other debt services, will be provided by the annual cash flow from operations

c) required maintenance capital, predominantly vehicle replacement, will also be provided by the annual cash flow from operations

d) growth capital, mainly for customer tanks, expended will be financed by the revolving acquisition bank line of credit

e) acquisition capital expenditures will be financed with additional indebtedness on the revolving acquisition bank line of credit, other lines of credit, issues of additional Common Units or a combination thereof.

CASH FLOWS

Operating Activities. Cash provided by operating activities during the six months ended February 28, 1999, was $16.1 million compared to $17.0 million during the six months ended February 28, 1998. The cash flows from operations during the six months ended February 28, 1999, consisted primarily of net income of $15.6 million and non-cash activity of $6.4 million, principally depreciation and amortization, offset by a non-recurring gain from the sale of certain idle property. The impact of working capital changes decreased operating cash flow by approximately $5.9 million.

Investing Activities. Cash used in investing activities during the six months ended February 28, 1999 included capital expenditures for acquisitions amounting to $5.9 million, net of cash acquired plus $6.9 million spent for maintenance needed to sustain operations at current levels, as well as customer tanks to support growth of operations and other miscellaneous capitalized items. These investing activities were offset by proceeds from asset sales of $1.5 million, which was principally from the non-recurring sale of certain idle property. The proceeds from asset sales were used to purchase property in certain areas of the Partnership's operations that were previously under lease arrangements plus fund other maintenance and growth capital expenditures incurred.

Financing Activities. Cash used by financing activities during the six months ended February 28, 1999 of $4.0 million is the combination of the net reduction of $.3 million of working capital, $5.1 million of net additional debt incurred to fund acquisitions and the payment of quarterly distributions to unitholders of $8.8 million.

FINANCING AND SOURCES OF LIQUIDITY

The Partnership has a Bank Credit Facility, which includes a Working Capital Facility, a revolving credit facility providing for up to $20 million of borrowings to be used for working capital and other general partnership purposes, and an Acquisition Facility, a revolving credit facility providing for up to $30 million of borrowings to be used for acquisitions and improvements. As of February 28, 1999 the Acquisition Facility had $22.9 million available to fund future acquisitions and the Working Capital Facility had $9.7 million available for borrowings.

The Partnership also has a Medium Term Note Program that provides for the issuance of up to $100 million of senior secured promissory notes if certain conditions are met. As of February 28, 1999 the Partnership had issued $47 million of these notes. The Partnership has a registration statement filed on Form S-4 registering 2,000,000 additional Common Units which may be issued from time to time by the Partnership by means of a prospectus delivered in connection with its negotiations for acquisitions or other businesses, properties or securities in business combination transactions. As of the date of the filing of this Form 10-Q, 60,606 units have been issued utilizing this Registration Statement No. 333-40407 on Form S-4 in connection with a prior acquisition.

The Partnership uses its cash provided by operating and financing activities to provide distributions to unitholders and to fund acquisitions, maintenance and growth capital expenditures. Acquisition capital expenditures, which include expenditures related to the acquisition of retail propane operations and intangibles associated with such acquired businesses, were $5.9 million for the six months ended February 28, 1999 compared to $16.9 million for the six months ended February 28, 1998.

The Partnership has increased its distribution to Unitholders two times during the current fiscal year to a current annual level of $2.25 per unit. On March 26, 1999, the Partnership declared the second increased quarterly distribution of $.5625, an increase of 9.8% over the first quarter's increased distribution of $.5125. Under the Partnership Agreement of Heritage, the Partnership will distribute to its partners, 45 days after the end of each fiscal quarter an amount equal to all of its Available Cash for such quarter. Available cash generally means, with respect to any quarter of the Partnership, all cash on hand at the end of such quarter less the amount of cash reserves established by the General Partner in its reasonable discretion that is necessary or appropriate to provide for future cash requirements. The Partnership's commitment to our unitholders is to distribute the increase in our cash flow while maintaining prudent reserves for the Partnership's operations. The decision to increase the quarterly distribution resulted from a review of Heritage's past financial performance and current projections for available cash. This second increase in the distribution level will include incentive distributions payable to the General Partner.

The assets utilized in the propane business do not typically require lengthy manufacturing process time nor complicated, high technology components. Accordingly, the Partnership does not have any significant financial commitments for capital expenditures. In addition, the Partnership has not experienced any significant increases attributable to inflation in the cost of these assets or in its operations.

YEAR 2000 MATTERS

The Year 2000 issue arose because many computer programs use only the last two digits to indicate the year; hence, they may not correctly interpret dates beyond the year 1999. The Partnership has recognized the potential impact of this problem that could cause computer applications to fail or create erroneous results disrupting business operations. The Partnership along with outside consultants has conducted a detailed assessment of its Year 2000 (Y2K) compliance and readiness issues. The Partnership has put a comprehensive program in place to prepare for its Y2K readiness and designates the following information as our "Year 2000 Readiness Disclosure".

The scope of the Partnership's program includes the review and evaluation of (1) our information technology ("IT") such as hardware and software utilized in the Partnership's operations; (2) non-IT systems or embedded technology such as micro-controllers contained in various equipment, facilities and vehicles; and (3) the readiness of third parties which includes key fuel suppliers, vendors and banking facilities. A complete and detailed inventory list of the Partnership's hardware and software systems has been completed enabling us to evaluate the state of readiness of these systems.

The Partnership's district operations use a variety of external software that has been evaluated for Year 2000 compliance. The upgrade to the Y2K software at these district locations is approximately 45% complete. The hardware necessary to accommodate the software upgrades has been replaced as needed. Completion of upgrading the remaining district locations is anticipated between May and July 1999. The Partnership's central accounting software, which encompasses general ledger, financial reporting, and accounts payable, has been upgraded and successfully tested as Y2K compliant. The Partnership's payroll, fixed asset and wholesale fuel supply and distribution systems are completed. Miscellaneous applications have also been evaluated and management anticipates completing by May 1999. The non-IT systems such as telephones, fax machines, and photocopiers will be investigated for the date critical Year 2000 and will be replaced or updated as needed for operation and will be completed by January 2000.

The Partnership has identified major vendors and suppliers on whom it depends upon for services and products to assess their Year 2000 readiness to assure there are no interruptions in operations. A Year 2000 compliance letter and questionnaire was sent to these third parties and our evaluation of these key third parties is ninety percent complete. While none of the Partnership's products are directly date sensitive, interruption of the supply and delivery of gas products or other services could have a material adverse effect on the operations of the Partnership. By contacting these third parties to assess their state of readiness and developing an appropriate contingency plan if necessary, the Partnership is hoping to minimize these risks. The Partnership's banking facilities were also contacted to ensure that the collection and transfer of funds will not be interrupted and that extension of working capital will be available as needed. Acquisition candidates are supplied with a compliance letter and questionnaire also to assess the potential needs of their systems. The Partnership does not have any customers that accounted for 5% or more of the Partnership's revenues during fiscal 1998 thus reducing the risk if some but not all customers are not Y2K compliant.

The Partnership does not expect the costs to modify its computer-based systems to have a material effect on the Partnership's results of operations. The current estimates of the amount of time, personnel, and costs to modify the current systems to be Year 2000 compliant is less than $.5 million. A portion of these costs is expected to be capitalized as they relate to adding new software and hardware to enhance current operations. Costs related directly to becoming Year 2000 compliant are expensed as incurred. Estimated costs to date have not been specifically tracked but are estimated to be immaterial.

The Partnership expects that its IT and non-IT systems will be compliant by the target dates listed. A contingency plan is being developed to deal with system failures and disruptions of service arising from third party Y2K failures. The contingency plan for the Partnership's district operations is primarily focused on one system that already has been successfully tested and is Y2K compliant. This system affects two-thirds of our district operations and if other systems fail during the testing, they will be upgraded to this compliant system. The success the Partnership has with dealing with the issues of the Year 2000 and its vendor and supplier's success in the matter will affect the Partnership's future operations. Interruptions in the Partnership's operations or those of its major suppliers and vendors due to Year 2000 failures could have a material adverse affect on its operations and cash flows. In addition to the business risks noted above there are other Y2K risks, which include but are not limited to utility and telecommunication systems failure to provide service, which are beyond the Partnership's control and could have adverse affects on our operations.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report, excluding historical information, include certain forward-looking statements. Although the Partnership believes such forward-looking statements are based on reasonable assumptions, no assurance can be given that every objective will be reached. Such statements are made in reliance on the "safe-harbor" protections provided under the Private Securities Litigation Reform Act of 1995.

As required by that law, the Partnership hereby identifies the following important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted by the Partnership in forward-looking statements.

- Risks and uncertainties impacting the Partnership as a whole relate to changes in general economic conditions in the United States; the availability and cost of capital; changes in laws and regulations to which the Partnership is subject, including tax, environmental and employment laws and regulations; the cost and effects of legal and administrative claims and proceedings against the Partnership or which may be brought against the Partnership and changes in general and economic and currencies in foreign countries.

- The uncertainty of the ability of the Partnership to sustain its rate of internal sales growth and its ability to locate and acquire other propane companies at prices that are accretive to the Partnership's EBITDA (earnings before interest, taxes, depreciation and amortization).

- Risks and uncertainties related to energy prices and the ability of the Partnership to develop expanded markets and products offerings as well as their ability to maintain existing markets. In addition, future sales will depend on the cost of propane compared to other fuels, competition from other propane retailers and alternate fuels, the general level of petroleum product demand, and weather conditions, among other things.

- The Partnership's success in dealing with the Year 2000 issues and those of its vendors, suppliers and other third parties, many of which are beyond the Partnership's control.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Partnership has no cash flow exposure due to rate changes for long-term debt obligations. The Company primarily enters into debt obligations to support general corporate purposes including capital expenditures and working capital needs. The Partnership's long-term debt instruments are typically issued at fixed interest rates. When these debt obligations mature, the Partnership may refinance all or a portion of such debt at then-existing market interest rates which may be more or less than the interest rates on the maturing debt.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS OF FORM 8-K

(a) The following exhibits are filed as part of this Report. Exhibits required by Item 601 of Regulation S-K, but which are not listed below, are not applicable.

	Exhibit Number	Description
(1)	3.1	Agreement of Limited Partnership of Heritage Propane Partners, L.P.
(1)	10.1	Form of Bank Credit Facility
(3)	10.1.1	Amendment of Bank Credit Facility dated as of July 9, 1996
(4)	10.1.2	Amendment of Bank Credit Facility dated as of February 28, 1997
(5)	10.1.3	Third Amendment to Credit Agreement dated as of September 30, 1997
(6)	10.1.4	Fourth Amendment to Credit Agreement dated as of November 18, 1997.
(9)	10.1.5	Fifth Amendment to Credit Agreement dated as of November 13, 1998.
(1)	10.2	Form of Note Purchase Agreement (June 25, 1996)
(3)	10.2.1	Amendment of Note Purchase Agreement (June 25, 1996) dated as of July 25, 1996
(4)	10.2.2	Amendment of Note Purchase Agreement (June 25, 1996) dated as of March 11, 1997
(8)	10.2.3	Amendment of Note Purchase Agreement (June 25, 1996) dated as of October 15, 1998
(1)	10.3	Form of Contribution, Conveyance and Assumption Agreement among Heritage Holdings, Inc., Heritage Propane Partners, L.P. and Heritage Operating L.P.
(1)	10.4	1989 Stock Option Plan
(1)	10.5	1995 Stock Option Plan
(1)	10.6	Restricted Unit Plan
(4)	10.6.1	Amendment of Restricted Unit Plan dated as of October 17, 1996
(2)	10.7	Employment Agreement for James E. Bertelsmeyer
(1)	10.8	Employment Agreement for R.C. Mills
(1)	10.9	Employment Agreement for G.A. Darr
(1)	10.10	Employment Agreement for H. Michael Krimbill
(8)	10.11	Employment Agreement for Bradley K. Atkinson
(7)	10.16	Note Purchase Agreement dated as of November 19, 1997

	Exhibit Number	Description
(8)	10.16.1	Amendment dated as of October 15, 1998 to November 19, 1997 Note Purchase Agreement
(8)	21.1	List of Subsidiaries
(8)	23.3	Consent of Arthur Andersen LLP
	27.1	Financial Data Schedule - Filed with EDGAR version only

- - --

(1) Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement of Form S-3, File No. 333-4018, filed with the Commission on June 21, 1996.

(2) Incorporated by reference to Exhibit 10.11 to Registrant's Registration Statement on Form S-1, File No. 333-4018, filed with the Commission on June 21, 1996.

(3) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended November 30, 1996.

(4) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended February 28, 1997.

(5) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-K for the year ended August 31, 1997.

(6) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended November 30, 1997.

(7) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-Q for the quarter ended May 31, 1998.

(8) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-K for the year ended August 31, 1998.

(9) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-Q for the quarter ended November 30, 1998.

- - --

(b) Reports of Form 8-K.

The registrant has filed no reports on Form 8-K for the quarter for which this report is filed.

SIGNATURE

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

HERITAGE PROPANE PARTNERS, L.P.

By: Heritage Holdings, Inc., General Partner

Date: April 8, 1999

By: /s/ H. Michael Krimbill

H. Michael Krimbill
(President and Chief Financial Officer and officer duly authorized to sign on behalf of the registrant)

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO EXHIBITS

	Exhibit Number	Description
(1)	3.1	Agreement of Limited Partnership of Heritage Propane Partners, L.P.
(1)	10.1	Form of Bank Credit Facility
(3)	10.1.1	Amendment of Bank Credit Facility dated as of July 9, 1996
(4)	10.1.2	Amendment of Bank Credit Facility dated as of February 28, 1997
(5)	10.1.3	Third Amendment to Credit Agreement dated as of September 30, 1997
(6)	10.1.4	Fourth Amendment to Credit Agreement dated as of November 18, 1997.
(9)	10.1.5	Fifth Amendment to Credit Agreement dated as of November 13, 1998.
(1)	10.2	Form of Note Purchase Agreement (June 25, 1996)
(3)	10.2.1	Amendment of Note Purchase Agreement (June 25, 1996) dated as of July 25, 1996
(4)	10.2.2	Amendment of Note Purchase Agreement (June 25, 1996) dated as of March 11, 1997
(8)	10.2.3	Amendment of Note Purchase Agreement (June 25, 1996) dated as of October 15, 1998
(1)	10.3	Form of Contribution, Conveyance and Assumption Agreement among Heritage Holdings, Inc., Heritage Propane Partners, L.P. and Heritage Operating L.P.
(1)	10.4	1989 Stock Option Plan
(1)	10.5	1995 Stock Option Plan
(1)	10.6	Restricted Unit Plan
(4)	10.6.1	Amendment of Restricted Unit Plan dated as of October 17, 1996
(2)	10.7	Employment Agreement for James E. Bertelsmeyer
(1)	10.8	Employment Agreement for R.C. Mills
(1)	10.9	Employment Agreement for G.A. Darr
(1)	10.10	Employment Agreement for H. Michael Krimbill
(8)	10.11	Employment Agreement for Bradley K. Atkinson
(7)	10.16	Note Purchase Agreement dated as of November 19, 1997

	Exhibit Number	Description
(8)	10.16.1	Amendment dated as of October 15, 1998 to November 19, 1997 Note Purchase Agreement
(8)	21.1	List of Subsidiaries
(8)	23.3	Consent of Arthur Andersen LLP
	27.2	Financial Data Schedule - Filed with EDGAR version only

- - --

(1) Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement of Form S-3, File No. 333-4018, filed with the Commission on June 21, 1996.

(2) Incorporated by reference to Exhibit 10.11 to Registrant's Registration Statement on Form S-1, File No. 333-4018, filed with the Commission on June 21, 1996.

(3) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended November 30, 1996.

(4) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended February 28, 1997.

(5) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-K for the year ended August 31, 1997.

(6) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended November 30, 1997.

(7) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-Q for the quarter ended May 31, 1998.

(8) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-K for the year ended August 31, 1998.

(9) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-Q for the quarter ended November 30, 1998.

- - --

6-MOS	3-MOS
AUG-31-1999	AUG-31-1999
SEP-01-1998	DEC-01-1998
FEB-28-1999	FEB-28-1999
2,622	2,622
0	0
20,590	20,590
470	470
8,822	8,822
33,064	33,064
184,823	184,823
39,316	39,316
252,834	252,834
34,339	34,339
184,383	184,383
0	0
0	0
0	0
34,112	34,112
252,834	252,834
110,056	68,498
110,056	68,498
51,669	31,738
87,423	50,428
(1,235)	(586)
0	0
7,859	3,963
16,009	14,693
0	0
0	0
0	0
0	0
0	0
15,619	14,404
1.80	1.66
1.79	1.65