BOOK II

UGI UTILITIES, INC. – GAS DIVISION

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Information Submitted Pursuant to

Section 53.51 et seq of the Commission's Regulations

SUPPLEMENTAL DATA REQUESTS – COST OF SERVICE
SUPPLEMENTAL DATA REQUESTS – RATE OF RETURN
SUPPLEMENTAL DATA REQUESTS – REVENUE REQUIREMENTS
INDEX OF ATTACHMENTS ON CD
CDs CONTAINING ATTACHMENTS

ORIGINAL TARIFF
UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NO. 6

DOCKET NO. R-2015-2518438

Issued: January 19, 2016 **Effective: March 19, 2016**

SUPPLEMENTAL DATA REQUESTS – COST OF SERVICE

SDR-COS-1

Request:

Please explain the Company's policy with regard to when customer advances and contributions in aid of construction must be made.

Response:

An advance or contribution in aid of construction is required from an Extension Applicant or Customer when insufficient revenues will be derived from the Extension Applicant or Customer to warrant the investment by the Company. Please see Rule 5, Extension Regulation, of the current UGI Gas Service Tariff - Pa. P.U.C. No. 5 and proposed UGI Gas Service Tariff - Pa. P.U.C. No. 6.

Prepared by or under the supervision of: Robert R. Stoyko

SDR-COS-2

Request:

Please provide a detailed explanation describing how contributions in aid of construction and customer advances are reflected in the Company's cost of service study.

Response:

Contributions in aid of construction are reflected as a deduction to rate base and included in Exhibit D. UGI Gas does not have any customer advances and no claim is made for customer advances.

Prepared by or under the supervision of: Ann P. Kelly

SDR-COS-3

Request:

Please provide a breakdown of contributions in aid of construction by customer class and plant account number for the most recent year available.

Response:

Contributions in aid of construction for the historical test year, twelve months ended September 30, 2015, by customer classification and plant account number are shown below:

Customer Class	Plant Account		Historical Test Year
Residential	107		$144,521
	376		$556,710
	380		$1,321,059
	382		$75,930
	384		$4,360
		Subtotal	$2,102,580
Commercial	107		$3,266,207
	376		$10,212,774
	380		$258,074
	385		$250,000
		Subtotal	$13,987,055
Industrial	376		$360,000
		Total	$16,449,635

Prepared by or under the supervision of: Ann P. Kelly

SDR-COS-4

Request:

Please provide a breakdown of transmission and distribution mains investment by pipe diameter.

Response:

Please see Attachment SDR-COS-4.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities - Gas Division

Mains Size and Original Cost
Accounts 367 and 376
as of September 30, 2015

Account 367 - Transmission

None

Account 376 - Distribution

Main Size (Inches)	Original Cost $
20	1,424,999
16	1,513,319
12	28,438,904
10	1,909,655
8	101,750,512
6	91,334,881
5	272,856
4	133,301,654
3.5	32
3	14,420,918
2.5	3,801
2	208,516,981
1.5	2,470
1.25	35,008,855
1	1,325,604
0.75	233,354
0.5	257,807
Total	619,716,603

Note: This does not include cathodic protection and other equipment that is included in this account. The cathodic protection is not categorized by main size.

SDR-COS-5

Request:

Please provide a breakdown of customer advances by customer class for the most recent year available.

Response:

UGI Gas did not receive any customer advances in Fiscal Year 2015.

Prepared by or under the supervision of: Paul R. Herbert

SDR-COS-6

Request:

Please provide a breakdown of services investment by service line diameter, and a breakdown of services by size and customer class.

Response:

Please see Attachment SDR-COS-6.

Prepared by or under the supervision of: Paul R. Herbert

UGI Utilities - Gas Division

Service Size and Original Cost
Account 380
As of September 30, 2015

Service Size	XD Firm	Customer Class R/RT	N/NT	DS/LFD/Interruptible	Total
0.25	-	380,054	132,211	6,263	518,528
0.5	153	233,577,904	7,695,746	95,368	241,369,171
0.75	1,087	13,093,342	1,888,633	67,605	15,050,667
1	51,802	165,457,366	28,201,804	559,567	194,270,539
1.25	12,695	20,690,592	6,310,541	626,682	27,640,510
1.5	-	3,730	630	-	4,360
2	34,606	3,061,233	12,671,183	3,533,981	19,301,003
2.5	-	639	639	-	1,278
3	14,006	79,565	1,414,503	495,076	2,003,150
4	58,959	204,902	2,750,648	2,868,621	5,883,130
6	71,744	15,601	288,613	686,432	1,062,390
8	71,920	21,516	107,580	580,933	781,949
Total	316,972	436,586,444	61,462,731	9,520,528	507,886,675

SDR-COS-7

Request:

If available, please provide a breakdown of meter investment by meter size, and a breakdown of meters by size and customer class.

Response:

Please see Attachment SDR-COS-7.

Prepared by or under the supervision of: Paul R. Herbert

UGI Utilities - Gas Division

Meter Size and Original Cost
Account 381
As of September 30, 2015

Customer Class

Meter Size	R/RT	N/NT	DS	Interruptible	Total
1.5M-125TC		32,149	899	270	33,318
11C175		58,101	1,624	487	60,213
11M125TC		3,017,983	84,381	25,322	3,127,686
15C175		15,016	420	126	15,562
16M-125		134,733	3,767	1,130	139,631
16M125TC		336,456	9,407	2,823	348,686
23M-125		26,090	729	219	27,038
250B		5,803,468	162,262	48,694	6,014,423
3M-125		83,130	2,324	697	86,152
3M-125TC		691,177	19,325	5,799	716,301
4IN-IRM3		24,381	682	205	25,267
500B		2,757	77	23	2,857
5B	56				56
5M-125		2,840,375	79,415	23,832	2,943,622
5M-125TC		843,042	23,571	7,073	873,686
5TC	13,979,751				13,979,751
7M-125		57,637	1,611	484	59,732
7M-125TC		2,701,104	75,521	22,663	2,799,289
AL1000TC		4,587,544	128,265	38,492	4,754,301
AL1400TC		1,725,934	48,256	14,481	1,788,672
AL2300TC		791,740	22,137	6,643	820,520
AL425TC	917,639				917,639
AL5000TC		409,447	11,448	3,435	424,330
AL800TCA		649,453	18,158	5,449	673,061
12 TURBO		46,630	1,304	391	48,325
4 TURBO		188,548	5,272	1,582	195,402
6 TURBO		531,178	14,851	4,457	550,486
AL310-TC	744,301				744,301
AL340TC	4,054				4,054
SEN880TC		1,434,553	40,109	12,037	1,486,699
SONIX		1,584,341	44,297	13,293	1,641,932
Total	**15,645,801**	**28,616,967**	**800,115**	**240,109**	**45,302,992**

UGI Utilities - Gas Division

Meter Size and Original Cost
Account 385
As of September 30, 2015

Meter Size	Customer Class N/NT	LFD	Interruptible	Total
AL800TCA	16,597	2,853	-	19,450
AL1000TC	82,644	11,012	246	93,902
AL1400TC	22,067	8,635	74	30,776
AL2300TC	196,113	127,367	1,066	324,546
AL800TCR	5,788	755	-	6,543
AL5000TC	208,084	317,161	-	525,245
250BTC	-	2,081	-	2,081
250B	1,931	-	-	1,931
500B	-	28,522	-	28,522
R3000TC	9,489	-	-	9,489
1.5M-125TC	8,575	-	-	8,575
3M-125	211	211	-	422
3M-125TC	66,087	21,700	-	87,787
5M-125TC	166,173	152,462	2,194	320,829
7M-125TC	112,919	144,455	2,035	259,409
11M125TC	78,259	229,471	-	307,730
16M-125	1,070	9,632	-	10,702
16M125TC	88,652	388,926	2,860	480,438
23M-125	1,703	20,430	-	22,133
38M-125	-	27,947	-	27,947
4 TURBO	134,991	691,831	-	826,822
6 TURBO	22,230	789,175	-	811,405
8 TURBO	-	926,776	-	926,776
12 TURBO	-	116,984	-	116,984
Total	1,223,583	4,018,386	8,475	5,250,444

SDR-COS-8

Request:

Please provide the Company's rate design models and cost of service study on an IBM PC-compatible computer disk in Lotus 1-2-3 or Quattro format. If the models consist of more than one file, please include information on all files on the disk and what they contain. If not available in Lotus 1-2-3 or Quattro format, please provide in ASCII format.

Response:

Please see Attachments SDR-COS-8.1, SDR-COS-8.2 and SDR-COS-8.3 contained on CD.

Prepared by or under the supervision of: Paul R. Herbert

SDR-COS-9

Request:

Please provide a copy of the Company's current customer extension policy. Provide a representative sample of the analyses conducted by the Company when deciding whether service to a new customer qualifies under the Company's customer extension policy.

Response:

The extension policy is contained in Rule 5, Extension Regulation, Pages 16-18(a), of the Company's Gas Service Tariff. Sections 5.3-5.5 on pages 16 and 17 describe the calculation methodology made to evaluate extensions.

Prepared by or under the supervision of: Robert R. Stoyko

SDR-COS-10

Request:

Please provide a detailed supply and requirement schedule for the Company's three most recent annual peak days and for design day. The schedules should include deliveries by source and requirements by rate schedule. Identify sources and requirements for transportation customers separately. Also include the Company's daily sendout sheet for each peak day and applicable weather data.

Response:

Please see Attachment SDR-COS-10.

Prepared by or under the supervision of: Paul J. Szykman

UGI Utilities, Inc. - Gas Division
Peak Day Sendout By Rate Class

	2012-2013 FEB 20 (MDTH)	2013-2014 FEB 27 (MDTH)	2014-2015 JAN 13 (MDTH)
RG	4.0	4.0	3.0
RH	175.8	208.7	189.0
CG	2.6	3.2	2.5
CH	63.4	84.2	79.8
IG	0.2	0.3	0.2
IH	5.7	7.2	5.8
PGC FIRM	251.7	307.6	280.3
RT (CHOICE)	17.2	21.2	24.5
NT (CHOICE)	45.3	43.9	48.3
BD/BDL	0.0	0.0	0.0
DS	34.2	46.6	34.8
LFD	42.1	50.6	53.8
XD-F/CDS-F	35.7	38.1	49.2
FIRM TRANSPORTATION	174.6	200.4	210.7
INTERRUPTIBLE	207.6	184.3	197.6
TOTAL	633.9	692.3	688.6

UGI Utilities, Inc. - Gas Division
Temperature (°F) By System

	FEB 20, 2013	FEB 27, 2014	JAN 13, 2015
Primary System	26	16	20
Secondary System	20	11	13

UGI Utilities, Inc. - Gas Division
Dispatching Data (Dth)
February 20, 2013

		ACTUAL FOR 20-Feb-13	ESTIMATION FOR 21-Feb-13
PRIMARY SYSTEM:			
	SENDOUT	611,649	571,000
	ESTIMATED NON-FIRM	64,678	63,577
	AVERAGE TEMPERATURE	26	28
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	10164075	694
	MONTH TO DATE BUDGET	9,113,404	656
	MONTH TO DATE LAST YEAR	9,650,599	578
	SEASON TO DATE CURRENT	50,639,303	3,265
	SEASON TO DATE BUDGET	48,323,436	3,269
	SEASON TO DATE LAST YEAR	45,893,987	2,860
	POWER PLANT	130,472	
	MONTH TO DATE CURRENT	2,072,909	
	MONTH TO DATE NORMAL	1,428,580	
	MONTH TO DATE LAST YEAR	3,029,340	
	SEASON TO DATE CURRENT	12,959,661	
	SEASON TO DATE NORMAL	10,628,578	
	SEASON TO DATE LAST YEAR	12720893	
SECONDARY SYSTEM:			
	BLAKESLEE	14,619	14,000
	HOBBIE	7,591	7,000
	COGEN PLANT	0	0
	SECONDARY SYSTEM SENDOUT:	22,210	21,000
	AVERAGE TEMPERATURE	20	22
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	362512	786
	MONTH TO DATE BUDGET	328,468	750
	MONTH TO DATE LAST YEAR	279,993	661
	SEASON TO DATE CURRENT	1,675,108	3,690
	SEASON TO DATE BUDGET	1,584,183	3,790
	SEASON TO DATE LAST YEAR	1,380,359	3,227

UGI Utilities, Inc. - Gas Division
Dispatching Data (Dth)
February 27, 2014

		ACTUAL FOR 27-Feb-14	ESTIMATION FOR 28-Feb-14
PRIMARY SYSTEM:			
	SENDOUT	663,784	628,000
	ESTIMATED NON-FIRM	70,181	62,223
	AVERAGE TEMPERATURE	16	11
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	14,169,215	1,013
	MONTH TO DATE BUDGET	12,924,531	860
	MONTH TO DATE LAST YEAR	13,519,286	897
	SEASON TO DATE CURRENT	55,510,175	3,971
	SEASON TO DATE BUDGET	53,624,289	3,473
	SEASON TO DATE LAST YEAR	53,994,514	3,468
	POWER PLANT	119,604	
	MONTH TO DATE CURRENT	2,595,534	
	MONTH TO DATE NORMAL	1,928,571	
	MONTH TO DATE LAST YEAR	2,899,766	
	SEASON TO DATE CURRENT	10,248,277	
	SEASON TO DATE NORMAL	11,128,571	
	SEASON TO DATE LAST YEAR	13,786,518	
SECONDARY SYSTEM:			
	BLAKESLEE	18,359	20,000
	HOBBIE	10,150	8,800
	COGEN PLANT	0	0
	SECONDARY SYSTEM SENDOUT:	28,509	28,800
	AVERAGE TEMPERATURE	11	8
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	598,318	1,106
	MONTH TO DATE BUDGET	468,206	988
	MONTH TO DATE LAST YEAR	478,450	854
	SEASON TO DATE CURRENT	2,304,875	4,346
	SEASON TO DATE BUDGET	1,944,346	4,028
	SEASON TO DATE LAST YEAR	1,791,046	3,420

UGI Utilities, Inc. - Gas Division
Dispatching Data (Dth)
January 13, 2015

		ACTUAL FOR 13-Jan-15	ESTIMATION FOR 14-Jan-15
PRIMARY SYSTEM:			
	SENDOUT	659,794	641,000
	ESTIMATED NON-FIRM	67,980	65,778
	AVERAGE TEMPERATURE	20	24
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	7,431,280	519
	MONTH TO DATE BUDGET	6,378,026	411
	MONTH TO DATE LAST YEAR	6,504,731	503
	SEASON TO DATE CURRENT	32,804,735	2,125
	SEASON TO DATE BUDGET	33,115,573	1,971
	SEASON TO DATE LAST YEAR	31,932,907	2,194
	POWER PLANT	141,335	
	MONTH TO DATE CURRENT	1,428,280	
	MONTH TO DATE NORMAL	1,048,387	
	MONTH TO DATE LAST YEAR	787,518	
	SEASON TO DATE CURRENT	7,210,832	
	SEASON TO DATE NORMAL	8,048,387	
	SEASON TO DATE LAST YEAR	6,684,619	
SECONDARY SYSTEM:			
	BLAKESLEE	18,141	20,000
	HOBBIE	10,643	6,000
	COGEN PLANT	0	0
	SECONDARY SYSTEM SENDOUT:	28,784	26,000
	AVERAGE TEMPERATURE	13	21
		SENDOUT	DEGREE DAYS
	MONTH TO DATE CURRENT	315,409	567
	MONTH TO DATE BUDGET	232,982	489
	MONTH TO DATE LAST YEAR	278,530	535
	SEASON TO DATE CURRENT	1,363,170	2,408
	SEASON TO DATE BUDGET	1,202,731	2,317
	SEASON TO DATE LAST YEAR	1,266,243	2,421

UGI Utilities, Inc. - Gas Division
Peak Day Capacity Requirements and Supply Options
(Dth/D)

Supplier/Pipeline	Upstream Pipeline	Rate Schedule	2015-2016 (Projected)
Columbia		SST / FSS	114,649
Columbia		FTS/FTS-1	75,650
Columbia	ANR	FTS/FTS-1	28,020
Columbia	ANR	FTS/FSS	5,000
Columbia Release from UGI PNG			1,300
Texas Eastern		FT-1	83,475
Texas Eastern		CDS	66,000
Texas Eastern	ANR	FT-1/FTS-1	10,000
Texas Eastern	ANR	FT-1/FSS	31,713
Texas Eastern	ANR	CDS/FTS-1	10,000
Texas Eastern	Dominion	FTS-5/GSSII	6,667
Texas Eastern	Dominion	FTS-7/GSS	5,880
Transco		FT	14,153
Transco		FTF/FT	22,770
Transco		SS-2	7,245
Transco		GSS	1,744
Transco		PS-FT	1,346
Transco Sentinel Release			(7,000)
Transco from UGI PNG		Delivered Supply	7,000
UGI Energy Services		Delivered Supply	10,000
UGI Energy Services		Peaking Services	152,394
TBD		Delivered Supply	56,993
Subtotal			704,999
Third Party Capacity - Large Customers			60,973
Total Firm Capacity			765,972

PGC-1 Requirements	476,682
CHOICE Requirements	123,932
Subtotal	600,614
Firm Transportation Requirements	165,358
Total Requirements	765,972

SDR-COS-11

Request:

Please provide copies of the Company's daily sendout sheets for November through March of the most recent heating season.

Response:

Please see Attachment SDR-COS-11 for a summary of daily sendouts for November through March.

Prepared by or under the supervision of: Paul J. Szykman

UGI Utilities, Inc. - Gas Division
Daily Sendout (Dth)

Nov 2014 Sendout		Dec 2014 Sendout		Jan 2015 Sendout		Feb 2015 Sendout		Mar 2015 Sendout	
11/1/2014	335,300	12/1/2014	422,446	1/1/2015	503,457	2/1/2015	470,634	3/1/2015	579,702
11/2/2014	365,397	12/2/2014	514,343	1/2/2015	507,809	2/2/2015	621,498	3/2/2015	614,161
11/3/2014	316,047	12/3/2014	489,974	1/3/2015	482,467	2/3/2015	656,866	3/3/2015	603,363
11/4/2014	274,820	12/4/2014	529,505	1/4/2015	467,556	2/4/2015	534,370	3/4/2015	532,310
11/5/2014	302,813	12/5/2014	490,952	1/5/2015	646,874	2/5/2015	679,532	3/5/2015	604,412
11/6/2014	313,763	12/6/2014	446,248	1/6/2015	668,315	2/6/2015	660,122	3/6/2015	598,720
11/7/2014	373,375	12/7/2014	525,730	1/7/2015	659,227	2/7/2015	493,218	3/7/2015	521,628
11/8/2014	333,066	12/8/2014	588,872	1/8/2015	639,490	2/8/2015	507,766	3/8/2015	471,084
11/9/2014	355,790	12/9/2014	523,604	1/9/2015	658,645	2/9/2015	612,562	3/9/2015	464,359
11/10/2014	341,973	12/10/2014	562,443	1/10/2015	672,495	2/10/2015	602,242	3/10/2015	466,158
11/11/2014	299,138	12/11/2014	574,684	1/11/2015	544,321	2/11/2015	565,990	3/11/2015	419,816
11/12/2014	348,421	12/12/2014	534,213	1/12/2015	607,455	2/12/2015	586,015	3/12/2015	477,445
11/13/2014	432,941	12/13/2014	493,577	1/13/2015	688,578	2/13/2015	589,040	3/13/2015	432,204
11/14/2014	415,664	12/14/2014	469,850	1/14/2015	650,959	2/14/2015	559,578	3/14/2015	376,312
11/15/2014	344,653	12/15/2014	507,531	1/15/2015	600,893	2/15/2015	653,759	3/15/2015	460,485
11/16/2014	355,113	12/16/2014	462,682	1/16/2015	625,854	2/16/2015	617,603	3/16/2015	364,540
11/17/2014	423,252	12/17/2014	513,368	1/17/2015	589,413	2/17/2015	560,123	3/17/2015	417,878
11/18/2014	549,490	12/18/2014	555,197	1/18/2015	542,133	2/18/2015	595,593	3/18/2015	493,670
11/19/2014	501,684	12/19/2014	538,323	1/19/2015	530,299	2/19/2015	657,175	3/19/2015	469,537
11/20/2014	489,378	12/20/2014	531,889	1/20/2015	565,291	2/20/2015	624,322	3/20/2015	493,201
11/21/2014	514,083	12/21/2014	566,093	1/21/2015	611,847	2/21/2015	523,614	3/21/2015	374,252
11/22/2014	389,971	12/22/2014	514,637	1/22/2015	591,933	2/22/2015	432,802	3/22/2015	466,881
11/23/2014	281,855	12/23/2014	392,591	1/23/2015	519,412	2/23/2015	585,386	3/23/2015	493,234
11/24/2014	226,907	12/24/2014	297,830	1/24/2015	513,733	2/24/2015	565,854	3/24/2015	511,033
11/25/2014	317,209	12/25/2014	356,662	1/25/2015	549,801	2/25/2015	533,854	3/25/2015	448,833
11/26/2014	388,353	12/26/2014	408,980	1/26/2015	659,844	2/26/2015	558,247	3/26/2015	351,038
11/27/2014	378,150	12/27/2014	349,629	1/27/2015	676,900	2/27/2015	519,332	3/27/2015	394,940
11/28/2014	463,616	12/28/2014	405,571	1/28/2015	633,437	2/28/2015	496,228	3/28/2015	421,340
11/29/2014	439,859	12/29/2014	481,325	1/29/2015	599,976			3/29/2015	356,988
11/30/2014	419,624	12/30/2014	561,400	1/30/2015	625,488			3/30/2015	334,780
		12/31/2014	560,852	1/31/2015	607,357			3/31/2015	373,435

SDR-COS-12

Request:

Please provide a copy of the load duration curve used by the Company for capacity planning purposes. Please also identify the numerical data points shown for each day on the curve.

Response:

Please reference Attachment 14-2 of UGI Gas' 1307(f) Purchased Gas Cost prefiling which was filed on May 1, 2015, and is being provided in electronic format as Attachment III-E-30.

Prepared by or under the supervision of: Paul J. Szykman

SDR-COS-13

Request:

Please provide the following for the Company's ten largest transportation customers during peak month of the most recent heating season:

a. actual consumption

b. volume delivered to the Company on their behalf, if applicable

c. daily nomination

Response:

Please see Attachment SDR-COS-13.

Prepared by or under the supervision of: Robert R. Stoyko

UGI Utilities, Inc. - Gas Division
Ten Largest Transportation Customers During Peak Month

	Customer A		Customer B		Customer C		Customer D		Customer E	
	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)
1/1/2015	110499.0	109441.2	9542.0	9161.3	5282.7	9023.4	4967.7	6202.3	5870.0	7223.3
1/2/2015	107305.0	109144.8	9532.0	9161.3	5827.4	9023.4	6377.8	6440.8	4810.0	7223.3
1/3/2015	113728.0	113452.9	9512.0	9161.3	6220.9	8523.0	6307.7	6440.8	1620.0	5792.0
1/4/2015	116298.0	101537.4	9495.0	9161.3	9247.0	9023.4	6217.7	6440.8	3600.0	5792.0
1/5/2015	131250.0	123405.2	9469.0	9161.3	11216.3	10000.3	7077.8	6440.8	8090.0	5792.0
1/6/2015	113586.0	124796.9	9541.0	9431.3	10593.2	10000.3	6357.7	6440.8	8030.0	6679.4
1/7/2015	48111.0	47138.0	9593.0	9431.3	10378.3	10000.3	6747.7	6440.8	1450.0	2000.0
1/8/2015	50717.0	53282.8	9564.0	9161.3	9962.0	10000.3	7227.8	7156.5	1580.0	2643.1
1/9/2015	115149.0	109884.4	9533.0	9431.3	9220.5	9023.4	6727.7	6434.2	5930.0	5761.5
1/10/2015	106998.0	94887.3	9496.0	9431.3	8066.1	8523.0	6037.8	7156.5	5950.0	4771.0
1/11/2015	90521.0	94842.6	9466.0	9431.3	9821.4	9023.4	5827.7	7156.5	7780.0	6202.3
1/12/2015	139807.0	130538.4	9450.0	9431.3	10559.0	10000.3	6847.7	7906.5	8370.0	8110.7
1/13/2015	136402.0	132438.3	9466.0	9431.3	10902.9	10000.3	6037.8	7156.5	8170.0	7617.4
1/14/2015	128184.0	130624.9	9506.0	9431.3	10857.4	10000.3	7187.7	7156.5	8270.0	7633.6
1/15/2015	121127.0	124251.7	9489.0	9161.3	10626.8	10000.3	6957.7	7156.5	9490.0	6679.4
1/16/2015	132258.0	125767.7	9473.0	9431.3	8727.6	10000.3	6827.8	7156.5	5070.0	5725.2
1/17/2015	123273.0	119717.2	9478.0	9431.3	7338.3	9023.4	5807.7	7156.5	2560.0	5725.2
1/18/2015	113254.0	114263.4	9514.0	9431.3	8982.7	10000.3	5767.7	7156.5	5390.0	5725.2
1/19/2015	111999.0	117822.2	9506.0	9431.3	9913.6	10000.3	6137.8	7156.5	7940.0	5725.2
1/20/2015	118218.0	122067.0	9550.0	9431.3	10315.8	10000.3	5327.7	7156.5	9090.0	5725.2
1/21/2015	130889.0	134852.3	9492.0	9161.3	10425.9	10000.3	6387.7	7156.5	9920.0	7633.6
1/22/2015	147031.0	146964.0	9443.0	9161.3	9895.8	10000.3	6027.8	7156.5	9720.0	7156.5
1/23/2015	117840.0	126273.1	9429.0	9161.3	8412.4	10000.3	5597.7	7156.5	8130.0	6202.3
1/24/2015	123024.0	127038.9	9395.0	9431.3	7002.9	8523.0	5817.8	5725.2	5640.0	5725.2
1/25/2015	125222.0	128755.1	9291.0	9431.3	9483.7	10000.3	5777.7	5725.2	4760.0	5725.2
1/26/2015	137415.0	141699.7	9333.0	9431.3	10829.5	10000.3	6017.7	7156.5	8730.0	8110.7
1/27/2015	134072.0	140368.3	9309.0	9431.3	11048.7	10000.3	5877.8	7156.5	8250.0	8587.8
1/28/2015	102947.0	103283.8	8596.0	9431.3	11283.1	10000.3	6027.7	7156.5	7730.0	8587.8
1/29/2015	105030.0	109004.9	7362.0	9431.3	9876.1	10000.3	5567.7	5725.2	7410.0	8110.7
1/30/2015	91125.0	94776.5	7058.0	9431.3	8548.3	10000.3	5447.8	5725.2	6980.0	7633.6
1/31/2015	104188.0	104535.5	7051.0	9431.3	7424.9	7523.3	5347.7	5486.6	4640.0	7633.6
TOTAL	3547467.0	3556856.4	285934.0	289670.3	288291.2	297239.0	190669.8	209235.7	200970.0	199654.0

UGI Utilities, Inc. - Gas Division
Ten Largest Transportation Customers During Peak Month

	Customer F		Customer G		Customer H		Customer I		Customer J	
	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)	a. Total Consumption (Mcf)	b. & c. Total Nomination/ Delivered (Mcf)
1/1/2015	442.4	474.7	2750.0	3000.2	2680.0	2435.1	1078.0	1957.7	2186.1	1624.4
1/2/2015	517.0	474.7	3280.0	4500.3	2610.0	2435.1	1312.0	1957.7	2173.4	1909.3
1/3/2015	497.5	949.4	2650.0	3399.9	2530.0	6251.9	1315.0	1957.7	1897.0	1091.8
1/4/2015	3490.8	3797.7	3670.0	4600.0	2450.0	6251.9	1449.0	1957.7	1796.5	1091.8
1/5/2015	5445.2	4557.3	5000.0	4800.3	3550.0	6251.9	2214.0	1957.7	2566.2	1091.8
1/6/2015	4945.1	4747.1	4600.0	4800.3	3590.0	2435.1	2191.0	1957.7	2110.1	1091.8
1/7/2015	4557.8	4557.3	4710.0	4051.2	0.0	0.0	548.0	1957.7	199.2	2099.2
1/8/2015	3832.5	4272.4	4720.0	4051.2	3770.0	2434.2	2124.0	1652.0	2557.2	2289.0
1/9/2015	3060.2	4367.4	4560.0	4500.3	3990.0	2434.2	1899.0	1652.0	2661.6	2099.2
1/10/2015	5714.2	5221.8	3560.0	3399.9	4040.0	2911.3	1874.0	1652.0	2759.5	1091.8
1/11/2015	5748.5	4509.8	4330.0	4600.0	3260.0	2911.3	1840.0	1652.0	2155.7	1091.8
1/12/2015	4780.3	3797.7	4750.0	4800.3	3240.0	2911.3	2098.0	1652.0	2147.0	1091.8
1/13/2015	4699.3	4177.5	4750.0	4800.3	3920.0	2434.2	2166.0	1703.3	2622.7	1091.8
1/14/2015	4730.5	4747.1	4720.0	4800.3	3760.0	2434.2	2116.0	1703.3	2432.9	1091.8
1/15/2015	4458.3	4984.5	4840.0	4800.3	3240.0	2434.2	2042.0	2052.7	2312.6	1091.8
1/16/2015	3685.8	4842.0	4440.0	4500.3	3330.0	2434.2	2089.0	2052.7	2455.1	1091.8
1/17/2015	3721.1	4225.0	3410.0	3399.9	3160.0	4473.3	2025.0	2052.7	2341.9	2099.2
1/18/2015	5550.3	4035.1	4210.0	4600.0	2730.0	4474.2	1958.0	2052.7	1996.6	2099.2
1/19/2015	3769.9	4747.1	4570.0	4800.3	2710.0	4474.2	2004.0	2052.7	2001.6	2099.2
1/20/2015	4681.5	4889.5	4550.0	4610.4	2940.0	4474.2	2020.0	1910.2	1987.3	2099.2
1/21/2015	4889.0	5221.8	4560.0	4610.4	3310.0	2434.2	2016.0	1910.2	2246.5	2099.2
1/22/2015	3736.4	4652.2	4610.0	4610.4	2940.0	2434.2	2065.0	1910.2	2081.3	2099.2
1/23/2015	3535.9	3987.6	3990.0	4310.4	2730.0	2434.2	1763.0	1910.2	2029.3	2099.2
1/24/2015	5478.0	4747.1	2960.0	3399.9	2560.0	3197.5	1331.0	1910.2	1973.0	1624.4
1/25/2015	4931.6	4984.5	4320.0	4600.0	2340.0	3197.5	1470.0	1910.2	2083.5	1624.4
1/26/2015	4290.4	5221.8	4790.0	4050.3	3630.0	0.0	1805.0	1910.2	2401.6	2099.2
1/27/2015	5156.2	5079.4	4780.0	4050.3	3670.0	2434.2	1931.0	1980.5	2523.8	1091.8
1/28/2015	3612.5	3702.8	4790.0	4051.2	0.0	3042.9	1976.0	2592.9	2540.8	1091.8
1/29/2015	3965.7	3892.7	4730.0	4050.3	3300.0	3042.9	1962.0	1980.5	2295.4	1091.8
1/30/2015	5405.7	4272.4	4790.0	4120.5	3820.0	3042.9	1977.0	2165.6	2620.7	1091.8
1/31/2015	4458.5	4842.0	3800.0	3399.9	3400.0	3042.0	1728.0	1980.5	2444.6	1091.8
TOTAL	127788.1	128979.4	132190.0	132069.3	93200.0	95598.5	56386.0	59705.4	68600.7	47532.3

SDR-COS-14

Request:

Please provide a summary identifying the salient features of each of the following. Salient features include contract party, effective term and applicable contract quantities (daily, annual, seasonal, etc.).

a. All firm transportation agreements by type greater than one month in length. Indicate whether the capacity is available at the Company's citygate to meet design day requirements or is upstream capacity. Identify the downstream pipeline for each upstream arrangement.

b. All firm storage, gathering and exchange agreements. Indicate if each agreement provides design day capacity at the citygate or requires separate transportation (identify) service to effectuate delivery. Include on-system storage and peak shaving facilities used by the Company and identify all ratcheting provisions applicable to the Company's contractual and on-system storage arrangements.

Response:

Please see Attachment SDR-COS-14-A for all firm transportation, storage, peaking, gathering, and exchange agreements.

Please see Attachment SDR-COS-14-B for ratchet provisions applicable to UGI Gas' storage agreements.

Prepared by or under the supervision of: Paul J. Szykman

UGI Utilities, Inc. - Gas Division
Contract Entitlements

Pipeline	Rate Schedule	Contract ID	Contract Type	Term Start	Term End	MDQ	SCQ	Capacity Flow	Downstream Pipe
ANR	FSS	114585	Storage	4/1/2009	3/31/2019	39,155	2,780,005	Upstream	TETCO/Columbia
ANR	FTS-1	114586	Transport	4/1/2009	3/31/2019	25,430		Upstream	Columbia
ANR	FTS-1	114588	Transport	4/1/2009	3/31/2019	10,621		Upstream	TETCO
ANR	FTS-1	114590	Transport	4/1/2009	3/31/2019	10,575		Upstream	TETCO
ANR	FTS-1	114591	Transport	4/1/2009	3/31/2019	8,600		Upstream	Columbia
ANR	FTS-1	114592	Transport	11/1/2009	3/31/2019	21,150		Upstream	TETCO
ANR	FTS-1	114593	Transport	11/1/2009	3/31/2019	12,440		Upstream	TETCO
ANR	FTS-1	114594	Transport	11/1/2009	3/31/2019	5,123		Upstream	Columbia
ANR	FTS-1	114595	Transport	4/1/2009	10/31/2018	14,019		Upstream	TETCO
Columbia	FSS	79028	Storage	11/1/2004	3/31/2017	116,890	6,252,936	Upstream	Columbia
Columbia	FTS	46284	Transport	11/1/1993	10/31/2023	50,412		City Gate	
Columbia	FTS	78653	Transport	5/15/2004	10/31/2029	42,000		City Gate	
Columbia	FTS	80021	Transport	11/1/2004	10/31/2025	21,500		City Gate	
Columbia	FTS	80095	Transport	11/1/2004	10/31/2019	18,020		City Gate	
Columbia	FTS	80835	Transport	11/1/2004	10/31/2023	3,738		City Gate	
Columbia	NTS	80837	Transport	11/1/2004	10/31/2019	15,000		City Gate	
Columbia	SST	79133	Transport	11/1/2004	3/31/2017	114,649		City Gate	
Dominion	GSS	300126	Storage	11/1/1998	3/31/2022	6,667	666,667	Upstream	TETCO
Dominion	GSS-TE	600038	Storage	10/1/1993	3/31/2019	6,000	941,176	Upstream	TETCO
Egan	FSS	310191	Storage	9/17/2001	3/31/2019	50,000	500,000	Upstream	TETCO
TETCO	CDS	800239	Transport	6/1/1993	10/31/2016	25,000		City Gate	
TETCO	CDS	800397	Transport	11/1/1993	10/31/2016	41,000		City Gate	
TETCO	CDS	820019	Transport	11/1/2000	10/31/2016	10,000		City Gate	
TETCO	Flex-X	800504	Transport	11/1/1995	10/31/2016	4,000		City Gate	
TETCO	FT-1	800240	Transport	6/1/1993	10/31/2016	25,000		City Gate	
TETCO	FT-1	800373	Transport	11/1/1994	10/31/2017	20,000		City Gate	
TETCO	FT-1	800394	Transport	11/1/1993	10/31/2016	32,475		City Gate	
TETCO	FT-1	800468	Transport	11/1/1995	10/31/2017	10,000		City Gate	
TETCO	FT-1	830067	Transport	12/1/1999	10/31/2017	10,000		City Gate	
TETCO	FT-1	910181	Transport	11/1/2004	10/31/2016	12,000		City Gate	
TETCO	FT-1	910417	Transport	11/1/2003	10/31/2016	11,713		City Gate	
TETCO	FTS-5	330910	Transport	6/1/1993	3/31/2018	6,667		City Gate	
TETCO	FTS-7	331721	Transport	11/1/1994	4/15/2018	5,880		City Gate	
TETCO	LLFT	870001	Transport	11/1/1993	3/31/2018	10,575		Upstream	TETCO
TETCO	LLFT	870004	Transport	11/1/1994	10/31/2016	10,468		Upstream	TETCO
TETCO	LLFT	870202	Transport	11/1/2003	10/31/2016	12,390		Upstream	TETCO
Transco	FT	1000504	Transport	8/1/1991	3/31/2019	1,346		City Gate	
Transco	FT	1002594	Transport	8/1/1991	3/31/2019	5,072		City Gate	
Transco	FT	1002595	Transport	4/10/1990	3/31/2019	2,081		City Gate	
Transco	FT	1013596	Transport	10/1/1996	3/31/2017	22,770		City Gate	
Transco	FT	9089608	Transport	11/1/2009	10/31/2029	7,000		City Gate	
Transco	GSS	1000749	Storage	7/1/1996	3/31/2023	1,744	102,129	City Gate	
Transco	SS2	1003973	Storage	7/25/1990	3/31/2017	7,245	796,950	City Gate	
UGI Penn Natural Gas		N/A	Delivered Supply	11/1/2015	10/31/2020	7,000		City Gate	
UGI Energy Services		N/A	Delivered Supply	11/1/2013	10/31/2018	10,000		City Gate	
UGI Energy Services		N/A	Peaking	5/1/2007	3/31/2023	25,000		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2013	3/31/2016	34,500		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2012	3/31/2017	40,000		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2013	3/31/2016	6,012		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2014	3/31/2016	25,185		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2014	3/31/2018	21,697		City Gate	
UGI Energy Services		N/A	Peaking	11/1/2015	3/31/2016	56,993		City Gate	

UGI Utilities, Inc. - Gas Division
Storage Contacts

PIPELINE	PIPELINE RATE	SEASONAL CAPACITY (net)	INJECTION Dth/ D	INJECTION MISC	INJECT SEASON	WITHDRAWAL Dth/D	WITHDRAWAL Operational # of Days	WITHDRAWAL RATCHETS	Contractual Number of Days	W/D SEASON	Tariff Reference
ANR	**FSS 114585**	**2,780,005**	**13,900**		YEAR ROUND	**39,155**	**71**	NOT RATCHETED	71	YEAR ROUND	
	INJ RULES:	**1) May be used at 140% , cyclability up to 3,935,307 dth**									contract appx
	WDL RULES:	**1) May be used at 140% , cyclability up to 3,923,410 dth**									contract appx
	Seasonal Rules	1) Balance must be below 20% of MSQ by Mar 31 if contract is renewed for next year, it terminated must be zero									sec. 2.d
	Overrun Service	1) Excess injections and withdrawls may be requested with 100% load factor rate charge. Excess must be injected or withdrawn within 48 hours									sec 3.5/sht 10

PIPELINE	PIPELINE RATE	SEASONAL CAPACITY (net)	INJECTION Dth/ D	INJECTION MISC	INJECT SEASON	WITHDRAWAL Dth/D	WITHDRAWAL Operational # of Days	WITHDRAWAL RATCHETS	Contractual Number of Days	W/D SEASON	Tariff Reference
COLUMBIA	**FSS 135618**	**6,252,936**	**57,325**	MDIQ = 1/25 of monthly maximum and Nov and Dec = 1/30 of monthly maximum MAXIMUM MONTHLY INJECTIONS - Apr=15%; May thru Aug = 20%; Sept = 13%; Oct=7%; Nov=5%; Dec thru Mar= 10%	YEAR ROUND	**114,649 91,719 74,522 57,325 40,344**	**38 7 8 10 1**	MDWQ =100% if % if gas in storage is >30% 80% MDWQ if gas in storage is <30% and >20% 65% MDWQ if gas in storage is <20% and >10% 50% MDWQ if gas in storage is <10% and >0% last withdrawal to empty field	55	YEAR ROUND	 sec.4/ p.167
						Total	**64**	MAXIMUM MONTHLY WITHDRAWALS -			
								NOV DEC JAN - 40% OF SCQ			
								FEB - 30% OF SCQ			
	INJ RULES:	1) Subject to minimum and maximum daily and monthly injection limits.						MAR - 20% OF SCQ			sec.4/ p.167
		2) Excess must be requested 24hrs in advance						MINIMUM MONTHLY WITHDRAWALS -			sec.3/ p.166
	WDL RULES:	1) Subject to minimum and maximum daily and monthly withdrawals limits						FEB - 10% OF SCQ			sec.4/ p.167
		2) Excess must be requested 24hrs in advance						MAR - 10% OF SCQ			sec.3/ p.166
	Seasonal Rules	1) Subject to seasonal maximum inventory levels: no more than 60% of SCQ on 6/30 and no more than 85% of SCQ on 8/31									sec.3.d/ p.167
		2) Subject to seasonal maximum inventory levels: no more than 25% of SCQ on 4/1 and no more than 65% of SCQ on 2/1									sec.3.d/ p.167
	Overrun	1) DAILY PENALTY = Failure to coply with interruption notice, charge is $5 for up to 103% of daily lowered volume.; $10 if > 103% of daily lowered volume									sec. 7a/ p.170
		2) DAILY PENALTY = Failure to comply with OFO, charge is $5 for all dth in violation									sec. 7b/ p.170
		3) DAILY PENALTY = If injections exceed 110% of MDIQ, charge is $5 for all dth in excess of MDIQ									sec. 7c/ p.170
		4) MONTHLY PENALTY = If injections exceed 105% of MMIQ, charge is $5 for all dth in excess of 105%									sec. 7d/ p.170
		5) MONTHLY PENALTY = If withdrawls exceed monthly limits, charge is $5 for all dth in excess of limits									sec. 7e/ p.170
		6) DAILY PENALTY = If injections or withdrawals exceed SCQ or results in a negative balance, charge is $5 for all dth in excess ofSCQ									sec. 7f/ p.170
		7) DAILY PENALTY = If unauthorized withdrawals > 103% of MDWQ, charge is $10 for all dth can be reduced if paying matching transportation penalties									
		8) Gas is forfeited to Pipeline if :a) OFO violation; b) failure to withdrawal monthly minimum; c)Failure to comply with April 1 limit									sec. 7g/ p.170
		9) June 30 and August 31 FSS Inventory levels are not enforcable except if TCO issues an OFO for that period per Brian Adams 6/18/2006									sec. 7h/ p.171

PIPELINE	PIPELINE RATE	SEASONAL CAPACITY (net)	INJECTION Dth/ D	INJECTION MISC	INJECT SEASON	WITHDRAWAL Dth/D	WITHDRAWAL Operational # of Days	WITHDRAWAL RATCHETS	Contractual Number of Days	W/D SEASON	Tariff Reference
DOMINION	**GSS 600038 (VIA FTS-7)**	**941,176**	**5,229 4,398 4,398**	Summer MDIQ = 1/180th of SCQ when SCQ balance is less than or = 1/2 of SCQ Summer MDIQ = 1/214th of SCQ when SCQ balance is >1/2 of SCQ Winter MDIQ = 1/214th of SCQ	YEAR ROUND	**6,000 5,176**	**156 1**	No ratchets - see section 8.4 B Below : If customer's storage demand is equal to or less than 1/140 of customer's storage capacity than the reductions in daily entitlement specified in Sec 8.4 A shall not apply. UGI Storage Capacity = 941,176 / 140 = 6723. 6000<6723 = no last withdrawal to empty field	157	YEAR ROUND	
						Total	**157**				
	INJ RULES:	1) Tariff injection tolerance = 115% of MDIQ Apr 1 thru Jul 31; 107% in Aug; 102% in Sep and Oct									
		2) Excess injections may be requested, subject to exess charge									rate sheet 35
	WDL RULES:	1) Monthly limit : Dominion is required to deliver only 87.5% in any month									sec. 8.6/p.358
		2) Excess withdrawals may be requested, subject to excess charge									sht 35/sec. 9.1
	Seasonal Rules	1) Minimum turnover - By Apr 15, total withdrawals must be equal to or greater than the Nov 1 balance of preceeding year									sec. 8.7/p.358
		Season Withdrawal Obligation = (Starting Nov 1 Storage Balance) - (0.35 x Seasonal Capacity Quantity)									
		2) Monthly minimum balances: Dec and Jan=35%; Feb=15%. Failure to maintain minimum levels will reduce withdrawal by 10%									sec. 8.5/p.358
	Overrun	1) Daily Injection Overruns - if uncorrected over tolerance then subject to Unauthorized Overrun Charge									rate sheet 39
		2) Storage Capacity Overruns - if not adjusted within 24hrs, then subject to Storage Gas Balance Unauthorized Overrun Charge									rate sheet 39
		3) Daily Withdrawal Overruns - if uncorrected over entitlement then subject to Unauthorized Withdrawal Overrun Charge									rate sheet 39
		4) Daily Withdrawal Overruns - if withdrawals exceed storage gas balance, then subject to $25/dth per day until gas is replaced									
		5) Failure to comply with Minimum Turnover, then subject to a charge of 2 times the effective fuel retention % by deducting the dth from the gas balance.									

PIPELINE	PIPELINE RATE	SEASONAL CAPACITY (net)	INJECTION Dth/ D	INJECTION MISC	INJECT SEASON	WITHDRAWAL Dth/D	WITHDRAWAL Operational # of Days	WITHDRAWAL RATCHETS	Contractual Number of Days	W/D SEASON	Tariff Reference
DOMINION	**GSS**	**666,667**	**3,704**	SUMMER : if storage balance < or = 1/2	YEAR	**6,667**	**65**	100% MDWQ if % if gas in storage is >35%	100	YEAR	
	300126		**3,115**	of capacity then 1/180 of capacity;	ROUND	**6,134**	**21**	92% MDWQ if % if gas in storage is <35% and >16%		ROUND	
				if storage balance > or = 1/2 of capacity		**4,667**	**9**	70% MDWQ if % if gas in storage is <16% and >10%			
	(VIA FTS-5)			then 1/214 of capacity		**4,200**	**14**	63% MDWQ if % if gas in storage is <10% and >0%			
				WINTER : 1/214 of capacity		**3,695**	**1**	last withdrawal to empty field			
	INJ RULES:	1) Tariff injection tolerance = 115% of MDIQ Apr 1 thru Jul 31;				**Total**	**110**				
		= 107% in Aug; 102% in Sept and Oct									
		2) Excess injections may be requested, subject to exess charge									rate sheet 35
		1) Monthly limit : Dominion is required to deliver only 87.5% in any month									sec. 8.6/p.358
	WDL RULES:	2) Excess withdrawals may be requested, subject to excess charge									sht 35/sec. 9.1
	Seasonal Rules	1) Minimum turnover - By Apr 15, total withdrawals must be equal to or greater than the Nov 1 balance of preceeding year									sec. 8.7/p.358
		Season Withdrawal Obligation = (Starting Nov 1 Storage Balance) - (0.35 x Seasonal Capacity Quantity)									
		2) Monthly minimum balances: Dec and Jan=35%; Feb=15%. Failure to maintain minimum levels will reduce withdrawal by 10%									sec. 8.5/p.358
	Overrun	1) Daily Injection Overruns - if uncorrected over tolerance then subject to Unauthorized Overrun Charge									rate sheet 39
		2) Storage Capacity Overruns - if not adjusted within 24hrs, then subject to Storage Gas Balance Unauthorized Overrun Charge									rate sheet 39
		3) Daily Withdrawal Overruns - if uncorrected over entitlement then subject to Unauthorized Withdrawal Overrun Charge									rate sheet 39
		4) Daily Withdrawal Overruns - if withdrawals exceed storage gas balance, then subject to $25/dth per day until gas is replaced									
		5) Failure to comply with Minimum Turnover, then subject to a charge of 2 times the effective fuel retention % by deducting the dth from the gas balance.									

EGAN	**FSS**	**500,000**	**25,000**		YEAR	50,000	**10**		10	YEAR	
	310191		Inj ratches based on field pressure and % of customer gas is storage		ROUND					ROUND	contract app A
			800-850 PSIG	851-900 PSIG 901+ PSIG							
		0-20%	25,000	25,000 25,000							
		21-40%	25,000	25,000 25,000							
		41-60 %	22,500	25,000 25,000							
		61-80%	17,500	20,000 22,500							
		81-100%	12,500	15,000 17,500							
	Overrun	1) During OFO difference between receipts/deliveries between actual and nominated - charge is $50/dth									GT&C sec.21

TRANSCO	**GSS**	**102,129**	**567**	0 -50% of Storage Cap Quantitiy =1/180	YEAR	**1744**	**38**	MDWQ =100% if % if gas in storage is >35%	59	YEAR	sec. 7.3a
	1000749		**477**	50-100% of Storage Cap Quantitiy =1/214	ROUND	**1,727**	**9**	99% of MDWQ if % if gas in storage is 20% to 35%		ROUND	
						1,291	**10**	74% of MDWQ if % if gas in storage is 7% to 20%			
						959	**7**	55% of MDWQ if % if gas in storage is 0% to7 %			
	INJ RULES:					**374**	**1**	last withdrawal to empty field			
	WDL RULES:	1) Swing rate schedule				**Total**	**65**				sec 7.3b/p 115
		1) Transco is required to deliver only 87.5% in any consecutive 30 day period									sec 7.3c/p 115
		2) Transco is not obligated to deliver below 20% balance in Storage Capacity Quantity from Nov 1 thru Feb 14									sec 7.3c/p 115
	Seasonal Rules	3) Transco is not obligated to deliver below 7% balance in Storage Capacity Quantity from Feb 15 thru Mar 1									sec 7.3d/p 116
		1) Seasonal withdrawals must be Nov 1 balance by Apr 15									sec 7.3e/p 116
		2) Minimum inventory levels = Dec, Jan, 35%; Feb 15%; if not then obligation of storage demand will be reduced 5%									
		Season Withdrawal Obligation = (Starting Nov 1 Storage Balance) - (0.35 x Seasonal Capacity Quantity)									
		3) Minimum turnover - By Apr 1, total withdrawals must be equal to or greater than the Nov 1 balance of preceeding year									
		4) Subject to specific buyer OFO's to allow Transco manage GSS									

TRANSCO	**SS-2**	**796,950**	**5,313**	0 -10% of Storage Cap Quantitiy =1/150	4/1-10/31	**7,245**	**77**	>30 -100% of Annual Storage Volume in balance =1/110	110	11/1-3/31	
	1003973		**4,981**	>10-30% of Storage Cap Quantitiy =1/160		**6,641**	**18**	>15 -30% of Annual Storage Volume in balance =1/120			
			4,554	>30-50% of Storage Cap Quantitiy =1/175		**5,903**	**7**	>10 -15% of Annual Storage Volume in balance =1/135			
			4,308	>50-70% of Storage Cap Quantitiy =1/185		**5,313**	**14**	<10% of Annual Storage Volume in balance =1/150			
			3,985	>70-100% of Storage Cap Quantitiy =1/200		**3,844**	**1**	last withdrawal to empty field			
						Total	**117**				
	INJ RULES:	1) Swing rate ability, subject to Sec. 18.1 of GT&C									GT&C sec.18.1
	WDL RULES:	1) Swing rate ability, subject to Sec. 18.1 of GT&C									GT&C sec.18.1
	Seasonal Rules										

SDR-COS-15

Request:

For the most recent annual period available, please identify the applicable monthly volumes and revenues under each rate schedule which were:

a. Sold under a negotiated or market-based rate

b. Transported under a negotiated or market based rate

c. Transported at full margin transportation rates

Response:

Please see Attachment SDR-COS-15.

Prepared by or under the supervision of: David E. Lahoff

UGI Utilities, Inc. - Gas Division
Sales and Revenues for selected rate schedules

a.	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Sales (Mcf)												
Rate IS/IL	43	395	1,977	1,752	2,119	1,573	276	(151)	(23)	13	20	14
Revenue ($)												
Rate IS/IL	$ 50,361	$ 4,695	$ 36,875	$ 50,224	$ 173,957	$ 21,471	$ (583)	$ (1,096)	$ (175)	$ 88	$ 137	$ 134
b.												
Sales (Mcf)												
Rate IS/IL-DSO	944,852	1,079,683	1,173,167	1,080,177	956,603	1,090,807	850,648	764,726	673,911	664,327	590,655	652,940
Rate XD	5,540,424	3,124,952	5,179,537	5,258,176	2,902,511	3,993,883	3,502,721	5,251,197	5,286,652	5,854,085	5,773,078	5,414,130
Rate CDS	8,241	9,651	9,247	9,055	8,676	9,393	9,070	9,382	8,412	8,874	8,846	8,793
Revenue ($)												
Rate IS/IL-DSO	$ 1,433,785	$ 1,843,223	$ 2,216,625	$ 2,161,472	$ 2,020,749	$ 2,122,017	$ 1,531,318	$ 1,283,821	$ 1,090,404	$ 1,137,377	$ 1,110,092	$ 1,174,984
Rate XD	$ 930,973	$ 976,017	$ 992,436	$ 1,010,229	$ 2,151,402	$ 130,709	$ 909,639	$ 897,136	$ 1,060,256	$ 1,968,262	$ 1,039,534	$ 1,107,757
Rate CDS	$ 6,942	$ 7,351	$ 7,024	$ 7,122	$ 6,890	$ 7,004	$ 6,873	$ 6,601	$ 6,604	$ 6,846	$ 6,835	$ 6,801
c.												
Sales (Mcf)												
Rate RT	150,201	390,500	531,084	730,971	798,398	610,085	256,078	84,934	63,468	68,529	64,466	71,692
Rate NT	382,310	821,015	1,086,948	1,439,344	1,527,064	1,179,268	539,740	314,337	237,190	236,719	244,243	252,623
Rate DS	205,002	397,723	787,579	835,018	890,195	850,254	297,536	133,114	149,019	157,586	158,290	170,904
Rate LFD	835,550	1,038,095	1,102,819	1,332,330	1,302,010	1,204,832	913,398	784,367	712,775	723,561	736,567	725,368
Revenue ($)												
Rate RT	$ 874,839	$ 1,592,412	$ 1,973,796	$ 2,510,081	$ 2,703,330	$ 2,261,294	$ 1,230,521	$ 724,043	$ 614,500	$ 634,448	$ 651,794	$ 636,226
Rate NT	$ 1,505,824	$ 2,991,218	$ 3,878,556	$ 5,029,573	$ 5,276,323	$ 4,230,395	$ 2,048,893	$ 1,261,994	$ 1,003,883	$ 1,010,733	$ 1,053,326	$ 1,075,039
Rate DS	$ 978,732	$ 1,673,810	$ 2,930,918	$ 3,033,833	$ 3,156,713	$ 3,012,890	$ 1,239,183	$ 714,012	$ 768,702	$ 785,323	$ 796,695	$ 835,944
Rate LFD	$ 1,598,964	$ 1,674,315	$ 1,867,046	$ 2,212,491	$ 2,340,953	$ 1,883,615	$ 1,497,688	$ 1,233,227	$ 1,379,580	$ 1,248,610	$ 1,287,627	$ 1,284,606

SDR-COS-16

Request:

Please provide the following for each curtailment during the last three years:

a. Dates of curtailment

b. Type of curtailment (firm service, interruptible service, both)

c. Whether curtailment was related to amount of capacity on the Company's system, other capacity or supply related

d. Rate schedule that curtailed volumes would have been billed under

e. Curtailed volumes by rate schedule

f. Actual volumes moved by rate schedule

Response:

UGI Gas has had no curtailments of firm service during the last three years.

Prepared by or under the supervision of: David E. Lahoff

SDR-COS-17

Request:

Please identify the Company's design day planning criteria and the probability of design day occurrence. Include any available documentation supporting the Company's claimed probability of occurrence.

Response:

The methodology currently utilized by UGI to develop peak day temperatures was approved as part of the 2007 PGC comprehensive settlement at Docket No.R-00072335. Since there is a direct relationship between demand and temperature, UGI begins the development of the projected firm peak demand by determining the projected peak day temperature for both its primary service territory as well as the Hazleton service territory. Consistent with the settlement agreement language, UGI's design day temperature for its primary area is derived by adding 2.0 degrees to the coldest 24 hour temperature observed in its primary service territory over the 30 year period (1985-2014) in UGI's hourly temperature database. The coldest 24-hour temperature recorded in this period was minus 5.6 degrees Fahrenheit, resulting in a design day temperature of minus 3.6 degrees Fahrenheit. The design day temperature for the Hazleton service territory is derived by adding 1.9 degrees to the coldest 24 hour temperature observed in its primary service territory over the 30 year period (1985-2014) in UGI's hourly temperature database. The coldest 24-hour temperature recorded in this period was minus 9.9 degrees Fahrenheit, resulting in a design day temperature of minus 8.0 degrees Fahrenheit. Also, consistent with the provisions of the settlement, UGI will utilize a wind speed factor in the design day methodology which is equivalent to a 2.0 degree Fahrenheit heating demand impact.

With the design day temperatures calculated, UGI then develops a firm sendout equation using a linear regression analysis. Historical daily firm sendout is regressed against historical daily mean temperatures for each of the historical winter heating seasons. The firm sendout is determined by subtracting the large transportation customer's sendout from the total measured sendout and then adding back the daily firm requirement (DFR) for the large firm customers on a peak day. The peak day temperature and the 2 degree Fahrenheit wind speed factor are then used in the historical firm equations to determine the historical firm peak day demand for each of the historical winters. Once UGI has a historical firm peak demand, UGI adjusts this number for known and projected changes in firm requirements. These changes can include actual or

SDR-COS-17 (Continued)

projected increases or decreases in customer counts and actual or projected increases or decreases in customer's daily firm requirements.

Prepared by or under the supervision of: Paul J. Szykman

SDR-COS-18

Request:

For each customer class contained in the cost of service study, please provide monthly throughput by class.

Response:

Please see Attachment SDR-COS-18.

Prepared by or under the supervision of: David E. Lahoff

UGI Utilities, Inc. - Gas Division
Sales by Cost of Service Study Classsification (Mcf's)

	OCT 2016	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017
Service Classification:												
Rate R	1,282,379	2,349,544	3,674,486	4,500,643	3,784,106	2,828,922	1,545,344	779,870	464,903	458,244	450,679	625,030
Rate N	714,742	1,441,240	2,680,775	3,117,521	2,493,097	1,924,646	1,085,588	540,363	458,652	367,308	347,119	379,005
Rate DS	352,669	507,843	702,794	775,772	679,408	563,222	374,310	230,733	160,993	158,650	165,022	178,325
Rate LFD	892,939	1,051,767	1,229,951	1,289,940	1,202,462	1,079,024	936,959	825,461	745,728	726,850	758,805	805,346
Rate XD Firm	1,471,905	1,446,139	1,455,182	1,597,851	1,500,288	1,474,249	1,386,734	1,415,271	1,420,723	1,414,607	1,433,192	1,402,485
Rate XD-Interruptible	3,689,399	3,739,291	3,769,181	2,793,878	2,781,332	3,258,689	2,976,491	2,965,492	3,245,062	3,535,269	3,540,293	3,119,346
Rate IS/IL	848,649	965,934	1,154,139	1,192,237	1,105,426	1,061,794	924,011	768,207	703,731	756,031	671,053	711,468
Total	9,252,682	11,501,757	14,666,508	15,267,841	13,546,118	12,190,546	9,229,438	7,525,398	7,199,792	7,416,959	7,366,163	7,221,006

SDR-COS-19

Request:

Please provide workpapers showing the development of each allocation factor reflected in the Company's cost of service study. Include a description of each allocation factor, all calculations performed to develop the allocators and all supporting documentation, studies or other information relied upon to determine the allocators.

Response:

Please see UGI Gas Exhibit D.

Prepared by or under the supervision of: Paul R. Herbert

SDR-COS-20

Request:

Please provide all workpapers, calculations and supporting documentation for the functionalization and classification performed for the Company's cost of service study.

Response:

Please see UGI Gas Exhibit D.

Prepared by or under the supervision of: Paul R. Herbert

SDR-COS-21

Request:

If not provided elsewhere, please provide a detailed proof of revenues at both present and proposed rates.

Response:

Please see UGI Gas Exhibit E.

Prepared by or under the supervision of: David E. Lahoff

SUPPLEMENTAL DATA REQUESTS – RATE OF RETURN

SDR-ROR-1

Request:

Please supply copies of the following documents for the Company and, if applicable, its parent:

a. Most recent Annual Report to shareholders (including any statistical supplements);

b. Most recent SEC Form l0K,

c. All SEC Form l0Q reports issued within last year.

Response:

Please see the attached CD which contains the following:

Attachment SDR-ROR-1.1-1 and SDR-ROR-1.1-2 - Annual Report to Shareholders as 9/30/15 (excluding report on form 10-K).

Attachment SDR-ROR-1.2 - Prospectus Supplement from UGI Utilities Senior Notes Offering Dated 9/24/08.

Attachment SDR-ROR-1.3 - Prospectus Supplement from UGI Corporation Equity Offering dated 3/18/04.

Attachment SDR-ROR-1.4. - Annual Report on Form 10-K for UGI Corporation for the year ended 9/30/15.

Attachment SDR-ROR-1.5 - Report on Form 10-Q for UGI Corporation for the quarter year ended 6/30/15.

Attachment SDR-ROR-1.6 - Report on Form 10-Q for UGI Corporation for the quarter year ended 3/31/15.

Attachment SDR-ROR-1.7 - Report on Form 10-Q for UGI Corporation for the quarter year ended 12/31/14.

SDR-ROR-1 (Continued)

Attachment SDR-ROR-1.8 - Annual Report on Form 10-K for UGI Utilities, Inc. for the year ended 9/30/15.

Attachment SDR-ROR-1.9 - Report on Form 10-Q for UGI Utilities, Inc. for the quarter year ended 6/30/15.

Attachment SDR-ROR-1.10 - Report on Form 10-Q for UGI Utilities, Inc. for the quarter year ended 3/31/15.

Attachment SDR-ROR-1.11 - Report on Form 10-Q for UGI Utilities, Inc. for the quarter year ended 12/31/14.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-2

Request:

Please supply copies of the Company's balance sheets for each month/quarter for the last two years.

Response:

Please see Attachment SDR-ROR-2.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Quarterly Balance Sheets
($ in Thousands)

Line No	Description/(Account No)	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
	UTILITY PLANT (101 - 106, 108)								
1	Gas Utility Plant	$ 1,249,776	$ 1,265,138	$ 1,277,589	$ 1,308,244	$ 1,337,673	$ 1,355,929	$ 1,365,896	$ 1,398,576
2	Other Utility Plant	-	-	-	-	-	-	-	-
3	Total Plant In Service	1,249,776	1,265,138	1,277,589	1,308,244	1,337,673	1,355,929	1,365,896	1,398,576
4	Construction Work In Progress (107)	4,085	5,431	12,084	15,944	14,338	19,510	25,210	21,168
5	Acquisition Adjustment (114)								
6	Total Utility Plant	1,253,861	1,270,569	1,289,673	1,324,188	1,352,011	1,375,439	1,391,106	1,419,744
7	Accumulated Provision for Depreciation - Gas (108)	(397,149)	(401,448)	(404,124)	(405,115)	(408,851)	(414,117)	(415,472)	(418,857)
8	Accumulated Provision for Depreciation - Other (119)	(21,026)	(21,581)	(22,148)	(22,795)	(23,379)	(23,983)	(23,169)	(23,943)
9	Net Utility Plant	835,687	847,539	863,402	896,278	919,781	937,339	952,465	976,944
	OTHER PROPERTY INVESTMENTS								
10	Non-utility Property (121)	31	31	31	31	93	93	93	93
11	Accumulated Depreciation on NUP (122)	-	-	-	-	-	-	-	-
12	Investment in Associated & Subsidiary Companies (123.1)	-	-	-	-	-	-	-	-
13	Other Investments (124)	-	-	-	-	-	-	-	-
14	Total Other Property and Investments	31	31	31	31	93	93	93	93
	CURRENT AND ACCRUED ASSETS								
15	Cash and Other Temporary Investments (131-136)	1,069	2,517	9,277	2,789	6,682	4,634	1,617	2,843
16	Notes Receivable (141)	-	-	-	-	-	-	-	-
17	Customer Accounts Receivable (142)	60,153	97,651	51,073	30,751	62,182	98,790	47,190	28,262
18	Other Accounts Receivable (143)	5,357	3,148	2,719	2,193	3,058	3,730	1,489	7,370
19	Accum Provision for Uncollectible (144)	(2,044)	(5,586)	(6,173)	(2,605)	(2,473)	(5,727)	(6,060)	(3,158)
20	Accounts Receivable Associated Companies (146)	84,505	35,502	24,067	18,633	10,745	2,406	4,189	(51)
21	Plant Materials & Operating Supplies (154)	3,154	3,092	2,927	2,881	3,419	3,671	4,177	4,637
22	Gas Stored - Undistributed (163)	696	1,101	1,059	654	338	296	141	(426)
23	Gas Stored - Current (164.1)	32,452	4,559	23,081	40,011	34,589	3,147	11,650	23,368
24	Liquefied Natural Gas Stored (164.2)	-	-	-	-	-	-	-	-
25	Prepayments (165)	3,198	2,239	2,687	4,349	3,228	2,191	2,043	4,479
26	Accrued Utility Revenues (173)	31,597	23,213	722	6,014	24,705	18,982	2,483	4,295
27	Miscellaneous Current & Accrued Assets (171, 174, 175)	1,141	1,342	306	90	-	320	1,012	748
28	Total Current and Accrued Assets	221,277	168,778	111,744	105,760	146,472	132,441	69,932	72,367
	DEFERRED DEBITS								
29	Unamortized Debt Expense (181)	2,183	2,079	2,392	2,288	2,170	2,505	1,231	1,171
30	Other Regulatory Assets (182.3)	131,120	131,468	131,382	145,654	143,048	141,256	140,159	163,630
31	Other Preliminary Survey & Investigation Charges (183.2)	431	682	801	354	648	555	661	1,025
32	Clearing Accounts (184)	529	394	816	(1,088)	332	571	835	(426)
33	Miscellaneous Deferred Debits (186)	3,020	3,245	3,408	3,877	4,140	4,232	4,683	3,858
34	Deferred Loses from Disposition of Utility Plant (187)	128	459	425	667	526	337	535	1,159
35	Unamortized Loss on Reacquired Debt (189)	119	102	85	68	51	34	17	-
36	Accumulated Deferred Income Taxes (190)	18,528	19,337	19,837	13,388	13,045	25,166	27,797	26,511
37	Unrecovered Purchase Gas Costs (191)	-	-	3,104	5,741	9,365	-	-	-
38	Total Deferred Debits	156,059	157,767	162,250	170,950	173,326	174,656	175,917	196,928
39	TOTAL ASSETS AND OTHER DEBITS	$ 1,213,053	$ 1,174,116	$ 1,137,428	$ 1,173,020	$ 1,239,672	$ 1,244,529	$ 1,198,407	$ 1,246,332

UGI Utilities, Inc. - Gas Division
Quarterly Balance Sheets
($ in Thousands)

Line No	Description/(Account No)	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
	PROPRIETARY CAPITAL								
40	Common Stock Issued (201)	56,655	55,749	53,084	51,146	49,479	53,034	54,707	51,878
41	Preferred Stock Issued (204)	-	-	-	-	-	-	-	-
42	Premium on Capital Stock (207)	442,068	435,528	414,777	399,828	386,805	415,103	428,325	406,270
43	Capital Stock Expense (214)	-	-	-	-	-	-	-	-
44	Retained Earnings (215, 215.2, 216)	(104,026)	(97,977)	(85,054)	(140,139)	(160,826)	(98,504)	(89,584)	(99,674)
45	Unappropriated Retained Earnings (216.1)	-	-	-	-	-	-	-	-
46	Accum Other Comprehensive Income (219)	(11,011)	(7,019)	(6,836)	(7,802)	(10,299)	(7,621)	(5,052)	(15,491)
47	Total Proprietary Capital	383,685	386,281	375,971	303,033	265,159	362,011	388,396	342,983
	LONG TERM DEBT								
48	Bonds (221)	-	-	-	-	-	-	-	-
49	Advances from Associated Companies (223)	-	-	-	-	-	-	-	-
50	Other Long-Term Debt (224)	273,171	268,613	258,814	279,216	252,230	249,865	232,980	164,663
51	Unamortized Premium on LTD (225)	-	-	-	-	-	-	-	-
52	Unamortized Discount on LTD (226)	-	-	-	-	-	-	-	-
53	Total Long-term Debt	273,171	268,613	258,814	279,216	252,230	249,865	232,980	164,663
	OTHER NON-CURRENT LIABILITIES								
54	Obligations under Capital Leases (227)	-	-	-	-	-	-	-	-
55	Accum. Prov for Injuries & Damages (228.2)	579	491	433	809	656	653	808	590
56	Accum. Prov for Pensions & Benefits (228.3)	43,591	39,583	37,398	58,192	57,438	56,053	54,668	79,823
57	Accum. Miscellaneous Operating Prov (228.4)	4,754	4,896	4,885	4,737	5,344	3,901	3,886	3,735
58	Asset Retirement Obligation (230)	69	69	69	69	69	69	69	69
59	Total Long-term Debt	48,993	45,039	42,785	63,807	63,507	60,675	59,430	84,217
	CURRENT & ACCRUED LIABILITIES								
60	Notes Payable (231)	73,500	6,500	8,322	95,278	195,691	72,296	33,199	180,158
61	Accounts Payable (232)	39,803	48,644	31,459	41,532	45,450	38,502	30,056	43,079
62	Notes Payable to Assoc. Companies (233)	-	-	-	-	-	-	-	-
63	Accounts Payable to Assoc. Cos (234)	16,026	19,322	14,880	12,207	21,835	16,807	9,908	10,359
64	Customer Deposits (235)	14,591	14,889	15,046	14,819	15,641	15,860	14,841	14,517
65	Taxes Accrued (236)	10,681	30,489	26,580	3,770	13,499	45,359	39,313	(4,187)
66	Interest Accrued (237)	8,031	6,894	9,469	6,662	9,450	6,718	9,253	6,309
67	Accrued Interest on Other Liabilities (237)	-	-	-	-	-	-	-	-
68	Tax Collections Payable (241)	1,093	670	762	152	437	689	710	144
69	Misc Current & Accrued Liabilities (242)	29,351	29,899	35,244	27,027	26,169	26,560	26,059	28,815
70	Derivative Instrument Liabilities (244)	-	-	-	1,067	4,276	2,222	1,012	1,851
71	Oth Reg Liab-Hedges-S/T-Non-Trading (245)	-	-	-	-	-	-	-	5,766
72	Total Current & Accrued Liabilities	193,077	157,306	141,762	202,513	332,449	225,015	164,352	286,811
	OTHER DEFERRED CREDITS								
73	Customer Advances for Construction (252)	-	-	-	-	-	-	-	-
74	Other Deferred Credits (253)	15,922	16,252	16,372	16,145	16,553	16,604	16,972	17,572
75	Other Regulatory Liabilities (254)	7,556	8,711	6,284	8,723	7,439	24,795	27,773	23,290
76	Deferred ITC (255)	4,144	4,064	3,985	3,905	3,825	3,746	3,666	3,587
77	Accumulated Deferred Income Taxes (282)	290,178	292,695	295,213	303,045	305,563	308,081	310,598	328,627
78	Accumulated Deferred Income Taxes (283)	(3,673)	(4,846)	(3,759)	(7,368)	(7,054)	(6,263)	(5,761)	(5,418)
79	Total Other Deferred Credits	314,127	316,877	318,095	324,450	326,327	346,963	353,249	367,659
80	TOTAL LIABILITIES & OTHER CREDITS	$ 1,213,053	$ 1,174,116	$ 1,137,428	$ 1,173,020	$ 1,239,672	$ 1,244,529	$ 1,198,407	$ 1,246,332

Please note investment in subsidiaries and the related income from subsidiaries has been elimated.

SDR-ROR-3

Request:

Please provide the bond rating history for the Company and, if applicable, its parent from the major credit rating agencies for the last five years.

Response:

UGI Corp. (the "Parent") has no public credit ratings given that it has no public debt outstanding.

UGI Utilities, Inc. is currently rated by Moody's and Fitch. Currently, the Moody's long-term rating and senior unsecured debt rating are both A2 / stable outlook. The long-term debt rating was upgraded from A3/stable to A3/positive on 11/8/13 and further upgraded from A3/positive to A2/stable on 1/31/14.

Currently, the Fitch long-term issuer default rating and senior unsecured debt rating are A- and A respectively both with stable outlooks. These ratings have not changed in the last 5 years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-4

Request:

Please provide copies of all bond rating reports relating to the Company and, if applicable, its parent for the past two years.

Response:

Please see Attachment SDR-ROR-4-1 for Fitch Credit Opinion dated December 2014.

Please see Attachment SDR-ROR-4-2 for Moody's Credit Opinion dated December 2014.

Please see Attachment SDR-ROR-4-3 for Fitch Full Ratings Report dated May 2015.

Prepared by or under the supervision of: Ann P. Kelly

FitchRatings

FITCH AFFIRMS UGI UTILITIES, INC.'S IDR AT 'A-'; OUTLOOK STABLE

Fitch Ratings-New York-08 December 2014: Fitch Ratings has affirmed the Issuer Default Rating (IDR) of UGI Utilities, Inc. (UGIU) at 'A-' and senior unsecured debt rating at 'A'. The Rating Outlook is Stable. The rating action affects approximately $600 million of long-term debt.

UGIU serves approximately 660,000 natural gas and electric customers in Pennsylvania through its UGI Gas Division (UGIGas) and UGI Electric Division as well as through two subsidiaries, UGI Penn Natural Gas, Inc. (PNG) purchased in 2006 and UGI Central Penn Gas, Inc. (CNG) purchased in 2008. The service area covers a broad swath of eastern and central Pennsylvania and stretches into northern Maryland where UGI serves approximately several hundred natural gas customers.

Key Rating Drivers
-- Strong financial profile;
-- Earnings and cash flow generation sufficient to support increased capex;
-- Traditional tariff structure;
-- Parent and subsidiary linkage.

Strong Financial Profile

UGIU exhibits a strong financial profile rooted in a conservative capital structure and low leverage. Key leverage measures including adjusted debt to EBITDAR and funds from operations (FFO)-Adjusted Leverage of, respectively, 2.4x and 2.7x at fiscal year-end Sept. 30, 2014 are projected by Fitch to weaken slightly to average under 3x and 3.4x over the next three-year forecast period. Leverage measures compare favorably to Fitch 'A' category Sector Credit Factor median guideline ratios of 3.25x and 3.50x.

The capital structure has been maintained as upstream dividends to UGI Corp. have been below historical levels for the last two years at under a 60% payout ratio. In Fitch's models, future restraint on dividends will be needed to support the capital structure, since capex is expected to remain elevated over the forecast period.

UGIU exhibits a low-risk business profile consisting of its regulated natural gas and electric distribution businesses. Over 95% of operating income is derived from the natural gas segment. Non-regulated activities consist of services related to its core business including heating equipment and appliance service repairs and service, heating equipment conversions, and off-system bulk natural gas sales.

Robust Earnings and Cash Flows

Earnings and cash flows have been traditionally strong at UGIU with cyclical and, more important, secular factors driving fiscal 2014 results. The record cold 2013/2014 heating season winter saw system throughput of natural gas increase by 8.7% to 208.8 bcf (billion cubic feet) in fiscal 2014 over fiscal 2013 as heating degree days increased 10%.

Continuing a long-term trend that Fitch expects to continue over the next three to five years, UGIU experienced strong new customer growth. Customer growth is driven by the favorable cost and environmental profile of natural gas as compared with other fossil fuels. UGIU added approximately 18,000 residential, commercial, and industrial customers in fiscal 2014 including residential and commercial customers that have existing gas service but are converting their heating systems to natural gas, These customer conversions generate higher margins as it is relatively inexpensive to connect new customers to existing infrastructure.

Most new customers, however, do not have existing gas service, and while located within close proximity to existing mains, require a greater level of capital investment to connect. Fitch expects these new customer additions to continue based on the favorable natural gas profile as well as strong economic activity from drilling operations in the Marcellus Shale region, which is under significant portions of UGIU's service territory, to continue to stimulate economic activity and housing starts.

Capital spending continues to rise , driven by new customer additions, an infrastructure replacement program for aging pipe, and a recently approved program to expand the natural gas distribution system to under-served and un-served markets. This latter program, Growth Extension Tariff or 'GET Gas', commits UGIU to a five-year $75 million investment budget. In total, capex expenditures which grew from $114 million in fiscal 2012 to $164 million in 2014, are expected to top $200 million in fiscal 2015 and Fitch models for continued growth in 2016 and 2017. UGIU receives recovery under the GET Gas program, but for a substantial part of its remaining capital investment, under existing tariff mechanisms UGIU does not receive recovery of such investments.

Traditional Tariff Structure

The UGI Gas Division operates under a tariff structure originally approved by the Pennsylvania Public Utility Commission (PUC) in 1996. Although the UGI Gas Division does not have riders for aging infrastructure replacement or growth capex investments, earnings, cash flows, and the capital structure have been maintained through higher margins driven by strong customer growth and volume-driven higher margins. A new General Rate Case filing by UGI Gas is inevitable although continued customer growth can delay the timing of such a filing.

In general, Fitch considers Pennsylvania regulation to be supportive of UGIU's conservative business model. The company's exposure to commodity price volatility is mitigated by its ability to pass along the related costs to its customers. Fluctuations in natural gas costs are passed through to customers through a Purchased Gas Cost (PGC) tariff. Similarly, variations in electric generation and congestion costs are extenuated by a Default Service (DS) mechanism. The two smaller natural gas utilities, PNG and CNG, are eligible for pipe replacement recovery under Pennsylvania's Distribution System Infrastructure Charge (DSIC). All three utilities also receive timely recovery of investments under the GET Gas program.

Parent and Subsidiary Linkage

UGIU is a wholly-owned subsidiary of UGI Corp. a holding company with interests in a diversified portfolio of energy, power, and utility assets including , AmeriGas Partners, L.P. (APU) which is rated 'BB' (Issuer Default Rating) with a Stable Outlook by Fitch. UGI Corp. operates each one of its businesses separately and does not carry any parent-level debt. There are shared management, treasury, and investor relation functions shared between various entities. However, there are no significant business or operational ties between UGIU and UGI Corp and its other affiliates. Accordingly, Fitch rates UGIU independently of the UGI Corp's other business including APU.

Rating Sensitivities

Factors that individually or collectively could lead to a positive rating action:

-- Given the sizable multi-year capital investment program, positive rating actions are not likely at this time.

Factors that individually or collectively could lead to a negative rating action:

-- A review by the PUC of the company's rate structure that leads to weaker cash flows;
--Increased leverage due to higher capex and/or higher dividend payments to parent UGI Corp than Fitch models reflect;
--Debt-to-EBITDAR sustained above 3.75 to 4.0x.

Fitch has affirmed the following ratings with a Stable Outlook:

UGIU
-- IDR at 'A-'
-- Senior Unsecured Debt at 'A'

Contact:
Primary Analyst
Glen Grabelsky
Managing Director
+1 212-908-0577
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Julie Jiang
Director
+1 212-908-0708

Committee Chairperson:
Peter Molica
Senior Director
+1 312-368-3156

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Corporate Rating Methodology: Including Short-term Ratings and Parent and Subsidiary Linkage' (May 28, 2014);
--'Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors)' (March 11, 2014)

Applicable Criteria and Related Research:
Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors)
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=735155
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=749393

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MOODY'S
INVESTORS SERVICE

Credit Opinion: UGI Utilities, Inc.

Global Credit Research - 17 Dec 2014

Valley Forge, Pennsylvania, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	A2

Contacts

Analyst	Phone
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**UGI Utilities, Inc.**

	9/30/2014	9/30/2013	9/30/2012	9/30/2011	9/30/2010
CFO pre-WC + Interest / Interest	**6.5x**	**5.6x**	**5.2x**	**5.2x**	**5.5x**
CFO pre-WC / Debt	**27.9%**	**27.4%**	**25.5%**	**26.5%**	**27.5%**
CFO pre-WC - Dividends / Debt	**19.0%**	**19.9%**	**17.0%**	**14.6%**	**19.0%**
Debt / Capitalization	**40.0%**	**39.0%**	**42.9%**	**43.7%**	**46.1%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- UGI Utilities' financial health remains strong, buoyed by attractive organic growth

- Low risk regulated utility business model in supportive regulatory jurisdiction

- Capex stays high to meet demand growth and system integrity standards

Corporate Profile

UGI Utilities, Inc. (Utilities) is a rate-regulated natural gas and electric utility serving about 600,000 gas customers throughout Pennsylvania (as well as several hundred customers in one county in Maryland) and over 60,000 electric customers in northeastern Pennsylvania. The company consists of four regulated entities: a gas utility division (UGI Gas), an electric utility division (UGI Electric) (together, the "legacy utilities") and two natural gas distribution company subsidiaries: UGI Penn Natural Gas (PNG) and UGI Central Penn Gas (CPG). The company is predominantly a local gas distribution company (LDC) with the natural gas segment accounting for about 95% of its operating income and assets.

Utilities is UGI Corporation's (UGI, not rated) largest subsidiary, representing an average of 30% of earnings. UGI is a holding company with significant investments in propane retailing and energy services that have a much higher business risk profile than Utilities. UGI's subsidiaries include its interest in propane distributor AmeriGas Partners, LP (Ba2 Corporate Family Rating, stable). Amerigas is projected to account for about 23% of the company's future earnings.

SUMMARY RATING RATIONALE

The rating for Utilities primarily reflects the company's low business risk profile, regulated revenues and stable cash flow generation. Virtually all of its operations fall under the jurisdiction of the Pennsylvania Public Utility Commission (PUC), which we view as providing a credit supportive framework for utilities operating within its footprint. The rating also considers its strong financial metrics that should continue over the intermediate-term thanks to organic growth opportunities in Utilities' service territory.

DETAILED RATING CONSIDERATIONS

UTILITIES' FINANCIAL HEALTH REMAINS STRONG, BUOYED BY ATTRACTIC ORGANIC GROWTH

We expect Utilities' financial metrics will remain robust at 5.5x CFO pre-WC interest coverage and 20-25% CFO pre-WC to debt, underpinned by healthy customer growth. Utilities added a record 16,000 residential customers in 2014. This follows two years of already strong customer growth when the company added 15,000 and 12,000 new residential heating customers in 2013 and 2012, respectively. On a three year basis, customer additions equate to a 5% increase, somewhat of a unique phenomena given that its US regulated utility peers have been dealing with flat growth rates in recent years.

Utilities' growth trend is expected to continue as the company benefits from the improved economy in its service territory and executes on its multi-pronged organic growth initiatives that include: fuel-oil conversions, providing service to new home constructions, and the GET Gas program.

Current natural gas market fundamentals and our view that low natural gas prices will continue into the foreseeable future should allow Utilities to keep benefitting from customer conversions from oil and other fuels as a source for heating, to natural gas (accounting for about 80% of new customers in 2014). Utilities currently estimates that there are approximately 400,000 potential fuel switching customers in proximity to its main lines, representing significant growth potential for the coming years.

Another driver of growth is the company's location near the fast developing Marcellus Shale region of Pennsylvania. The area is seeing an economic resurgence that is spurring new construction build and an industrial renaissance, that in turn, are creating additional demand for Utilities' services.

Utilities' GET Gas program received PUC approval in February 2014. The company developed this pilot program to reach the under- and un-served areas within Utilities' footprint and expects it to add an incremental 10,000 customers over the life of the program. Under GET Gas, Utilities is allowed to invest up to $15 million per year for five years to extend natural gas utility pipelines to provide service to these off-main customers. In exchange, these new customers agree to pay a monthly surcharge for 10-years to cover the cost of the extension.

In addition to customer growth, Utilities supplements its earnings through incremental margins from sales other than its core energy delivery services. These include interruptible delivery service (contracted sales to industrial customers with fuel-switching capabilities) and off-system sales (temporary sales of spare pipeline and storage capacity to marketers, the revenues from which is shared with its core delivery customers). These other sales, combined with customer growth, have been sufficient to more than offset the negative effects of weather variances, declining usage per customer, and expense inflation. As a result, the legacy UGI Gas utility has been able to operate successfully without filing a base rate case since 1995.

LOW BUSINESS RISK OPERATIONS WITH PREDICTABLE CASH FLOW PRODUCTION

Utilities' primarily gas distribution services have generated predictable revenues and stable operating cash flows without relying on decoupling or weather normalization mechanisms. Rather, the combination of customer growth and a close management of Utilities' operating expenses which the company modulates based on fluctuations in demand have generated consistently steady cash flow over the past five years.

Adding to the low business risk profile of the company is its relatively modern pipeline system. More specifically, the company operates the newest LDC network in Pennsylvania with 87% of its mains being manufactured with contemporary materials. As of September 30, 2014, Utilities only had 320 miles of cast iron mains (3% of system) and 1,200 miles of steel pipes (10% of system) in operation that it plans on replacing by 2027 and 2043, respectively.

CAPEX REMAINS HIGH TO MEET GROWTH AND SYSTEM INTEGRITY STANDARDS

For the four years from 2008 to 2011, Utilities' capital expenditures average $80 million per annum (below 2x depreciation). With the natural gas shale boom taking hold, a growing customer base, and accelerated spending needs to shore up system integrity, Utilities raised its capex spend to $150 million and $170 million for fiscal year 2013 and 2014, respectively, and forecasts investing $200 million in 2015 (equivalent to 3.4x 2014 depreciation). The investments are split about one third customer growth and two thirds for safety and integrity projects.

Although Utilities' short-term debt will temporarily increase to fund its capital investment program, we do not foresee any material impact to the company's financial strength given the absence of any significant lag between the cash outflow to fund the investment and the ability to earn on the newly constructed assets. As such, Utilities should be able to maintain CFO pre-WC interest and debt coverage metrics that are commensurate with its rating.

Other Considerations

Utilities' rating is several notches above AmeriGas' Ba2 Corporate Family Rating. Each rating reflects the issuer's standalone credit quality. The wide rating differentia takes into consideration these affiliates' separateness in terms of legal organization and financing arrangements. The separateness of Utilities and Amerigas' identities are made more transparent by each being an SEC registrant and filing its own financial statements. Furthermore, AmeriGas has its own publicly traded equity security. The companies' businesses are distinct, with disparate risk profiles, and no operational integration.

UGI does not have a money pool arrangement that would cause Utilities' cash to be swept up by the parent and commingled with those of its riskier non-regulated affiliates. UGI neither has parent level debt nor an underperforming business line to put dividend pressure on Utilities. Utilities' dividends to the parent have been regular at a payout level averaging approximately 80% over the past four years, slightly above those of independent gas utilities.

In addition to these corporate practices by UGI, the PUC's oversight helps safeguard Utilities' credit quality from its affiliates'. The PUC requires regular financial reporting and pre-approvals of intercompany transactions and security offerings.

Liquidity Profile

Utilities' liquidity profile is inadequate because its revolver expires within one year. Nevertheless, we understand that Utilities is negotiating final terms of an amendment and extension of its existing $300 million bank facility and expects to have the amended facility in place during the first quarter 2015. The existing credit agreement includes standard industry language around representations and warranties and does not require a general MAC representation after closing. Furthermore, the revolver contains a single financial covenant setting the maximum debt-to-capital ratio at 65% (as defined). Utilities was in compliance with the ratio at 30 September 2014. The company had $12 million on its balance sheet as of 30 September 2014 and $86 million drawn under its revolver.

For fiscal year ended 30 September 2014, Utilities generated about $189 million in cash flow from operations, invested approximately $164 million in capital expenditures, and paid dividends of $77 million, resulting in $53 million of negative free cash flows financed through short-term debt. The negative free cash flow is a direct result of increased sales growth, with Utilities relying on short-term debt to help finance an increase in accounts receivables, inventories, higher capex, and an upstream dividend policy. Going forward, Utilities is expected to be free cash flow negative, as the continuation of the accelerated pipeline replacement program and new customer additions will maintain cash outlays above historical levels.

The company has a number of maturities coming due over the near-term, including $92 million of medium term notes maturing in 2015, $175 million of senior notes due in 2016, and another $40 million of medium term notes due in 2017.

Rating Outlook

Utilities' stable outlook reflects our expectation that the company will maintain CFO pre-WC to debt near 25% and CFO pre-WC to interest coverage in the 5.0x to 6.0x range. The outlook further assumes that the company will continue to maintain a constructive relationship with the PUC, and successfully execute on its aggressive growth plan which will be funded using a conservative corporate financing approach which will maintain UGI's debt to cap near current levels.

What Could Change the Rating - Up

Utilities' rating could be upgraded if the company saw a sustained improvement in its financial metrics excluding the temporary effects of bonus depreciation, such that CFO pre-WC/debt exceeds 25% and retained cash flow to debt exceeds 20%, for an extended period of time.

What Could Change the Rating - Down

A downgrade would be considered if there is any significant decline in the support offered by the PUC, or if the company's financial performance deteriorates over times including CFO pre-WC interest coverage below 4.0x and CFO pre-WC to debt below 20% for an extended period.

Rating Factors

UGI Utilities, Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 9/30/2014**		[3]**Moody's 12-18 Month Forward ViewAs of 12/15/2014**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.7x	A	5x - 6x	A
b) CFO pre-WC / Debt (3 Year Avg)	26.9%	A	23% - 27%	A
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	18.6%	A	17% - 21%	A
d) Debt / Capitalization (3 Year Avg)	40.6%	A	40% - 45%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A2		A2
HoldCo Structural Subordination Notching				
a) Indicated Rating from Grid		A2		A2
b) Actual Rating Assigned		A2		A2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 09/30/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

action information and rating history.

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UGI Utilities, Inc.

Subsidiary of UGI Corporation

Full Rating Report

Ratings

Long-Term IDR	A–
Senior Unsecured	A

IDR – Issuer Default Rating.

Rating Outlook

Long-Term IDR	Stable

Financial Summary

UGI Utilities, Inc.

	2014	2013
Adjusted Revenue	1,086	941
Operating EBITDAR	308	267
Cash Flow from Operations	189	170
Total Adjusted Debt	728	678
Total Capitalization	1,568	1,452
Capex/ Depreciation (%)	2.8	2.7
FFO Fixed-Charge Coverage (x)	6.0	5.4
FFO-Adjusted Leverage (x)	2.7	2.8
Total Adjusted Debt/EBITDAR	2.4	2.5

Related Research

Fitch Affirms UGI Utilities, Inc.'s IDR at 'A–'; Outlook Stable (December 2014)

Analysts

Julie Jiang
+1 212 908-0708
julie.jiang@fitchratings.com

Peter Molica
+1 212 908-0288
peter.molica@fitchratings.com

Charlie Penicook
+1 312 368-3137
charlie.penicook@fitchratings.com

Key Rating Drivers

Low-Risk Operations: UGI Utilities (UGIU) exhibits a low-risk business profile consisting of its regulated natural gas and electric distribution businesses. Over 90% of operating income is derived from the natural gas segment. Non-regulated activities consist of services related to its core business, including heating equipment and appliance repairs and service, heating equipment conversions and off-system bulk natural gas sales. Weather can be the largest variable affecting earnings, as UGIU does not have weather normalization or decoupling mechanisms in its tariffs.

Relatively Supportive Regulation: In general, Fitch Ratings considers Pennsylvania regulation to be relatively supportive. Fluctuations in natural gas costs are passed through to customers via a purchased gas cost (PGC) tariff. Similarly, variations in electric generation and congestion costs are extenuated by a default service (DS) mechanism. Two smaller natural gas utilities are eligible for pipe replacement recovery under Pennsylvania's Distribution System Infrastructure Charge (DSIC). All three utilities also receive timely recovery of investments under the Growth Extension Tariff (GET).

Credit Metrics Declining: UGIU exhibits a strong financial profile rooted in a conservative capital structure and low leverage. Total adjusted debt/EBITDAR and FFO-adjusted leverage were 2.4x and 2.7x, respectively, at fiscal year-end Sept. 30, 2014, and 2.7x and 3.0x, respectively, for the LTM ending Dec. 31, 2014. These metrics are projected to weaken slightly to average under 3.0x and 3.4x, respectively, over the next three years while remaining in line with UGIU's rating level.

Strong Service Area Demographics: UGIU is experiencing strong customer growth across its three natural gas utilities due to conversions to natural gas from heating oil, as well as its western franchise's proximity to Marcellus Shale, which sees strong drilling-related activities. Fitch expects annual customer growth rates between 2% and 3% in the next three to five years.

Capex Spending Rising: UGIU's capital spending continues to rise, driven by new customer additions, infrastructure replacement, and a recently approved program to expand the natural gas distribution system to underserved and unserved markets. Capex grew to $164 million in fiscal 2014 from $114 million in fiscal 2012, and is expected to top $200 million in 2015, $85 million of which is to replace natural gas mains and execute system enhancement projects. UGIU receives recovery under the GET Gas program, but it does not recover a substantial part of the remaining capital investments under existing mechanisms.

Rating Sensitivities

Positive Rating Action: Given the sizable multi-year capital investment program, positive rating actions are not likely at this time.

Negative Rating Action: A downgrade could be caused by the following: a Pennsylvania Public Utility Commission (PUC) rate structure review that leads to weaker cash flows, increased leverage due to higher capex and/or higher dividend payments to parent UGI Corp. than Fitch models reflect, and debt/EBITDAR sustained above 3.75x–4.0x.

Financial Overview

Liquidity and Debt Structure

Liquidity is supported by internally generated cash flows and a $300-million revolving credit facility that is set to expire in March 2016. The expiration date may be extended to March 2020, subject to approval of the Pennsylvania PUC. UGIU intends to seek such approval. Peak bank loan borrowings generally occur early in the winter heating season when UGIU's investment in working capital is greatest.

Long-term debt outstanding as of Dec. 31, 2014, was $642 million, consisting of $450 million of senior notes and $192 million of medium-term notes. All of the debt is unsecured. UGIU's maturity profile is manageable. Maturing debt in fiscal 2015 includes $20 million of medium-term notes. In fiscal 2016, $72 million of medium-term notes and $175 million of senior notes will be due. The coupons on these notes range from 5.16% to 7.37%. Fitch expects these notes to be refinanced at a substantially lower interest rate.

Leverage (debt/operating EBITDA) continues to remain less than 3.0x. Accelerated pipe replacement may pressure leverage, although UGIU maintains substantial flexibility in managing leverage with strong cash flows and retained earnings.

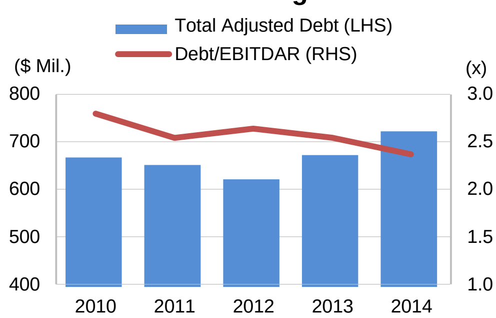
Debt Maturities and Liquidity

($ Mil., As of Dec. 31, 2014)

2015	20
2016	247
2017	20
2018	20
Thereafter	335
Cash and Cash Equivalents	14
Undrawn Committed Facilities	144

Source: Company data, Fitch.

Total Debt and Leverage



Source: Company data, Fitch.

Related Criteria

Corporate Rating Methodology — Including Short-Term Ratings and Parent and Subsidiary Linkage (May 2014)

Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014)

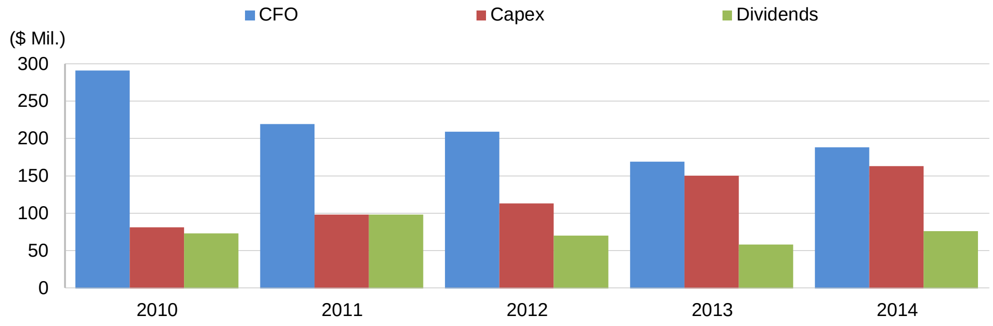
Recovery Ratings and Notching Criteria for Utilities (November 2013)

Parent and Subsidiary Rating Linkage — Fitch's Approach to Rating Entities within a Corporate Group Structure (August 2013)

Cash Flow Analysis

Cash flows are expected to face downward pressure in the next two years due to higher capex and a two-year period where UGIU agreed not to seek recovery of an accelerated pipe replacement program. Historically, UGIU has sent a significant portion of its net income upstream to its parent, UGI Corp. This trend has generated a common dividend payout ratio that averaged more than 85% prior to 2013. The nominal payout ratio was elevated by bonus depreciation, but utility-retained cash flows have not changed in recent periods. Beginning in 2013, as UGIU started investing more rapidly in pipe replacement, its payout ratio declined to a current rate of approximately 60%, which provides cash flow to support the accelerated pipe replacement program.

CFO and Cash Use



Source: Company data, Fitch.

Peer and Sector Analysis

Peer Group

Issuer	Country
A–	
NSTAR Gas Company	United States
Southwest Gas Corporation	United States
Wisconsin Gas Co. LLC	United States

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Dec. 8, 2014	A–	Stable
April 7, 2014	A–	Stable
Oct. 8, 2013	A–	Stable
Oct. 12, 2012	A–	Negative
Oct. 17, 2011	A–	Stable
Nov. 1, 2010	A–	Stable
Sept. 30, 2009	A–	Stable
June 17, 2008	A–	Stable
Sept. 6, 2006	A–	Stable

LT IDR – Long-term Issuer Default Rating. FC – Foreign currency.
Source: Fitch.

Peer Group Analysis

($ Mil.)	UGI Utilities, Inc.	NSTAR Gas Company	Southwest Gas Corporation	Wisconsin Gas Co. LLC
As of	09/30/14	09/30/14	09/30/14	09/30/14
IDR	A-	A-	A-	A-
Outlook	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable
Fundamental Ratios (x)				
Operating EBITDAR/ (Gross Interest Expense + Rents)	6.8	6.7	6.7	13.8
FFO Fixed-Charge Coverage (x)	6.0	6.0	6.8	9.8
Total Adjusted Debt/Operating EBITDAR	2.4	3.5	2.8	3.1
FFO/Total Adjusted Debt (%)	37.1	25.6	36.9	22.5
FFO-Adjusted Leverage (x)	2.7	3.9	2.7	4.4
Common Dividend Payout (%)	62.1	59.3	46.4	48.5
Internal Cash/Capex (%)	68.3	17.9	68.5	19.0
Capex/Depreciation (%)	278.0	222.9	163.2	322.7
Return on Equity (%)	15.2	9.3	9.9	10.3
Financial Information				
Revenue	1,086	463	2,031	873
Revenue Growth (%)	15.4	6.0	6.8	37.9
EBITDA	301	93	520	166
Operating EBITDA Margin (%)	14.1	—	18.5	16.3
FCF	(52)	(64)	(127)	(115)
Total Adjusted Debt with Equity Credit	728	328	1,459	520
Cash and Cash Equivalents	12	1	39	—
Funds Flow From Operations	225	70	460	105
Capex	(164)	(78)	(403)	(142)

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Key Rating Issues

Strong Financial Profile

UGIU's financial profile is supported by a conservative capital structure and low leverage. Key leverage measures, including total adjusted debt/EBITDAR and FFO-adjusted leverage of 2.4x and 2.7x, respectively, at fiscal year-end Sept. 30, 2014, are projected by Fitch to weaken slightly to average less than 3.0x and 3.4x, respectively, over the next three years. Leverage measures compare favorably to Fitch's 'A' category for Sector Credit Factor, which has median guideline ratios of 3.25x and 3.50x, respectively. The capital structure has been maintained, as upstream dividends to UGI Corp. have remained below historical levels for the last two years at an approximate 60% payout ratio. In Fitch's models, future restraint on dividends will be needed to support the capital structure, since capex is expected to remain elevated over the three-year forecast period.

Robust Earnings and Cash Flows

Earnings and cash flows have been traditionally strong at UGIU, with cyclical and, more importantly, secular factors driving fiscal 2014 results. Record cold weather during the 2013–2014 heating season saw system throughput of natural gas reach 208.8 billion cubic feet, an increase of 8.7% in fiscal 2014 over fiscal 2013, as heating degree days increased 10%. In the first quarter of fiscal 2015, throughput was approximately even due to warmer weather offset by higher volumes in firm delivery service and customer growth. In the second quarter of fiscal 2015, UGIU generated the strongest quarterly operating income in its history due to cold weather in the East and Midwest and robust customer growth.

Continuing a long-term trend that Fitch expects to continue over the next three to five years, UGIU experienced strong new customer growth. Customer growth is driven by the favorable cost and environmental profile of natural gas as compared with other fossil fuels. UGIU added approximately 18,000 residential, commercial and industrial customers in fiscal 2014 and 11,000 customers so far in fiscal 2015, including residential and commercial customers that have existing gas service but are converting their heating systems to natural gas. These customer conversions generate higher margins, as it is relatively inexpensive to connect new customers to existing infrastructure.

Most new customers, however, do not have existing gas service, and while located within close proximity to existing mains, require a greater level of capital investment to connect. Fitch expects these new customer additions to continue based on the favorable natural gas profile. Fitch also expects strong economic activity from drilling operations in the Marcellus Shale region, which is under significant portions of UGIU's service territory, to continue to stimulate economic activity and the housing market.

Rising Capex

Capital spending continues to rise, driven by new customer additions, an infrastructure replacement program for aging pipes and the GET Gas program to expand the natural gas distribution system to underserved and unserved markets. GET Gas commits UGIU to a five-year, $75-million investment budget. Total capex, which grew to $164 million in 2014 from $114 million in fiscal 2012, is expected to top $200 million in fiscal 2015, and Fitch forecasts continued growth in 2016 and 2017. UGIU receives recovery under the GET Gas program, but for a substantial part of its remaining capital investment, UGIU does not receive recovery of such investments under existing tariff mechanisms.

Traditional Tariff Structure

The UGI Gas division of UGIU operates under a tariff structure originally approved by the Pennsylvania PUC in 1996. UGI Gas does not have riders for aging infrastructure replacement or growth capex investments, but earnings, cash flows and the capital structure have been maintained through higher margins driven by strong customer growth and volume-driven higher margins. A new general rate case filing by UGI Gas is inevitable, though continued customer growth can delay the timing of such a filing.

In general, Fitch considers Pennsylvania regulation to be reasonably supportive of UGIU's conservative business model. The company's exposure to commodity price volatility is mitigated by its ability to pass along the related costs to its customers. Fluctuations in natural gas costs are passed through to customers via a PGC tariff. Similarly, variations in electric generation and congestion costs are extenuated by a DS mechanism. The two smaller natural gas utilities, PNG and CNG, are eligible for pipe replacement recovery under Pennsylvania's DSIC. All three utilities also receive timely recovery of investments under the GET Gas program.

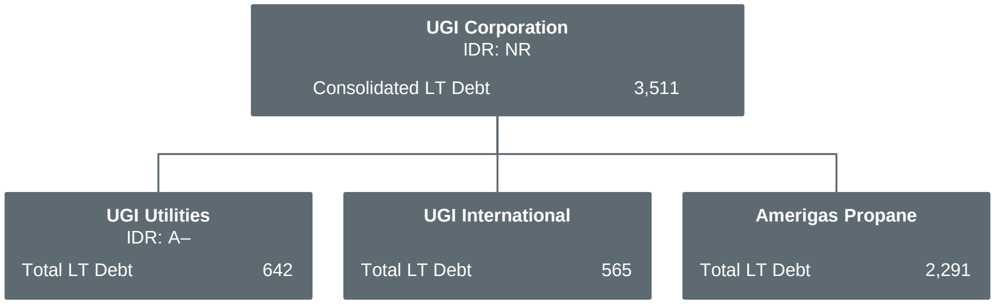
Parent and Subsidiary Linkage

UGIU is a wholly owned subsidiary of UGI Corp., a holding company with interests in a diversified portfolio of energy, power and utility assets including AmeriGas Partners, L.P. (APU, Issuer Default Rating BB/Stable Outlook). UGI Corp. operates each one of its businesses separately and does not carry any parent-level debt. There are shared management, treasury, and investor relations functions shared between various entities. However, there are no significant business or operational ties between UGIU and UGI Corp. and its other affiliates. Accordingly, Fitch rates UGIU independently of UGI Corp.'s other business, including APU.

Organizational Structure

Organizational and Debt Structure — UGI Utilities Inc.

($ Mil., Fiscal YE Sept. 30, 2014)



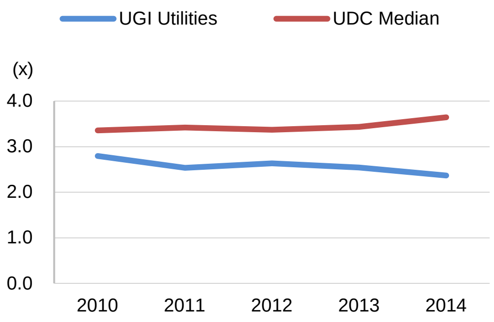
IDR – Issuer Default Rating. LT – Long term. NR – Not rated.
Source: Company reports, Fitch analysis.

Definitions

- Total Adjusted Debt/Op. EBITDAR: Total balance sheet adjusted for equity credit and off-balance-sheet debt divided by operating EBITDAR.
- FFO Fixed Charge Coverage: FFO plus gross interest minus interest received plus preferred dividends plus rental payments divided by gross interest plus preferred dividends plus rental payments.
- FFO Adjusted Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.

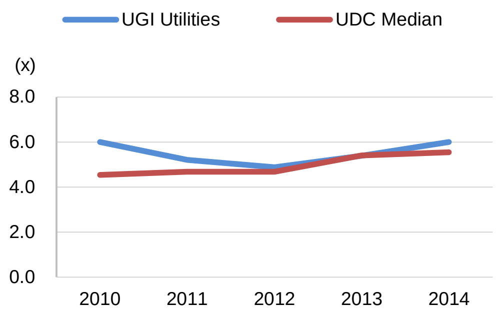
Key Metrics

Total Adjusted Debt/Op. EBITDAR



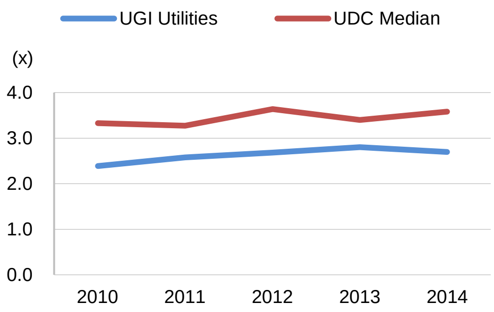
Source: Company data, Fitch.

FFO Fixed Charge Coverage



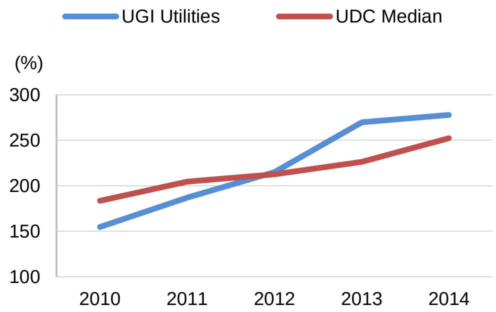
Source: Company data, Fitch.

FFO Adjusted Leverage



Source: Company data, Fitch.

Capex/Depreciation



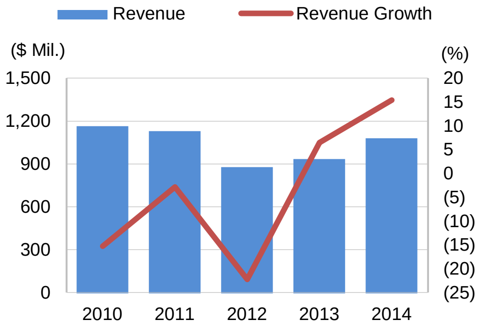
Source: Company data, Fitch.

Company Profile

UGIU is a subsidiary of UGI Corp. with natural gas and electric utility distribution operations in Pennsylvania. Its gas operation consists of UGI Gas Utility, PNG, and CPG. These businesses provide service to approximately 615,000 customers in central and eastern Pennsylvania and several hundred customers in Maryland. The electric utility, UGI Utilities, serves roughly 62,000 customers in eastern Pennsylvania.

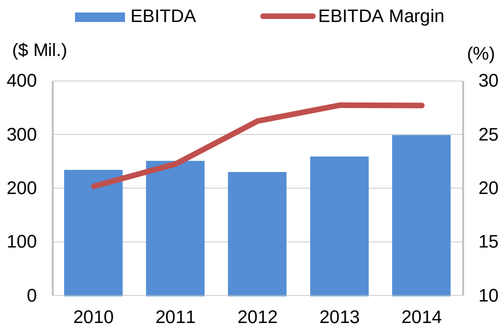
Business Trends

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Financial Summary — UGI Utilities, Inc.

(IDR: A-/Rating Outlook Stable)

($ Mil., As of Sept. 30, 2014)	2011	2012	2013	2014
Fundamental Ratios				
Operating EBITDAR/(Gross Interest Expense + Rents) (x)	5.3	5.0	5.9	6.8
FFO Fixed-Charge Coverage (x)	5.2	4.9	5.4	6.0
Total Adjusted Debt/Operating EBITDAR (x)	2.5	2.6	2.5	2.4
FFO/Total Adjusted Debt (%)	38.8	37.3	35.7	37.1
FFO-Adjusted Leverage (x)	2.6	2.7	2.8	2.7
Common Dividend Payout (%)	94.3	80.7	57.8	62.1
Internal Cash/Capex (%)	122.2	121.9	73.5	68.3
Capex/Depreciation (%)	186.8	215.1	269.6	278.0
Return on Equity (%)	14.5	12.2	13.4	15.2
Profitability				
Revenues	1,137	884	941	1,086
Revenue Growth (%)	(2.8)	(22.3)	6.4	15.4
Net Revenues	458	424	475	523
Operating and Maintenance Expense	188	175	197	205
Operating EBITDA	253	232	261	301
Operating EBITDAR	259	238	267	308
Depreciation and Amortization Expense	53	53	56	59
Operating EBIT	200	179	205	242
Gross Interest Expense	43	42	39	38
Net Income for Common	105	88	102	124
Operating Maintenance Expense % of Net Revenues	41.0	41.3	41.5	39.2
Operating EBIT % of Net Revenues	43.7	42.2	43.2	46.3
Cash Flow				
Cash Flow from Operations	220	210	170	189
Change in Working Capital	14	24	(27)	(36)
Funds from Operations	206	186	197	225
Dividends	(99)	(71)	(59)	(77)
Capex	(99)	(114)	(151)	(164)
FCF	**22**	**25**	**(40)**	**(52)**
Net Other Investment Cash Flow	(3)	(1)	(8)	(9)
Net Change in Debt	(17)	(31)	50	68
Net Equity Proceeds	—	—	—	—
Capital Structure				
Short-Term Debt	—	9	18	86
Total Long-Term Debt	640	600	642	642
Total Debt with Equity Credit	**640**	**609**	**660**	**728**
Total Adjusted Debt with Equity Credit	657	627	678	728
Total Hybrid Equity and Minority Interest	—	—	—	—
Total Common Shareholder's Equity	719	729	792	840
Total Capital	**1,359**	**1,338**	**1,452**	**1,568**
Total Debt/Total Capital (%)	47.1	45.5	45.5	46.4
Total Hybrid Equity and Minority Interest/Total Capital (%)	—	—	—	—
Common Equity/Total Capital (%)	52.9	54.5	54.5	53.6

IDR – Issuer Default Rating.
Source: Company data, Fitch.

FitchRatings

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

SDR-ROR-5

Request:

Please provide a work paper showing the derivation of the Company's current AFUDC rate.

Response:

See response to II-A-11.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-6

Request:

Please supply copies of all presentations by the Company's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

Response:

Please see Attachments SDR-ROR-6-1 through SDR-ROR-6-11 contained on CD.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-7

Request:

Please provide a listing of all securities issuances for the Company and, if applicable, its parent projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

Response:

Please see Direct Testimony of Paul R. Moul, UGI Gas Statement No. 3.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-8

Request:

Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

Response:

UGI Corporation (the "Parent") has not issued any publicly underwritten common stock in the last five years. UGI Corporation does issue common stock annually in relation to Long Term Incentive plans, but these are not publicly underwritten. UGI Utilities, Inc. does not have access to the public equity markets.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-9

Request:

Please identify any plan by the Company to refinance high cost long-term debt or preferred stock.

Response:

Please see Direct Testimony of Paul R. Moul, UGI Gas Statement No. 3.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-10

Request:

Please provide copies of all securities analysts' reports relating to the Company and/or its parent issued within the past 2 years.

Response:

Please see Attachments SDR-ROR-10-1 through SDR-ROR-10-57 contained on CD.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-11

Request:

If applicable, please supply a listing of all common equity infusions from the parent to the Company over the past five years. In each case, identify date and dollar amount.

Response:

There have been no common equity infusions from UGI Corporation to UGI Utilities, Inc. or any of UGI Utilities, Inc. subsidiaries over the past five years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-12

Request:

If applicable, please identify the Company's common dividend payments to its parent for each of the last five years.

Response:

The following schedule represents common dividend payments from UGI Utilities, Inc. to UGI Corporation for each of the last five years.

	(000's)
2011	$ 99,490
2012	$ 70,615
2013	$ 58,975
2014	$ 77,395
2015	$ 65,600

The following schedule represents the portion of common dividend payments (from above) that were attributed by UGI Utilities, Inc. – Gas Division for the same five years.

	(000's)
2011	$ 72,429
2012	$ 51,053
2013	$ 55,466
2014	$ 65,717
2015	$ 56,476

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-13

Request:

Please provide the latest year-by-year financial projections for the Company for the next five years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies. (Information should be treated in a confidential manner.)

Response:

UGI Gas prepares an annual Budget and three-year Plan. The Budget and Plan was approved in September 2015. These projections will be included in consolidated UGI Utilities, Inc. financial projections to be presented to bond rating agencies.

Please refer to Attachment SDR-ROR-13 for a schedule of financial projections for Fiscal Years 2016 and 2017.

The projections for fiscal years 2018 and 2019 are confidential and will be made available to parties upon request and the entry of an acceptable Protective Order.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2016-2017
(thousands of dollars)

	12 Months 09/30/16	12 Months 09/30/17
Operating Revenues:		
Revenues from Sales of Gas	$ 388,037	$ 390,985
Other Operating Revenues	7,736	7,736
Total Operating Revenues	395,773	398,721
Operating Expenses:		
Total Operating Expenses	287,633	294,670
Operating Income	108,140	104,051
Other Income	2,681	1,284
Earnings Before Interest and Taxes	110,821	105,335
Interest Expense	17,166	22,992
Earnings Before Taxes	93,655	82,343
Income Taxes	37,181	32,690
Net Income	$ 56,474	$ 49,653

SDR-ROR-14

Request:

Please provide the Company's five-year construction budget.

Response:

The Company prepares a budget for the upcoming fiscal year and a plan for the three future years. The actual capital budgets for the fiscal years ending September 30, 2014 through September 30, 2015 and the projected capital budgets for the fiscal years ending September 30, 2016 through September 30, 2019, are provided on Attachment SDR-ROR-14.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Capital Spending by Budget Group
For the Years Ending September 30, 2014 through 2019

Group	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
01O - Misc-Plant Equipment	$ 2,545,105	$ 2,411,366	$ 231,000	$ 218,919	$ 159,811	$ 173,075
01R - Remediation	493,532	1,138,577	988,000	936,328	683,519	740,251
02O - Building/Building Improvements/Land acquisition	1,032,707	541,961	2,222,700	2,106,453	1,537,711	1,665,341
03O - Furniture and Office Equipment	303,611	371,495	229,500	217,497	158,773	171,951
04O - Fleet Capital and Related Equipment	-	213,573	400,000	379,080	276,728	299,697
07O - Operations Tool Blanket	538,921	661,229	1,262,395	1,196,372	873,351	945,840
09O - Regulator Station Enhancements/Replacements	1,813,220	1,511,689	6,305,671	5,975,884	2,000,000	2,000,000
11O - Corrosion Related Projects	220,454	220,141	1,000,000	947,700	691,821	749,242
12O - Distribution System Reliability Projects	1,436,860	3,961,269	15,482,648	17,280,943	1,608,171	2,001,410
13O - Gas Supply Projects	2,930,137	6,085,912	4,000,000	3,790,800	2,767,284	2,996,969
14S - IS Information Services	2,610,032	2,206,148	6,495,000	6,155,312	4,493,377	4,866,328
40G - New Business-Mains	8,981,729	8,775,287	6,469,224	6,130,884	4,475,545	4,847,015
41M - Main Replacement- Leaks	5,221,671	6,737,280	3,764,594	3,567,706	3,800,000	3,800,000
42M - Replacement - Pressure	1,288,805	1,013,490	-	-	-	-
43M - Main Replacement- Relocation	5,428,985	2,622,686	11,406,300	11,127,230	8,122,878	8,797,077
44M - Main Replacement- Bare Steel	2,337,167	2,488,584	5,065,965	4,801,015	7,000,000	7,000,000
45M - Main Replacement- Cast Iron	14,182,606	18,319,958	14,493,915	13,310,366	14,500,000	14,500,000
49R - Cost of Removal-Mains	353,876	321,868	170,000	161,109	117,610	127,371
50G - New Business-Services	19,794,912	21,636,879	21,678,869	20,545,064	14,997,897	16,242,722
51G - New Business-Meters	1,942,382	1,556,874	1,900,000	1,800,630	1,314,460	1,423,560
51M - Maintenance Meters/ERTs	1,434,979	1,263,644	1,600,000	1,516,320	1,106,914	1,198,787
51M1 - Maintenance AMR ERTs	127,258	961	-	-	-	-
51R - Cost of Removal-Meters	11,418	5,611	10,000	9,477	6,918	7,492
52G - New Business-Meter Installation	1,435,401	1,902,484	3,009,995	2,852,572	2,082,378	2,255,215
52M - Blanket Meter Installations	664,223	743,520	200,000	189,540	138,364	149,848
52R - Cost of Removal-Regulators	27,481	4,696	5,000	4,739	3,459	3,746
53G - New Business-House Regulators	-	-	-	-	-	-
53M - Regulator Equipment	-	(89)	10,000	9,477	6,918	7,492
53M1 - Mercury Regulator Removal	114,078	704,006	750,000	710,775	518,866	561,932
54G - New Business-House Reg Install	5,383	121	-	-	-	-
54M - Maintenance-House Reg Install	466,108	435,075	325,000	308,003	224,842	243,504
55M - Meter Set Rebuild- Customer Specific	3,500	1,575	20,000	18,954	13,836	14,985
56R - Cost of Removal-Other	(223,945)	(98,416)	100,000	94,770	69,182	74,924

UGI Utilities, Inc. - Gas Division
Capital Spending by Budget Group
For the Years Ending September 30, 2014 through 2019

Group	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
57M - Replacement Services associated with main	-	23,028,913	29,360,000	27,824,472	23,028,913	27,261,851
58M - Replacement services not associated with main	21,400,189	3,800,000	3,790,000	3,591,783	3,800,000	3,800,000
59R - Cost of Removal-Services	4,742,664	4,568,870	2,750,000	2,606,175	1,902,508	2,060,416
94G - New Business-M & R Station Equipment	18,357	29,686	-	-	-	-
	103,683,809	119,186,924	145,495,776	140,386,347	102,482,033	110,988,042
Building*	-	-	5,000,000	10,000,000	7,000,000	-
CIS/Work Order Management System*	-	-	43,624,997	46,375,003	15,000,000	5,000,000
Total Capital Expenditures	$ 103,683,809	$ 119,186,924	$ 194,120,773	$ 196,761,350	$ 124,482,033	$ 115,988,042

*These capital expenditures represent common assets for all divisions of UGI Utilities, Inc. that are recorded on the books of UGI Gas until placed in service. Once placed in service, these assets are allocated to all divisions.

SDR-ROR-15

Request:

Please identify the Company's and, if applicable, its parent's capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

Response:

Please see Direct Testimony of Paul R. Moul in UGI Gas Statement No. 3 and Exhibit B for capital structure targets.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-16

Request:

For each month, of the most recent 24 months, please supply the Company's

a. short-term debt balance;

b. short-term debt interest rate;

c. balance of construction work in progress; and

d. balance of construction work in progress which is eligible for AFUDC accrual.

Response:

Please refer to Attachment SDR-ROR-16 for the requested information.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Select Financial Data
For the period of October 31, 2013 through September 30, 2015

Year	Month	Short Term Debt Balance	Short Term Debt Interest Rate	Construction Work in Progress Balance	CWIP Eligible for AFUDC Balance
2013	October	$ 31,500	1.172%	$ 7,177	$ 6,218
2013	November	$ 74,000	1.169%	$ 6,869	$ 5,193
2013	December	$ 73,500	1.169%	$ 4,085	$ 3,411
2014	January	$ 65,000	1.162%	$ 4,834	$ 4,359
2014	February	$ 32,000	1.041%	$ 5,255	$ 3,996
2014	March	$ 6,500	1.030%	$ 5,431	$ 4,554
2014	April	$ -	-	$ 8,414	$ 6,904
2014	May	$ -	-	$ 10,407	$ 8,364
2014	June	$ -	-	$ 12,084	$ 10,845
2014	July	$ 33,000	1.031%	$ 14,907	$ 12,271
2014	August	$ 39,500	1.033%	$ 18,721	$ 12,085
2014	September	$ 86,300	1.032%	$ 15,944	$ 10,297
2014	October	$ 95,000	1.034%	$ 17,513	$ 10,429
2014	November	$ 137,000	1.034%	$ 20,608	$ 13,446
2014	December	$ 153,500	1.035%	$ 14,338	$ 8,343
2015	January	$ 144,800	1.045%	$ 14,883	$ 8,847
2015	February	$ 78,000	1.048%	$ 15,733	$ 9,343
2015	March	$ 30,500	1.053%	$ 19,510	$ 9,912
2015	April	$ -	-	$ 21,978	$ 12,792
2015	May	$ -	-	$ 22,310	$ 12,201
2015	June	$ 2,700	1.062%	$ 25,210	$ 13,500
2015	July	$ 25,200	1.063%	$ 28,446	$ 16,568
2015	August	$ 25,000	1.074%	$ 30,406	$ 19,125
2015	September	$ 71,700	1.075%	$ 21,168	$ 13,048

SDR-ROR-17

Request:

If applicable, please provide the currently authorized returns on equity for each of the parent's utility subsidiaries of the same industry type as the Company. In each case identify the approximate date when the current return on equity was approved by the state commission.

Response:

UGI Utilities, Inc. - Gas Division's most recent filing was approved on August 31, 1995 with no definitive Rate of Return.

UGI Central Penn Gas, Inc.'s most recent filing was approved on August 19, 2011 with no definitive Rate of Return.

UGI Penn Natural Gas, Inc.'s most recent filing was approved on August 28, 2009 with no definitive Rate of Return.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-18

Request:

Has the Utility reacquired or repurchased any debt within the last five years? If so, provide a summary of each gain or loss on reacquired debt, the date on which the utility commenced amortization of such a gain or loss, the regulatory commission decision addressing the treatment of such gain or loss on reacquired debt, if any, on interest expense.

Response:

UGI Gas has not reacquired or repurchased any debt within the last five years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-19

Request:

Fully identify all debt (other than instruments traded in public markets) owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

Response:

The Company does not owe any debt to shareholders, corporate officers, directors of the board, affiliates, parent company, or subsidiaries.

Please refer to the response to III-A-9 for a description of all trade payables due to affiliated and parent companies.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-20

Request:

Provide a summary statement of all stock dividends, splits, or par value changes during the two (2) year calendar period preceding the rate case filing.

Response:

UGI Utilities, Inc. does not have publicly traded common stock and has not issued stock as a dividend to UGI Corporation, its 100% common equity owner. There were no stock splits or par value changes in the previous 2 calendar years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-21

Request:

If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system--consolidated, the reasons for this claim must be fully stated and supported.

Response:

The Company is utilizing its own capital structure and cost of debt for this proceeding. It is doing so because it raises its debt capital directly from investors.

Prepared by or under the supervision of: Paul R. Moul

SDR-ROR-22

Request:

To the extent not provided in SDR III-A.13, supply projected capital requirements and sources of the filing utility, its parent and system-¬consolidated--for the test year and each of three (3) comparable future years.

Response:

Please refer to SDR II-A-5, which discloses projected capital expenditures.

Prepared by or under the supervision of: Ann P. Kelly

SDR-ROR-23

Request:

To the extent not provided elsewhere, supply financial data of Company and/or parent for the last five (5) years.

a. Times interest earned ratio — pre and post tax basis.

b. Preferred stock dividend coverage ratio — post tax basis.

c. Times fixed charges earned ratio — pre tax basis.

d. Dividend payout ratio.

e. AFUDC as a percent of earnings available for common equity.

f. Construction work in progress as a percent of net utility plant.

g. Effective income tax rate.

h. Internal cash generations as a percent of total capital requirements.

Response:

Please refer to Attachment SDR-ROR-23 for the requested information.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Select Financial Data

UGI Utilities, Inc. - Consolidated

		2011	2012	2013	2014	2015
a	Times Interest Earned Ratio - pre tax	4.95	4.37	5.35	6.40	5.88
	Times Interest Earned Ratio - post tax	3.46	3.07	3.60	4.23	3.94
b	Preferred Stock Dividend Coverage ratio	N/A	N/A	N/A	N/A	N/A
c	Times Fixed Charges Earned Ratio	4.78	4.21	5.1	6.05	5.52
d	Dividend Payout Ratio	50%	80%	58%	62%	54%
e	AFUDC as a % of Net Utility Plant	0.006%	0.001%	0.045%	0.023%	0.027%
f	CWIP as a % of Net Utility Plant	0.79%	0.50%	1.55%	1.96%	2.32%
g	Effective income Tax rate	37.64%	38.52%	40.30%	40.31%	39.64%
h	Internal Cash Generation as a % of Total Capital Requirements	108.6%	100.5%	91.1%	89.7%	80.6%

SUPPLEMENTAL DATA REQUESTS – REVENUE REQUIREMENTS

SDR-RR-1

Request:

Please provide a copy of the Company's detailed quarterly balance sheet and monthly income statements for the historic test year through the most recent month available.

Response:

See Attachment SDR-RR-1 for monthly income statements from October 31, 2014 through November 31, 2015. See Attachment SDR-ROR-2 for the quarterly balance sheets.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Quarterly Statements of Income
($ in Thousands)

Acct. No	Title of Account	October 31, 2014	November 30, 2014	December 31, 2014	January 31, 2015	February 28, 2015	March 31, 2015	April 30, 2015	May 31, 2015	June 30, 2015
400	OPERATING REVENUES	21,903	51,294	61,229	94,903	100,117	63,504	28,924	16,209	15,759
	OPERATING EXPENSES									
401/402	Operating Expenses and Maintenance Expenses									
	Purchased Gas Costs	7,771	25,710	30,813	55,976	59,149	32,629	11,507	4,239	4,150
	Gas Storage Expenses	(5)	252	168	(43)	1	10	36	16	38
	Transmission Expenses	-	-	-	-	-	-	-	-	-
	Distribution Expenses	2,642	2,872	2,748	2,788	3,311	3,432	2,819	3,141	2,967
	Customer Accounts Expenses	934	1,300	1,785	2,257	2,451	1,947	1,601	1,238	932
	Customer Service and Informational Expenses	186	147	137	114	121	165	156	164	153
	Sales Expenses	70	57	109	131	59	89	69	79	89
	Administrative and General Expenses	3,406	3,271	3,378	4,828	3,905	5,114	4,361	3,415	3,966
	Total Operation and Maintenance Expenses	15,003	33,609	39,139	66,052	68,998	43,387	20,550	12,292	12,295
	Energy Related Business									
403-405	Depreciation and Amortization Expenses	2,554	2,569	2,604	2,628	2,629	2,625	2,672	2,684	2,667
407.3	Regulatory Debits	-	-	-	-	-	-	-	-	-
408.1	Taxes Other Than Income Taxes	361	407	570	710	475	432	409	492	404
416	Merchandising, jobbing and contract work expense	-	-	-	-	-	-	-	-	-
	Total Operating Expenses Prior to Federal and State Income Taxes	17,919	36,586	42,313	69,390	72,102	46,443	23,631	15,468	15,366
	Operating Income Prior to Federal and State Income Taxes	3,984	14,708	18,917	25,512	28,014	17,061	5,293	741	393
	INCOME TAXES									
409	Federal Income Taxes	1,056	4,000	5,492	11,593	12,403	6,078	2,377	(152)	(927)
409	State Income Taxes	346	1,215	768	2,882	3,033	2,166	772	84	(824)
410-411	Deferred Income Taxes - Federal	236	721	888	(3,188)	(3,170)	(887)	(763)	393	898
410-411	Deferred Income Taxes - State	(177)	(23)	30	(1,262)	(1,256)	(532)	(493)	(127)	34
411	Investment Tax Credit Adjustment	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)
	Total Federal and State Income Taxes	1,434	5,887	7,152	9,998	10,984	6,799	1,867	172	(845)
	Operating Income after Federal and State Income Taxes	2,549	8,821	11,764	15,514	17,031	10,262	3,427	570	1,239
	OTHER INCOME DEDUCTIONS									
409.2	Nonoperating Income Taxes	(667)	(447)	(578)	(390)	(437)	100	(439)	(430)	(425)
418	Nonoperating Rental Income	-	-	-	-	-	-	-	-	-
418.1	Equity in Earnings of Subsidiaries	-	-	-	-	-	-	-	-	-
419	Misc Interest and Dividend Income	(16)	(73)	(30)	(68)	(47)	7	64	64	148
421	Miscellaneous Nonoperating Expenses	(391)	(168)	(115)	(424)	(186)	(2,248)	(136)	(222)	(203)
426	Miscellaneous Income Deductions	915	47	183	85	23	378	27	74	28
	Total Other Income Deductions	(159)	(641)	(539)	(797)	(647)	(1,763)	(483)	(514)	(452)
	Income Before Interest Charges	2,709	9,462	12,304	16,311	17,678	12,025	3,910	1,083	1,691
	INTEREST CHARGES									
427	Interest on Long-Term Debt	1,500	1,500	1,518	1,532	1,488	1,495	1,419	1,391	1,357
428	Amortization of Debt Discount and Expense	25	25	26	26	25	95	24	23	23
430	Other Interest Expense - Affiliated Companies	-	-	-	-	-	-	-	-	-
431	Other Interest Charges	68	83	103	48	41	66	1	12	18
432	Allowance For Borrowed Funds Used During Construction	(9)	(12)	(7)	(8)	(8)	(9)	(11)	(11)	(12)
	Net Interest Charges	1,584	1,596	1,639	1,598	1,546	1,647	1,433	1,416	1,386
	NET INCOME	1,125	7,866	10,664	14,713	16,132	10,378	2,477	(333)	305

Please note operating revenues include PGC interest

($ in Thousands)

Acct. No	Title of Account	July 31, 2015	August 31, 2015	September 30, 2015	October 31, 2015	November 31, 2015
400	OPERATING REVENUES	14,883	14,235	15,590	23,444	31,770
	OPERATING EXPENSES					
401/402	Operating Expenses and Maintenance Expenses					
	Purchased Gas Costs	3,087	3,018	4,309	7,556	11,979
	Gas Storage Expenses	3	49	13	2	(2)
	Transmission Expenses	-	-	-	-	-
	Distribution Expenses	2,469	2,657	3,073	2,625	2,672
	Customer Accounts Expenses	710	1,095	1,707	965	1,109
	Customer Service and Informational Expenses	110	109	176	121	119
	Sales Expenses	55	57	115	70	57
	Administrative and General Expenses	3,649	3,536	4,047	3,322	3,429
	Total Operation and Maintenance Expenses	10,083	10,521	13,439	14,660	19,362
	Energy Related Business					
403-405	Depreciation and Amortization Expenses	2,615	2,762	2,849	2,810	2,827
407.3	Regulatory Debits	-	-	-	-	-
408.1	Taxes Other Than Income Taxes	432	403	351	415	490
416	Merchandising, jobbing and contract work expense	-	-	-	-	-
	Total Operating Expenses Prior to Federal and State Income Taxes	13,130	13,686	16,639	17,884	22,679
	Operating Income Prior to Federal and State Income Taxes	1,753	549	(1,049)	5,559	9,091
	INCOME TAXES					
409	Federal Income Taxes	114	(1,557)	(29,152)	2,300	1,545
409	State Income Taxes	142	(348)	(5,341)	624	301
410-411	Deferred Income Taxes - Federal	435	1,743	21,273	(523)	1,357
410-411	Deferred Income Taxes - State	(113)	301	1,948	(308)	288
411	Investment Tax Credit Adjustment	(27)	(27)	(27)	(27)	(27)
	Total Federal and State Income Taxes	551	112	(11,298)	2,068	3,465
	Operating Income after Federal and State Income Taxes	1,202	436	10,249	3,492	5,626
	OTHER INCOME DEDUCTIONS					
409.2	Nonoperating Income Taxes	(422)	(410)	906	(446)	(430)
418	Nonoperating Rental Income	-	-	-	-	-
418.1	Equity in Earnings of Subsidiaries	-	-	-	-	-
419	Misc Interest and Dividend Income	137	120	108	96	53
421	Miscellaneous Nonoperating Expenses	(250)	(310)	(147)	(296)	(386)
426	Miscellaneous Income Deductions	35	43	23	148	156
	Total Other Income Deductions	(499)	(556)	889	(498)	(606)
	Income Before Interest Charges	1,701	993	9,359	3,989	6,232
	INTEREST CHARGES					
427	Interest on Long-Term Debt	1,370	1,390	1,407	1,420	1,461
428	Amortization of Debt Discount and Expense	23	23	24	(12)	17
430	Other Interest Expense - Affiliated Companies	-	-	-	-	-
431	Other Interest Charges	12	26	29	60	71
432	Allowance For Borrowed Funds Used During Construction	(14)	(17)	(11)	(13)	(20)
	Net Interest Charges	1,391	1,423	1,447	1,456	1,529
	NET INCOME	310	(430)	7,912	2,534	4,703

Please note operating revenues include PGC interest

SDR-RR-2

Request:

Please provide the actual number of customers by rate schedule as of December 31 for the last five years.

Response:

Please see Attachment SDR-RR-2.

Prepared by or under the supervision of: David E. Lahoff

UGI Utilities, Inc. - Gas Division
Number of Customers Year End at December 31

Customer Class	2010	2011	2012	2013	2014
Residential General	35,982	33,987	30,661	27,877	25,796
Residential Gas Lights	21	20	20	18	18
Residential Heat	259,422	254,847	255,305	256,788	262,625
Commercial and Industrial Air Conditioning	20	18	14	16	17
Commercial General	2,899	2,720	2,440	2,421	2,363
Commercial Gas Lights	6	6	6	6	6
Commercial Heat	22,487	21,892	21,180	22,284	23,221
Industrial General	93	89	76	76	73
Industrial Heat	580	542	502	504	507
Interruptible Service - Retail	24	12	7	7	4
Business Development	0	0	0	0	0
Retail and Standby	7	3	2	1	1
Sub-Total Retail	321,541	314,136	310,213	309,998	314,631
Residential Transportation	10,943	22,255	32,704	41,593	44,487
Non-Residential Transportation	7,763	9,060	10,729	10,316	10,076
Delivery Service	381	365	489	640	695
Extended Large Volume Delivery Service	48	48	51	52	51
Large Firm Delivery Service	185	196	218	234	248
Interruptible Service - Transportation	454	438	362	349	301
Cogeneration Delivery Service	0	0	0	1	2
Sub-Total Transportation	19,774	32,362	44,553	53,185	55,860
Grand Total	341,315	346,498	354,766	363,183	370,491

SDR-RR-3

Request:

Please provide the average number of customers by rate schedule for the last five years.

Response:

Please see Attachment SDR-RR-3.

Prepared by or under the supervision of: David E. Lahoff

UGI Utilities, Inc. - Gas Division
Yearly Average Number of Customers for Period Ending September 30

Customer Class	2011	2012	2013	2014	2015
Residential General	35,429	32,890	29,858	27,160	25,106
Residential Gas Lights	21	20	19	18	18
Residential Heat	258,818	253,289	255,306	258,359	262,356
Commercial and Industrial Air Conditioning	19	16	15	17	17
Commercial General	2,875	2,608	2,446	2,430	2,358
Commercial Gas Lights	6	6	6	6	6
Commercial Heat	22,392	21,289	21,527	22,520	23,350
Industrial General	90	83	76	75	71
Industrial Heat	573	516	503	502	491
Interruptible Service - Retail	21	9	7	7	5
Business Development	0	0	0	0	0
Retail and Standby	2	2	1	1	1
Sub-Total Retail	320,246	310,728	309,764	311,095	313,779
Residential Transportation	11,690	25,657	34,050	40,738	45,815
Non-Residential Transportation	7,853	9,852	10,415	10,084	10,152
Delivery Service	376	384	531	656	705
Extended Large Volume Delivery Service	48	49	51	52	53
Large Firm Delivery Service	186	202	221	239	248
Interruptible Service - Transportation	453	407	357	340	299
Cogeneration Delivery Service	0	0	0	1	2
Sub-Total Transportation	20,606	36,551	45,625	52,110	57,274
Grand Total	340,852	347,279	355,389	363,205	371,053

SDR-RR-4

Request:

Please provide the actual number of customers by rate schedule at the end of each month from the commencement of the historic test year through the most recent month available and update as additional data become available.

Response:

Please see Attachment SDR-RR-4.

Prepared by or under the supervision of: David E. Lahoff

UGI Utilities, Inc. - Gas Division
Number of Customers - Monthly

Customer Class	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Residential General	26,305	26,287	25,796	25,331	25,181	25,051	24,930	24,685	24,483	24,444	24,418	24,365	24,442	24,402
Residential Gas Lights	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Residential Heat	259,531	261,335	262,625	263,478	264,246	264,898	264,413	262,782	260,762	260,908	261,231	262,059	264,074	266,082
Commercial and Industrial Air Conditioning	17	17	17	17	17	17	17	17	17	17	17	17	17	16
Commercial General	2,415	2,394	2,363	2,366	2,371	2,370	2,355	2,341	2,334	2,329	2,323	2,331	2,311	2,297
Commercial Gas Lights	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Commercial Heat	22,920	23,164	23,221	23,459	23,615	23,642	23,627	23,379	23,260	23,180	23,270	23,457	23,515	23,647
Industrial General	73	73	73	72	71	69	69	69	69	70	70	70	71	71
Industrial Heat	495	504	507	505	506	505	498	487	478	474	469	467	465	466
Interruptible Service - Retail	5	5	4	4	4	4	4	5	5	5	5	6	5	6
Business Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail and Standby	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Sub-Total Retail	311,786	313,804	314,631	315,257	316,036	316,581	315,938	313,790	311,433	311,452	311,828	312,797	314,925	317,012
Residential Transportation	42,361	43,726	44,487	45,641	45,908	46,018	45,511	46,605	47,688	47,442	47,205	47,187	47,668	48,001
Non-Residential Transportation	9,875	9,955	10,076	10,085	10,065	10,075	10,079	10,208	10,287	10,361	10,381	10,372	10,518	10,605
Delivery Service	694	698	695	696	701	705	706	708	711	714	717	720	722	743
Extended Large Volume Delivery Service	50	51	51	53	53	53	53	53	55	55	55	57	55	55
Large Firm Delivery Service	248	246	248	248	248	248	248	248	247	248	248	248	248	233
Interruptible Service - Transportation	314	313	301	300	298	297	297	298	296	292	293	292	291	290
Cogeneration Delivery Service	3	2	2	2	2	2	2	2	2	2	2	2	2	2
Sub-Total Transportation	53,545	54,991	55,860	57,025	57,275	57,398	56,896	58,122	59,286	59,114	58,901	58,878	59,504	59,929
Grand Total	365,331	368,795	370,491	372,282	373,311	373,979	372,834	371,912	370,719	370,566	370,729	371,675	374,429	376,941

SDR-RR-5

Request:

If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, please provide actual and normalized throughput by rate schedule as of December 31 for the last three years. Where applicable, separately identify sales and transportation throughput.

Response:

Please see SDR-RR-11 for description of the UGI Gas regression model used for forecasting sales, including supporting data.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-6

Request:

If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, please provide actual and normalized throughput by month by rate schedule from the beginning of the historic test year and the future test year through the most recent month available and update as additional data become available. Separately identify sales and transportation throughput and provide the work papers which develop normalized sales.

Response:

Please see response to SDR-RR-5.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-7

Request:

Please provide the work paper developing the Company's FTY load growth adjustment.

Response:

Please see the Direct Testimony of David E. Lahoff, UGI Gas Statement No. 6.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-8

Request:

Please provide a complete copy of the computer output generated by the Company's statistical analysis package for all residential, commercial, public authority and industrial econometric models of gas demand estimated by the Company, but not presented in the filing.

Response:

None.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-9

Request:

Identify the historical data source(s) for each dependent and independent variable utilized to develop the econometric models of gas demands for each forecasted customer group.

Response:

Econometric models are utilized for developing gas demand forecasts for core market rate schedules. The following variables are utilized:

(1) Monthly Sales – Monthly sales is a dependent variable in the econometric model. These sales are expressed in the form of use per customer which are developed from reported monthly sales and customer counts.

(2) Monthly Customers – Customers is an independent variable. Reported end of month customer counts are used in conjunction with monthly sales to develop use per customer.

(3) Monthly Heating Degree Days – Actual monthly Heating Degree Days ("HDD") is an independent variable. HDD are calculated on a 65 degree Fahrenheit temperature base using the daily average temperature of a Gas Day and then summed by month to arrive at the Monthly Heating Degree Days. Each Gas Day is based upon the North American Standards Board definition of a Gas Day which encompasses the 24 hour period from 10:00 am to 10:00 am. The recording locations for temperature weather data used to calculate HDD are the NOAA recording stations at Allentown, PA (KABE), Reading, PA (KRDG), Lancaster, PA (KLNS), and Harrisburg, PA (KMDT). The UGI Utilities system HDD for a Gas Day is determined by taking the average of the HDD for Allentown, PA, Reading, PA, Lancaster, PA, and Harrisburg, PA on that Gas Day.

(4) Lagged Monthly Heating Degree Days – Monthly Heating Degree Days lagged by one month.

(5) Time Trend – Time Trend is an independent variable. This variable captures trends in customer usage which include both known and unknown factors such as structural conservation related to more efficient building envelop construction, regular cycle appliance change-outs to more efficient units, upgrades to more efficient units, installation of energy conservation measures such as set-back thermostats and manual

SDR-RR-9 (Continued)

consumer behavior changes such as lowering thermostat settings in response to higher energy prices. This numeric variable represents the passage of time by assigning each monthly time period a sequential numeric value.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-10

Request:

Identify the source(s) and supporting documentation for the FTY value of each independent variable which required forecasting in the Company's gas demand models.

Response:

(1) Monthly Customers – Monthly customer counts utilized are produced by a Marketing forecast for the Future Test Year. Attachment SDR-RR-11 provides the supporting data.

(2) Monthly Heating Degree Days – Normal Monthly Heating Degree Days ("HDD") are utilized for forecasting the FTY. UGI Utilities utilizes 15 year Normal HDD which are based on officially recorded daily temperatures (on a Gas Day basis) over the period January 1, 2000 to December 31, 2014. These Normal HDD are recalculated every 5 years with the most recent 15 years of HDD data. HDD are calculated using temperature data from NOAA recording stations in the following cities within the UGI Utilities service territory: Allentown, PA (KABE), Reading, PA (KRDG), Lancaster, PA (KLNS), and Harrisburg, PA (KMDT). The UGI Utilities system HDD for a Gas Day is determined by taking the average of the HDD for Allentown, PA, Reading, PA, Lancaster, PA, and Harrisburg, PA on that Gas Day.

(3) Lagged Monthly Heating Degree Days – Lagged Monthly Heating Degree Days are equal to the Monthly Heating Degree Days and are representative of the prior month's Heating Degree Days. Please see the Direct Testimony of David E. Lahoff, UGI Gas Statement No. 6, UGI Exhibit DEL-1.

(4) Time Trend – The Time Trend variable is sequenced by adding 1/12 (0.0833) each month through the regression period and forecast into the Future Test Year period based on a continuation of that same sequence for each month forecasted. (e.g., 1.0, 1.0833, 1.1667, etc.).

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-11

Request:

Please provide in hard copy and on a computer diskette in Lotus 1-2-3, QuattroPro or other spreadsheet format, the dependent and independent variable databases relied upon to produce the Company's gas demand models. For variables based on averages, include the observations which comprise the average (e.g., gas prices).

Response:

Please see Attachments SDR-RR-11(a)-(f), which have also been provided in electronic (Excel) format on the attached CD. Please also see the Direct Testimony of David E. Lahoff, UGI Gas Statement No. 6 for a description of the model.

Prepared by or under the supervision of: David E. Lahoff

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RG Incl RT
Jan-95	966	1081	841	966	0.4083	Jan-95	2.30
Feb-95	1026	916	966	1,026	0.4167	Feb-95	2.03
Mar-95	655	717	1,026	655	0.4250	Mar-95	1.97
Apr-95	452	378	655	452	0.4333	Apr-95	1.69
May-95	164	139	452	164	0.4417	May-95	1.48
Jun-95	7	16	164	7	0.4500	Jun-95	1.24
Jul-95	0	0	7	0	0.4583	Jul-95	1.14
Aug-95	0	4	0	0	0.4667	Aug-95	1.05
Sep-95	86	65	0	86	0.4750	Sep-95	1.06
Oct-95	247	335	86	247	0.4833	Oct-95	1.24
Nov-95	785	617	247	785	0.4917	Nov-95	1.43
Dec-95	1116	946	785	1,116	0.5000	Dec-95	1.92
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	1.90
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	2.26
Mar-96	880	717	1,053	880	0.5250	Mar-96	2.44
Apr-96	437	378	880	437	0.5333	Apr-96	1.93
May-96	229	139	437	229	0.5417	May-96	1.52
Jun-96	6	16	229	6	0.5500	Jun-96	1.34
Jul-96	1	0	6	1	0.5583	Jul-96	1.13
Aug-96	2	4	1	2	0.5667	Aug-96	1.09
Sep-96	78	65	2	78	0.5750	Sep-96	1.17
Oct-96	348	335	78	348	0.5833	Oct-96	1.40
Nov-96	781	617	348	781	0.5917	Nov-96	1.67
Dec-96	868	946	781	868	0.6000	Dec-96	1.93
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	2.31
Feb-97	773	916	1,108	773	0.6167	Feb-97	2.05
Mar-97	731	717	773	731	0.6250	Mar-97	1.74
Apr-97	456	378	731	456	0.6333	Apr-97	1.52
May-97	219	139	456	219	0.6417	May-97	1.53
Jun-97	43	16	219	43	0.6500	Jun-97	1.24
Jul-97	3	0	43	3	0.6583	Jul-97	1.12
Aug-97	3	4	3	3	0.6667	Aug-97	1.04
Sep-97	81	65	3	81	0.6750	Sep-97	1.12
Oct-97	354	335	81	354	0.6833	Oct-97	1.43
Nov-97	714	617	354	714	0.6917	Nov-97	1.60
Dec-97	928	946	714	928	0.7000	Dec-97	1.93
Jan-98	831	1081	928	831	0.7083	Jan-98	2.06
Feb-98	707	916	831	707	0.7167	Feb-98	1.72
Mar-98	681	717	707	681	0.7250	Mar-98	1.77
Apr-98	349	378	681	349	0.7333	Apr-98	1.50
May-98	87	139	349	87	0.7417	May-98	1.43
Jun-98	37	16	87	37	0.7500	Jun-98	1.17
Jul-98	1	0	37	1	0.7583	Jul-98	1.06
Aug-98	3	4	1	3	0.7667	Aug-98	1.06
Sep-98	45	65	3	45	0.7750	Sep-98	1.10
Oct-98	320	335	45	320	0.7833	Oct-98	1.31
Nov-98	608	617	320	608	0.7917	Nov-98	1.57
Dec-98	800	946	608	800	0.8000	Dec-98	1.78
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	2.05
Feb-99	839	916	1,050	839	0.8167	Feb-99	1.83
Mar-99	792	717	839	792	0.8250	Mar-99	1.94
Apr-99	421	378	792	421	0.8333	Apr-99	1.68
May-99	123	139	421	123	0.8417	May-99	1.41
Jun-99	17	16	123	17	0.8500	Jun-99	1.15
Jul-99	0	0	17	0	0.8583	Jul-99	1.02
Aug-99	6	4	0	6	0.8667	Aug-99	0.91
Sep-99	68	65	6	68	0.8750	Sep-99	0.95

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RG Incl RT
Oct-99	396	335	68	396	0.8833	Oct-99	1.33
Nov-99	536	617	396	536	0.8917	Nov-99	1.54
Dec-99	896	946	536	896	0.9000	Dec-99	1.87
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	2.05
Feb-00	920	946	1,119	920	0.9167	Feb-00	2.07
Mar-00	594	717	920	594	0.9250	Mar-00	1.94
Apr-00	429	378	594	429	0.9333	Apr-00	1.60
May-00	124	139	429	124	0.9417	May-00	1.35
Jun-00	28	16	124	28	0.9500	Jun-00	1.16
Jul-00	2	0	28	2	0.9583	Jul-00	1.10
Aug-00	9	4	2	9	0.9667	Aug-00	1.03
Sep-00	147	65	9	147	0.9750	Sep-00	1.13
Oct-00	351	335	147	351	0.9833	Oct-00	1.38
Nov-00	700	617	351	700	0.9917	Nov-00	1.54
Dec-00	1189	946	700	1,189	1.0000	Dec-00	1.99
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	2.34
Feb-01	882	916	1,119	882	1.0167	Feb-01	2.07
Mar-01	844	717	882	844	1.0250	Mar-01	1.76
Apr-01	406	378	844	406	1.0333	Apr-01	1.66
May-01	142	139	406	142	1.0417	May-01	1.42
Jun-01	16	16	142	16	1.0500	Jun-01	1.12
Jul-01	5	0	16	5	1.0583	Jul-01	1.06
Aug-01	0	4	5	0	1.0667	Aug-01	0.98
Sep-01	105	65	0	105	1.0750	Sep-01	1.04
Oct-01	336	335	105	336	1.0833	Oct-01	1.28
Nov-01	486	617	336	486	1.0917	Nov-01	1.55
Dec-01	810	946	486	810	1.1000	Dec-01	1.79
Jan-02	893	1081	810	893	1.1083	Jan-02	1.95
Feb-02	783	916	893	783	1.1167	Feb-02	1.73
Mar-02	700	717	783	700	1.1250	Mar-02	1.75
Apr-02	375	378	700	375	1.1333	Apr-02	1.48
May-02	200	139	375	200	1.1417	May-02	1.33
Jun-02	13	16	200	13	1.1500	Jun-02	1.14
Jul-02	0	0	13	0	1.1583	Jul-02	1.00
Aug-02	5	4	0	5	1.1667	Aug-02	0.94
Sep-02	36	65	5	36	1.1750	Sep-02	0.98
Oct-02	420	335	36	420	1.1833	Oct-02	1.24
Nov-02	682	617	420	682	1.1917	Nov-02	1.46
Dec-02	1046	946	682	1,046	1.2000	Dec-02	1.91
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	2.19
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	2.05
Mar-03	774	717	1,062	774	1.2250	Mar-03	2.00
Apr-03	446	378	774	446	1.2333	Apr-03	1.62
May-03	225	139	446	225	1.2417	May-03	1.40
Jun-03	58	16	225	58	1.2500	Jun-03	1.22
Jul-03	0	0	58	0	1.2583	Jul-03	1.13
Aug-03	0	4	0	0	1.2667	Aug-03	0.96
Sep-03	47	65	0	47	1.2750	Sep-03	1.02
Oct-03	408	335	47	408	1.2833	Oct-03	1.29
Nov-03	530	617	408	530	1.2917	Nov-03	1.59
Dec-03	954	946	530	954	1.3000	Dec-03	1.87
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	2.17
Feb-04	944	946	1,278	944	1.3167	Feb-04	2.09
Mar-04	685	717	944	685	1.3250	Mar-04	1.85
Apr-04	390	378	685	390	1.3333	Apr-04	1.51
May-04	71	139	390	71	1.3417	May-04	1.42
Jun-04	28	16	71	28	1.3500	Jun-04	1.03

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RG Incl RT
Jul-04	0	0	28	0	1.3583	Jul-04	0.98
Aug-04	10	4	0	10	1.3667	Aug-04	1.00
Sep-04	34	65	10	34	1.3750	Sep-04	1.08
Oct-04	364	335	34	364	1.3833	Oct-04	1.30
Nov-04	567	617	364	567	1.3917	Nov-04	1.56
Dec-04	946	946	567	946	1.4000	Dec-04	1.82
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	2.12
Feb-05	889	916	1,127	889	1.4167	Feb-05	1.91
Mar-05	868	717	889	868	1.4250	Mar-05	1.96
Apr-05	340	378	868	340	1.4333	Apr-05	1.68
May-05	231	139	340	231	1.4417	May-05	1.30
Jun-05	6	16	231	6	1.4500	Jun-05	1.07
Jul-05	0	0	6	0	1.4583	Jul-05	1.04
Aug-05	0	4	0	0	1.4667	Aug-05	0.89
Sep-05	27	65	0	27	1.4750	Sep-05	0.92
Oct-05	304	335	27	304	1.4833	Oct-05	1.16
Nov-05	579	617	304	579	1.4917	Nov-05	1.46
Dec-05	1064	946	579	1,064	1.5000	Dec-05	1.88
Jan-06	847	1081	1,064	847	1.5083	Jan-06	2.20
Feb-06	902	916	847	902	1.5167	Feb-06	1.94
Mar-06	692	717	902	692	1.5250	Mar-06	1.80
Apr-06	341	378	692	341	1.5333	Apr-06	1.54
May-06	154	139	341	154	1.5417	May-06	1.33
Jun-06	22	16	154	22	1.5500	Jun-06	1.04
Jul-06	0	0	22	0	1.5583	Jul-06	0.98
Aug-06	1	4	0	1	1.5667	Aug-06	0.90
Sep-06	89	65	1	89	1.5750	Sep-06	0.95
Oct-06	375	335	89	375	1.5833	Oct-06	1.28
Nov-06	512	617	375	512	1.5917	Nov-06	1.53
Dec-06	779	946	512	779	1.6000	Dec-06	1.83
Jan-07	938	1081	779	938	1.6083	Jan-07	1.92
Feb-07	1117	916	938	1,117	1.6167	Feb-07	1.80
Mar-07	755	717	1,117	755	1.6250	Mar-07	2.13
Apr-07	495	378	755	495	1.6333	Apr-07	1.70
May-07	110	139	495	110	1.6417	May-07	1.33
Jun-07	12	16	110	12	1.6500	Jun-07	1.00
Jul-07	4	0	12	4	1.6583	Jul-07	0.90
Aug-07	16	4	4	16	1.6667	Aug-07	0.89
Sep-07	50	65	16	50	1.6750	Sep-07	1.00
Oct-07	192	335	50	192	1.6833	Oct-07	1.17
Nov-07	703	617	192	703	1.6917	Nov-07	1.38
Dec-07	956	946	703	956	1.7000	Dec-07	2.02
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	2.33
Feb-08	947	946	1,000	947	1.7167	Feb-08	1.96
Mar-08	737	717	947	737	1.7250	Mar-08	1.89
Apr-08	335	378	737	335	1.7333	Apr-08	1.46
May-08	226	139	335	226	1.7417	May-08	1.28
Jun-08	7	16	226	7	1.7500	Jun-08	1.07
Jul-08	0	0	7	0	1.7583	Jul-08	0.94
Aug-08	4	4	0	4	1.7667	Aug-08	0.96
Sep-08	54	65	4	54	1.7750	Sep-08	1.03
Oct-08	418	335	54	418	1.7833	Oct-08	1.26
Nov-08	680	617	418	680	1.7917	Nov-08	1.75
Dec-08	963	946	680	963	1.8000	Dec-08	2.17
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	2.20
Feb-09	880	916	1,225	880	1.8167	Feb-09	1.99
Mar-09	735	717	880	735	1.8250	Mar-09	1.83

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RG Incl RT
Apr-09	388	378	735	388	1.8333	Apr-09	1.51
May-09	140	139	388	140	1.8417	May-09	1.26
Jun-09	25	16	140	25	1.8500	Jun-09	1.06
Jul-09	0	0	25	0	1.8583	Jul-09	1.04
Aug-09	6	4	0	6	1.8667	Aug-09	1.00
Sep-09	78	65	6	78	1.8750	Sep-09	1.02
Oct-09	381	335	78	381	1.8833	Oct-09	1.35
Nov-09	526	617	381	526	1.8917	Nov-09	1.63
Dec-09	995	946	526	995	1.9000	Dec-09	1.88
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	2.28
Feb-10	965	916	1,082	965	1.9167	Feb-10	1.87
Mar-10	557	717	965	557	1.9250	Mar-10	1.84
Apr-10	288	378	557	288	1.9333	Apr-10	1.35
May-10	119	139	288	119	1.9417	May-10	1.26
Jun-10	7	16	119	7	1.9500	Jun-10	1.01
Jul-10	0	0	7	0	1.9583	Jul-10	0.90
Aug-10	0	4	0	0	1.9667	Aug-10	0.87
Sep-10	25	65	0	25	1.9750	Sep-10	0.99
Oct-10	331	335	25	331	1.9833	Oct-10	1.25
Nov-10	631	617	331	631	1.9917	Nov-10	1.57
Dec-10	1103	946	631	1,103	2.0000	Dec-10	2.17
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	2.32
Feb-11	893	916	1,192	893	2.0167	Feb-11	2.02
Mar-11	757	717	893	757	2.0250	Mar-11	1.79
Apr-11	354	378	757	354	2.0333	Apr-11	1.64
May-11	92	139	354	92	2.0417	May-11	1.25
Jun-11	2	16	92	2	2.0500	Jun-11	0.96
Jul-11	0	0	2	0	2.0583	Jul-11	0.91
Aug-11	2	4	0	2	2.0667	Aug-11	0.90
Sep-11	51	65	2	51	2.0750	Sep-11	1.01
Oct-11	355	335	51	355	2.0833	Oct-11	1.28
Nov-11	536	617	355	536	2.0917	Nov-11	1.73
Dec-11	795	946	536	795	2.1000	Dec-11	2.05
Jan-12	951	1081	795	951	2.1083	Jan-12	2.32
Feb-12	783	946	951	783	2.1167	Feb-12	1.93
Mar-12	451	717	783	451	2.1250	Mar-12	1.79
Apr-12	373	378	451	373	2.1333	Apr-12	1.32
May-12	51	139	373	51	2.1417	May-12	1.21
Jun-12	21	16	51	21	2.1500	Jun-12	0.96
Jul-12	0	0	21	0	2.1583	Jul-12	0.87
Aug-12	0	4	0	0	2.1667	Aug-12	0.91
Sep-12	77	65	0	77	2.1750	Sep-12	0.94
Oct-12	302	335	77	302	2.1833	Oct-12	1.30
Nov-12	754	617	302	754	2.1917	Nov-12	1.76
Dec-12	816	946	754	816	2.2000	Dec-12	2.39
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	2.54
Feb-13	924	916	1,001	924	2.2167	Feb-13	2.47
Mar-13	819	717	924	819	2.2250	Mar-13	2.26
Apr-13	383	378	819	383	2.2333	Apr-13	1.93
May-13	158	139	383	158	2.2417	May-13	1.23
Jun-13	4	16	158	4	2.2500	Jun-13	1.01
Jul-13	0	0	4	0	2.2583	Jul-13	0.88
Aug-13	2	4	0	2	2.2667	Aug-13	0.92
Sep-13	111	65	2	111	2.2750	Sep-13	1.00
Oct-13	300	335	111	300	2.2833	Oct-13	1.31
Nov-13	723	617	300	723	2.2917	Nov-13	1.92
Dec-13	968	946	723	968	2.3000	Dec-13	2.71

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RG Incl RT
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	2.99
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	2.72
Mar-14	908	717	1,064	908	2.3250	Mar-14	2.52
Apr-14	430	378	908	430	2.3333	Apr-14	1.74
May-14	126	139	430	126	2.3417	May-14	1.35
Jun-14	4	16	126	4	2.3500	Jun-14	1.00
Jul-14	2	0	4	2	2.3583	Jul-14	0.90
Aug-14	2	4	2	2	2.3667	Aug-14	0.95
Sep-14	71	65	2	71	2.3750	Sep-14	0.97
Oct-14	267	335	71	267	2.3833	Oct-14	1.29
Nov-14	731	617	267	731	2.3917	Nov-14	1.99
Dec-14	875	946	731	875	2.4000	Dec-14	2.71
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	2.93
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	2.83
Mar-15	920	717	1,228	920	2.4250	Mar-15	2.82
Apr-15	360	378	920	360	2.4333	Apr-15	1.69
May-15	65	139	360	65	2.4417	May-15	1.16
Jun-15	27	16	65	27	2.4500	Jun-15	0.93
Jul-15	0	0	27	0	2.4583	Jul-15	0.92
Aug-15	0	4	0	0	2.4667	Aug-15	0.89
Sep-15	26	65	0	26	2.4750	Sep-15	0.91
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

Regression Results:		
	0.932310595	Constant
	0.000478808	HDD-1
	0.000722699	HDD
	0.041510104	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		2.1835	
Feb-95	916	1081	0.4167		2.1292	
Mar-95	717	916	0.4250		1.9067	
Apr-95	378	717	0.4333		1.5668	
May-95	139	378	0.4417		1.2321	
Jun-95	16	139	0.4500		1.0291	
Jul-95	0	16	0.4583		0.9590	
Aug-95	4	0	0.4667		0.9546	
Sep-95	65	4	0.4750		1.0009	
Oct-95	335	65	0.4833		1.2256	
Nov-95	617	335	0.4917		1.5590	
Dec-95	946	617	0.5000		1.9322	17.6786
Jan-96	1081	946	0.5083		2.1876	17.6828
Feb-96	946	1081	0.5167		2.1550	17.7086
Mar-96	717	946	0.5250		1.9252	17.7271
Apr-96	378	717	0.5333		1.5709	17.7313
May-96	139	378	0.5417		1.2362	17.7354
Jun-96	16	139	0.5500		1.0333	17.7396
Jul-96	0	16	0.5583		0.9631	17.7437
Aug-96	4	0	0.5667		0.9587	17.7479
Sep-96	65	4	0.5750		1.0051	17.7520
Oct-96	335	65	0.5833		1.2298	17.7562
Nov-96	617	335	0.5917		1.5632	17.7603
Dec-96	946	617	0.6000		1.9363	17.7645
Jan-97	1081	946	0.6083		2.1918	17.7686
Feb-97	916	1081	0.6167		2.1375	17.7511
Mar-97	717	916	0.6250		1.9150	17.7409
Apr-97	378	717	0.6333		1.5751	17.7450
May-97	139	378	0.6417		1.2404	17.7492
Jun-97	16	139	0.6500		1.0374	17.7533
Jul-97	0	16	0.6583		0.9673	17.7575
Aug-97	4	0	0.6667		0.9629	17.7616
Sep-97	65	4	0.6750		1.0092	17.7658
Oct-97	335	65	0.6833		1.2339	17.7699
Nov-97	617	335	0.6917		1.5673	17.7741
Dec-97	946	617	0.7000		1.9405	17.7782
Jan-98	1081	946	0.7083		2.1959	17.7824
Feb-98	916	1081	0.7167		2.1416	17.7865
Mar-98	717	916	0.7250		1.9192	17.7907
Apr-98	378	717	0.7333		1.5792	17.7948
May-98	139	378	0.7417		1.2445	17.7990
Jun-98	16	139	0.7500		1.0416	17.8031
Jul-98	0	16	0.7583		0.9715	17.8073
Aug-98	4	0	0.7667		0.9670	17.8114
Sep-98	65	4	0.7750		1.0134	17.8156
Oct-98	335	65	0.7833		1.2381	17.8197
Nov-98	617	335	0.7917		1.5715	17.8239
Dec-98	946	617	0.8000		1.9446	17.8281
Jan-99	1081	946	0.8083		2.2001	17.8322
Feb-99	916	1081	0.8167		2.1458	17.8364
Mar-99	717	916	0.8250		1.9233	17.8405
Apr-99	378	717	0.8333		1.5834	17.8447
May-99	139	378	0.8417		1.2487	17.8488
Jun-99	16	139	0.8500		1.0457	17.8530
Jul-99	0	16	0.8583		0.9756	17.8571
Aug-99	4	0	0.8667		0.9712	17.8613
Sep-99	65	4	0.8750	FY99	1.0175	17.8654
Oct-99	335	65	0.8833		1.2422	17.8696
Nov-99	617	335	0.8917		1.5756	17.8737
Dec-99	946	617	0.9000		1.9488	17.8779
Jan-00	1081	946	0.9083		2.2042	17.8820
Feb-00	946	1081	0.9167		2.1716	17.9078
Mar-00	717	946	0.9250		1.9418	17.9264
Apr-00	378	717	0.9333		1.5875	17.9305
May-00	139	378	0.9417		1.2528	17.9347
Jun-00	16	139	0.9500		1.0499	17.9388
Jul-00	0	16	0.9583		0.9798	17.9430
Aug-00	4	0	0.9667		0.9753	17.9471
Sep-00	65	4	0.9750	FY00	1.0217	17.9513
Oct-00	335	65	0.9833		1.2464	17.9554
Nov-00	617	335	0.9917		1.5798	17.9596

Regression Results:	
	0.932310595 Constant
	0.000478808 HDD-1
	0.000722699 HDD
	0.041510104 Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Dec-00	946	617	1.0000		1.9529	17.9637
Jan-01	1081	946	1.0083		2.2084	17.9679
Feb-01	916	1081	1.0167		2.1541	17.9503
Mar-01	717	916	1.0250		1.9316	17.9401
Apr-01	378	717	1.0333		1.5917	17.9443
May-01	139	378	1.0417		1.2570	17.9484
Jun-01	16	139	1.0500		1.0540	17.9526
Jul-01	0	16	1.0583		0.9839	17.9567
Aug-01	4	0	1.0667		0.9795	17.9609
Sep-01	65	4	1.0750	FY01	1.0258	17.9650
Oct-01	335	65	1.0833		1.2505	17.9692
Nov-01	617	335	1.0917		1.5839	17.9733
Dec-01	946	617	1.1000		1.9571	17.9775
Jan-02	1081	946	1.1083		2.2125	17.9816
Feb-02	916	1081	1.1167		2.1582	17.9858
Mar-02	717	916	1.1250		1.9358	17.9899
Apr-02	378	717	1.1333		1.5958	17.9941
May-02	139	378	1.1417		1.2611	17.9982
Jun-02	16	139	1.1500		1.0582	18.0024
Jul-02	0	16	1.1583		0.9881	18.0065
Aug-02	4	0	1.1667		0.9836	18.0107
Sep-02	65	4	1.1750	FY02	1.0300	18.0148
Oct-02	335	65	1.1833		1.2547	18.0190
Nov-02	617	335	1.1917		1.5881	18.0231
Dec-02	946	617	1.2000		1.9612	18.0273
Jan-03	1081	946	1.2083		2.2167	18.0314
Feb-03	916	1081	1.2167		2.1624	18.0356
Mar-03	717	916	1.2250		1.9399	18.0398
Apr-03	378	717	1.2333		1.6000	18.0439
May-03	139	378	1.2417		1.2653	18.0481
Jun-03	16	139	1.2500		1.0623	18.0522
Jul-03	0	16	1.2583		0.9922	18.0564
Aug-03	4	0	1.2667		0.9878	18.0605
Sep-03	65	4	1.2750	FY03	1.0341	18.0647
Oct-03	335	65	1.2833		1.2588	18.0688
Nov-03	617	335	1.2917		1.5922	18.0730
Dec-03	946	617	1.3000		1.9654	18.0771
Jan-04	1081	946	1.3083		2.2208	18.0813
Feb-04	946	1081	1.3167		2.1882	18.1071
Mar-04	717	946	1.3250		1.9584	18.1256
Apr-04	378	717	1.3333		1.6041	18.1298
May-04	139	378	1.3417		1.2694	18.1339
Jun-04	16	139	1.3500		1.0665	18.1381
Jul-04	0	16	1.3583		0.9964	18.1422
Aug-04	4	0	1.3667		0.9919	18.1464
Sep-04	65	4	1.3750	FY04	1.0383	18.1505
Oct-04	335	65	1.3833		1.2630	18.1547
Nov-04	617	335	1.3917		1.5964	18.1588
Dec-04	946	617	1.4000		1.9695	18.1630
Jan-05	1081	946	1.4083		2.2250	18.1671
Feb-05	916	1081	1.4167		2.1707	18.1496
Mar-05	717	916	1.4250		1.9482	18.1394
Apr-05	378	717	1.4333		1.6083	18.1435
May-05	139	378	1.4417		1.2736	18.1477
Jun-05	16	139	1.4500		1.0706	18.1518
Jul-05	0	16	1.4583		1.0005	18.1560
Aug-05	4	0	1.4667		0.9961	18.1601
Sep-05	65	4	1.4750	FY05	1.0424	18.1643
Oct-05	335	65	1.4833		1.2671	18.1684
Nov-05	617	335	1.4917		1.6005	18.1726
Dec-05	946	617	1.5000		1.9737	18.1767
Jan-06	1081	946	1.5083		2.2291	18.1809
Feb-06	916	1081	1.5167		2.1749	18.1850
Mar-06	717	916	1.5250		1.9524	18.1892
Apr-06	378	717	1.5333		1.6124	18.1933
May-06	139	378	1.5417		1.2777	18.1975
Jun-06	16	139	1.5500		1.0748	18.2016
Jul-06	0	16	1.5583		1.0047	18.2058
Aug-06	4	0	1.5667		1.0002	18.2099
Sep-06	65	4	1.5750	FY06	1.0466	18.2141
Oct-06	335	65	1.5833		1.2713	18.2182

Regression Results:	
0.932310595	Constant
0.000478808	HDD-1
0.000722699	HDD
0.041510104	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Nov-06	617	335	1.5917		1.6047	18.2224
Dec-06	946	617	1.6000		1.9778	18.2265
Jan-07	1081	946	1.6083		2.2333	18.2307
Feb-07	916	1081	1.6167		2.1790	18.2348
Mar-07	717	916	1.6250		1.9565	18.2390
Apr-07	378	717	1.6333		1.6166	18.2432
May-07	139	378	1.6417		1.2819	18.2473
Jun-07	16	139	1.6500		1.0789	18.2515
Jul-07	0	16	1.6583		1.0088	18.2556
Aug-07	4	0	1.6667		1.0044	18.2598
Sep-07	65	4	1.6750	FY 07	1.0507	18.2639
Oct-07	335	65	1.6833		1.2754	18.2681
Nov-07	617	335	1.6917		1.6088	18.2722
Dec-07	946	617	1.7000		1.9820	18.2764
Jan-08	1081	946	1.7083		2.2374	18.2805
Feb-08	946	1081	1.7167		2.2048	18.3063
Mar-08	717	946	1.7250		1.9750	18.3249
Apr-08	378	717	1.7333		1.6207	18.3290
May-08	139	378	1.7417		1.2861	18.3332
Jun-08	16	139	1.7500		1.0831	18.3373
Jul-08	0	16	1.7583		1.0130	18.3415
Aug-08	4	0	1.7667		1.0085	18.3456
Sep-08	65	4	1.7750	FY 08	1.0549	18.3498
Oct-08	335	65	1.7833		1.2796	18.3539
Nov-08	617	335	1.7917		1.6130	18.3581
Dec-08	946	617	1.8000		1.9861	18.3622
Jan-09	1081	946	1.8083		2.2416	18.3664
Feb-09	916	1081	1.8167		2.1873	18.3488
Mar-09	717	916	1.8250		1.9648	18.3386
Apr-09	378	717	1.8333		1.6249	18.3428
May-09	139	378	1.8417		1.2902	18.3469
Jun-09	16	139	1.8500		1.0872	18.3511
Jul-09	0	16	1.8583		1.0171	18.3552
Aug-09	4	0	1.8667		1.0127	18.3594
Sep-09	65	4	1.8750	FY 09	1.0590	18.3635
Oct-09	335	65	1.8833		1.2837	18.3677
Nov-09	617	335	1.8917		1.6171	18.3718
Dec-09	946	617	1.9000		1.9903	18.3760
Jan-10	1081	946	1.9083		2.2457	18.3801
Feb-10	916	1081	1.9167		2.1915	18.3843
Mar-10	717	916	1.9250		1.9690	18.3884
Apr-10	378	717	1.9333		1.6290	18.3926
May-10	139	378	1.9417		1.2944	18.3967
Jun-10	16	139	1.9500		1.0914	18.4009
Jul-10	0	16	1.9583		1.0213	18.4050
Aug-10	4	0	1.9667		1.0168	18.4092
Sep-10	65	4	1.9750	FY 10	1.0632	18.4133
Oct-10	335	65	1.9833		1.2879	18.4175
Nov-10	617	335	1.9917		1.6213	18.4216
Dec-10	946	617	2.0000		1.9944	18.4258
Jan-11	1081	946	2.0083		2.2499	18.4299
Feb-11	916	1081	2.0167		2.1956	18.4341
Mar-11	717	916	2.0250		1.9731	18.4382
Apr-11	378	717	2.0333		1.6332	18.4424
May-11	139	378	2.0417		1.2985	18.4466
Jun-11	16	139	2.0500		1.0955	18.4507
Jul-11	0	16	2.0583		1.0254	18.4549
Aug-11	4	0	2.0667		1.0210	18.4590
Sep-11	65	4	2.0750	FY 11	1.0673	18.4632
Oct-11	335	65	2.0833		1.2920	18.4673
Nov-11	617	335	2.0917		1.6254	18.4715
Dec-11	946	617	2.1000		1.9986	18.4756
Jan-12	1081	946	2.1083		2.2540	18.4798
Feb-12	946	1081	2.1167		2.2214	18.5056
Mar-12	717	946	2.1250		1.9916	18.5241
Apr-12	378	717	2.1333		1.6374	18.5283
May-12	139	378	2.1417		1.3027	18.5324
Jun-12	16	139	2.1500		1.0997	18.5366
Jul-12	0	16	2.1583		1.0296	18.5407
Aug-12	4	0	2.1667		1.0251	18.5449
Sep-12	65	4	2.1750	FY 12	1.0715	18.5490

Regression Results:	0.932310595 Constant
	0.000478808 HDD-1
	0.000722699 HDD
	0.041510104 Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-12	335	65	2.1833		1.2962	18.5532	
Nov-12	617	335	2.1917		1.6296	18.5573	
Dec-12	946	617	2.2000		2.0027	18.5615	
Jan-13	1081	946	2.2083		2.2582	18.5656	
Feb-13	916	1081	2.2167		2.2039	18.5481	
Mar-13	717	916	2.2250		1.9814	18.5379	
Apr-13	378	717	2.2333		1.6415	18.5420	
May-13	139	378	2.2417		1.3068	18.5462	
Jun-13	16	139	2.2500		1.1038	18.5503	
Jul-13	0	16	2.2583		1.0337	18.5545	
Aug-13	4	0	2.2667		1.0293	18.5586	
Sep-13	65	4	2.2750	FY 13	1.0756	18.5628	
Oct-13	335	65	2.2833		1.3003	18.5669	
Nov-13	617	335	2.2917		1.6337	18.5711	
Dec-13	946	617	2.3000		2.0069	18.5752	
Jan-14	1081	946	2.3083		2.2623	18.5794	
Feb-14	916	1081	2.3167		2.2081	18.5835	
Mar-14	717	916	2.3250		1.9856	18.5877	
Apr-14	378	717	2.3333		1.6457	18.5918	
May-14	139	378	2.3417		1.3110	18.5960	
Jun-14	16	139	2.3500		1.1080	18.6001	
Jul-14	0	16	2.3583		1.0379	18.6043	
Aug-14	4	0	2.3667		1.0334	18.6084	
Sep-14	65	4	2.3750	FY 14	1.0798	18.6126	
Oct-14	335	65	2.3833		1.3045	18.6167	
Nov-14	617	335	2.3917		1.6379	18.6209	
Dec-14	946	617	2.4000		2.0110	18.6250	
Jan-15	1081	946	2.4083		2.2665	18.6292	
Feb-15	916	1081	2.4167		2.2122	18.6333	
Mar-15	717	916	2.4250		1.9897	18.6375	
Apr-15	378	717	2.4333		1.6498	18.6416	
May-15	139	378	2.4417		1.3151	18.6458	
Jun-15	16	139	2.4500		1.1121	18.6500	
Jul-15	0	16	2.4583		1.0420	18.6541	
Aug-15	4	0	2.4667		1.0376	18.6583	
Sep-15	65	4	2.4750	FY 15	1.0839	18.6624	
Oct-15	335	65	2.4833		1.3086	18.6666	
Nov-15	617	335	2.4917		1.6420	18.6707	
Dec-15	946	617	2.5000		2.0152	18.6749	
Jan-16	1081	946	2.5083		2.2706	18.6790	
Feb-16	946	1081	2.5167		2.2380	18.7048	
Mar-16	717	946	2.5250		2.0083	18.7234	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		1.6540	18.7275	
May-16	139	378	2.5417		1.3193	18.7317	
Jun-16	16	139	2.5500		1.1163	18.7358	
Jul-16	0	16	2.5583		1.0462	18.7400	
Aug-16	4	0	2.5667		1.0417	18.7441	
Sep-16	65	4	2.5750	FY 16	1.0881	18.7483	
Oct-16	335	65	2.5833		1.3128	18.7524	
Nov-16	617	335	2.5917		1.6462	18.7566	
Dec-16	946	617	2.6000		2.0193	18.7607	
Jan-17	1081	946	2.6083		2.2748	18.7649	
Feb-17	916	1081	2.6167		2.2205	18.7473	
Mar-17	717	916	2.6250		1.9980	18.7371	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		1.6581	18.7413	
May-17	139	378	2.6417		1.3234	18.7454	
Jun-17	16	139	2.6500		1.1204	18.7496	
Jul-17	0	16	2.6583		1.0503	18.7537	
Aug-17	4	0	2.6667		1.0459	18.7579	
Sep-17	65	4	2.6750	FY 17	1.0922	18.7620	
Oct-17	335	65	2.6833		1.3169	18.7662	
Nov-17	617	335	2.6917		1.6503	18.7703	
Dec-17	946	617	2.7000		2.0235	18.7745	
Jan-18	1081	946	2.7083		2.2789	18.7786	
Feb-18	916	1081	2.7167		2.2247	18.7828	
Mar-18	717	916	2.7250		2.0022	18.7869	Fully Projected Future Test Year Annualized FY 17

RG incl RT-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.943645853
R Square	0.890467496
Adjusted R Square	0.889126281
Standard Error	0.162792423
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	52.78487691	17.59495897	663.926317	2.6115E-117
Residual	245	6.492836385	0.026501373		
Total	248	59.2777133			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.932310595	0.0296785	31.41366987	6.84697E-88	0.873853035	0.990768156	0.873853035	0.990768156
X Variable 1	0.000478808	4.66205E-05	10.27031777	8.22912E-21	0.00038698	0.000570636	0.00038698	0.000570636
X Variable 2	0.000722699	4.66141E-05	15.50388045	3.06629E-38	0.000630884	0.000814515	0.000630884	0.000814515
X Variable 3	0.041510104	0.017229443	2.409253944	0.016723713	0.007573374	0.075446834	0.007573374	0.075446834

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RH Incl RT
Jan-95	966	1081	841	966	0.4083	Jan-95	15.86
Feb-95	1026	916	966	1,026	0.4167	Feb-95	17.68
Mar-95	655	717	1,026	655	0.4250	Mar-95	12.61
Apr-95	452	378	655	452	0.4333	Apr-95	8.76
May-95	164	139	452	164	0.4417	May-95	3.86
Jun-95	7	16	164	7	0.4500	Jun-95	1.70
Jul-95	0	0	7	0	0.4583	Jul-95	2.04
Aug-95	0	4	0	0	0.4667	Aug-95	2.07
Sep-95	86	65	0	86	0.4750	Sep-95	2.84
Oct-95	247	335	86	247	0.4833	Oct-95	4.79
Nov-95	785	617	247	785	0.4917	Nov-95	11.96
Dec-95	1116	946	785	1,116	0.5000	Dec-95	17.66
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	19.64
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	17.47
Mar-96	880	717	1,053	880	0.5250	Mar-96	16.75
Apr-96	437	378	880	437	0.5333	Apr-96	8.79
May-96	229	139	437	229	0.5417	May-96	5.48
Jun-96	6	16	229	6	0.5500	Jun-96	1.83
Jul-96	1	0	6	1	0.5583	Jul-96	2.01
Aug-96	2	4	1	2	0.5667	Aug-96	2.10
Sep-96	78	65	2	78	0.5750	Sep-96	2.87
Oct-96	348	335	78	348	0.5833	Oct-96	6.12
Nov-96	781	617	348	781	0.5917	Nov-96	12.45
Dec-96	868	946	781	868	0.6000	Dec-96	14.11
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	18.65
Feb-97	773	916	1,108	773	0.6167	Feb-97	14.13
Mar-97	731	717	773	731	0.6250	Mar-97	13.29
Apr-97	456	378	731	456	0.6333	Apr-97	8.41
May-97	219	139	456	219	0.6417	May-97	4.72
Jun-97	43	16	219	43	0.6500	Jun-97	1.89
Jul-97	3	0	43	3	0.6583	Jul-97	1.76
Aug-97	3	4	3	3	0.6667	Aug-97	1.92
Sep-97	81	65	3	81	0.6750	Sep-97	2.78
Oct-97	354	335	81	354	0.6833	Oct-97	6.28
Nov-97	714	617	354	714	0.6917	Nov-97	11.28
Dec-97	928	946	714	928	0.7000	Dec-97	14.53
Jan-98	831	1081	928	831	0.7083	Jan-98	13.88
Feb-98	707	916	831	707	0.7167	Feb-98	12.39
Mar-98	681	717	707	681	0.7250	Mar-98	11.92
Apr-98	349	378	681	349	0.7333	Apr-98	6.78
May-98	87	139	349	87	0.7417	May-98	2.82
Jun-98	37	16	87	37	0.7500	Jun-98	2.05
Jul-98	1	0	37	1	0.7583	Jul-98	1.86
Aug-98	3	4	1	3	0.7667	Aug-98	1.91
Sep-98	45	65	3	45	0.7750	Sep-98	2.26
Oct-98	320	335	45	320	0.7833	Oct-98	5.41
Nov-98	608	617	320	608	0.7917	Nov-98	9.02
Dec-98	800	946	608	800	0.8000	Dec-98	12.06
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	16.72
Feb-99	839	916	1,050	839	0.8167	Feb-99	14.16
Mar-99	792	717	839	792	0.8250	Mar-99	13.73
Apr-99	421	378	792	421	0.8333	Apr-99	7.79
May-99	123	139	421	123	0.8417	May-99	3.04
Jun-99	17	16	123	17	0.8500	Jun-99	1.71
Jul-99	0	0	17	0	0.8583	Jul-99	1.91
Aug-99	6	4	0	6	0.8667	Aug-99	1.74
Sep-99	68	65	6	68	0.8750	Sep-99	2.27

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RH Incl RT
Oct-99	396	335	68	396	0.8833	Oct-99	6.39
Nov-99	536	617	396	536	0.8917	Nov-99	8.16
Dec-99	896	946	536	896	0.9000	Dec-99	13.66
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	17.57
Feb-00	920	946	1,119	920	0.9167	Feb-00	15.55
Mar-00	594	717	920	594	0.9250	Mar-00	10.42
Apr-00	429	378	594	429	0.9333	Apr-00	7.62
May-00	124	139	429	124	0.9417	May-00	3.22
Jun-00	28	16	124	28	0.9500	Jun-00	1.73
Jul-00	2	0	28	2	0.9583	Jul-00	1.67
Aug-00	9	4	2	9	0.9667	Aug-00	1.94
Sep-00	147	65	9	147	0.9750	Sep-00	3.45
Oct-00	351	335	147	351	0.9833	Oct-00	5.37
Nov-00	700	617	351	700	0.9917	Nov-00	9.96
Dec-00	1189	946	700	1,189	1.0000	Dec-00	17.49
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	17.48
Feb-01	882	916	1,119	882	1.0167	Feb-01	14.60
Mar-01	844	717	882	844	1.0250	Mar-01	13.53
Apr-01	406	378	844	406	1.0333	Apr-01	7.41
May-01	142	139	406	142	1.0417	May-01	3.15
Jun-01	16	16	142	16	1.0500	Jun-01	1.45
Jul-01	5	0	16	5	1.0583	Jul-01	1.69
Aug-01	0	4	5	0	1.0667	Aug-01	1.75
Sep-01	105	65	0	105	1.0750	Sep-01	2.82
Oct-01	336	335	105	336	1.0833	Oct-01	5.28
Nov-01	486	617	336	486	1.0917	Nov-01	6.83
Dec-01	810	946	486	810	1.1000	Dec-01	11.56
Jan-02	893	1081	810	893	1.1083	Jan-02	13.31
Feb-02	783	916	893	783	1.1167	Feb-02	12.48
Mar-02	700	717	783	700	1.1250	Mar-02	11.13
Apr-02	375	378	700	375	1.1333	Apr-02	6.67
May-02	200	139	375	200	1.1417	May-02	3.90
Jun-02	13	16	200	13	1.1500	Jun-02	1.46
Jul-02	0	0	13	0	1.1583	Jul-02	1.65
Aug-02	5	4	0	5	1.1667	Aug-02	1.67
Sep-02	36	65	5	36	1.1750	Sep-02	1.97
Oct-02	420	335	36	420	1.1833	Oct-02	6.35
Nov-02	682	617	420	682	1.1917	Nov-02	9.52
Dec-02	1046	946	682	1,046	1.2000	Dec-02	15.11
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	19.12
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	17.19
Mar-03	774	717	1,062	774	1.2250	Mar-03	13.23
Apr-03	446	378	774	446	1.2333	Apr-03	8.19
May-03	225	139	446	225	1.2417	May-03	4.34
Jun-03	58	16	225	58	1.2500	Jun-03	1.82
Jul-03	0	0	58	0	1.2583	Jul-03	1.61
Aug-03	0	4	0	0	1.2667	Aug-03	1.73
Sep-03	47	65	0	47	1.2750	Sep-03	2.05
Oct-03	408	335	47	408	1.2833	Oct-03	6.52
Nov-03	530	617	408	530	1.2917	Nov-03	7.75
Dec-03	954	946	530	954	1.3000	Dec-03	13.91
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	19.45
Feb-04	944	946	1,278	944	1.3167	Feb-04	15.29
Mar-04	685	717	944	685	1.3250	Mar-04	11.55
Apr-04	390	378	685	390	1.3333	Apr-04	6.82
May-04	71	139	390	71	1.3417	May-04	2.33
Jun-04	28	16	71	28	1.3500	Jun-04	1.67

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RH Incl RT
Jul-04	0	0	28	0	1.3583	Jul-04	1.69
Aug-04	10	4	0	10	1.3667	Aug-04	1.73
Sep-04	34	65	10	34	1.3750	Sep-04	2.08
Oct-04	364	335	34	364	1.3833	Oct-04	6.00
Nov-04	567	617	364	567	1.3917	Nov-04	7.81
Dec-04	946	946	567	946	1.4000	Dec-04	12.95
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	16.35
Feb-05	889	916	1,127	889	1.4167	Feb-05	13.80
Mar-05	868	717	889	868	1.4250	Mar-05	13.62
Apr-05	340	378	868	340	1.4333	Apr-05	6.31
May-05	231	139	340	231	1.4417	May-05	4.13
Jun-05	6	16	231	6	1.4500	Jun-05	1.04
Jul-05	0	0	6	0	1.4583	Jul-05	1.46
Aug-05	0	4	0	0	1.4667	Aug-05	1.56
Sep-05	27	65	0	27	1.4750	Sep-05	1.78
Oct-05	304	335	27	304	1.4833	Oct-05	4.80
Nov-05	579	617	304	579	1.4917	Nov-05	7.52
Dec-05	1064	946	579	1,064	1.5000	Dec-05	15.67
Jan-06	847	1081	1,064	847	1.5083	Jan-06	11.79
Feb-06	902	916	847	902	1.5167	Feb-06	13.36
Mar-06	692	717	902	692	1.5250	Mar-06	9.74
Apr-06	341	378	692	341	1.5333	Apr-06	4.73
May-06	154	139	341	154	1.5417	May-06	2.81
Jun-06	22	16	154	22	1.5500	Jun-06	1.52
Jul-06	0	0	22	0	1.5583	Jul-06	1.39
Aug-06	1	4	0	1	1.5667	Aug-06	1.39
Sep-06	89	65	1	89	1.5750	Sep-06	2.18
Oct-06	375	335	89	375	1.5833	Oct-06	5.53
Nov-06	512	617	375	512	1.5917	Nov-06	6.43
Dec-06	779	946	512	779	1.6000	Dec-06	10.32
Jan-07	938	1081	779	938	1.6083	Jan-07	14.22
Feb-07	1117	916	938	1,117	1.6167	Feb-07	16.80
Mar-07	755	717	1,117	755	1.6250	Mar-07	10.14
Apr-07	495	378	755	495	1.6333	Apr-07	8.01
May-07	110	139	495	110	1.6417	May-07	2.13
Jun-07	12	16	110	12	1.6500	Jun-07	1.66
Jul-07	4	0	12	4	1.6583	Jul-07	1.39
Aug-07	16	4	4	16	1.6667	Aug-07	1.40
Sep-07	50	65	16	50	1.6750	Sep-07	1.68
Oct-07	192	335	50	192	1.6833	Oct-07	3.04
Nov-07	703	617	192	703	1.6917	Nov-07	9.71
Dec-07	956	946	703	956	1.7000	Dec-07	13.23
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	14.23
Feb-08	947	946	1,000	947	1.7167	Feb-08	13.32
Mar-08	737	717	947	737	1.7250	Mar-08	10.50
Apr-08	335	378	737	335	1.7333	Apr-08	4.37
May-08	226	139	335	226	1.7417	May-08	3.24
Jun-08	7	16	226	7	1.7500	Jun-08	1.46
Jul-08	0	0	7	0	1.7583	Jul-08	1.50
Aug-08	4	4	0	4	1.7667	Aug-08	1.43
Sep-08	54	65	4	54	1.7750	Sep-08	1.86
Oct-08	418	335	54	418	1.7833	Oct-08	5.21
Nov-08	680	617	418	680	1.7917	Nov-08	8.67
Dec-08	963	946	680	963	1.8000	Dec-08	12.98
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	18.07
Feb-09	880	916	1,225	880	1.8167	Feb-09	11.77
Mar-09	735	717	880	735	1.8250	Mar-09	10.27

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RH Incl RT
Apr-09	388	378	735	388	1.8333	Apr-09	5.41
May-09	140	139	388	140	1.8417	May-09	2.39
Jun-09	25	16	140	25	1.8500	Jun-09	1.81
Jul-09	0	0	25	0	1.8583	Jul-09	1.45
Aug-09	6	4	0	6	1.8667	Aug-09	1.34
Sep-09	78	65	6	78	1.8750	Sep-09	1.90
Oct-09	381	335	78	381	1.8833	Oct-09	4.60
Nov-09	526	617	381	526	1.8917	Nov-09	6.08
Dec-09	995	946	526	995	1.9000	Dec-09	13.94
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	15.29
Feb-10	965	916	1,082	965	1.9167	Feb-10	13.65
Mar-10	557	717	965	557	1.9250	Mar-10	7.57
Apr-10	288	378	557	288	1.9333	Apr-10	3.79
May-10	119	139	288	119	1.9417	May-10	2.36
Jun-10	7	16	119	7	1.9500	Jun-10	1.67
Jul-10	0	0	7	0	1.9583	Jul-10	1.53
Aug-10	0	4	0	0	1.9667	Aug-10	1.44
Sep-10	25	65	0	25	1.9750	Sep-10	1.62
Oct-10	331	335	25	331	1.9833	Oct-10	3.56
Nov-10	631	617	331	631	1.9917	Nov-10	7.92
Dec-10	1103	946	631	1,103	2.0000	Dec-10	15.78
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	16.49
Feb-11	893	916	1,192	893	2.0167	Feb-11	12.23
Mar-11	757	717	893	757	2.0250	Mar-11	10.78
Apr-11	354	378	757	354	2.0333	Apr-11	4.83
May-11	92	139	354	92	2.0417	May-11	2.27
Jun-11	2	16	92	2	2.0500	Jun-11	1.57
Jul-11	0	0	2	0	2.0583	Jul-11	1.53
Aug-11	2	4	0	2	2.0667	Aug-11	1.42
Sep-11	51	65	2	51	2.0750	Sep-11	1.84
Oct-11	355	335	51	355	2.0833	Oct-11	4.47
Nov-11	536	617	355	536	2.0917	Nov-11	6.49
Dec-11	795	946	536	795	2.1000	Dec-11	10.57
Jan-12	951	1081	795	951	2.1083	Jan-12	13.84
Feb-12	783	946	951	783	2.1167	Feb-12	10.75
Mar-12	451	717	783	451	2.1250	Mar-12	5.75
Apr-12	373	378	451	373	2.1333	Apr-12	5.03
May-12	51	139	373	51	2.1417	May-12	1.68
Jun-12	21	16	51	21	2.1500	Jun-12	1.72
Jul-12	0	0	21	0	2.1583	Jul-12	1.04
Aug-12	0	4	0	0	2.1667	Aug-12	0.96
Sep-12	77	65	0	77	2.1750	Sep-12	1.59
Oct-12	302	335	77	302	2.1833	Oct-12	3.53
Nov-12	754	617	302	754	2.1917	Nov-12	10.15
Dec-12	816	946	754	816	2.2000	Dec-12	10.64
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	14.35
Feb-13	924	916	1,001	924	2.2167	Feb-13	12.76
Mar-13	819	717	924	819	2.2250	Mar-13	11.55
Apr-13	383	378	819	383	2.2333	Apr-13	4.30
May-13	158	139	383	158	2.2417	May-13	2.43
Jun-13	4	16	158	4	2.2500	Jun-13	1.51
Jul-13	0	0	4	0	2.2583	Jul-13	1.39
Aug-13	2	4	0	2	2.2667	Aug-13	1.36
Sep-13	111	65	2	111	2.2750	Sep-13	2.19
Oct-13	300	335	111	300	2.2833	Oct-13	3.82
Nov-13	723	617	300	723	2.2917	Nov-13	9.41
Dec-13	968	946	723	968	2.3000	Dec-13	12.92

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC RH Incl RT
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	18.32
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	14.47
Mar-14	908	717	1,064	908	2.3250	Mar-14	12.34
Apr-14	430	378	908	430	2.3333	Apr-14	5.47
May-14	126	139	430	126	2.3417	May-14	1.80
Jun-14	4	16	126	4	2.3500	Jun-14	1.41
Jul-14	2	0	4	2	2.3583	Jul-14	1.27
Aug-14	2	4	2	2	2.3667	Aug-14	1.10
Sep-14	71	65	2	71	2.3750	Sep-14	2.99
Oct-14	267	335	71	267	2.3833	Oct-14	2.95
Nov-14	731	617	267	731	2.3917	Nov-14	9.89
Dec-14	875	946	731	875	2.4000	Dec-14	11.50
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	17.20
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	17.41
Mar-15	920	717	1,228	920	2.4250	Mar-15	12.30
Apr-15	360	378	920	360	2.4333	Apr-15	5.01
May-15	65	139	360	65	2.4417	May-15	1.82
Jun-15	27	16	65	27	2.4500	Jun-15	1.80
Jul-15	0	0	27	0	2.4583	Jul-15	1.39
Aug-15	0	4	0	0	2.4667	Aug-15	1.38
Sep-15	26	65	0	26	2.4750	Sep-15	1.66
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

Regression Results:	
2.658447	Constant
0.000862	HDD-1
0.012825	HDD
-1.05578	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		16.9065	
Feb-95	916	1081	0.4167		14.8979	
Mar-95	717	916	0.4250		12.1947	
Apr-95	378	717	0.4333		7.6667	
May-95	139	378	0.4417		4.3006	
Jun-95	16	139	0.4500		2.5083	
Jul-95	0	16	0.4583		2.1883	
Aug-95	4	0	0.4667		2.2170	
Sep-95	65	4	0.4750		2.9940	
Oct-95	335	65	0.4833		6.5006	
Nov-95	617	335	0.4917		10.3411	
Dec-95	946	617	0.5000		14.7948	97.5105
Jan-96	1081	946	0.5083		16.8009	97.4049
Feb-96	946	1081	0.5167		15.1770	97.6841
Mar-96	717	946	0.5250		12.1149	97.6044
Apr-96	378	717	0.5333		7.5611	97.4988
May-96	139	378	0.5417		4.1950	97.3932
Jun-96	16	139	0.5500		2.4027	97.2876
Jul-96	0	16	0.5583		2.0828	97.1821
Aug-96	4	0	0.5667		2.1115	97.0765
Sep-96	65	4	0.5750		2.8885	96.9709
Oct-96	335	65	0.5833		6.3950	96.8653
Nov-96	617	335	0.5917		10.2356	96.7597
Dec-96	946	617	0.6000		14.6892	96.6542
Jan-97	1081	946	0.6083		16.6953	96.5486
Feb-97	916	1081	0.6167		14.6867	96.0582
Mar-97	717	916	0.6250		11.9835	95.9268
Apr-97	378	717	0.6333		7.4555	95.8212
May-97	139	378	0.6417		4.0894	95.7157
Jun-97	16	139	0.6500		2.2972	95.6101
Jul-97	0	16	0.6583		1.9772	95.5045
Aug-97	4	0	0.6667		2.0059	95.3989
Sep-97	65	4	0.6750		2.7829	95.2934
Oct-97	335	65	0.6833		6.2894	95.1878
Nov-97	617	335	0.6917		10.1300	95.0822
Dec-97	946	617	0.7000		14.5836	94.9766
Jan-98	1081	946	0.7083		16.5897	94.8710
Feb-98	916	1081	0.7167		14.5811	94.7655
Mar-98	717	916	0.7250		11.8779	94.6599
Apr-98	378	717	0.7333		7.3499	94.5543
May-98	139	378	0.7417		3.9838	94.4487
Jun-98	16	139	0.7500		2.1916	94.3431
Jul-98	0	16	0.7583		1.8716	94.2376
Aug-98	4	0	0.7667		1.9003	94.1320
Sep-98	65	4	0.7750		2.6773	94.0264
Oct-98	335	65	0.7833		6.1838	93.9208
Nov-98	617	335	0.7917		10.0244	93.8153
Dec-98	946	617	0.8000		14.4781	93.7097
Jan-99	1081	946	0.8083		16.4842	93.6041
Feb-99	916	1081	0.8167		14.4755	93.4985
Mar-99	717	916	0.8250		11.7724	93.3929
Apr-99	378	717	0.8333		7.2444	93.2874
May-99	139	378	0.8417		3.8782	93.1818
Jun-99	16	139	0.8500		2.0860	93.0762
Jul-99	0	16	0.8583		1.7660	92.9706
Aug-99	4	0	0.8667		1.7947	92.8651
Sep-99	65	4	0.8750	FY99	2.5717	92.7595
Oct-99	335	65	0.8833		6.0783	92.6539
Nov-99	617	335	0.8917		9.9188	92.5483
Dec-99	946	617	0.9000		14.3725	92.4427
Jan-00	1081	946	0.9083		16.3786	92.3372
Feb-00	946	1081	0.9167		14.7547	92.6163
Mar-00	717	946	0.9250		11.6926	92.5366
Apr-00	378	717	0.9333		7.1388	92.4310
May-00	139	378	0.9417		3.7727	92.3255
Jun-00	16	139	0.9500		1.9804	92.2199
Jul-00	0	16	0.9583		1.6604	92.1143
Aug-00	4	0	0.9667		1.6892	92.0087
Sep-00	65	4	0.9750	FY00	2.4661	91.9031
Oct-00	335	65	0.9833		5.9727	91.7976
Nov-00	617	335	0.9917		9.8132	91.6920

Regression Results:	
2.658447	Constant
0.000862	HDD-1
0.012825	HDD
-1.05578	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Dec-00	946	617	1.0000		14.2669	91.5864
Jan-01	1081	946	1.0083		16.2730	91.4808
Feb-01	916	1081	1.0167		14.2644	90.9905
Mar-01	717	916	1.0250		11.5612	90.8591
Apr-01	378	717	1.0333		7.0332	90.7535
May-01	139	378	1.0417		3.6671	90.6479
Jun-01	16	139	1.0500		1.8749	90.5423
Jul-01	0	16	1.0583		1.5549	90.4367
Aug-01	4	0	1.0667		1.5836	90.3312
Sep-01	65	4	1.0750	FY01	2.3606	90.2256
Oct-01	335	65	1.0833		5.8671	90.1200
Nov-01	617	335	1.0917		9.7077	90.0144
Dec-01	946	617	1.1000		14.1613	89.9089
Jan-02	1081	946	1.1083		16.1674	89.8033
Feb-02	916	1081	1.1167		14.1588	89.6977
Mar-02	717	916	1.1250		11.4556	89.5921
Apr-02	378	717	1.1333		6.9276	89.4865
May-02	139	378	1.1417		3.5615	89.3810
Jun-02	16	139	1.1500		1.7693	89.2754
Jul-02	0	16	1.1583		1.4493	89.1698
Aug-02	4	0	1.1667		1.4780	89.0642
Sep-02	65	4	1.1750	FY02	2.2550	88.9587
Oct-02	335	65	1.1833		5.7615	88.8531
Nov-02	617	335	1.1917		9.6021	88.7475
Dec-02	946	617	1.2000		14.0558	88.6419
Jan-03	1081	946	1.2083		16.0618	88.5363
Feb-03	916	1081	1.2167		14.0532	88.4308
Mar-03	717	916	1.2250		11.3500	88.3252
Apr-03	378	717	1.2333		6.8221	88.2196
May-03	139	378	1.2417		3.4559	88.1140
Jun-03	16	139	1.2500		1.6637	88.0084
Jul-03	0	16	1.2583		1.3437	87.9029
Aug-03	4	0	1.2667		1.3724	87.7973
Sep-03	65	4	1.2750	FY03	2.1494	87.6917
Oct-03	335	65	1.2833		5.6560	87.5861
Nov-03	617	335	1.2917		9.4965	87.4806
Dec-03	946	617	1.3000		13.9502	87.3750
Jan-04	1081	946	1.3083		15.9563	87.2694
Feb-04	946	1081	1.3167		14.3324	87.5486
Mar-04	717	946	1.3250		11.2703	87.4688
Apr-04	378	717	1.3333		6.7165	87.3633
May-04	139	378	1.3417		3.3504	87.2577
Jun-04	16	139	1.3500		1.5581	87.1521
Jul-04	0	16	1.3583		1.2381	87.0465
Aug-04	4	0	1.3667		1.2668	86.9410
Sep-04	65	4	1.3750	FY04	2.0438	86.8354
Oct-04	335	65	1.3833		5.5504	86.7298
Nov-04	617	335	1.3917		9.3909	86.6242
Dec-04	946	617	1.4000		13.8446	86.5186
Jan-05	1081	946	1.4083		15.8507	86.4131
Feb-05	916	1081	1.4167		13.8421	85.9227
Mar-05	717	916	1.4250		11.1389	85.7913
Apr-05	378	717	1.4333		6.6109	85.6857
May-05	139	378	1.4417		3.2448	85.5801
Jun-05	16	139	1.4500		1.4525	85.4746
Jul-05	0	16	1.4583		1.1326	85.3690
Aug-05	4	0	1.4667		1.1613	85.2634
Sep-05	65	4	1.4750	FY05	1.9382	85.1578
Oct-05	335	65	1.4833		5.4448	85.0523
Nov-05	617	335	1.4917		9.2853	84.9467
Dec-05	946	617	1.5000		13.7390	84.8411
Jan-06	1081	946	1.5083		15.7451	84.7355
Feb-06	916	1081	1.5167		13.7365	84.6299
Mar-06	717	916	1.5250		11.0333	84.5244
Apr-06	378	717	1.5333		6.5053	84.4188
May-06	139	378	1.5417		3.1392	84.3132
Jun-06	16	139	1.5500		1.3470	84.2076
Jul-06	0	16	1.5583		1.0270	84.1021
Aug-06	4	0	1.5667		1.0557	83.9965
Sep-06	65	4	1.5750	FY06	1.8327	83.8909
Oct-06	335	65	1.5833		5.3392	83.7853

Regression Results:	
2.658447	Constant
0.000862	HDD-1
0.012825	HDD
-1.05578	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Nov-06	617	335	1.5917		9.1798	83.6797
Dec-06	946	617	1.6000		13.6334	83.5742
Jan-07	1081	946	1.6083		15.6395	83.4686
Feb-07	916	1081	1.6167		13.6309	83.3630
Mar-07	717	916	1.6250		10.9277	83.2574
Apr-07	378	717	1.6333		6.3997	83.1518
May-07	139	378	1.6417		3.0336	83.0463
Jun-07	16	139	1.6500		1.2414	82.9407
Jul-07	0	16	1.6583		0.9214	82.8351
Aug-07	4	0	1.6667		0.9501	82.7295
Sep-07	65	4	1.6750	FY 07	1.7271	82.6240
Oct-07	335	65	1.6833		5.2336	82.5184
Nov-07	617	335	1.6917		9.0742	82.4128
Dec-07	946	617	1.7000		13.5279	82.3072
Jan-08	1081	946	1.7083		15.5340	82.2016
Feb-08	946	1081	1.7167		13.9101	82.4808
Mar-08	717	946	1.7250		10.8480	82.4011
Apr-08	378	717	1.7333		6.2942	82.2955
May-08	139	378	1.7417		2.9280	82.1899
Jun-08	16	139	1.7500		1.1358	82.0844
Jul-08	0	16	1.7583		0.8158	81.9788
Aug-08	4	0	1.7667		0.8445	81.8732
Sep-08	65	4	1.7750	FY 08	1.6215	81.7676
Oct-08	335	65	1.7833		5.1281	81.6620
Nov-08	617	335	1.7917		8.9686	81.5565
Dec-08	946	617	1.8000		13.4223	81.4509
Jan-09	1081	946	1.8083		15.4284	81.3453
Feb-09	916	1081	1.8167		13.4198	80.8550
Mar-09	717	916	1.8250		10.7166	80.7235
Apr-09	378	717	1.8333		6.1886	80.6180
May-09	139	378	1.8417		2.8225	80.5124
Jun-09	16	139	1.8500		1.0302	80.4068
Jul-09	0	16	1.8583		0.7102	80.3012
Aug-09	4	0	1.8667		0.7390	80.1957
Sep-09	65	4	1.8750	FY 09	1.5159	80.0901
Oct-09	335	65	1.8833		5.0225	79.9845
Nov-09	617	335	1.8917		8.8630	79.8789
Dec-09	946	617	1.9000		13.3167	79.7733
Jan-10	1081	946	1.9083		15.3228	79.6678
Feb-10	916	1081	1.9167		13.3142	79.5622
Mar-10	717	916	1.9250		10.6110	79.4566
Apr-10	378	717	1.9333		6.0830	79.3510
May-10	139	378	1.9417		2.7169	79.2455
Jun-10	16	139	1.9500		0.9246	79.1399
Jul-10	0	16	1.9583		0.6047	79.0343
Aug-10	4	0	1.9667		0.6334	78.9287
Sep-10	65	4	1.9750	FY 10	1.4104	78.8231
Oct-10	335	65	1.9833		4.9169	78.7176
Nov-10	617	335	1.9917		8.7575	78.6120
Dec-10	946	617	2.0000		13.2111	78.5064
Jan-11	1081	946	2.0083		15.2172	78.4008
Feb-11	916	1081	2.0167		13.2086	78.2952
Mar-11	717	916	2.0250		10.5054	78.1897
Apr-11	378	717	2.0333		5.9774	78.0841
May-11	139	378	2.0417		2.6113	77.9785
Jun-11	16	139	2.0500		0.8191	77.8729
Jul-11	0	16	2.0583		0.4991	77.7674
Aug-11	4	0	2.0667		0.5278	77.6618
Sep-11	65	4	2.0750	FY 11	1.3048	77.5562
Oct-11	335	65	2.0833		4.8113	77.4506
Nov-11	617	335	2.0917		8.6519	77.3450
Dec-11	946	617	2.1000		13.1055	77.2395
Jan-12	1081	946	2.1083		15.1116	77.1339
Feb-12	946	1081	2.1167		13.4878	77.4131
Mar-12	717	946	2.1250		10.4257	77.3333
Apr-12	378	717	2.1333		5.8718	77.2278
May-12	139	378	2.1417		2.5057	77.1222
Jun-12	16	139	2.1500		0.7135	77.0166
Jul-12	0	16	2.1583		0.3935	76.9110
Aug-12	4	0	2.1667		0.4222	76.8054
Sep-12	65	4	2.1750	FY 12	1.1992	76.6999

Regression Results:		
	2.658447	Constant
	0.000862	HDD-1
	0.012825	HDD
	-1.05578	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-12	335	65	2.1833		4.7058	76.5943	
Nov-12	617	335	2.1917		8.5463	76.4887	
Dec-12	946	617	2.2000		13.0000	76.3831	
Jan-13	1081	946	2.2083		15.0061	76.2776	
Feb-13	916	1081	2.2167		12.9974	75.7872	
Mar-13	717	916	2.2250		10.2943	75.6558	
Apr-13	378	717	2.2333		5.7663	75.5502	
May-13	139	378	2.2417		2.4001	75.4446	
Jun-13	16	139	2.2500		0.6079	75.3391	
Jul-13	0	16	2.2583		0.2879	75.2335	
Aug-13	4	0	2.2667		0.3166	75.1279	
Sep-13	65	4	2.2750	FY 13	1.0936	75.0223	
Oct-13	335	65	2.2833		4.6002	74.9167	
Nov-13	617	335	2.2917		8.4407	74.8112	
Dec-13	946	617	2.3000		12.8944	74.7056	
Jan-14	1081	946	2.3083		14.9005	74.6000	
Feb-14	916	1081	2.3167		12.8919	74.4944	
Mar-14	717	916	2.3250		10.1887	74.3889	
Apr-14	378	717	2.3333		5.6607	74.2833	
May-14	139	378	2.3417		2.2946	74.1777	
Jun-14	16	139	2.3500		0.5023	74.0721	
Jul-14	0	16	2.3583		0.1823	73.9665	
Aug-14	4	0	2.3667		0.2111	73.8610	
Sep-14	65	4	2.3750	FY 14	0.9880	73.7554	
Oct-14	335	65	2.3833		4.4946	73.6498	
Nov-14	617	335	2.3917		8.3351	73.5442	
Dec-14	946	617	2.4000		12.7888	73.4386	
Jan-15	1081	946	2.4083		14.7949	73.3331	
Feb-15	916	1081	2.4167		12.7863	73.2275	
Mar-15	717	916	2.4250		10.0831	73.1219	
Apr-15	378	717	2.4333		5.5551	73.0163	
May-15	139	378	2.4417		2.1890	72.9108	
Jun-15	16	139	2.4500		0.3968	72.8052	
Jul-15	0	16	2.4583		0.0768	72.6996	
Aug-15	4	0	2.4667		0.1055	72.5940	
Sep-15	65	4	2.4750	FY 15	0.8825	72.4884	
Oct-15	335	65	2.4833		4.3890	72.3829	
Nov-15	617	335	2.4917		8.2296	72.2773	
Dec-15	946	617	2.5000		12.6832	72.1717	
Jan-16	1081	946	2.5083		14.6893	72.0661	
Feb-16	946	1081	2.5167		13.0655	72.3453	
Mar-16	717	946	2.5250		10.0034	72.2656	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		5.4495	72.1600	
May-16	139	378	2.5417		2.0834	72.0544	
Jun-16	16	139	2.5500		0.2912	71.9488	
Jul-16	0	16	2.5583		-0.0288	71.8433	
Aug-16	4	0	2.5667		-0.0001	71.7377	
Sep-16	65	4	2.5750	FY 16	0.7769	71.6321	
Oct-16	335	65	2.5833		4.2834	71.5265	
Nov-16	617	335	2.5917		8.1240	71.4210	
Dec-16	946	617	2.6000		12.5777	71.3154	
Jan-17	1081	946	2.6083		14.5838	71.2098	
Feb-17	916	1081	2.6167		12.5751	70.7195	
Mar-17	717	916	2.6250		9.8720	70.5880	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		5.3440	70.4825	
May-17	139	378	2.6417		1.9778	70.3769	
Jun-17	16	139	2.6500		0.1856	70.2713	
Jul-17	0	16	2.6583		-0.1344	70.1657	
Aug-17	4	0	2.6667		-0.1057	70.0601	
Sep-17	65	4	2.6750	FY 17	0.6713	69.9546	
Oct-17	335	65	2.6833		4.1779	69.8490	
Nov-17	617	335	2.6917		8.0184	69.7434	
Dec-17	946	617	2.7000		12.4721	69.6378	
Jan-18	1081	946	2.7083		14.4782	69.5323	
Feb-18	916	1081	2.7167		12.4696	69.4267	
Mar-18	717	916	2.7250		9.7664	69.3211	Fully Projected Future Test Year Annualized FY 17

RH incl RT-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.991712405
R Square	0.983493494
Adjusted R Square	0.983291374
Standard Error	0.714180046
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	7445.568405	2481.856135	4865.877588	5.715E-218
Residual	245	124.9630189	0.510053138		
Total	248	7570.531424			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	2.658446831	0.130201345	20.41796756	8.56204E-55	2.401990034	2.914903627	2.401990034	2.914903627
X Variable 1	0.000861696	0.000204527	4.213112082	3.54243E-05	0.00045884	0.001264551	0.00045884	0.001264551
X Variable 2	0.012825138	0.000204499	62.71499819	6.6368E-153	0.012422338	0.013227938	0.012422338	0.013227938
X Variable 3	-1.055782803	0.075586593	-13.9678581	5.23666E-33	-1.204665255	-0.90690035	-1.204665255	-0.90690035

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CG Incl NT&DS
Jan-95	966	1081	841	966	0.4083	Jan-95	26.60
Feb-95	1026	916	966	1,026	0.4167	Feb-95	25.04
Mar-95	655	717	1,026	655	0.4250	Mar-95	25.56
Apr-95	452	378	655	452	0.4333	Apr-95	22.65
May-95	164	139	452	164	0.4417	May-95	20.66
Jun-95	7	16	164	7	0.4500	Jun-95	17.80
Jul-95	0	0	7	0	0.4583	Jul-95	17.36
Aug-95	0	4	0	0	0.4667	Aug-95	17.21
Sep-95	86	65	0	86	0.4750	Sep-95	18.08
Oct-95	247	335	86	247	0.4833	Oct-95	21.65
Nov-95	785	617	247	785	0.4917	Nov-95	22.58
Dec-95	1116	946	785	1,116	0.5000	Dec-95	27.48
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	28.87
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	26.62
Mar-96	880	717	1,053	880	0.5250	Mar-96	27.01
Apr-96	437	378	880	437	0.5333	Apr-96	22.63
May-96	229	139	437	229	0.5417	May-96	19.80
Jun-96	6	16	229	6	0.5500	Jun-96	19.63
Jul-96	1	0	6	1	0.5583	Jul-96	15.00
Aug-96	2	4	1	2	0.5667	Aug-96	17.92
Sep-96	78	65	2	78	0.5750	Sep-96	18.01
Oct-96	348	335	78	348	0.5833	Oct-96	23.45
Nov-96	781	617	348	781	0.5917	Nov-96	24.20
Dec-96	868	946	781	868	0.6000	Dec-96	26.87
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	27.12
Feb-97	773	916	1,108	773	0.6167	Feb-97	26.03
Mar-97	731	717	773	731	0.6250	Mar-97	25.29
Apr-97	456	378	731	456	0.6333	Apr-97	21.66
May-97	219	139	456	219	0.6417	May-97	21.31
Jun-97	43	16	219	43	0.6500	Jun-97	17.97
Jul-97	3	0	43	3	0.6583	Jul-97	17.13
Aug-97	3	4	3	3	0.6667	Aug-97	17.65
Sep-97	81	65	3	81	0.6750	Sep-97	18.55
Oct-97	354	335	81	354	0.6833	Oct-97	22.43
Nov-97	714	617	354	714	0.6917	Nov-97	24.30
Dec-97	928	946	714	928	0.7000	Dec-97	26.74
Jan-98	831	1081	928	831	0.7083	Jan-98	26.79
Feb-98	707	916	831	707	0.7167	Feb-98	24.47
Mar-98	681	717	707	681	0.7250	Mar-98	25.19
Apr-98	349	378	681	349	0.7333	Apr-98	21.29
May-98	87	139	349	87	0.7417	May-98	19.73
Jun-98	37	16	87	37	0.7500	Jun-98	17.03
Jul-98	1	0	37	1	0.7583	Jul-98	17.67
Aug-98	3	4	1	3	0.7667	Aug-98	17.26
Sep-98	45	65	3	45	0.7750	Sep-98	18.42
Oct-98	320	335	45	320	0.7833	Oct-98	21.82
Nov-98	608	617	320	608	0.7917	Nov-98	24.50
Dec-98	800	946	608	800	0.8000	Dec-98	24.42
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	29.18
Feb-99	839	916	1,050	839	0.8167	Feb-99	26.71
Mar-99	792	717	839	792	0.8250	Mar-99	26.31
Apr-99	421	378	792	421	0.8333	Apr-99	21.96
May-99	123	139	421	123	0.8417	May-99	20.02
Jun-99	17	16	123	17	0.8500	Jun-99	17.45
Jul-99	0	0	17	0	0.8583	Jul-99	16.35
Aug-99	6	4	0	6	0.8667	Aug-99	16.39
Sep-99	68	65	6	68	0.8750	Sep-99	17.99

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CG Incl NT&DS
Oct-99	396	335	68	396	0.8833	Oct-99	22.26
Nov-99	536	617	396	536	0.8917	Nov-99	22.16
Dec-99	896	946	536	896	0.9000	Dec-99	27.57
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	27.41
Feb-00	920	946	1,119	920	0.9167	Feb-00	28.45
Mar-00	594	717	920	594	0.9250	Mar-00	24.43
Apr-00	429	378	594	429	0.9333	Apr-00	21.89
May-00	124	139	429	124	0.9417	May-00	19.18
Jun-00	28	16	124	28	0.9500	Jun-00	18.05
Jul-00	2	0	28	2	0.9583	Jul-00	17.03
Aug-00	9	4	2	9	0.9667	Aug-00	17.98
Sep-00	147	65	9	147	0.9750	Sep-00	18.76
Oct-00	351	335	147	351	0.9833	Oct-00	22.85
Nov-00	700	617	351	700	0.9917	Nov-00	22.89
Dec-00	1189	946	700	1,189	1.0000	Dec-00	29.41
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	32.73
Feb-01	882	916	1,119	882	1.0167	Feb-01	24.84
Mar-01	844	717	882	844	1.0250	Mar-01	26.01
Apr-01	406	378	844	406	1.0333	Apr-01	22.89
May-01	142	139	406	142	1.0417	May-01	18.90
Jun-01	16	16	142	16	1.0500	Jun-01	17.37
Jul-01	5	0	16	5	1.0583	Jul-01	17.25
Aug-01	0	4	5	0	1.0667	Aug-01	17.01
Sep-01	105	65	0	105	1.0750	Sep-01	17.63
Oct-01	336	335	105	336	1.0833	Oct-01	22.12
Nov-01	486	617	336	486	1.0917	Nov-01	22.12
Dec-01	810	946	486	810	1.1000	Dec-01	25.27
Jan-02	893	1081	810	893	1.1083	Jan-02	25.90
Feb-02	783	916	893	783	1.1167	Feb-02	24.46
Mar-02	700	717	783	700	1.1250	Mar-02	24.48
Apr-02	375	378	700	375	1.1333	Apr-02	20.90
May-02	200	139	375	200	1.1417	May-02	19.19
Jun-02	13	16	200	13	1.1500	Jun-02	17.13
Jul-02	0	0	13	0	1.1583	Jul-02	17.47
Aug-02	5	4	0	5	1.1667	Aug-02	17.43
Sep-02	36	65	5	36	1.1750	Sep-02	17.73
Oct-02	420	335	36	420	1.1833	Oct-02	20.61
Nov-02	682	617	420	682	1.1917	Nov-02	23.43
Dec-02	1046	946	682	1,046	1.2000	Dec-02	29.35
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	29.60
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	31.09
Mar-03	774	717	1,062	774	1.2250	Mar-03	27.57
Apr-03	446	378	774	446	1.2333	Apr-03	22.15
May-03	225	139	446	225	1.2417	May-03	20.01
Jun-03	58	16	225	58	1.2500	Jun-03	18.95
Jul-03	0	0	58	0	1.2583	Jul-03	17.30
Aug-03	0	4	0	0	1.2667	Aug-03	17.09
Sep-03	47	65	0	47	1.2750	Sep-03	17.69
Oct-03	408	335	47	408	1.2833	Oct-03	22.36
Nov-03	530	617	408	530	1.2917	Nov-03	22.85
Dec-03	954	946	530	954	1.3000	Dec-03	27.06
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	29.41
Feb-04	944	946	1,278	944	1.3167	Feb-04	29.96
Mar-04	685	717	944	685	1.3250	Mar-04	24.64
Apr-04	390	378	685	390	1.3333	Apr-04	21.77
May-04	71	139	390	71	1.3417	May-04	19.20
Jun-04	28	16	71	28	1.3500	Jun-04	16.19

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CG Incl NT&DS
Jul-04	0	0	28	0	1.3583	Jul-04	17.70
Aug-04	10	4	0	10	1.3667	Aug-04	17.56
Sep-04	34	65	10	34	1.3750	Sep-04	18.83
Oct-04	364	335	34	364	1.3833	Oct-04	21.75
Nov-04	567	617	364	567	1.3917	Nov-04	23.16
Dec-04	946	946	567	946	1.4000	Dec-04	26.61
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	31.15
Feb-05	889	916	1,127	889	1.4167	Feb-05	27.01
Mar-05	868	717	889	868	1.4250	Mar-05	28.98
Apr-05	340	378	868	340	1.4333	Apr-05	20.42
May-05	231	139	340	231	1.4417	May-05	20.78
Jun-05	6	16	231	6	1.4500	Jun-05	17.06
Jul-05	0	0	6	0	1.4583	Jul-05	16.58
Aug-05	0	4	0	0	1.4667	Aug-05	17.37
Sep-05	27	65	0	27	1.4750	Sep-05	16.66
Oct-05	304	335	27	304	1.4833	Oct-05	20.45
Nov-05	579	617	304	579	1.4917	Nov-05	22.82
Dec-05	1064	946	579	1,064	1.5000	Dec-05	28.10
Jan-06	847	1081	1,064	847	1.5083	Jan-06	29.49
Feb-06	902	916	847	902	1.5167	Feb-06	24.75
Mar-06	692	717	902	692	1.5250	Mar-06	27.61
Apr-06	341	378	692	341	1.5333	Apr-06	21.93
May-06	154	139	341	154	1.5417	May-06	19.27
Jun-06	22	16	154	22	1.5500	Jun-06	17.14
Jul-06	0	0	22	0	1.5583	Jul-06	17.19
Aug-06	1	4	0	1	1.5667	Aug-06	19.63
Sep-06	89	65	1	89	1.5750	Sep-06	15.86
Oct-06	375	335	89	375	1.5833	Oct-06	22.47
Nov-06	512	617	375	512	1.5917	Nov-06	27.52
Dec-06	779	946	512	779	1.6000	Dec-06	21.81
Jan-07	938	1081	779	938	1.6083	Jan-07	24.56
Feb-07	1117	916	938	1,117	1.6167	Feb-07	28.67
Mar-07	755	717	1,117	755	1.6250	Mar-07	29.82
Apr-07	495	378	755	495	1.6333	Apr-07	24.66
May-07	110	139	495	110	1.6417	May-07	21.57
Jun-07	12	16	110	12	1.6500	Jun-07	16.75
Jul-07	4	0	12	4	1.6583	Jul-07	19.95
Aug-07	16	4	4	16	1.6667	Aug-07	14.59
Sep-07	50	65	16	50	1.6750	Sep-07	18.68
Oct-07	192	335	50	192	1.6833	Oct-07	21.53
Nov-07	703	617	192	703	1.6917	Nov-07	21.79
Dec-07	956	946	703	956	1.7000	Dec-07	28.34
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	30.94
Feb-08	947	946	1,000	947	1.7167	Feb-08	27.69
Mar-08	737	717	947	737	1.7250	Mar-08	27.41
Apr-08	335	378	737	335	1.7333	Apr-08	22.32
May-08	226	139	335	226	1.7417	May-08	19.75
Jun-08	7	16	226	7	1.7500	Jun-08	19.03
Jul-08	0	0	7	0	1.7583	Jul-08	18.14
Aug-08	4	4	0	4	1.7667	Aug-08	17.96
Sep-08	54	65	4	54	1.7750	Sep-08	18.81
Oct-08	418	335	54	418	1.7833	Oct-08	21.46
Nov-08	680	617	418	680	1.7917	Nov-08	24.72
Dec-08	963	946	680	963	1.8000	Dec-08	30.52
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	30.78
Feb-09	880	916	1,225	880	1.8167	Feb-09	31.33
Mar-09	735	717	880	735	1.8250	Mar-09	27.96

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CG Incl NT&DS
Apr-09	388	378	735	388	1.8333	Apr-09	21.79
May-09	140	139	388	140	1.8417	May-09	21.03
Jun-09	25	16	140	25	1.8500	Jun-09	18.39
Jul-09	0	0	25	0	1.8583	Jul-09	19.43
Aug-09	6	4	0	6	1.8667	Aug-09	19.54
Sep-09	78	65	6	78	1.8750	Sep-09	19.90
Oct-09	381	335	78	381	1.8833	Oct-09	23.63
Nov-09	526	617	381	526	1.8917	Nov-09	25.04
Dec-09	995	946	526	995	1.9000	Dec-09	28.06
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	31.96
Feb-10	965	916	1,082	965	1.9167	Feb-10	27.26
Mar-10	557	717	965	557	1.9250	Mar-10	27.12
Apr-10	288	378	557	288	1.9333	Apr-10	20.97
May-10	119	139	288	119	1.9417	May-10	21.62
Jun-10	7	16	119	7	1.9500	Jun-10	18.51
Jul-10	0	0	7	0	1.9583	Jul-10	18.14
Aug-10	0	4	0	0	1.9667	Aug-10	18.33
Sep-10	25	65	0	25	1.9750	Sep-10	19.81
Oct-10	331	335	25	331	1.9833	Oct-10	22.32
Nov-10	631	617	331	631	1.9917	Nov-10	23.98
Dec-10	1103	946	631	1,103	2.0000	Dec-10	31.50
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	34.23
Feb-11	893	916	1,192	893	2.0167	Feb-11	31.80
Mar-11	757	717	893	757	2.0250	Mar-11	28.02
Apr-11	354	378	757	354	2.0333	Apr-11	22.59
May-11	92	139	354	92	2.0417	May-11	21.59
Jun-11	2	16	92	2	2.0500	Jun-11	18.39
Jul-11	0	0	2	0	2.0583	Jul-11	18.02
Aug-11	2	4	0	2	2.0667	Aug-11	17.67
Sep-11	51	65	2	51	2.0750	Sep-11	19.84
Oct-11	355	335	51	355	2.0833	Oct-11	22.81
Nov-11	536	617	355	536	2.0917	Nov-11	26.37
Dec-11	795	946	536	795	2.1000	Dec-11	29.25
Jan-12	951	1081	795	951	2.1083	Jan-12	29.99
Feb-12	783	946	951	783	2.1167	Feb-12	27.90
Mar-12	451	717	783	451	2.1250	Mar-12	26.34
Apr-12	373	378	451	373	2.1333	Apr-12	20.89
May-12	51	139	373	51	2.1417	May-12	20.85
Jun-12	21	16	51	21	2.1500	Jun-12	18.40
Jul-12	0	0	21	0	2.1583	Jul-12	17.74
Aug-12	0	4	0	0	2.1667	Aug-12	18.21
Sep-12	77	65	0	77	2.1750	Sep-12	19.13
Oct-12	302	335	77	302	2.1833	Oct-12	23.60
Nov-12	754	617	302	754	2.1917	Nov-12	25.37
Dec-12	816	946	754	816	2.2000	Dec-12	32.46
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	31.90
Feb-13	924	916	1,001	924	2.2167	Feb-13	32.49
Mar-13	819	717	924	819	2.2250	Mar-13	31.32
Apr-13	383	378	819	383	2.2333	Apr-13	27.90
May-13	158	139	383	158	2.2417	May-13	21.25
Jun-13	4	16	158	4	2.2500	Jun-13	19.42
Jul-13	0	0	4	0	2.2583	Jul-13	18.28
Aug-13	2	4	0	2	2.2667	Aug-13	19.22
Sep-13	111	65	2	111	2.2750	Sep-13	19.90
Oct-13	300	335	111	300	2.2833	Oct-13	23.60
Nov-13	723	617	300	723	2.2917	Nov-13	26.73
Dec-13	968	946	723	968	2.3000	Dec-13	34.00

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CG Incl NT&DS
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	36.50
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	36.61
Mar-14	908	717	1,064	908	2.3250	Mar-14	35.87
Apr-14	430	378	908	430	2.3333	Apr-14	25.86
May-14	126	139	430	126	2.3417	May-14	22.55
Jun-14	4	16	126	4	2.3500	Jun-14	19.16
Jul-14	2	0	4	2	2.3583	Jul-14	18.64
Aug-14	2	4	2	2	2.3667	Aug-14	19.22
Sep-14	71	65	2	71	2.3750	Sep-14	20.01
Oct-14	267	335	71	267	2.3833	Oct-14	24.12
Nov-14	731	617	267	731	2.3917	Nov-14	30.02
Dec-14	875	946	731	875	2.4000	Dec-14	35.73
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	37.67
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	38.32
Mar-15	920	717	1,228	920	2.4250	Mar-15	40.25
Apr-15	360	378	920	360	2.4333	Apr-15	26.97
May-15	65	139	360	65	2.4417	May-15	21.16
Jun-15	27	16	65	27	2.4500	Jun-15	19.40
Jul-15	0	0	27	0	2.4583	Jul-15	19.67
Aug-15	0	4	0	0	2.4667	Aug-15	19.38
Sep-15	26	65	0	26	2.4750	Sep-15	20.46
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

Regression Results:		
	14.72222	Constant
	0.002761	HDD-1
	0.009261	HDD
	2.133607	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		28.2164	
Feb-95	916	1081	0.4167		27.0789	
Mar-95	717	916	0.4250		24.7982	
Apr-95	378	717	0.4333		21.1271	
May-95	139	378	0.4417		17.9956	
Jun-95	16	139	0.4500		16.2143	
Jul-95	0	16	0.4583		15.7443	
Aug-95	4	0	0.4667		15.7549	
Sep-95	65	4	0.4750		16.3487	
Oct-95	335	65	0.4833		19.0353	
Nov-95	617	335	0.4917		22.4101	
Dec-95	946	617	0.5000		26.2533	250.9771
Jan-96	1081	946	0.5083		28.4297	251.1905
Feb-96	946	1081	0.5167		27.5701	251.6817
Mar-96	717	946	0.5250		25.0944	251.9779
Apr-96	378	717	0.5333		21.3405	252.1912
May-96	139	378	0.5417		18.2089	252.4046
Jun-96	16	139	0.5500		16.4277	252.6180
Jul-96	0	16	0.5583		15.9577	252.8313
Aug-96	4	0	0.5667		15.9683	253.0447
Sep-96	65	4	0.5750		16.5620	253.2580
Oct-96	335	65	0.5833		19.2486	253.4714
Nov-96	617	335	0.5917		22.6235	253.6848
Dec-96	946	617	0.6000		26.4667	253.8981
Jan-97	1081	946	0.6083		28.6431	254.1115
Feb-97	916	1081	0.6167		27.5056	254.0470
Mar-97	717	916	0.6250		25.2249	254.1776
Apr-97	378	717	0.6333		21.5539	254.3909
May-97	139	378	0.6417		18.4223	254.6043
Jun-97	16	139	0.6500		16.6410	254.8176
Jul-97	0	16	0.6583		16.1710	255.0310
Aug-97	4	0	0.6667		16.1817	255.2444
Sep-97	65	4	0.6750		16.7754	255.4577
Oct-97	335	65	0.6833		19.4620	255.6711
Nov-97	617	335	0.6917		22.8368	255.8844
Dec-97	946	617	0.7000		26.6800	256.0978
Jan-98	1081	946	0.7083		28.8565	256.3112
Feb-98	916	1081	0.7167		27.7190	256.5245
Mar-98	717	916	0.7250		25.4383	256.7379
Apr-98	378	717	0.7333		21.7672	256.9512
May-98	139	378	0.7417		18.6356	257.1646
Jun-98	16	139	0.7500		16.8544	257.3780
Jul-98	0	16	0.7583		16.3844	257.5913
Aug-98	4	0	0.7667		16.3950	257.8047
Sep-98	65	4	0.7750		16.9888	258.0180
Oct-98	335	65	0.7833		19.6753	258.2314
Nov-98	617	335	0.7917		23.0502	258.4448
Dec-98	946	617	0.8000		26.8934	258.6581
Jan-99	1081	946	0.8083		29.0698	258.8715
Feb-99	916	1081	0.8167		27.9324	259.0848
Mar-99	717	916	0.8250		25.6517	259.2982
Apr-99	378	717	0.8333		21.9806	259.5116
May-99	139	378	0.8417		18.8490	259.7249
Jun-99	16	139	0.8500		17.0678	259.9383
Jul-99	0	16	0.8583		16.5977	260.1516
Aug-99	4	0	0.8667		16.6084	260.3650
Sep-99	65	4	0.8750	FY99	17.2021	260.5784
Oct-99	335	65	0.8833		19.8887	260.7917
Nov-99	617	335	0.8917		23.2635	261.0051
Dec-99	946	617	0.9000		27.1068	261.2185
Jan-00	1081	946	0.9083		29.2832	261.4318
Feb-00	946	1081	0.9167		28.4235	261.9230
Mar-00	717	946	0.9250		25.9479	262.2192
Apr-00	378	717	0.9333		22.1939	262.4326
May-00	139	378	0.9417		19.0624	262.6459
Jun-00	16	139	0.9500		17.2811	262.8593
Jul-00	0	16	0.9583		16.8111	263.0726
Aug-00	4	0	0.9667		16.8217	263.2860
Sep-00	65	4	0.9750	FY00	17.4155	263.4994
Oct-00	335	65	0.9833		20.1021	263.7127
Nov-00	617	335	0.9917		23.4769	263.9261

Regression Results:		
	14.72222	Constant
	0.002761	HDD-1
	0.009261	HDD
	2.133607	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Dec-00	946	617	1.0000		27.3201	264.1394
Jan-01	1081	946	1.0083		29.4965	264.3528
Feb-01	916	1081	1.0167		28.3591	264.2883
Mar-01	717	916	1.0250		26.0784	264.4189
Apr-01	378	717	1.0333		22.4073	264.6322
May-01	139	378	1.0417		19.2757	264.8456
Jun-01	16	139	1.0500		17.4945	265.0589
Jul-01	0	16	1.0583		17.0245	265.2723
Aug-01	4	0	1.0667		17.0351	265.4857
Sep-01	65	4	1.0750	FY01	17.6288	265.6990
Oct-01	335	65	1.0833		20.3154	265.9124
Nov-01	617	335	1.0917		23.6903	266.1257
Dec-01	946	617	1.1000		27.5335	266.3391
Jan-02	1081	946	1.1083		29.7099	266.5525
Feb-02	916	1081	1.1167		28.5724	266.7658
Mar-02	717	916	1.1250		26.2917	266.9792
Apr-02	378	717	1.1333		22.6207	267.1925
May-02	139	378	1.1417		19.4891	267.4059
Jun-02	16	139	1.1500		17.7079	267.6193
Jul-02	0	16	1.1583		17.2378	267.8326
Aug-02	4	0	1.1667		17.2485	268.0460
Sep-02	65	4	1.1750	FY02	17.8422	268.2594
Oct-02	335	65	1.1833		20.5288	268.4727
Nov-02	617	335	1.1917		23.9036	268.6861
Dec-02	946	617	1.2000		27.7468	268.8994
Jan-03	1081	946	1.2083		29.9233	269.1128
Feb-03	916	1081	1.2167		28.7858	269.3262
Mar-03	717	916	1.2250		26.5051	269.5395
Apr-03	378	717	1.2333		22.8340	269.7529
May-03	139	378	1.2417		19.7024	269.9662
Jun-03	16	139	1.2500		17.9212	270.1796
Jul-03	0	16	1.2583		17.4512	270.3930
Aug-03	4	0	1.2667		17.4618	270.6063
Sep-03	65	4	1.2750	FY03	18.0556	270.8197
Oct-03	335	65	1.2833		20.7422	271.0330
Nov-03	617	335	1.2917		24.1170	271.2464
Dec-03	946	617	1.3000		27.9602	271.4598
Jan-04	1081	946	1.3083		30.1366	271.6731
Feb-04	946	1081	1.3167		29.2770	272.1643
Mar-04	717	946	1.3250		26.8013	272.4605
Apr-04	378	717	1.3333		23.0474	272.6739
May-04	139	378	1.3417		19.9158	272.8872
Jun-04	16	139	1.3500		18.1346	273.1006
Jul-04	0	16	1.3583		17.6645	273.3139
Aug-04	4	0	1.3667		17.6752	273.5273
Sep-04	65	4	1.3750	FY04	18.2689	273.7407
Oct-04	335	65	1.3833		20.9555	273.9540
Nov-04	617	335	1.3917		24.3303	274.1674
Dec-04	946	617	1.4000		28.1736	274.3807
Jan-05	1081	946	1.4083		30.3500	274.5941
Feb-05	916	1081	1.4167		29.2125	274.5297
Mar-05	717	916	1.4250		26.9318	274.6602
Apr-05	378	717	1.4333		23.2607	274.8735
May-05	139	378	1.4417		20.1292	275.0869
Jun-05	16	139	1.4500		18.3479	275.3003
Jul-05	0	16	1.4583		17.8779	275.5136
Aug-05	4	0	1.4667		17.8886	275.7270
Sep-05	65	4	1.4750	FY05	18.4823	275.9403
Oct-05	335	65	1.4833		21.1689	276.1537
Nov-05	617	335	1.4917		24.5437	276.3671
Dec-05	946	617	1.5000		28.3869	276.5804
Jan-06	1081	946	1.5083		30.5633	276.7938
Feb-06	916	1081	1.5167		29.4259	277.0071
Mar-06	717	916	1.5250		27.1452	277.2205
Apr-06	378	717	1.5333		23.4741	277.4339
May-06	139	378	1.5417		20.3425	277.6472
Jun-06	16	139	1.5500		18.5613	277.8606
Jul-06	0	16	1.5583		18.0913	278.0739
Aug-06	4	0	1.5667		18.1019	278.2873
Sep-06	65	4	1.5750	FY06	18.6956	278.5007
Oct-06	335	65	1.5833		21.3822	278.7140

Regression Results:	
14.72222	Constant
0.002761	HDD-1
0.009261	HDD
2.133607	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Nov-06	617	335	1.5917		24.7571	278.9274
Dec-06	946	617	1.6000		28.6003	279.1407
Jan-07	1081	946	1.6083		30.7767	279.3541
Feb-07	916	1081	1.6167		29.6393	279.5675
Mar-07	717	916	1.6250		27.3585	279.7808
Apr-07	378	717	1.6333		23.6875	279.9942
May-07	139	378	1.6417		20.5559	280.2075
Jun-07	16	139	1.6500		18.7747	280.4209
Jul-07	0	16	1.6583		18.3046	280.6343
Aug-07	4	0	1.6667		18.3153	280.8476
Sep-07	65	4	1.6750	FY 07	18.9090	281.0610
Oct-07	335	65	1.6833		21.5956	281.2744
Nov-07	617	335	1.6917		24.9704	281.4877
Dec-07	946	617	1.7000		28.8136	281.7011
Jan-08	1081	946	1.7083		30.9901	281.9144
Feb-08	946	1081	1.7167		30.1304	282.4056
Mar-08	717	946	1.7250		27.6547	282.7018
Apr-08	378	717	1.7333		23.9008	282.9152
May-08	139	378	1.7417		20.7692	283.1285
Jun-08	16	139	1.7500		18.9880	283.3419
Jul-08	0	16	1.7583		18.5180	283.5553
Aug-08	4	0	1.7667		18.5286	283.7686
Sep-08	65	4	1.7750	FY 08	19.1224	283.9820
Oct-08	335	65	1.7833		21.8090	284.1953
Nov-08	617	335	1.7917		25.1838	284.4087
Dec-08	946	617	1.8000		29.0270	284.6221
Jan-09	1081	946	1.8083		31.2034	284.8354
Feb-09	916	1081	1.8167		30.0660	284.7710
Mar-09	717	916	1.8250		27.7853	284.9015
Apr-09	378	717	1.8333		24.1142	285.1148
May-09	139	378	1.8417		20.9826	285.3282
Jun-09	16	139	1.8500		19.2014	285.5416
Jul-09	0	16	1.8583		18.7314	285.7549
Aug-09	4	0	1.8667		18.7420	285.9683
Sep-09	65	4	1.8750	FY 09	19.3357	286.1816
Oct-09	335	65	1.8833		22.0223	286.3950
Nov-09	617	335	1.8917		25.3971	286.6084
Dec-09	946	617	1.9000		29.2404	286.8217
Jan-10	1081	946	1.9083		31.4168	287.0351
Feb-10	916	1081	1.9167		30.2793	287.2485
Mar-10	717	916	1.9250		27.9986	287.4618
Apr-10	378	717	1.9333		24.3276	287.6752
May-10	139	378	1.9417		21.1960	287.8885
Jun-10	16	139	1.9500		19.4147	288.1019
Jul-10	0	16	1.9583		18.9447	288.3153
Aug-10	4	0	1.9667		18.9554	288.5286
Sep-10	65	4	1.9750	FY 10	19.5491	288.7420
Oct-10	335	65	1.9833		22.2357	288.9553
Nov-10	617	335	1.9917		25.6105	289.1687
Dec-10	946	617	2.0000		29.4537	289.3821
Jan-11	1081	946	2.0083		31.6302	289.5954
Feb-11	916	1081	2.0167		30.4927	289.8088
Mar-11	717	916	2.0250		28.2120	290.0221
Apr-11	378	717	2.0333		24.5409	290.2355
May-11	139	378	2.0417		21.4093	290.4489
Jun-11	16	139	2.0500		19.6281	290.6622
Jul-11	0	16	2.0583		19.1581	290.8756
Aug-11	4	0	2.0667		19.1687	291.0889
Sep-11	65	4	2.0750	FY 11	19.7624	291.3023
Oct-11	335	65	2.0833		22.4490	291.5157
Nov-11	617	335	2.0917		25.8239	291.7290
Dec-11	946	617	2.1000		29.6671	291.9424
Jan-12	1081	946	2.1083		31.8435	292.1557
Feb-12	946	1081	2.1167		30.9839	292.6469
Mar-12	717	946	2.1250		28.5082	292.9431
Apr-12	378	717	2.1333		24.7543	293.1565
May-12	139	378	2.1417		21.6227	293.3698
Jun-12	16	139	2.1500		19.8415	293.5832
Jul-12	0	16	2.1583		19.3714	293.7966
Aug-12	4	0	2.1667		19.3821	294.0099
Sep-12	65	4	2.1750	FY 12	19.9758	294.2233

Regression Results:	14.72222	Constant
	0.002761	HDD-1
	0.009261	HDD
	2.133607	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-12	335	65	2.1833		22.6624	294.4367	
Nov-12	617	335	2.1917		26.0372	294.6500	
Dec-12	946	617	2.2000		29.8804	294.8634	
Jan-13	1081	946	2.2083		32.0569	295.0767	
Feb-13	916	1081	2.2167		30.9194	295.0123	
Mar-13	717	916	2.2250		28.6387	295.1428	
Apr-13	378	717	2.2333		24.9676	295.3562	
May-13	139	378	2.2417		21.8360	295.5695	
Jun-13	16	139	2.2500		20.0548	295.7829	
Jul-13	0	16	2.2583		19.5848	295.9962	
Aug-13	4	0	2.2667		19.5954	296.2096	
Sep-13	65	4	2.2750	FY 13	20.1892	296.4230	
Oct-13	335	65	2.2833		22.8758	296.6363	
Nov-13	617	335	2.2917		26.2506	296.8497	
Dec-13	946	617	2.3000		30.0938	297.0630	
Jan-14	1081	946	2.3083		32.2702	297.2764	
Feb-14	916	1081	2.3167		31.1328	297.4898	
Mar-14	717	916	2.3250		28.8521	297.7031	
Apr-14	378	717	2.3333		25.1810	297.9165	
May-14	139	378	2.3417		22.0494	298.1298	
Jun-14	16	139	2.3500		20.2682	298.3432	
Jul-14	0	16	2.3583		19.7982	298.5566	
Aug-14	4	0	2.3667		19.8088	298.7699	
Sep-14	65	4	2.3750	FY 14	20.4025	298.9833	
Oct-14	335	65	2.3833		23.0891	299.1966	
Nov-14	617	335	2.3917		26.4639	299.4100	
Dec-14	946	617	2.4000		30.3072	299.6234	
Jan-15	1081	946	2.4083		32.4836	299.8367	
Feb-15	916	1081	2.4167		31.3461	300.0501	
Mar-15	717	916	2.4250		29.0654	300.2635	
Apr-15	378	717	2.4333		25.3944	300.4768	
May-15	139	378	2.4417		22.2628	300.6902	
Jun-15	16	139	2.4500		20.4815	300.9035	
Jul-15	0	16	2.4583		20.0115	301.1169	
Aug-15	4	0	2.4667		20.0222	301.3303	
Sep-15	65	4	2.4750	FY 15	20.6159	301.5436	
Oct-15	335	65	2.4833		23.3025	301.7570	
Nov-15	617	335	2.4917		26.6773	301.9703	
Dec-15	946	617	2.5000		30.5205	302.1837	
Jan-16	1081	946	2.5083		32.6970	302.3971	
Feb-16	946	1081	2.5167		31.8373	302.8882	
Mar-16	717	946	2.5250		29.3616	303.1844	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		25.6077	303.3978	
May-16	139	378	2.5417		22.4761	303.6112	
Jun-16	16	139	2.5500		20.6949	303.8245	
Jul-16	0	16	2.5583		20.2249	304.0379	
Aug-16	4	0	2.5667		20.2355	304.2512	
Sep-16	65	4	2.5750	FY 16	20.8292	304.4646	
Oct-16	335	65	2.5833		23.5158	304.6780	
Nov-16	617	335	2.5917		26.8907	304.8913	
Dec-16	946	617	2.6000		30.7339	305.1047	
Jan-17	1081	946	2.6083		32.9103	305.3180	
Feb-17	916	1081	2.6167		31.7729	305.2536	
Mar-17	717	916	2.6250		29.4922	305.3841	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		25.8211	305.5975	
May-17	139	378	2.6417		22.6895	305.8108	
Jun-17	16	139	2.6500		20.9083	306.0242	
Jul-17	0	16	2.6583		20.4382	306.2375	
Aug-17	4	0	2.6667		20.4489	306.4509	
Sep-17	65	4	2.6750	FY 17	21.0426	306.6643	
Oct-17	335	65	2.6833		23.7292	306.8776	
Nov-17	617	335	2.6917		27.1040	307.0910	
Dec-17	946	617	2.7000		30.9472	307.3044	
Jan-18	1081	946	2.7083		33.1237	307.5177	
Feb-18	916	1081	2.7167		31.9862	307.7311	
Mar-18	717	916	2.7250		29.7055	307.9444	Fully Projected Future Test Year Annualized FY 17

CG incl NT&DS-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.944491568
R Square	0.892064322
Adjusted R Square	0.890742661
Standard Error	1.682578171
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	5732.548429	1910.849476	674.9568002	4.3249E-118
Residual	245	693.6119786	2.831069301		
Total	248	6426.160408			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	14.72221824	0.306748895	47.99436434	1.3568E-126	14.11801681	15.32641968	14.11801681	15.32641968
X Variable 1	0.00276127	0.000481857	5.730472649	2.92867E-08	0.001812158	0.003710381	0.001812158	0.003710381
X Variable 2	0.009260665	0.00048179	19.22135473	7.91689E-51	0.008311685	0.010209644	0.008311685	0.010209644
X Variable 3	2.133606527	0.178078836	11.98124706	2.43077E-26	1.782845727	2.484367327	1.782845727	2.484367327

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CH Incl NT&DS
Jan-95	966	1081	841	966	0.4083	Jan-95	103.04
Feb-95	1026	916	966	1,026	0.4167	Feb-95	110.66
Mar-95	655	717	1,026	655	0.4250	Mar-95	73.78
Apr-95	452	378	655	452	0.4333	Apr-95	44.88
May-95	164	139	452	164	0.4417	May-95	26.26
Jun-95	7	16	164	7	0.4500	Jun-95	14.54
Jul-95	0	0	7	0	0.4583	Jul-95	13.86
Aug-95	0	4	0	0	0.4667	Aug-95	14.06
Sep-95	86	65	0	86	0.4750	Sep-95	16.80
Oct-95	247	335	86	247	0.4833	Oct-95	27.40
Nov-95	785	617	247	785	0.4917	Nov-95	70.39
Dec-95	1116	946	785	1,116	0.5000	Dec-95	116.27
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	125.69
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	115.25
Mar-96	880	717	1,053	880	0.5250	Mar-96	87.73
Apr-96	437	378	880	437	0.5333	Apr-96	52.84
May-96	229	139	437	229	0.5417	May-96	27.83
Jun-96	6	16	229	6	0.5500	Jun-96	16.51
Jul-96	1	0	6	1	0.5583	Jul-96	11.90
Aug-96	2	4	1	2	0.5667	Aug-96	15.06
Sep-96	78	65	2	78	0.5750	Sep-96	15.70
Oct-96	348	335	78	348	0.5833	Oct-96	33.46
Nov-96	781	617	348	781	0.5917	Nov-96	72.55
Dec-96	868	946	781	868	0.6000	Dec-96	93.15
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	119.58
Feb-97	773	916	1,108	773	0.6167	Feb-97	90.43
Mar-97	731	717	773	731	0.6250	Mar-97	75.15
Apr-97	456	378	731	456	0.6333	Apr-97	48.57
May-97	219	139	456	219	0.6417	May-97	26.99
Jun-97	43	16	219	43	0.6500	Jun-97	16.49
Jul-97	3	0	43	3	0.6583	Jul-97	11.10
Aug-97	3	4	3	3	0.6667	Aug-97	14.31
Sep-97	81	65	3	81	0.6750	Sep-97	16.70
Oct-97	354	335	81	354	0.6833	Oct-97	32.66
Nov-97	714	617	354	714	0.6917	Nov-97	69.18
Dec-97	928	946	714	928	0.7000	Dec-97	94.62
Jan-98	831	1081	928	831	0.7083	Jan-98	88.36
Feb-98	707	916	831	707	0.7167	Feb-98	74.78
Mar-98	681	717	707	681	0.7250	Mar-98	72.95
Apr-98	349	378	681	349	0.7333	Apr-98	36.79
May-98	87	139	349	87	0.7417	May-98	18.49
Jun-98	37	16	87	37	0.7500	Jun-98	14.22
Jul-98	1	0	37	1	0.7583	Jul-98	13.19
Aug-98	3	4	1	3	0.7667	Aug-98	13.95
Sep-98	45	65	3	45	0.7750	Sep-98	14.78
Oct-98	320	335	45	320	0.7833	Oct-98	29.18
Nov-98	608	617	320	608	0.7917	Nov-98	56.54
Dec-98	800	946	608	800	0.8000	Dec-98	73.81
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	110.55
Feb-99	839	916	1,050	839	0.8167	Feb-99	87.26
Mar-99	792	717	839	792	0.8250	Mar-99	86.09
Apr-99	421	378	792	421	0.8333	Apr-99	40.11
May-99	123	139	421	123	0.8417	May-99	20.62
Jun-99	17	16	123	17	0.8500	Jun-99	11.98
Jul-99	0	0	17	0	0.8583	Jul-99	12.72
Aug-99	6	4	0	6	0.8667	Aug-99	13.28
Sep-99	68	65	6	68	0.8750	Sep-99	15.55

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CH Incl NT&DS
Oct-99	396	335	68	396	0.8833	Oct-99	32.00
Nov-99	536	617	396	536	0.8917	Nov-99	50.98
Dec-99	896	946	536	896	0.9000	Dec-99	84.60
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	112.55
Feb-00	920	946	1,119	920	0.9167	Feb-00	104.15
Mar-00	594	717	920	594	0.9250	Mar-00	59.75
Apr-00	429	378	594	429	0.9333	Apr-00	38.73
May-00	124	139	429	124	0.9417	May-00	22.50
Jun-00	28	16	124	28	0.9500	Jun-00	12.36
Jul-00	2	0	28	2	0.9583	Jul-00	13.84
Aug-00	9	4	2	9	0.9667	Aug-00	14.00
Sep-00	147	65	9	147	0.9750	Sep-00	17.20
Oct-00	351	335	147	351	0.9833	Oct-00	31.45
Nov-00	700	617	351	700	0.9917	Nov-00	59.11
Dec-00	1189	946	700	1,189	1.0000	Dec-00	112.55
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	118.06
Feb-01	882	916	1,119	882	1.0167	Feb-01	87.49
Mar-01	844	717	882	844	1.0250	Mar-01	79.28
Apr-01	406	378	844	406	1.0333	Apr-01	44.80
May-01	142	139	406	142	1.0417	May-01	16.66
Jun-01	16	16	142	16	1.0500	Jun-01	14.36
Jul-01	5	0	16	5	1.0583	Jul-01	14.15
Aug-01	0	4	5	0	1.0667	Aug-01	12.14
Sep-01	105	65	0	105	1.0750	Sep-01	16.20
Oct-01	336	335	105	336	1.0833	Oct-01	29.13
Nov-01	486	617	336	486	1.0917	Nov-01	46.71
Dec-01	810	946	486	810	1.1000	Dec-01	71.38
Jan-02	893	1081	810	893	1.1083	Jan-02	88.11
Feb-02	783	916	893	783	1.1167	Feb-02	73.93
Mar-02	700	717	783	700	1.1250	Mar-02	67.16
Apr-02	375	378	700	375	1.1333	Apr-02	37.67
May-02	200	139	375	200	1.1417	May-02	20.79
Jun-02	13	16	200	13	1.1500	Jun-02	14.91
Jul-02	0	0	13	0	1.1583	Jul-02	11.30
Aug-02	5	4	0	5	1.1667	Aug-02	12.93
Sep-02	36	65	5	36	1.1750	Sep-02	14.74
Oct-02	420	335	36	420	1.1833	Oct-02	32.44
Nov-02	682	617	420	682	1.1917	Nov-02	58.80
Dec-02	1046	946	682	1,046	1.2000	Dec-02	102.04
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	120.98
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	113.97
Mar-03	774	717	1,062	774	1.2250	Mar-03	81.19
Apr-03	446	378	774	446	1.2333	Apr-03	39.90
May-03	225	139	446	225	1.2417	May-03	25.64
Jun-03	58	16	225	58	1.2500	Jun-03	17.40
Jul-03	0	0	58	0	1.2583	Jul-03	11.28
Aug-03	0	4	0	0	1.2667	Aug-03	13.30
Sep-03	47	65	0	47	1.2750	Sep-03	14.88
Oct-03	408	335	47	408	1.2833	Oct-03	32.53
Nov-03	530	617	408	530	1.2917	Nov-03	50.28
Dec-03	954	946	530	954	1.3000	Dec-03	92.09
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	124.20
Feb-04	944	946	1,278	944	1.3167	Feb-04	103.26
Mar-04	685	717	944	685	1.3250	Mar-04	61.93
Apr-04	390	378	685	390	1.3333	Apr-04	41.14
May-04	71	139	390	71	1.3417	May-04	17.24
Jun-04	28	16	71	28	1.3500	Jun-04	12.89

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CH Incl NT&DS
Jul-04	0	0	28	0	1.3583	Jul-04	13.21
Aug-04	10	4	0	10	1.3667	Aug-04	16.33
Sep-04	34	65	10	34	1.3750	Sep-04	12.44
Oct-04	364	335	34	364	1.3833	Oct-04	28.99
Nov-04	567	617	364	567	1.3917	Nov-04	50.08
Dec-04	946	946	567	946	1.4000	Dec-04	84.99
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	109.65
Feb-05	889	916	1,127	889	1.4167	Feb-05	86.57
Mar-05	868	717	889	868	1.4250	Mar-05	86.26
Apr-05	340	378	868	340	1.4333	Apr-05	36.42
May-05	231	139	340	231	1.4417	May-05	23.66
Jun-05	6	16	231	6	1.4500	Jun-05	13.16
Jul-05	0	0	6	0	1.4583	Jul-05	10.67
Aug-05	0	4	0	0	1.4667	Aug-05	12.46
Sep-05	27	65	0	27	1.4750	Sep-05	13.97
Oct-05	304	335	27	304	1.4833	Oct-05	24.72
Nov-05	579	617	304	579	1.4917	Nov-05	48.42
Dec-05	1064	946	579	1,064	1.5000	Dec-05	100.55
Jan-06	847	1081	1,064	847	1.5083	Jan-06	88.79
Feb-06	902	916	847	902	1.5167	Feb-06	83.85
Mar-06	692	717	902	692	1.5250	Mar-06	63.52
Apr-06	341	378	692	341	1.5333	Apr-06	25.61
May-06	154	139	341	154	1.5417	May-06	19.38
Jun-06	22	16	154	22	1.5500	Jun-06	17.28
Jul-06	0	0	22	0	1.5583	Jul-06	10.83
Aug-06	1	4	0	1	1.5667	Aug-06	10.71
Sep-06	89	65	1	89	1.5750	Sep-06	14.21
Oct-06	375	335	89	375	1.5833	Oct-06	29.05
Nov-06	512	617	375	512	1.5917	Nov-06	45.39
Dec-06	779	946	512	779	1.6000	Dec-06	69.58
Jan-07	938	1081	779	938	1.6083	Jan-07	90.80
Feb-07	1117	916	938	1,117	1.6167	Feb-07	111.27
Mar-07	755	717	1,117	755	1.6250	Mar-07	70.81
Apr-07	495	378	755	495	1.6333	Apr-07	43.83
May-07	110	139	495	110	1.6417	May-07	18.81
Jun-07	12	16	110	12	1.6500	Jun-07	15.00
Jul-07	4	0	12	4	1.6583	Jul-07	9.57
Aug-07	16	4	4	16	1.6667	Aug-07	9.65
Sep-07	50	65	16	50	1.6750	Sep-07	12.21
Oct-07	192	335	50	192	1.6833	Oct-07	19.69
Nov-07	703	617	192	703	1.6917	Nov-07	53.29
Dec-07	956	946	703	956	1.7000	Dec-07	89.01
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	96.16
Feb-08	947	946	1,000	947	1.7167	Feb-08	93.86
Mar-08	737	717	947	737	1.7250	Mar-08	63.48
Apr-08	335	378	737	335	1.7333	Apr-08	30.45
May-08	226	139	335	226	1.7417	May-08	21.94
Jun-08	7	16	226	7	1.7500	Jun-08	16.10
Jul-08	0	0	7	0	1.7583	Jul-08	9.69
Aug-08	4	4	0	4	1.7667	Aug-08	12.69
Sep-08	54	65	4	54	1.7750	Sep-08	14.18
Oct-08	418	335	54	418	1.7833	Oct-08	28.46
Nov-08	680	617	418	680	1.7917	Nov-08	56.60
Dec-08	963	946	680	963	1.8000	Dec-08	94.54
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	114.36
Feb-09	880	916	1,225	880	1.8167	Feb-09	81.31
Mar-09	735	717	880	735	1.8250	Mar-09	62.25

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CH Incl NT&DS
Apr-09	388	378	735	388	1.8333	Apr-09	32.89
May-09	140	139	388	140	1.8417	May-09	19.62
Jun-09	25	16	140	25	1.8500	Jun-09	16.42
Jul-09	0	0	25	0	1.8583	Jul-09	11.28
Aug-09	6	4	0	6	1.8667	Aug-09	11.35
Sep-09	78	65	6	78	1.8750	Sep-09	13.27
Oct-09	381	335	78	381	1.8833	Oct-09	28.28
Nov-09	526	617	381	526	1.8917	Nov-09	42.51
Dec-09	995	946	526	995	1.9000	Dec-09	88.46
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	102.89
Feb-10	965	916	1,082	965	1.9167	Feb-10	88.06
Mar-10	557	717	965	557	1.9250	Mar-10	48.37
Apr-10	288	378	557	288	1.9333	Apr-10	23.85
May-10	119	139	288	119	1.9417	May-10	18.01
Jun-10	7	16	119	7	1.9500	Jun-10	14.39
Jul-10	0	0	7	0	1.9583	Jul-10	15.52
Aug-10	0	4	0	0	1.9667	Aug-10	10.77
Sep-10	25	65	0	25	1.9750	Sep-10	14.60
Oct-10	331	335	25	331	1.9833	Oct-10	23.57
Nov-10	631	617	331	631	1.9917	Nov-10	48.83
Dec-10	1103	946	631	1,103	2.0000	Dec-10	103.69
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	109.59
Feb-11	893	916	1,192	893	2.0167	Feb-11	82.37
Mar-11	757	717	893	757	2.0250	Mar-11	63.37
Apr-11	354	378	757	354	2.0333	Apr-11	35.10
May-11	92	139	354	92	2.0417	May-11	19.13
Jun-11	2	16	92	2	2.0500	Jun-11	13.35
Jul-11	0	0	2	0	2.0583	Jul-11	12.50
Aug-11	2	4	0	2	2.0667	Aug-11	13.13
Sep-11	51	65	2	51	2.0750	Sep-11	15.21
Oct-11	355	335	51	355	2.0833	Oct-11	26.10
Nov-11	536	617	355	536	2.0917	Nov-11	45.56
Dec-11	795	946	536	795	2.1000	Dec-11	71.86
Jan-12	951	1081	795	951	2.1083	Jan-12	91.21
Feb-12	783	946	951	783	2.1167	Feb-12	71.23
Mar-12	451	717	783	451	2.1250	Mar-12	40.16
Apr-12	373	378	451	373	2.1333	Apr-12	29.05
May-12	51	139	373	51	2.1417	May-12	21.24
Jun-12	21	16	51	21	2.1500	Jun-12	12.48
Jul-12	0	0	21	0	2.1583	Jul-12	9.54
Aug-12	0	4	0	0	2.1667	Aug-12	10.27
Sep-12	77	65	0	77	2.1750	Sep-12	11.56
Oct-12	302	335	77	302	2.1833	Oct-12	25.78
Nov-12	754	617	302	754	2.1917	Nov-12	59.00
Dec-12	816	946	754	816	2.2000	Dec-12	75.97
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	95.88
Feb-13	924	916	1,001	924	2.2167	Feb-13	87.48
Mar-13	819	717	924	819	2.2250	Mar-13	71.68
Apr-13	383	378	819	383	2.2333	Apr-13	37.91
May-13	158	139	383	158	2.2417	May-13	18.94
Jun-13	4	16	158	4	2.2500	Jun-13	13.41
Jul-13	0	0	4	0	2.2583	Jul-13	11.50
Aug-13	2	4	0	2	2.2667	Aug-13	13.22
Sep-13	111	65	2	111	2.2750	Sep-13	15.33
Oct-13	300	335	111	300	2.2833	Oct-13	24.89
Nov-13	723	617	300	723	2.2917	Nov-13	58.47
Dec-13	968	946	723	968	2.3000	Dec-13	90.05

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC CH Incl NT&DS
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	123.66
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	102.91
Mar-14	908	717	1,064	908	2.3250	Mar-14	84.45
Apr-14	430	378	908	430	2.3333	Apr-14	37.02
May-14	126	139	430	126	2.3417	May-14	17.92
Jun-14	4	16	126	4	2.3500	Jun-14	12.10
Jul-14	2	0	4	2	2.3583	Jul-14	12.75
Aug-14	2	4	2	2	2.3667	Aug-14	12.88
Sep-14	71	65	2	71	2.3750	Sep-14	20.16
Oct-14	267	335	71	267	2.3833	Oct-14	21.88
Nov-14	731	617	267	731	2.3917	Nov-14	60.13
Dec-14	875	946	731	875	2.4000	Dec-14	86.65
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	116.53
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	119.92
Mar-15	920	717	1,228	920	2.4250	Mar-15	89.06
Apr-15	360	378	920	360	2.4333	Apr-15	33.92
May-15	65	139	360	65	2.4417	May-15	15.60
Jun-15	27	16	65	27	2.4500	Jun-15	14.93
Jul-15	0	0	27	0	2.4583	Jul-15	13.36
Aug-15	0	4	0	0	2.4667	Aug-15	13.85
Sep-15	26	65	0	26	2.4750	Sep-15	14.98
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		104.7903	
Feb-95	916	1081	0.4167		92.5223	
Mar-95	717	916	0.4250		75.3466	
Apr-95	378	717	0.4333		46.7036	
May-95	139	378	0.4417		25.0563	
Jun-95	16	139	0.4500		13.4331	
Jul-95	0	16	0.4583		11.2291	
Aug-95	4	0	0.4667		11.4065	
Sep-95	65	4	0.4750		16.2976	
Oct-95	335	65	0.4833		38.3531	
Nov-95	617	335	0.4917		62.8911	
Dec-95	946	617	0.5000		91.2830	589.3126
Jan-96	1081	946	0.5083		104.4692	588.9915
Feb-96	946	1081	0.5167		94.6054	591.0746
Mar-96	717	946	0.5250		75.2438	590.9718
Apr-96	378	717	0.5333		46.3825	590.6507
May-96	139	378	0.5417		24.7352	590.3296
Jun-96	16	139	0.5500		13.1120	590.0084
Jul-96	0	16	0.5583		10.9080	589.6873
Aug-96	4	0	0.5667		11.0854	589.3662
Sep-96	65	4	0.5750		15.9765	589.0451
Oct-96	335	65	0.5833		38.0320	588.7239
Nov-96	617	335	0.5917		62.5699	588.4028
Dec-96	946	617	0.6000		90.9619	588.0817
Jan-97	1081	946	0.6083		104.1481	587.7606
Feb-97	916	1081	0.6167		91.8800	585.0352
Mar-97	717	916	0.6250		74.7044	584.4958
Apr-97	378	717	0.6333		46.0614	584.1747
May-97	139	378	0.6417		24.4141	583.8535
Jun-97	16	139	0.6500		12.7908	583.5324
Jul-97	0	16	0.6583		10.5869	583.2113
Aug-97	4	0	0.6667		10.7643	582.8902
Sep-97	65	4	0.6750		15.6553	582.5691
Oct-97	335	65	0.6833		37.7109	582.2479
Nov-97	617	335	0.6917		62.2488	581.9268
Dec-97	946	617	0.7000		90.6407	581.6057
Jan-98	1081	946	0.7083		103.8270	581.2846
Feb-98	916	1081	0.7167		91.5589	580.9635
Mar-98	717	916	0.7250		74.3832	580.6423
Apr-98	378	717	0.7333		45.7403	580.3212
May-98	139	378	0.7417		24.0929	580.0001
Jun-98	16	139	0.7500		12.4697	579.6790
Jul-98	0	16	0.7583		10.2658	579.3578
Aug-98	4	0	0.7667		10.4432	579.0367
Sep-98	65	4	0.7750		15.3342	578.7156
Oct-98	335	65	0.7833		37.3898	578.3945
Nov-98	617	335	0.7917		61.9277	578.0734
Dec-98	946	617	0.8000		90.3196	577.7522
Jan-99	1081	946	0.8083		103.5058	577.4311
Feb-99	916	1081	0.8167		91.2378	577.1100
Mar-99	717	916	0.8250		74.0621	576.7889
Apr-99	378	717	0.8333		45.4191	576.4678
May-99	139	378	0.8417		23.7718	576.1466
Jun-99	16	139	0.8500		12.1486	575.8255
Jul-99	0	16	0.8583		9.9446	575.5044
Aug-99	4	0	0.8667		10.1220	575.1833
Sep-99	65	4	0.8750	FY99	15.0131	574.8621
Oct-99	335	65	0.8833		37.0687	574.5410
Nov-99	617	335	0.8917		61.6066	574.2199
Dec-99	946	617	0.9000		89.9985	573.8988
Jan-00	1081	946	0.9083		103.1847	573.5777
Feb-00	946	1081	0.9167		93.3209	575.6608
Mar-00	717	946	0.9250		73.9593	575.5580
Apr-00	378	717	0.9333		45.0980	575.2369
May-00	139	378	0.9417		23.4507	574.9157
Jun-00	16	139	0.9500		11.8275	574.5946
Jul-00	0	16	0.9583		9.6235	574.2735
Aug-00	4	0	0.9667		9.8009	573.9524
Sep-00	65	4	0.9750	FY00	14.6920	573.6312
Oct-00	335	65	0.9833		36.7475	573.3101
Nov-00	617	335	0.9917		61.2855	572.9890
Dec-00	946	617	1.0000		89.6774	572.6679
Jan-01	1081	946	1.0083		102.8636	572.3468
Feb-01	916	1081	1.0167		90.5955	569.6214
Mar-01	717	916	1.0250		73.4199	569.0820

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Apr-01	378	717	1.0333		44.7769	568.7608
May-01	139	378	1.0417		23.1296	568.4397
Jun-01	16	139	1.0500		11.5064	568.1186
Jul-01	0	16	1.0583		9.3024	567.7975
Aug-01	4	0	1.0667		9.4798	567.4764
Sep-01	65	4	1.0750	FY01	14.3708	567.1552
Oct-01	335	65	1.0833		36.4264	566.8341
Nov-01	617	335	1.0917		60.9643	566.5130
Dec-01	946	617	1.1000		89.3563	566.1919
Jan-02	1081	946	1.1083		102.5425	565.8708
Feb-02	916	1081	1.1167		90.2744	565.5496
Mar-02	717	916	1.1250		73.0988	565.2285
Apr-02	378	717	1.1333		44.4558	564.9074
May-02	139	378	1.1417		22.8084	564.5863
Jun-02	16	139	1.1500		11.1852	564.2651
Jul-02	0	16	1.1583		8.9813	563.9440
Aug-02	4	0	1.1667		9.1587	563.6229
Sep-02	65	4	1.1750	FY02	14.0497	563.3018
Oct-02	335	65	1.1833		36.1053	562.9807
Nov-02	617	335	1.1917		60.6432	562.6595
Dec-02	946	617	1.2000		89.0351	562.3384
Jan-03	1081	946	1.2083		102.2214	562.0173
Feb-03	916	1081	1.2167		89.9533	561.6962
Mar-03	717	916	1.2250		72.7776	561.3751
Apr-03	378	717	1.2333		44.1347	561.0539
May-03	139	378	1.2417		22.4873	560.7328
Jun-03	16	139	1.2500		10.8641	560.4117
Jul-03	0	16	1.2583		8.6602	560.0906
Aug-03	4	0	1.2667		8.8376	559.7694
Sep-03	65	4	1.2750	FY03	13.7286	559.4483
Oct-03	335	65	1.2833		35.7842	559.1272
Nov-03	617	335	1.2917		60.3221	558.8061
Dec-03	946	617	1.3000		88.7140	558.4850
Jan-04	1081	946	1.3083		101.9002	558.1638
Feb-04	946	1081	1.3167		92.0364	560.2470
Mar-04	717	946	1.3250		72.6748	560.1441
Apr-04	378	717	1.3333		43.8135	559.8230
May-04	139	378	1.3417		22.1662	559.5019
Jun-04	16	139	1.3500		10.5430	559.1808
Jul-04	0	16	1.3583		8.3390	558.8597
Aug-04	4	0	1.3667		8.5164	558.5385
Sep-04	65	4	1.3750	FY04	13.4075	558.2174
Oct-04	335	65	1.3833		35.4631	557.8963
Nov-04	617	335	1.3917		60.0010	557.5752
Dec-04	946	617	1.4000		88.3929	557.2541
Jan-05	1081	946	1.4083		101.5791	556.9329
Feb-05	916	1081	1.4167		89.3110	554.2075
Mar-05	717	916	1.4250		72.1354	553.6681
Apr-05	378	717	1.4333		43.4924	553.3470
May-05	139	378	1.4417		21.8451	553.0259
Jun-05	16	139	1.4500		10.2219	552.7048
Jul-05	0	16	1.4583		8.0179	552.3837
Aug-05	4	0	1.4667		8.1953	552.0625
Sep-05	65	4	1.4750	FY05	13.0864	551.7414
Oct-05	335	65	1.4833		35.1419	551.4203
Nov-05	617	335	1.4917		59.6798	551.0992
Dec-05	946	617	1.5000		88.0718	550.7780
Jan-06	1081	946	1.5083		101.2580	550.4569
Feb-06	916	1081	1.5167		88.9899	550.1358
Mar-06	717	916	1.5250		71.8143	549.8147
Apr-06	378	717	1.5333		43.1713	549.4936
May-06	139	378	1.5417		21.5240	549.1724
Jun-06	16	139	1.5500		9.9008	548.8513
Jul-06	0	16	1.5583		7.6968	548.5302
Aug-06	4	0	1.5667		7.8742	548.2091
Sep-06	65	4	1.5750	FY06	12.7652	547.8880
Oct-06	335	65	1.5833		34.8208	547.5668
Nov-06	617	335	1.5917		59.3587	547.2457
Dec-06	946	617	1.6000		87.7507	546.9246
Jan-07	1081	946	1.6083		100.9369	546.6035
Feb-07	916	1081	1.6167		88.6688	546.2823
Mar-07	717	916	1.6250		71.4932	545.9612
Apr-07	378	717	1.6333		42.8502	545.6401
May-07	139	378	1.6417		21.2028	545.3190
Jun-07	16	139	1.6500		9.5796	544.9979

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jul-07	0	16	1.6583		7.3757	544.6767
Aug-07	4	0	1.6667		7.5531	544.3556
Sep-07	65	4	1.6750	FY 07	12.4441	544.0345
Oct-07	335	65	1.6833		34.4997	543.7134
Nov-07	617	335	1.6917		59.0376	543.3923
Dec-07	946	617	1.7000		87.4295	543.0711
Jan-08	1081	946	1.7083		100.6157	542.7500
Feb-08	946	1081	1.7167		90.7520	544.8332
Mar-08	717	946	1.7250		71.3903	544.7303
Apr-08	378	717	1.7333		42.5290	544.4092
May-08	139	378	1.7417		20.8817	544.0881
Jun-08	16	139	1.7500		9.2585	543.7670
Jul-08	0	16	1.7583		7.0546	543.4458
Aug-08	4	0	1.7667		7.2319	543.1247
Sep-08	65	4	1.7750	FY 08	12.1230	542.8036
Oct-08	335	65	1.7833		34.1786	542.4825
Nov-08	617	335	1.7917		58.7165	542.1613
Dec-08	946	617	1.8000		87.1084	541.8402
Jan-09	1081	946	1.8083		100.2946	541.5191
Feb-09	916	1081	1.8167		88.0266	538.7937
Mar-09	717	916	1.8250		70.8509	538.2543
Apr-09	378	717	1.8333		42.2079	537.9332
May-09	139	378	1.8417		20.5606	537.6121
Jun-09	16	139	1.8500		8.9374	537.2909
Jul-09	0	16	1.8583		6.7334	536.9698
Aug-09	4	0	1.8667		6.9108	536.6487
Sep-09	65	4	1.8750	FY 09	11.8019	536.3276
Oct-09	335	65	1.8833		33.8574	536.0065
Nov-09	617	335	1.8917		58.3954	535.6853
Dec-09	946	617	1.9000		86.7873	535.3642
Jan-10	1081	946	1.9083		99.9735	535.0431
Feb-10	916	1081	1.9167		87.7054	534.7220
Mar-10	717	916	1.9250		70.5298	534.4009
Apr-10	378	717	1.9333		41.8868	534.0797
May-10	139	378	1.9417		20.2395	533.7586
Jun-10	16	139	1.9500		8.6163	533.4375
Jul-10	0	16	1.9583		6.4123	533.1164
Aug-10	4	0	1.9667		6.5897	532.7952
Sep-10	65	4	1.9750	FY 10	11.4808	532.4741
Oct-10	335	65	1.9833		33.5363	532.1530
Nov-10	617	335	1.9917		58.0742	531.8319
Dec-10	946	617	2.0000		86.4662	531.5108
Jan-11	1081	946	2.0083		99.6524	531.1896
Feb-11	916	1081	2.0167		87.3843	530.8685
Mar-11	717	916	2.0250		70.2087	530.5474
Apr-11	378	717	2.0333		41.5657	530.2263
May-11	139	378	2.0417		19.9184	529.9052
Jun-11	16	139	2.0500		8.2951	529.5840
Jul-11	0	16	2.0583		6.0912	529.2629
Aug-11	4	0	2.0667		6.2686	528.9418
Sep-11	65	4	2.0750	FY 11	11.1596	528.6207
Oct-11	335	65	2.0833		33.2152	528.2995
Nov-11	617	335	2.0917		57.7531	527.9784
Dec-11	946	617	2.1000		86.1450	527.6573
Jan-12	1081	946	2.1083		99.3313	527.3362
Feb-12	946	1081	2.1167		89.4675	529.4193
Mar-12	717	946	2.1250		70.1058	529.3165
Apr-12	378	717	2.1333		41.2446	528.9954
May-12	139	378	2.1417		19.5972	528.6743
Jun-12	16	139	2.1500		7.9740	528.3531
Jul-12	0	16	2.1583		5.7701	528.0320
Aug-12	4	0	2.1667		5.9475	527.7109
Sep-12	65	4	2.1750	FY 12	10.8385	527.3898
Oct-12	335	65	2.1833		32.8941	527.0686
Nov-12	617	335	2.1917		57.4320	526.7475
Dec-12	946	617	2.2000		85.8239	526.4264
Jan-13	1081	946	2.2083		99.0101	526.1053
Feb-13	916	1081	2.2167		86.7421	523.3799
Mar-13	717	916	2.2250		69.5664	522.8405
Apr-13	378	717	2.2333		40.9234	522.5194
May-13	139	378	2.2417		19.2761	522.1982
Jun-13	16	139	2.2500		7.6529	521.8771
Jul-13	0	16	2.2583		5.4489	521.5560
Aug-13	4	0	2.2667		5.6263	521.2349
Sep-13	65	4	2.2750	FY 13	10.5174	520.9138

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-13	335	65	2.2833		32.5730	520.5926	
Nov-13	617	335	2.2917		57.1109	520.2715	
Dec-13	946	617	2.3000		85.5028	519.9504	
Jan-14	1081	946	2.3083		98.6890	519.6293	
Feb-14	916	1081	2.3167		86.4209	519.3082	
Mar-14	717	916	2.3250		69.2453	518.9870	
Apr-14	378	717	2.3333		40.6023	518.6659	
May-14	139	378	2.3417		18.9550	518.3448	
Jun-14	16	139	2.3500		7.3318	518.0237	
Jul-14	0	16	2.3583		5.1278	517.7025	
Aug-14	4	0	2.3667		5.3052	517.3814	
Sep-14	65	4	2.3750	FY 14	10.1963	517.0603	
Oct-14	335	65	2.3833		32.2518	516.7392	
Nov-14	617	335	2.3917		56.7898	516.4181	
Dec-14	946	617	2.4000		85.1817	516.0969	
Jan-15	1081	946	2.4083		98.3679	515.7758	
Feb-15	916	1081	2.4167		86.0998	515.4547	
Mar-15	717	916	2.4250		68.9242	515.1336	
Apr-15	378	717	2.4333		40.2812	514.8125	
May-15	139	378	2.4417		18.6339	514.4913	
Jun-15	16	139	2.4500		7.0107	514.1702	
Jul-15	0	16	2.4583		4.8067	513.8491	
Aug-15	4	0	2.4667		4.9841	513.5280	
Sep-15	65	4	2.4750	FY 15	9.8751	513.2068	
Oct-15	335	65	2.4833		31.9307	512.8857	
Nov-15	617	335	2.4917		56.4686	512.5646	
Dec-15	946	617	2.5000		84.8606	512.2435	
Jan-16	1081	946	2.5083		98.0468	511.9224	
Feb-16	946	1081	2.5167		88.1830	514.0055	
Mar-16	717	946	2.5250		68.8213	513.9027	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		39.9601	513.5815	
May-16	139	378	2.5417		18.3127	513.2604	
Jun-16	16	139	2.5500		6.6895	512.9393	
Jul-16	0	16	2.5583		4.4856	512.6182	
Aug-16	4	0	2.5667		4.6630	512.2971	
Sep-16	65	4	2.5750	FY 16	9.5540	511.9759	
Oct-16	335	65	2.5833		31.6096	511.6548	
Nov-16	617	335	2.5917		56.1475	511.3337	
Dec-16	946	617	2.6000		84.5394	511.0126	
Jan-17	1081	946	2.6083		97.7257	510.6915	
Feb-17	916	1081	2.6167		85.4576	507.9661	
Mar-17	717	916	2.6250		68.2819	507.4267	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		39.6390	507.1055	
May-17	139	378	2.6417		17.9916	506.7844	
Jun-17	16	139	2.6500		6.3684	506.4633	
Jul-17	0	16	2.6583		4.1645	506.1422	
Aug-17	4	0	2.6667		4.3419	505.8211	
Sep-17	65	4	2.6750	FY 17	9.2329	505.4999	
Oct-17	335	65	2.6833		31.2885	505.1788	
Nov-17	617	335	2.6917		55.8264	504.8577	
Dec-17	946	617	2.7000		84.2183	504.5366	
Jan-18	1081	946	2.7083		97.4045	504.2154	
Feb-18	916	1081	2.7167		85.1365	503.8943	
Mar-18	717	916	2.7250		67.9608	503.5732	Fully Projected Future Test Year Annualized FY 17

CH incl NT&DS-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.985655268
R Square	0.971516307
Adjusted R Square	0.971167527
Standard Error	5.970411896
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	297871.1694	99290.38978	2785.470913	6.021E-189
Residual	245	8733.225462	35.64581821		
Total	248	306604.3948			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	12.58452336	1.088458941	11.5617805	5.822E-25	10.4405924	14.72845432	10.4405924	14.72845432
X Variable 1	0.007275741	0.001709808	4.255296376	2.9742E-05	0.003907942	0.01064354	0.003907942	0.01064354
X Variable 2	0.080142641	0.001709571	46.87879547	2.4555E-124	0.076775309	0.083509973	0.076775309	0.083509973
X Variable 3	-3.211213758	0.631889809	-5.081920474	7.41643E-07	-4.455843274	-1.966584243	-4.455843274	-1.966584243

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IG Incl NT&DS
Jan-95	966	1081	841	966	0.4083	Jan-95	353.16
Feb-95	1026	916	966	1,026	0.4167	Feb-95	380.63
Mar-95	655	717	1,026	655	0.4250	Mar-95	316.67
Apr-95	452	378	655	452	0.4333	Apr-95	247.99
May-95	164	139	452	164	0.4417	May-95	236.26
Jun-95	7	16	164	7	0.4500	Jun-95	212.02
Jul-95	0	0	7	0	0.4583	Jul-95	193.88
Aug-95	0	4	0	0	0.4667	Aug-95	216.05
Sep-95	86	65	0	86	0.4750	Sep-95	205.35
Oct-95	247	335	86	247	0.4833	Oct-95	243.78
Nov-95	785	617	247	785	0.4917	Nov-95	300.22
Dec-95	1116	946	785	1,116	0.5000	Dec-95	366.37
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	383.30
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	407.41
Mar-96	880	717	1,053	880	0.5250	Mar-96	345.73
Apr-96	437	378	880	437	0.5333	Apr-96	276.46
May-96	229	139	437	229	0.5417	May-96	218.94
Jun-96	6	16	229	6	0.5500	Jun-96	198.68
Jul-96	1	0	6	1	0.5583	Jul-96	176.59
Aug-96	2	4	1	2	0.5667	Aug-96	216.11
Sep-96	78	65	2	78	0.5750	Sep-96	210.18
Oct-96	348	335	78	348	0.5833	Oct-96	273.88
Nov-96	781	617	348	781	0.5917	Nov-96	337.51
Dec-96	868	946	781	868	0.6000	Dec-96	367.33
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	319.89
Feb-97	773	916	1,108	773	0.6167	Feb-97	329.26
Mar-97	731	717	773	731	0.6250	Mar-97	283.17
Apr-97	456	378	731	456	0.6333	Apr-97	237.04
May-97	219	139	456	219	0.6417	May-97	218.67
Jun-97	43	16	219	43	0.6500	Jun-97	198.19
Jul-97	3	0	43	3	0.6583	Jul-97	151.47
Aug-97	3	4	3	3	0.6667	Aug-97	192.79
Sep-97	81	65	3	81	0.6750	Sep-97	194.55
Oct-97	354	335	81	354	0.6833	Oct-97	247.22
Nov-97	714	617	354	714	0.6917	Nov-97	334.07
Dec-97	928	946	714	928	0.7000	Dec-97	307.70
Jan-98	831	1081	928	831	0.7083	Jan-98	279.92
Feb-98	707	916	831	707	0.7167	Feb-98	292.54
Mar-98	681	717	707	681	0.7250	Mar-98	298.56
Apr-98	349	378	681	349	0.7333	Apr-98	197.56
May-98	87	139	349	87	0.7417	May-98	113.40
Jun-98	37	16	87	37	0.7500	Jun-98	153.08
Jul-98	1	0	37	1	0.7583	Jul-98	144.64
Aug-98	3	4	1	3	0.7667	Aug-98	171.00
Sep-98	45	65	3	45	0.7750	Sep-98	165.46
Oct-98	320	335	45	320	0.7833	Oct-98	205.42
Nov-98	608	617	320	608	0.7917	Nov-98	262.97
Dec-98	800	946	608	800	0.8000	Dec-98	245.66
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	304.32
Feb-99	839	916	1,050	839	0.8167	Feb-99	278.34
Mar-99	792	717	839	792	0.8250	Mar-99	298.49
Apr-99	421	378	792	421	0.8333	Apr-99	182.23
May-99	123	139	421	123	0.8417	May-99	174.44
Jun-99	17	16	123	17	0.8500	Jun-99	155.96
Jul-99	0	0	17	0	0.8583	Jul-99	117.52
Aug-99	6	4	0	6	0.8667	Aug-99	159.59
Sep-99	68	65	6	68	0.8750	Sep-99	156.52

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IG Incl NT&DS
Oct-99	396	335	68	396	0.8833	Oct-99	207.43
Nov-99	536	617	396	536	0.8917	Nov-99	231.08
Dec-99	896	946	536	896	0.9000	Dec-99	280.50
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	257.14
Feb-00	920	946	1,119	920	0.9167	Feb-00	289.91
Mar-00	594	717	920	594	0.9250	Mar-00	206.14
Apr-00	429	378	594	429	0.9333	Apr-00	177.22
May-00	124	139	429	124	0.9417	May-00	144.62
Jun-00	28	16	124	28	0.9500	Jun-00	144.24
Jul-00	2	0	28	2	0.9583	Jul-00	144.82
Aug-00	9	4	2	9	0.9667	Aug-00	181.46
Sep-00	147	65	9	147	0.9750	Sep-00	161.71
Oct-00	351	335	147	351	0.9833	Oct-00	193.90
Nov-00	700	617	351	700	0.9917	Nov-00	233.48
Dec-00	1189	946	700	1,189	1.0000	Dec-00	333.28
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	315.53
Feb-01	882	916	1,119	882	1.0167	Feb-01	253.06
Mar-01	844	717	882	844	1.0250	Mar-01	256.97
Apr-01	406	378	844	406	1.0333	Apr-01	184.95
May-01	142	139	406	142	1.0417	May-01	134.69
Jun-01	16	16	142	16	1.0500	Jun-01	141.98
Jul-01	5	0	16	5	1.0583	Jul-01	125.79
Aug-01	0	4	5	0	1.0667	Aug-01	154.62
Sep-01	105	65	0	105	1.0750	Sep-01	154.37
Oct-01	336	335	105	336	1.0833	Oct-01	193.59
Nov-01	486	617	336	486	1.0917	Nov-01	227.40
Dec-01	810	946	486	810	1.1000	Dec-01	201.02
Jan-02	893	1081	810	893	1.1083	Jan-02	252.54
Feb-02	783	916	893	783	1.1167	Feb-02	245.23
Mar-02	700	717	783	700	1.1250	Mar-02	254.48
Apr-02	375	378	700	375	1.1333	Apr-02	178.05
May-02	200	139	375	200	1.1417	May-02	149.17
Jun-02	13	16	200	13	1.1500	Jun-02	148.34
Jul-02	0	0	13	0	1.1583	Jul-02	113.57
Aug-02	5	4	0	5	1.1667	Aug-02	155.92
Sep-02	36	65	5	36	1.1750	Sep-02	152.96
Oct-02	420	335	36	420	1.1833	Oct-02	180.90
Nov-02	682	617	420	682	1.1917	Nov-02	204.19
Dec-02	1046	946	682	1,046	1.2000	Dec-02	274.08
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	263.07
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	321.25
Mar-03	774	717	1,062	774	1.2250	Mar-03	309.03
Apr-03	446	378	774	446	1.2333	Apr-03	186.52
May-03	225	139	446	225	1.2417	May-03	150.62
Jun-03	58	16	225	58	1.2500	Jun-03	136.82
Jul-03	0	0	58	0	1.2583	Jul-03	122.58
Aug-03	0	4	0	0	1.2667	Aug-03	147.44
Sep-03	47	65	0	47	1.2750	Sep-03	174.37
Oct-03	408	335	47	408	1.2833	Oct-03	211.78
Nov-03	530	617	408	530	1.2917	Nov-03	227.75
Dec-03	954	946	530	954	1.3000	Dec-03	269.23
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	365.32
Feb-04	944	946	1,278	944	1.3167	Feb-04	344.31
Mar-04	685	717	944	685	1.3250	Mar-04	242.94
Apr-04	390	378	685	390	1.3333	Apr-04	192.22
May-04	71	139	390	71	1.3417	May-04	149.11
Jun-04	28	16	71	28	1.3500	Jun-04	118.26

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IG Incl NT&DS
Jul-04	0	0	28	0	1.3583	Jul-04	145.25
Aug-04	10	4	0	10	1.3667	Aug-04	136.85
Sep-04	34	65	10	34	1.3750	Sep-04	151.68
Oct-04	364	335	34	364	1.3833	Oct-04	194.46
Nov-04	567	617	364	567	1.3917	Nov-04	232.55
Dec-04	946	946	567	946	1.4000	Dec-04	270.93
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	278.97
Feb-05	889	916	1,127	889	1.4167	Feb-05	271.03
Mar-05	868	717	889	868	1.4250	Mar-05	297.19
Apr-05	340	378	868	340	1.4333	Apr-05	166.22
May-05	231	139	340	231	1.4417	May-05	145.83
Jun-05	6	16	231	6	1.4500	Jun-05	131.87
Jul-05	0	0	6	0	1.4583	Jul-05	117.63
Aug-05	0	4	0	0	1.4667	Aug-05	134.65
Sep-05	27	65	0	27	1.4750	Sep-05	139.70
Oct-05	304	335	27	304	1.4833	Oct-05	176.35
Nov-05	579	617	304	579	1.4917	Nov-05	217.53
Dec-05	1064	946	579	1,064	1.5000	Dec-05	233.45
Jan-06	847	1081	1,064	847	1.5083	Jan-06	245.60
Feb-06	902	916	847	902	1.5167	Feb-06	243.30
Mar-06	692	717	902	692	1.5250	Mar-06	236.11
Apr-06	341	378	692	341	1.5333	Apr-06	165.43
May-06	154	139	341	154	1.5417	May-06	112.42
Jun-06	22	16	154	22	1.5500	Jun-06	113.04
Jul-06	0	0	22	0	1.5583	Jul-06	112.37
Aug-06	1	4	0	1	1.5667	Aug-06	127.13
Sep-06	89	65	1	89	1.5750	Sep-06	120.19
Oct-06	375	335	89	375	1.5833	Oct-06	166.60
Nov-06	512	617	375	512	1.5917	Nov-06	184.13
Dec-06	779	946	512	779	1.6000	Dec-06	191.09
Jan-07	938	1081	779	938	1.6083	Jan-07	204.48
Feb-07	1117	916	938	1,117	1.6167	Feb-07	265.09
Mar-07	755	717	1,117	755	1.6250	Mar-07	231.28
Apr-07	495	378	755	495	1.6333	Apr-07	141.68
May-07	110	139	495	110	1.6417	May-07	113.19
Jun-07	12	16	110	12	1.6500	Jun-07	74.85
Jul-07	4	0	12	4	1.6583	Jul-07	105.84
Aug-07	16	4	4	16	1.6667	Aug-07	89.81
Sep-07	50	65	16	50	1.6750	Sep-07	109.98
Oct-07	192	335	50	192	1.6833	Oct-07	129.63
Nov-07	703	617	192	703	1.6917	Nov-07	153.64
Dec-07	956	946	703	956	1.7000	Dec-07	217.65
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	263.20
Feb-08	947	946	1,000	947	1.7167	Feb-08	238.49
Mar-08	737	717	947	737	1.7250	Mar-08	202.90
Apr-08	335	378	737	335	1.7333	Apr-08	138.93
May-08	226	139	335	226	1.7417	May-08	92.84
Jun-08	7	16	226	7	1.7500	Jun-08	98.50
Jul-08	0	0	7	0	1.7583	Jul-08	57.93
Aug-08	4	4	0	4	1.7667	Aug-08	94.53
Sep-08	54	65	4	54	1.7750	Sep-08	105.66
Oct-08	418	335	54	418	1.7833	Oct-08	156.72
Nov-08	680	617	418	680	1.7917	Nov-08	178.03
Dec-08	963	946	680	963	1.8000	Dec-08	270.51
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	237.03
Feb-09	880	916	1,225	880	1.8167	Feb-09	219.02
Mar-09	735	717	880	735	1.8250	Mar-09	203.06

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IG Incl NT&DS
Apr-09	388	378	735	388	1.8333	Apr-09	127.66
May-09	140	139	388	140	1.8417	May-09	102.17
Jun-09	25	16	140	25	1.8500	Jun-09	92.35
Jul-09	0	0	25	0	1.8583	Jul-09	89.99
Aug-09	6	4	0	6	1.8667	Aug-09	113.23
Sep-09	78	65	6	78	1.8750	Sep-09	111.87
Oct-09	381	335	78	381	1.8833	Oct-09	158.80
Nov-09	526	617	381	526	1.8917	Nov-09	221.62
Dec-09	995	946	526	995	1.9000	Dec-09	222.88
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	295.15
Feb-10	965	916	1,082	965	1.9167	Feb-10	255.65
Mar-10	557	717	965	557	1.9250	Mar-10	225.88
Apr-10	288	378	557	288	1.9333	Apr-10	100.48
May-10	119	139	288	119	1.9417	May-10	99.49
Jun-10	7	16	119	7	1.9500	Jun-10	114.36
Jul-10	0	0	7	0	1.9583	Jul-10	94.20
Aug-10	0	4	0	0	1.9667	Aug-10	116.23
Sep-10	25	65	0	25	1.9750	Sep-10	133.33
Oct-10	331	335	25	331	1.9833	Oct-10	167.24
Nov-10	631	617	331	631	1.9917	Nov-10	205.46
Dec-10	1103	946	631	1,103	2.0000	Dec-10	259.33
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	306.22
Feb-11	893	916	1,192	893	2.0167	Feb-11	280.40
Mar-11	757	717	893	757	2.0250	Mar-11	212.90
Apr-11	354	378	757	354	2.0333	Apr-11	185.87
May-11	92	139	354	92	2.0417	May-11	121.19
Jun-11	2	16	92	2	2.0500	Jun-11	100.49
Jul-11	0	0	2	0	2.0583	Jul-11	91.23
Aug-11	2	4	0	2	2.0667	Aug-11	102.61
Sep-11	51	65	2	51	2.0750	Sep-11	103.14
Oct-11	355	335	51	355	2.0833	Oct-11	151.44
Nov-11	536	617	355	536	2.0917	Nov-11	179.14
Dec-11	795	946	536	795	2.1000	Dec-11	209.87
Jan-12	951	1081	795	951	2.1083	Jan-12	312.86
Feb-12	783	946	951	783	2.1167	Feb-12	208.72
Mar-12	451	717	783	451	2.1250	Mar-12	189.18
Apr-12	373	378	451	373	2.1333	Apr-12	113.14
May-12	51	139	373	51	2.1417	May-12	109.51
Jun-12	21	16	51	21	2.1500	Jun-12	95.05
Jul-12	0	0	21	0	2.1583	Jul-12	84.65
Aug-12	0	4	0	0	2.1667	Aug-12	95.15
Sep-12	77	65	0	77	2.1750	Sep-12	105.54
Oct-12	302	335	77	302	2.1833	Oct-12	190.97
Nov-12	754	617	302	754	2.1917	Nov-12	166.12
Dec-12	816	946	754	816	2.2000	Dec-12	230.61
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	208.89
Feb-13	924	916	1,001	924	2.2167	Feb-13	261.33
Mar-13	819	717	924	819	2.2250	Mar-13	215.66
Apr-13	383	378	819	383	2.2333	Apr-13	139.28
May-13	158	139	383	158	2.2417	May-13	96.41
Jun-13	4	16	158	4	2.2500	Jun-13	76.08
Jul-13	0	0	4	0	2.2583	Jul-13	75.22
Aug-13	2	4	0	2	2.2667	Aug-13	97.30
Sep-13	111	65	2	111	2.2750	Sep-13	111.17
Oct-13	300	335	111	300	2.2833	Oct-13	143.40
Nov-13	723	617	300	723	2.2917	Nov-13	176.66
Dec-13	968	946	723	968	2.3000	Dec-13	232.11

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IG Incl NT&DS
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	264.93
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	288.02
Mar-14	908	717	1,064	908	2.3250	Mar-14	257.42
Apr-14	430	378	908	430	2.3333	Apr-14	174.40
May-14	126	139	430	126	2.3417	May-14	128.97
Jun-14	4	16	126	4	2.3500	Jun-14	103.00
Jul-14	2	0	4	2	2.3583	Jul-14	105.20
Aug-14	2	4	2	2	2.3667	Aug-14	102.49
Sep-14	71	65	2	71	2.3750	Sep-14	104.22
Oct-14	267	335	71	267	2.3833	Oct-14	162.53
Nov-14	731	617	267	731	2.3917	Nov-14	205.44
Dec-14	875	946	731	875	2.4000	Dec-14	259.95
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	260.71
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	266.48
Mar-15	920	717	1,228	920	2.4250	Mar-15	283.07
Apr-15	360	378	920	360	2.4333	Apr-15	160.12
May-15	65	139	360	65	2.4417	May-15	121.66
Jun-15	27	16	65	27	2.4500	Jun-15	121.02
Jul-15	0	0	27	0	2.4583	Jul-15	127.50
Aug-15	0	4	0	0	2.4667	Aug-15	113.01
Sep-15	26	65	0	26	2.4750	Sep-15	144.09
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

Regression Results:		
	199.9183	Constant
	0.011383	HDD-1
	0.141963	HDD
	-50.2114	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		343.6450	
Feb-95	916	1081	0.4167		321.3395	
Mar-95	717	916	0.4250		290.7923	
Apr-95	378	717	0.4333		239.9834	
May-95	139	378	0.4417		201.7771	
Jun-95	16	139	0.4500		181.1768	
Jul-95	0	16	0.4583		177.0869	
Aug-95	4	0	0.4667		177.0541	
Sep-95	65	4	0.4750		185.3410	
Oct-95	335	65	0.4833		223.9468	
Nov-95	617	335	0.4917		266.6352	
Dec-95	946	617	0.5000		316.1324	2924.9104
Jan-96	1081	946	0.5083		338.6239	2919.8893
Feb-96	946	1081	0.5167		320.5772	2919.1270
Mar-96	717	946	0.5250		286.1127	2914.4474
Apr-96	378	717	0.5333		234.9623	2909.4262
May-96	139	378	0.5417		196.7560	2904.4051
Jun-96	16	139	0.5500		176.1556	2899.3840
Jul-96	0	16	0.5583		172.0657	2894.3628
Aug-96	4	0	0.5667		172.0330	2889.3417
Sep-96	65	4	0.5750		180.3198	2884.3205
Oct-96	335	65	0.5833		218.9256	2879.2994
Nov-96	617	335	0.5917		261.6140	2874.2783
Dec-96	946	617	0.6000		311.1112	2869.2571
Jan-97	1081	946	0.6083		333.6027	2864.2360
Feb-97	916	1081	0.6167		311.2972	2854.9560
Mar-97	717	916	0.6250		280.7500	2849.5933
Apr-97	378	717	0.6333		229.9411	2844.5722
May-97	139	378	0.6417		191.7348	2839.5510
Jun-97	16	139	0.6500		171.1345	2834.5299
Jul-97	0	16	0.6583		167.0446	2829.5088
Aug-97	4	0	0.6667		167.0119	2824.4876
Sep-97	65	4	0.6750		175.2987	2819.4665
Oct-97	335	65	0.6833		213.9045	2814.4453
Nov-97	617	335	0.6917		256.5929	2809.4242
Dec-97	946	617	0.7000		306.0901	2804.4031
Jan-98	1081	946	0.7083		328.5816	2799.3819
Feb-98	916	1081	0.7167		306.2761	2794.3608
Mar-98	717	916	0.7250		275.7289	2789.3396
Apr-98	378	717	0.7333		224.9200	2784.3185
May-98	139	378	0.7417		186.7137	2779.2974
Jun-98	16	139	0.7500		166.1134	2774.2762
Jul-98	0	16	0.7583		162.0234	2769.2551
Aug-98	4	0	0.7667		161.9907	2764.2339
Sep-98	65	4	0.7750		170.2775	2759.2128
Oct-98	335	65	0.7833		208.8834	2754.1917
Nov-98	617	335	0.7917		251.5717	2749.1705
Dec-98	946	617	0.8000		301.0690	2744.1494
Jan-99	1081	946	0.8083		323.5605	2739.1282
Feb-99	916	1081	0.8167		301.2549	2734.1071
Mar-99	717	916	0.8250		270.7078	2729.0859
Apr-99	378	717	0.8333		219.8988	2724.0648
May-99	139	378	0.8417		181.6926	2719.0437
Jun-99	16	139	0.8500		161.0922	2714.0225
Jul-99	0	16	0.8583		157.0023	2709.0014
Aug-99	4	0	0.8667		156.9696	2703.9802
Sep-99	65	4	0.8750	FY99	165.2564	2698.9591
Oct-99	335	65	0.8833		203.8622	2693.9380
Nov-99	617	335	0.8917		246.5506	2688.9168
Dec-99	946	617	0.9000		296.0478	2683.8957
Jan-00	1081	946	0.9083		318.5393	2678.8745
Feb-00	946	1081	0.9167		300.4926	2678.1123
Mar-00	717	946	0.9250		266.0281	2673.4326
Apr-00	378	717	0.9333		214.8777	2668.4115
May-00	139	378	0.9417		176.6714	2663.3903
Jun-00	16	139	0.9500		156.0711	2658.3692
Jul-00	0	16	0.9583		151.9812	2653.3481
Aug-00	4	0	0.9667		151.9484	2648.3269
Sep-00	65	4	0.9750	FY00	160.2353	2643.3058
Oct-00	335	65	0.9833		198.8411	2638.2846
Nov-00	617	335	0.9917		241.5295	2633.2635

Regression Results:	
199.9183	Constant
0.011383	HDD-1
0.141963	HDD
-50.2114	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Dec-00	946	617	1.0000		291.0267	2628.2424
Jan-01	1081	946	1.0083		313.5182	2623.2212
Feb-01	916	1081	1.0167		291.2126	2613.9412
Mar-01	717	916	1.0250		260.6655	2608.5786
Apr-01	378	717	1.0333		209.8566	2603.5574
May-01	139	378	1.0417		171.6503	2598.5363
Jun-01	16	139	1.0500		151.0499	2593.5151
Jul-01	0	16	1.0583		146.9600	2588.4940
Aug-01	4	0	1.0667		146.9273	2583.4729
Sep-01	65	4	1.0750	FY01	155.2141	2578.4517
Oct-01	335	65	1.0833		193.8199	2573.4306
Nov-01	617	335	1.0917		236.5083	2568.4094
Dec-01	946	617	1.1000		286.0055	2563.3883
Jan-02	1081	946	1.1083		308.4970	2558.3672
Feb-02	916	1081	1.1167		286.1915	2553.3460
Mar-02	717	916	1.1250		255.6443	2548.3249
Apr-02	378	717	1.1333		204.8354	2543.3037
May-02	139	378	1.1417		166.6291	2538.2826
Jun-02	16	139	1.1500		146.0288	2533.2615
Jul-02	0	16	1.1583		141.9389	2528.2403
Aug-02	4	0	1.1667		141.9062	2523.2192
Sep-02	65	4	1.1750	FY02	150.1930	2518.1980
Oct-02	335	65	1.1833		188.7988	2513.1769
Nov-02	617	335	1.1917		231.4872	2508.1558
Dec-02	946	617	1.2000		280.9844	2503.1346
Jan-03	1081	946	1.2083		303.4759	2498.1135
Feb-03	916	1081	1.2167		281.1704	2493.0923
Mar-03	717	916	1.2250		250.6232	2488.0712
Apr-03	378	717	1.2333		199.8143	2483.0500
May-03	139	378	1.2417		161.6080	2478.0289
Jun-03	16	139	1.2500		141.0077	2473.0078
Jul-03	0	16	1.2583		136.9177	2467.9866
Aug-03	4	0	1.2667		136.8850	2462.9655
Sep-03	65	4	1.2750	FY03	145.1718	2457.9443
Oct-03	335	65	1.2833		183.7776	2452.9232
Nov-03	617	335	1.2917		226.4660	2447.9021
Dec-03	946	617	1.3000		275.9633	2442.8809
Jan-04	1081	946	1.3083		298.4548	2437.8598
Feb-04	946	1081	1.3167		280.4081	2437.0975
Mar-04	717	946	1.3250		245.9435	2432.4179
Apr-04	378	717	1.3333		194.7931	2427.3967
May-04	139	378	1.3417		156.5869	2422.3756
Jun-04	16	139	1.3500		135.9865	2417.3544
Jul-04	0	16	1.3583		131.8966	2412.3333
Aug-04	4	0	1.3667		131.8639	2407.3122
Sep-04	65	4	1.3750	FY04	140.1507	2402.2910
Oct-04	335	65	1.3833		178.7565	2397.2699
Nov-04	617	335	1.3917		221.4449	2392.2487
Dec-04	946	617	1.4000		270.9421	2387.2276
Jan-05	1081	946	1.4083		293.4336	2382.2065
Feb-05	916	1081	1.4167		271.1281	2372.9264
Mar-05	717	916	1.4250		240.5809	2367.5638
Apr-05	378	717	1.4333		189.7720	2362.5427
May-05	139	378	1.4417		151.5657	2357.5215
Jun-05	16	139	1.4500		130.9654	2352.5004
Jul-05	0	16	1.4583		126.8754	2347.4792
Aug-05	4	0	1.4667		126.8427	2342.4581
Sep-05	65	4	1.4750	FY05	135.1296	2337.4370
Oct-05	335	65	1.4833		173.7354	2332.4158
Nov-05	617	335	1.4917		216.4238	2327.3947
Dec-05	946	617	1.5000		265.9210	2322.3735
Jan-06	1081	946	1.5083		288.4125	2317.3524
Feb-06	916	1081	1.5167		266.1069	2312.3313
Mar-06	717	916	1.5250		235.5598	2307.3101
Apr-06	378	717	1.5333		184.7509	2302.2890
May-06	139	378	1.5417		146.5446	2297.2678
Jun-06	16	139	1.5500		125.9442	2292.2467
Jul-06	0	16	1.5583		121.8543	2287.2256
Aug-06	4	0	1.5667		121.8216	2282.2044
Sep-06	65	4	1.5750	FY06	130.1084	2277.1833
Oct-06	335	65	1.5833		168.7142	2272.1621

Regression Results:	
199.9183	Constant
0.011383	HDD-1
0.141963	HDD
-50.2114	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Nov-06	617	335	1.5917		211.4026	2267.1410
Dec-06	946	617	1.6000		260.8998	2262.1199
Jan-07	1081	946	1.6083		283.3913	2257.0987
Feb-07	916	1081	1.6167		261.0858	2252.0776
Mar-07	717	916	1.6250		230.5386	2247.0564
Apr-07	378	717	1.6333		179.7297	2242.0353
May-07	139	378	1.6417		141.5234	2237.0141
Jun-07	16	139	1.6500		120.9231	2231.9930
Jul-07	0	16	1.6583		116.8332	2226.9719
Aug-07	4	0	1.6667		116.8005	2221.9507
Sep-07	65	4	1.6750	FY 07	125.0873	2216.9296
Oct-07	335	65	1.6833		163.6931	2211.9084
Nov-07	617	335	1.6917		206.3815	2206.8873
Dec-07	946	617	1.7000		255.8787	2201.8662
Jan-08	1081	946	1.7083		278.3702	2196.8450
Feb-08	946	1081	1.7167		260.3235	2196.0828
Mar-08	717	946	1.7250		225.8590	2191.4031
Apr-08	378	717	1.7333		174.7086	2186.3820
May-08	139	378	1.7417		136.5023	2181.3608
Jun-08	16	139	1.7500		115.9020	2176.3397
Jul-08	0	16	1.7583		111.8120	2171.3185
Aug-08	4	0	1.7667		111.7793	2166.2974
Sep-08	65	4	1.7750	FY 08	120.0661	2161.2763
Oct-08	335	65	1.7833		158.6719	2156.2551
Nov-08	617	335	1.7917		201.3603	2151.2340
Dec-08	946	617	1.8000		250.8576	2146.2128
Jan-09	1081	946	1.8083		273.3491	2141.1917
Feb-09	916	1081	1.8167		251.0435	2131.9117
Mar-09	717	916	1.8250		220.4964	2126.5490
Apr-09	378	717	1.8333		169.6874	2121.5279
May-09	139	378	1.8417		131.4811	2116.5068
Jun-09	16	139	1.8500		110.8808	2111.4856
Jul-09	0	16	1.8583		106.7909	2106.4645
Aug-09	4	0	1.8667		106.7582	2101.4433
Sep-09	65	4	1.8750	FY 09	115.0450	2096.4222
Oct-09	335	65	1.8833		153.6508	2091.4011
Nov-09	617	335	1.8917		196.3392	2086.3799
Dec-09	946	617	1.9000		245.8364	2081.3588
Jan-10	1081	946	1.9083		268.3279	2076.3376
Feb-10	916	1081	1.9167		246.0224	2071.3165
Mar-10	717	916	1.9250		215.4752	2066.2954
Apr-10	378	717	1.9333		164.6663	2061.2742
May-10	139	378	1.9417		126.4600	2056.2531
Jun-10	16	139	1.9500		105.8597	2051.2319
Jul-10	0	16	1.9583		101.7697	2046.2108
Aug-10	4	0	1.9667		101.7370	2041.1897
Sep-10	65	4	1.9750	FY 10	110.0239	2036.1685
Oct-10	335	65	1.9833		148.6297	2031.1474
Nov-10	617	335	1.9917		191.3181	2026.1262
Dec-10	946	617	2.0000		240.8153	2021.1051
Jan-11	1081	946	2.0083		263.3068	2016.0840
Feb-11	916	1081	2.0167		241.0012	2011.0628
Mar-11	717	916	2.0250		210.4541	2006.0417
Apr-11	378	717	2.0333		159.6452	2001.0205
May-11	139	378	2.0417		121.4389	1995.9994
Jun-11	16	139	2.0500		100.8385	1990.9782
Jul-11	0	16	2.0583		96.7486	1985.9571
Aug-11	4	0	2.0667		96.7159	1980.9360
Sep-11	65	4	2.0750	FY 11	105.0027	1975.9148
Oct-11	335	65	2.0833		143.6085	1970.8937
Nov-11	617	335	2.0917		186.2969	1965.8725
Dec-11	946	617	2.1000		235.7941	1960.8514
Jan-12	1081	946	2.1083		258.2856	1955.8303
Feb-12	946	1081	2.1167		240.2390	1955.0680
Mar-12	717	946	2.1250		205.7744	1950.3883
Apr-12	378	717	2.1333		154.6240	1945.3672
May-12	139	378	2.1417		116.4177	1940.3461
Jun-12	16	139	2.1500		95.8174	1935.3249
Jul-12	0	16	2.1583		91.7275	1930.3038
Aug-12	4	0	2.1667		91.6948	1925.2826
Sep-12	65	4	2.1750	FY 12	99.9816	1920.2615

Regression Results:	
199.9183	Constant
0.011383	HDD-1
0.141963	HDD
-50.2114	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-12	335	65	2.1833		138.5874	1915.2404	
Nov-12	617	335	2.1917		181.2758	1910.2192	
Dec-12	946	617	2.2000		230.7730	1905.1981	
Jan-13	1081	946	2.2083		253.2645	1900.1769	
Feb-13	916	1081	2.2167		230.9589	1890.8969	
Mar-13	717	916	2.2250		200.4118	1885.5343	
Apr-13	378	717	2.2333		149.6029	1880.5131	
May-13	139	378	2.2417		111.3966	1875.4920	
Jun-13	16	139	2.2500		90.7962	1870.4709	
Jul-13	0	16	2.2583		86.7063	1865.4497	
Aug-13	4	0	2.2667		86.6736	1860.4286	
Sep-13	65	4	2.2750	FY 13	94.9604	1855.4074	
Oct-13	335	65	2.2833		133.5662	1850.3863	
Nov-13	617	335	2.2917		176.2546	1845.3652	
Dec-13	946	617	2.3000		225.7519	1840.3440	
Jan-14	1081	946	2.3083		248.2434	1835.3229	
Feb-14	916	1081	2.3167		225.9378	1830.3017	
Mar-14	717	916	2.3250		195.3907	1825.2806	
Apr-14	378	717	2.3333		144.5817	1820.2595	
May-14	139	378	2.3417		106.3754	1815.2383	
Jun-14	16	139	2.3500		85.7751	1810.2172	
Jul-14	0	16	2.3583		81.6852	1805.1960	
Aug-14	4	0	2.3667		81.6525	1800.1749	
Sep-14	65	4	2.3750	FY 14	89.9393	1795.1538	
Oct-14	335	65	2.3833		128.5451	1790.1326	
Nov-14	617	335	2.3917		171.2335	1785.1115	
Dec-14	946	617	2.4000		220.7307	1780.0903	
Jan-15	1081	946	2.4083		243.2222	1775.0692	
Feb-15	916	1081	2.4167		220.9167	1770.0481	
Mar-15	717	916	2.4250		190.3695	1765.0269	
Apr-15	378	717	2.4333		139.5606	1760.0058	
May-15	139	378	2.4417		101.3543	1754.9846	
Jun-15	16	139	2.4500		80.7540	1749.9635	
Jul-15	0	16	2.4583		76.6640	1744.9423	
Aug-15	4	0	2.4667		76.6313	1739.9212	
Sep-15	65	4	2.4750	FY 15	84.9181	1734.9001	
Oct-15	335	65	2.4833		123.5240	1729.8789	
Nov-15	617	335	2.4917		166.2123	1724.8578	
Dec-15	946	617	2.5000		215.7096	1719.8366	
Jan-16	1081	946	2.5083		238.2011	1714.8155	
Feb-16	946	1081	2.5167		220.1544	1714.0532	
Mar-16	717	946	2.5250		185.6899	1709.3736	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		134.5394	1704.3524	
May-16	139	378	2.5417		96.3332	1699.3313	
Jun-16	16	139	2.5500		75.7328	1694.3102	
Jul-16	0	16	2.5583		71.6429	1689.2890	
Aug-16	4	0	2.5667		71.6102	1684.2679	
Sep-16	65	4	2.5750	FY 16	79.8970	1679.2467	
Oct-16	335	65	2.5833		118.5028	1674.2256	
Nov-16	617	335	2.5917		161.1912	1669.2045	
Dec-16	946	617	2.6000		210.6884	1664.1833	
Jan-17	1081	946	2.6083		233.1799	1659.1622	
Feb-17	916	1081	2.6167		210.8744	1649.8822	
Mar-17	717	916	2.6250		180.3272	1644.5195	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		129.5183	1639.4984	
May-17	139	378	2.6417		91.3120	1634.4772	
Jun-17	16	139	2.6500		70.7117	1629.4561	
Jul-17	0	16	2.6583		66.6218	1624.4350	
Aug-17	4	0	2.6667		66.5891	1619.4138	
Sep-17	65	4	2.6750	FY 17	74.8759	1614.3927	
Oct-17	335	65	2.6833		113.4817	1609.3715	
Nov-17	617	335	2.6917		156.1701	1604.3504	
Dec-17	946	617	2.7000		205.6673	1599.3293	
Jan-18	1081	946	2.7083		228.1588	1594.3081	
Feb-18	916	1081	2.7167		205.8532	1589.2870	
Mar-18	717	916	2.7250		175.3061	1584.2658	Fully Projected Future Test Year Annualized FY 17

IG incl NT&DS-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.926813207
R Square	0.85898272
Adjusted R Square	0.857255978
Standard Error	27.91162855
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	1162648.761	387549.5869	497.4585784	7.0956E-104
Residual	245	190869.4571	779.0590084		
Total	248	1353518.218			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	199.9182897	5.088536968	39.28797038	9.5554E-108	189.8954294	209.94115	189.8954294	209.94115
X Variable 1	0.011382931	0.007993341	1.424051754	0.155703861	-0.004361504	0.027127365	-0.004361504	0.027127365
X Variable 2	0.141962512	0.007992232	17.76256115	6.33669E-46	0.126220261	0.157704763	0.126220261	0.157704763
X Variable 3	-50.21140823	2.954079877	-16.99730892	2.49428E-43	-56.03004141	-44.39277506	-56.03004141	-44.39277506

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IH Incl NT&DS
Jan-95	966	1081	841	966	0.4083	Jan-95	400.17
Feb-95	1026	916	966	1,026	0.4167	Feb-95	436.86
Mar-95	655	717	1,026	655	0.4250	Mar-95	373.66
Apr-95	452	378	655	452	0.4333	Apr-95	207.09
May-95	164	139	452	164	0.4417	May-95	103.53
Jun-95	7	16	164	7	0.4500	Jun-95	56.56
Jul-95	0	0	7	0	0.4583	Jul-95	103.82
Aug-95	0	4	0	0	0.4667	Aug-95	77.49
Sep-95	86	65	0	86	0.4750	Sep-95	207.33
Oct-95	247	335	86	247	0.4833	Oct-95	116.41
Nov-95	785	617	247	785	0.4917	Nov-95	297.68
Dec-95	1116	946	785	1,116	0.5000	Dec-95	436.15
Jan-96	1202	1081	1,116	1,202	0.5083	Jan-96	492.57
Feb-96	1053	946	1,202	1,053	0.5167	Feb-96	479.64
Mar-96	880	717	1,053	880	0.5250	Mar-96	363.60
Apr-96	437	378	880	437	0.5333	Apr-96	214.52
May-96	229	139	437	229	0.5417	May-96	132.30
Jun-96	6	16	229	6	0.5500	Jun-96	72.48
Jul-96	1	0	6	1	0.5583	Jul-96	53.77
Aug-96	2	4	1	2	0.5667	Aug-96	84.28
Sep-96	78	65	2	78	0.5750	Sep-96	74.55
Oct-96	348	335	78	348	0.5833	Oct-96	131.23
Nov-96	781	617	348	781	0.5917	Nov-96	277.17
Dec-96	868	946	781	868	0.6000	Dec-96	360.34
Jan-97	1108	1081	868	1,108	0.6083	Jan-97	471.96
Feb-97	773	916	1,108	773	0.6167	Feb-97	380.59
Mar-97	731	717	773	731	0.6250	Mar-97	313.93
Apr-97	456	378	731	456	0.6333	Apr-97	207.16
May-97	219	139	456	219	0.6417	May-97	139.54
Jun-97	43	16	219	43	0.6500	Jun-97	84.97
Jul-97	3	0	43	3	0.6583	Jul-97	57.79
Aug-97	3	4	3	3	0.6667	Aug-97	75.11
Sep-97	81	65	3	81	0.6750	Sep-97	96.60
Oct-97	354	335	81	354	0.6833	Oct-97	136.42
Nov-97	714	617	354	714	0.6917	Nov-97	284.04
Dec-97	928	946	714	928	0.7000	Dec-97	379.89
Jan-98	831	1081	928	831	0.7083	Jan-98	345.94
Feb-98	707	916	831	707	0.7167	Feb-98	308.65
Mar-98	681	717	707	681	0.7250	Mar-98	286.31
Apr-98	349	378	681	349	0.7333	Apr-98	152.86
May-98	87	139	349	87	0.7417	May-98	77.64
Jun-98	37	16	87	37	0.7500	Jun-98	65.46
Jul-98	1	0	37	1	0.7583	Jul-98	52.39
Aug-98	3	4	1	3	0.7667	Aug-98	64.33
Sep-98	45	65	3	45	0.7750	Sep-98	132.36
Oct-98	320	335	45	320	0.7833	Oct-98	49.58
Nov-98	608	617	320	608	0.7917	Nov-98	222.75
Dec-98	800	946	608	800	0.8000	Dec-98	286.33
Jan-99	1050	1081	800	1,050	0.8083	Jan-99	433.24
Feb-99	839	916	1,050	839	0.8167	Feb-99	343.35
Mar-99	792	717	839	792	0.8250	Mar-99	342.02
Apr-99	421	378	792	421	0.8333	Apr-99	164.71
May-99	123	139	421	123	0.8417	May-99	145.91
Jun-99	17	16	123	17	0.8500	Jun-99	-10.84
Jul-99	0	0	17	0	0.8583	Jul-99	52.29
Aug-99	6	4	0	6	0.8667	Aug-99	60.66
Sep-99	68	65	6	68	0.8750	Sep-99	74.89

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IH Incl NT&DS
Oct-99	396	335	68	396	0.8833	Oct-99	125.18
Nov-99	536	617	396	536	0.8917	Nov-99	218.72
Dec-99	896	946	536	896	0.9000	Dec-99	333.14
Jan-00	1119	1081	896	1,119	0.9083	Jan-00	449.86
Feb-00	920	946	1,119	920	0.9167	Feb-00	444.91
Mar-00	594	717	920	594	0.9250	Mar-00	223.97
Apr-00	429	378	594	429	0.9333	Apr-00	146.08
May-00	124	139	429	124	0.9417	May-00	85.82
Jun-00	28	16	124	28	0.9500	Jun-00	42.36
Jul-00	2	0	28	2	0.9583	Jul-00	49.56
Aug-00	9	4	2	9	0.9667	Aug-00	57.55
Sep-00	147	65	9	147	0.9750	Sep-00	65.93
Oct-00	351	335	147	351	0.9833	Oct-00	112.74
Nov-00	700	617	351	700	0.9917	Nov-00	213.30
Dec-00	1189	946	700	1,189	1.0000	Dec-00	445.74
Jan-01	1119	1081	1,189	1,119	1.0083	Jan-01	476.00
Feb-01	882	916	1,119	882	1.0167	Feb-01	331.49
Mar-01	844	717	882	844	1.0250	Mar-01	296.65
Apr-01	406	378	844	406	1.0333	Apr-01	158.99
May-01	142	139	406	142	1.0417	May-01	51.36
Jun-01	16	16	142	16	1.0500	Jun-01	48.91
Jul-01	5	0	16	5	1.0583	Jul-01	42.82
Aug-01	0	4	5	0	1.0667	Aug-01	52.49
Sep-01	105	65	0	105	1.0750	Sep-01	59.46
Oct-01	336	335	105	336	1.0833	Oct-01	101.32
Nov-01	486	617	336	486	1.0917	Nov-01	167.83
Dec-01	810	946	486	810	1.1000	Dec-01	259.68
Jan-02	893	1081	810	893	1.1083	Jan-02	357.54
Feb-02	783	916	893	783	1.1167	Feb-02	289.91
Mar-02	700	717	783	700	1.1250	Mar-02	262.29
Apr-02	375	378	700	375	1.1333	Apr-02	142.40
May-02	200	139	375	200	1.1417	May-02	66.07
Jun-02	13	16	200	13	1.1500	Jun-02	45.36
Jul-02	0	0	13	0	1.1583	Jul-02	39.65
Aug-02	5	4	0	5	1.1667	Aug-02	52.21
Sep-02	36	65	5	36	1.1750	Sep-02	51.60
Oct-02	420	335	36	420	1.1833	Oct-02	110.12
Nov-02	682	617	420	682	1.1917	Nov-02	216.48
Dec-02	1046	946	682	1,046	1.2000	Dec-02	404.36
Jan-03	1231	1081	1,046	1,231	1.2083	Jan-03	506.63
Feb-03	1062	916	1,231	1,062	1.2167	Feb-03	504.78
Mar-03	774	717	1,062	774	1.2250	Mar-03	352.36
Apr-03	446	378	774	446	1.2333	Apr-03	141.63
May-03	225	139	446	225	1.2417	May-03	86.26
Jun-03	58	16	225	58	1.2500	Jun-03	55.93
Jul-03	0	0	58	0	1.2583	Jul-03	44.95
Aug-03	0	4	0	0	1.2667	Aug-03	47.53
Sep-03	47	65	0	47	1.2750	Sep-03	50.05
Oct-03	408	335	47	408	1.2833	Oct-03	133.65
Nov-03	530	617	408	530	1.2917	Nov-03	198.26
Dec-03	954	946	530	954	1.3000	Dec-03	378.00
Jan-04	1278	1081	954	1,278	1.3083	Jan-04	448.69
Feb-04	944	946	1,278	944	1.3167	Feb-04	407.88
Mar-04	685	717	944	685	1.3250	Mar-04	215.54
Apr-04	390	378	685	390	1.3333	Apr-04	133.71
May-04	71	139	390	71	1.3417	May-04	42.22
Jun-04	28	16	71	28	1.3500	Jun-04	36.80

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IH Incl NT&DS
Jul-04	0	0	28	0	1.3583	Jul-04	39.05
Aug-04	10	4	0	10	1.3667	Aug-04	47.15
Sep-04	34	65	10	34	1.3750	Sep-04	51.26
Oct-04	364	335	34	364	1.3833	Oct-04	89.77
Nov-04	567	617	364	567	1.3917	Nov-04	162.54
Dec-04	946	946	567	946	1.4000	Dec-04	283.53
Jan-05	1127	1081	946	1,127	1.4083	Jan-05	376.25
Feb-05	889	916	1,127	889	1.4167	Feb-05	321.08
Mar-05	868	717	889	868	1.4250	Mar-05	290.31
Apr-05	340	378	868	340	1.4333	Apr-05	134.67
May-05	231	139	340	231	1.4417	May-05	75.65
Jun-05	6	16	231	6	1.4500	Jun-05	48.44
Jul-05	0	0	6	0	1.4583	Jul-05	41.07
Aug-05	0	4	0	0	1.4667	Aug-05	47.08
Sep-05	27	65	0	27	1.4750	Sep-05	46.36
Oct-05	304	335	27	304	1.4833	Oct-05	77.50
Nov-05	579	617	304	579	1.4917	Nov-05	174.33
Dec-05	1064	946	579	1,064	1.5000	Dec-05	337.47
Jan-06	847	1081	1,064	847	1.5083	Jan-06	335.90
Feb-06	902	916	847	902	1.5167	Feb-06	305.80
Mar-06	692	717	902	692	1.5250	Mar-06	272.47
Apr-06	341	378	692	341	1.5333	Apr-06	140.23
May-06	154	139	341	154	1.5417	May-06	48.06
Jun-06	22	16	154	22	1.5500	Jun-06	50.61
Jul-06	0	0	22	0	1.5583	Jul-06	45.33
Aug-06	1	4	0	1	1.5667	Aug-06	47.39
Sep-06	89	65	1	89	1.5750	Sep-06	55.10
Oct-06	375	335	89	375	1.5833	Oct-06	100.29
Nov-06	512	617	375	512	1.5917	Nov-06	168.05
Dec-06	779	946	512	779	1.6000	Dec-06	258.90
Jan-07	938	1081	779	938	1.6083	Jan-07	296.66
Feb-07	1117	916	938	1,117	1.6167	Feb-07	370.55
Mar-07	755	717	1,117	755	1.6250	Mar-07	360.63
Apr-07	495	378	755	495	1.6333	Apr-07	123.06
May-07	110	139	495	110	1.6417	May-07	74.67
Jun-07	12	16	110	12	1.6500	Jun-07	39.49
Jul-07	4	0	12	4	1.6583	Jul-07	58.39
Aug-07	16	4	4	16	1.6667	Aug-07	27.15
Sep-07	50	65	16	50	1.6750	Sep-07	54.09
Oct-07	192	335	50	192	1.6833	Oct-07	63.43
Nov-07	703	617	192	703	1.6917	Nov-07	166.56
Dec-07	956	946	703	956	1.7000	Dec-07	320.84
Jan-08	1000	1081	956	1,000	1.7083	Jan-08	337.31
Feb-08	947	946	1,000	947	1.7167	Feb-08	353.23
Mar-08	737	717	947	737	1.7250	Mar-08	273.06
Apr-08	335	378	737	335	1.7333	Apr-08	125.45
May-08	226	139	335	226	1.7417	May-08	68.78
Jun-08	7	16	226	7	1.7500	Jun-08	43.15
Jul-08	0	0	7	0	1.7583	Jul-08	41.46
Aug-08	4	4	0	4	1.7667	Aug-08	50.38
Sep-08	54	65	4	54	1.7750	Sep-08	44.66
Oct-08	418	335	54	418	1.7833	Oct-08	93.08
Nov-08	680	617	418	680	1.7917	Nov-08	198.78
Dec-08	963	946	680	963	1.8000	Dec-08	341.85
Jan-09	1225	1081	963	1,225	1.8083	Jan-09	360.32
Feb-09	880	916	1,225	880	1.8167	Feb-09	394.21
Mar-09	735	717	880	735	1.8250	Mar-09	159.03

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IH Incl NT&DS
Apr-09	388	378	735	388	1.8333	Apr-09	113.97
May-09	140	139	388	140	1.8417	May-09	65.14
Jun-09	25	16	140	25	1.8500	Jun-09	40.25
Jul-09	0	0	25	0	1.8583	Jul-09	48.33
Aug-09	6	4	0	6	1.8667	Aug-09	46.94
Sep-09	78	65	6	78	1.8750	Sep-09	56.60
Oct-09	381	335	78	381	1.8833	Oct-09	93.90
Nov-09	526	617	381	526	1.8917	Nov-09	144.24
Dec-09	995	946	526	995	1.9000	Dec-09	288.86
Jan-10	1082	1081	995	1,082	1.9083	Jan-10	388.49
Feb-10	965	916	1,082	965	1.9167	Feb-10	321.52
Mar-10	557	717	965	557	1.9250	Mar-10	205.85
Apr-10	288	378	557	288	1.9333	Apr-10	74.87
May-10	119	139	288	119	1.9417	May-10	72.46
Jun-10	7	16	119	7	1.9500	Jun-10	41.29
Jul-10	0	0	7	0	1.9583	Jul-10	44.91
Aug-10	0	4	0	0	1.9667	Aug-10	50.23
Sep-10	25	65	0	25	1.9750	Sep-10	46.43
Oct-10	331	335	25	331	1.9833	Oct-10	84.85
Nov-10	631	617	331	631	1.9917	Nov-10	161.94
Dec-10	1103	946	631	1,103	2.0000	Dec-10	360.01
Jan-11	1192	1081	1,103	1,192	2.0083	Jan-11	413.09
Feb-11	893	916	1,192	893	2.0167	Feb-11	339.59
Mar-11	757	717	893	757	2.0250	Mar-11	247.47
Apr-11	354	378	757	354	2.0333	Apr-11	154.43
May-11	92	139	354	92	2.0417	May-11	64.36
Jun-11	2	16	92	2	2.0500	Jun-11	47.60
Jul-11	0	0	2	0	2.0583	Jul-11	43.66
Aug-11	2	4	0	2	2.0667	Aug-11	48.15
Sep-11	51	65	2	51	2.0750	Sep-11	56.18
Oct-11	355	335	51	355	2.0833	Oct-11	99.08
Nov-11	536	617	355	536	2.0917	Nov-11	166.39
Dec-11	795	946	536	795	2.1000	Dec-11	253.29
Jan-12	951	1081	795	951	2.1083	Jan-12	338.33
Feb-12	783	946	951	783	2.1167	Feb-12	295.31
Mar-12	451	717	783	451	2.1250	Mar-12	189.06
Apr-12	373	378	451	373	2.1333	Apr-12	113.44
May-12	51	139	373	51	2.1417	May-12	82.81
Jun-12	21	16	51	21	2.1500	Jun-12	56.46
Jul-12	0	0	21	0	2.1583	Jul-12	57.62
Aug-12	0	4	0	0	2.1667	Aug-12	62.71
Sep-12	77	65	0	77	2.1750	Sep-12	56.80
Oct-12	302	335	77	302	2.1833	Oct-12	90.97
Nov-12	754	617	302	754	2.1917	Nov-12	205.97
Dec-12	816	946	754	816	2.2000	Dec-12	286.83
Jan-13	1001	1081	816	1,001	2.2083	Jan-13	357.83
Feb-13	924	916	1,001	924	2.2167	Feb-13	343.53
Mar-13	819	717	924	819	2.2250	Mar-13	301.74
Apr-13	383	378	819	383	2.2333	Apr-13	167.20
May-13	158	139	383	158	2.2417	May-13	73.70
Jun-13	4	16	158	4	2.2500	Jun-13	52.98
Jul-13	0	0	4	0	2.2583	Jul-13	44.59
Aug-13	2	4	0	2	2.2667	Aug-13	51.44
Sep-13	111	65	2	111	2.2750	Sep-13	59.86
Oct-13	300	335	111	300	2.2833	Oct-13	93.56
Nov-13	723	617	300	723	2.2917	Nov-13	205.55
Dec-13	968	946	723	968	2.3000	Dec-13	330.50

	Actual DD Calendar	Normal DD Calendar	HDDm-1	HDDm	Trend	Month	Actual UPC IH Incl NT&DS
Jan-14	1267	1081	968	1,267	2.3083	Jan-14	431.22
Feb-14	1064	916	1,267	1,064	2.3167	Feb-14	418.02
Mar-14	908	717	1,064	908	2.3250	Mar-14	348.96
Apr-14	430	378	908	430	2.3333	Apr-14	156.43
May-14	126	139	430	126	2.3417	May-14	77.84
Jun-14	4	16	126	4	2.3500	Jun-14	48.42
Jul-14	2	0	4	2	2.3583	Jul-14	53.43
Aug-14	2	4	2	2	2.3667	Aug-14	57.02
Sep-14	71	65	2	71	2.3750	Sep-14	59.97
Oct-14	267	335	71	267	2.3833	Oct-14	93.89
Nov-14	731	617	267	731	2.3917	Nov-14	205.80
Dec-14	875	946	731	875	2.4000	Dec-14	347.61
Jan-15	1183	1081	875	1,183	2.4083	Jan-15	437.06
Feb-15	1228	916	1,183	1,228	2.4167	Feb-15	532.91
Mar-15	920	717	1,228	920	2.4250	Mar-15	326.49
Apr-15	360	378	920	360	2.4333	Apr-15	155.38
May-15	65	139	360	65	2.4417	May-15	83.99
Jun-15	27	16	65	27	2.4500	Jun-15	45.54
Jul-15	0	0	27	0	2.4583	Jul-15	61.39
Aug-15	0	4	0	0	2.4667	Aug-15	60.43
Sep-15	26	65	0	26	2.4750	Sep-15	60.10
Oct-15		335					
Nov-15		617					
Dec-15		946					
Jan-16		1081					
Feb-16		946					
Mar-16		717					
Apr-16		378					
May-16		139					
Jun-16		16					
Jul-16		0					
Aug-16		4					
Sep-16		65					
Oct-16		335					
Nov-16		617					
Dec-16		946					
Jan-17		1081					
Feb-17		916					
Mar-17		717					
Apr-17		378					
May-17		139					
Jun-17		16					
Jul-17		0					
Aug-17		4					
Sep-17		65					
Oct-17		335					
Nov-17		617					
Dec-17		946					
Jan-18		1081					
Feb-18		916					
Mar-18		717					

Regression Results:	
63.86633	Constant
0.062491	HDD-1
0.274692	HDD
-22.5987	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Jan-95	1081	946	0.4083		410.6978	
Feb-95	916	1081	0.4167		373.6216	
Mar-95	717	916	0.4250		308.4584	
Apr-95	378	717	0.4333		202.7136	
May-95	139	378	0.4417		115.6892	
Jun-95	16	139	0.4500		66.7783	
Jul-95	0	16	0.4583		54.5084	
Aug-95	4	0	0.4667		54.4190	
Sep-95	65	4	0.4750		71.2369	
Oct-95	335	65	0.4833		149.0275	
Nov-95	617	335	0.4917		243.1751	
Dec-95	946	617	0.5000		350.9831	2401.3090
Jan-96	1081	946	0.5083		408.4379	2399.0491
Feb-96	946	1081	0.5167		379.6025	2405.0300
Mar-96	717	946	0.5250		308.0733	2404.6449
Apr-96	378	717	0.5333		200.4537	2402.3850
May-96	139	378	0.5417		113.4293	2400.1251
Jun-96	16	139	0.5500		64.5184	2397.8653
Jul-96	0	16	0.5583		52.2486	2395.6054
Aug-96	4	0	0.5667		52.1591	2393.3455
Sep-96	65	4	0.5750		68.9770	2391.0857
Oct-96	335	65	0.5833		146.7676	2388.8258
Nov-96	617	335	0.5917		240.9152	2386.5659
Dec-96	946	617	0.6000		348.7233	2384.3060
Jan-97	1081	946	0.6083		406.1781	2382.0462
Feb-97	916	1081	0.6167		369.1019	2371.5455
Mar-97	717	916	0.6250		303.9387	2367.4109
Apr-97	378	717	0.6333		198.1939	2365.1510
May-97	139	378	0.6417		111.1695	2362.8912
Jun-97	16	139	0.6500		62.2585	2360.6313
Jul-97	0	16	0.6583		49.9887	2358.3714
Aug-97	4	0	0.6667		49.8993	2356.1115
Sep-97	65	4	0.6750		66.7172	2353.8517
Oct-97	335	65	0.6833		144.5077	2351.5918
Nov-97	617	335	0.6917		238.6553	2349.3319
Dec-97	946	617	0.7000		346.4634	2347.0720
Jan-98	1081	946	0.7083		403.9182	2344.8122
Feb-98	916	1081	0.7167		366.8420	2342.5523
Mar-98	717	916	0.7250		301.6788	2340.2924
Apr-98	378	717	0.7333		195.9340	2338.0326
May-98	139	378	0.7417		108.9096	2335.7727
Jun-98	16	139	0.7500		59.9987	2333.5128
Jul-98	0	16	0.7583		47.7288	2331.2529
Aug-98	4	0	0.7667		47.6394	2328.9931
Sep-98	65	4	0.7750		64.4573	2326.7332
Oct-98	335	65	0.7833		142.2479	2324.4733
Nov-98	617	335	0.7917		236.3955	2322.2134
Dec-98	946	617	0.8000		344.2035	2319.9536
Jan-99	1081	946	0.8083		401.6583	2317.6937
Feb-99	916	1081	0.8167		364.5821	2315.4338
Mar-99	717	916	0.8250		299.4189	2313.1739
Apr-99	378	717	0.8333		193.6741	2310.9141
May-99	139	378	0.8417		106.6497	2308.6542
Jun-99	16	139	0.8500		57.7388	2306.3943
Jul-99	0	16	0.8583		45.4689	2304.1345
Aug-99	4	0	0.8667		45.3795	2301.8746
Sep-99	65	4	0.8750	FY99	62.1974	2299.6147
Oct-99	335	65	0.8833		139.9880	2297.3548
Nov-99	617	335	0.8917		234.1356	2295.0950
Dec-99	946	617	0.9000		341.9436	2292.8351
Jan-00	1081	946	0.9083		399.3985	2290.5752
Feb-00	946	1081	0.9167		370.5630	2296.5561
Mar-00	717	946	0.9250		299.0338	2296.1710
Apr-00	378	717	0.9333		191.4142	2293.9111
May-00	139	378	0.9417		104.3898	2291.6512
Jun-00	16	139	0.9500		55.4789	2289.3914
Jul-00	0	16	0.9583		43.2091	2287.1315
Aug-00	4	0	0.9667		43.1197	2284.8716
Sep-00	65	4	0.9750	FY00	59.9375	2282.6117
Oct-00	335	65	0.9833		137.7281	2280.3519
Nov-00	617	335	0.9917		231.8757	2278.0920

Regression Results:	
	63.86633 Constant
	0.062491 HDD-1
	0.274692 HDD
	-22.5987 Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Dec-00	946	617	1.0000		339.6838	2275.8321
Jan-01	1081	946	1.0083		397.1386	2273.5723
Feb-01	916	1081	1.0167		360.0624	2263.0716
Mar-01	717	916	1.0250		294.8992	2258.9370
Apr-01	378	717	1.0333		189.1544	2256.6771
May-01	139	378	1.0417		102.1300	2254.4172
Jun-01	16	139	1.0500		53.2190	2252.1574
Jul-01	0	16	1.0583		40.9492	2249.8975
Aug-01	4	0	1.0667		40.8598	2247.6376
Sep-01	65	4	1.0750	FY01	57.6777	2245.3778
Oct-01	335	65	1.0833		135.4682	2243.1179
Nov-01	617	335	1.0917		229.6158	2240.8580
Dec-01	946	617	1.1000		337.4239	2238.5981
Jan-02	1081	946	1.1083		394.8787	2236.3383
Feb-02	916	1081	1.1167		357.8025	2234.0784
Mar-02	717	916	1.1250		292.6393	2231.8185
Apr-02	378	717	1.1333		186.8945	2229.5586
May-02	139	378	1.1417		99.8701	2227.2988
Jun-02	16	139	1.1500		50.9592	2225.0389
Jul-02	0	16	1.1583		38.6893	2222.7790
Aug-02	4	0	1.1667		38.5999	2220.5192
Sep-02	65	4	1.1750	FY02	55.4178	2218.2593
Oct-02	335	65	1.1833		133.2084	2215.9994
Nov-02	617	335	1.1917		227.3560	2213.7395
Dec-02	946	617	1.2000		335.1640	2211.4797
Jan-03	1081	946	1.2083		392.6188	2209.2198
Feb-03	916	1081	1.2167		355.5426	2206.9599
Mar-03	717	916	1.2250		290.3794	2204.7000
Apr-03	378	717	1.2333		184.6346	2202.4402
May-03	139	378	1.2417		97.6102	2200.1803
Jun-03	16	139	1.2500		48.6993	2197.9204
Jul-03	0	16	1.2583		36.4295	2195.6605
Aug-03	4	0	1.2667		36.3400	2193.4007
Sep-03	65	4	1.2750	FY03	53.1579	2191.1408
Oct-03	335	65	1.2833		130.9485	2188.8809
Nov-03	617	335	1.2917		225.0961	2186.6211
Dec-03	946	617	1.3000		332.9041	2184.3612
Jan-04	1081	946	1.3083		390.3590	2182.1013
Feb-04	946	1081	1.3167		361.5235	2188.0822
Mar-04	717	946	1.3250		289.9943	2187.6971
Apr-04	378	717	1.3333		182.3747	2185.4372
May-04	139	378	1.3417		95.3504	2183.1773
Jun-04	16	139	1.3500		46.4394	2180.9175
Jul-04	0	16	1.3583		34.1696	2178.6576
Aug-04	4	0	1.3667		34.0802	2176.3977
Sep-04	65	4	1.3750	FY04	50.8980	2174.1378
Oct-04	335	65	1.3833		128.6886	2171.8780
Nov-04	617	335	1.3917		222.8362	2169.6181
Dec-04	946	617	1.4000		330.6443	2167.3582
Jan-05	1081	946	1.4083		388.0991	2165.0983
Feb-05	916	1081	1.4167		351.0229	2154.5977
Mar-05	717	916	1.4250		285.8597	2150.4631
Apr-05	378	717	1.4333		180.1149	2148.2032
May-05	139	378	1.4417		93.0905	2145.9433
Jun-05	16	139	1.4500		44.1796	2143.6835
Jul-05	0	16	1.4583		31.9097	2141.4236
Aug-05	4	0	1.4667		31.8203	2139.1637
Sep-05	65	4	1.4750	FY05	48.6382	2136.9038
Oct-05	335	65	1.4833		126.4288	2134.6440
Nov-05	617	335	1.4917		220.5764	2132.3841
Dec-05	946	617	1.5000		328.3844	2130.1242
Jan-06	1081	946	1.5083		385.8392	2127.8644
Feb-06	916	1081	1.5167		348.7630	2125.6045
Mar-06	717	916	1.5250		283.5998	2123.3446
Apr-06	378	717	1.5333		177.8550	2121.0847
May-06	139	378	1.5417		90.8306	2118.8249
Jun-06	16	139	1.5500		41.9197	2116.5650
Jul-06	0	16	1.5583		29.6498	2114.3051
Aug-06	4	0	1.5667		29.5604	2112.0452
Sep-06	65	4	1.5750	FY06	46.3783	2109.7854
Oct-06	335	65	1.5833		124.1689	2107.5255

Regression Results:	
63.86633	Constant
0.062491	HDD-1
0.274692	HDD
-22.5987	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC
Nov-06	617	335	1.5917		218.3165	2105.2656
Dec-06	946	617	1.6000		326.1245	2103.0058
Jan-07	1081	946	1.6083		383.5793	2100.7459
Feb-07	916	1081	1.6167		346.5031	2098.4860
Mar-07	717	916	1.6250		281.3399	2096.2261
Apr-07	378	717	1.6333		175.5951	2093.9663
May-07	139	378	1.6417		88.5707	2091.7064
Jun-07	16	139	1.6500		39.6598	2089.4465
Jul-07	0	16	1.6583		27.3900	2087.1866
Aug-07	4	0	1.6667		27.3005	2084.9268
Sep-07	65	4	1.6750	FY 07	44.1184	2082.6669
Oct-07	335	65	1.6833		121.9090	2080.4070
Nov-07	617	335	1.6917		216.0566	2078.1471
Dec-07	946	617	1.7000		323.8647	2075.8873
Jan-08	1081	946	1.7083		381.3195	2073.6274
Feb-08	946	1081	1.7167		352.4840	2079.6083
Mar-08	717	946	1.7250		280.9548	2079.2232
Apr-08	378	717	1.7333		173.3352	2076.9633
May-08	139	378	1.7417		86.3109	2074.7034
Jun-08	16	139	1.7500		37.3999	2072.4435
Jul-08	0	16	1.7583		25.1301	2070.1837
Aug-08	4	0	1.7667		25.0407	2067.9238
Sep-08	65	4	1.7750	FY 08	41.8585	2065.6639
Oct-08	335	65	1.7833		119.6491	2063.4041
Nov-08	617	335	1.7917		213.7967	2061.1442
Dec-08	946	617	1.8000		321.6048	2058.8843
Jan-09	1081	946	1.8083		379.0596	2056.6244
Feb-09	916	1081	1.8167		341.9834	2046.1238
Mar-09	717	916	1.8250		276.8202	2041.9892
Apr-09	378	717	1.8333		171.0754	2039.7293
May-09	139	378	1.8417		84.0510	2037.4694
Jun-09	16	139	1.8500		35.1401	2035.2096
Jul-09	0	16	1.8583		22.8702	2032.9497
Aug-09	4	0	1.8667		22.7808	2030.6898
Sep-09	65	4	1.8750	FY 09	39.5987	2028.4299
Oct-09	335	65	1.8833		117.3893	2026.1701
Nov-09	617	335	1.8917		211.5369	2023.9102
Dec-09	946	617	1.9000		319.3449	2021.6503
Jan-10	1081	946	1.9083		376.7997	2019.3904
Feb-10	916	1081	1.9167		339.7235	2017.1306
Mar-10	717	916	1.9250		274.5603	2014.8707
Apr-10	378	717	1.9333		168.8155	2012.6108
May-10	139	378	1.9417		81.7911	2010.3510
Jun-10	16	139	1.9500		32.8802	2008.0911
Jul-10	0	16	1.9583		20.6103	2005.8312
Aug-10	4	0	1.9667		20.5209	2003.5713
Sep-10	65	4	1.9750	FY 10	37.3388	2001.3115
Oct-10	335	65	1.9833		115.1294	1999.0516
Nov-10	617	335	1.9917		209.2770	1996.7917
Dec-10	946	617	2.0000		317.0850	1994.5318
Jan-11	1081	946	2.0083		374.5399	1992.2720
Feb-11	916	1081	2.0167		337.4636	1990.0121
Mar-11	717	916	2.0250		272.3005	1987.7522
Apr-11	378	717	2.0333		166.5556	1985.4924
May-11	139	378	2.0417		79.5312	1983.2325
Jun-11	16	139	2.0500		30.6203	1980.9726
Jul-11	0	16	2.0583		18.3505	1978.7127
Aug-11	4	0	2.0667		18.2611	1976.4529
Sep-11	65	4	2.0750	FY 11	35.0789	1974.1930
Oct-11	335	65	2.0833		112.8695	1971.9331
Nov-11	617	335	2.0917		207.0171	1969.6732
Dec-11	946	617	2.1000		314.8252	1967.4134
Jan-12	1081	946	2.1083		372.2800	1965.1535
Feb-12	946	1081	2.1167		343.4445	1971.1344
Mar-12	717	946	2.1250		271.9153	1970.7493
Apr-12	378	717	2.1333		164.2958	1968.4894
May-12	139	378	2.1417		77.2714	1966.2295
Jun-12	16	139	2.1500		28.3604	1963.9696
Jul-12	0	16	2.1583		16.0906	1961.7098
Aug-12	4	0	2.1667		16.0012	1959.4499
Sep-12	65	4	2.1750	FY 12	32.8191	1957.1900

Regression Results:	
63.86633	Constant
0.062491	HDD-1
0.274692	HDD
-22.5987	Trend

	Normal Degree Days (HDD)	Normal Degree Days for Prior Month (HDD-1)	Trend		1 Month UPC	12 Months Ended UPC	
Oct-12	335	65	2.1833		110.6096	1954.9301	
Nov-12	617	335	2.1917		204.7572	1952.6703	
Dec-12	946	617	2.2000		312.5653	1950.4104	
Jan-13	1081	946	2.2083		370.0201	1948.1505	
Feb-13	916	1081	2.2167		332.9439	1937.6499	
Mar-13	717	916	2.2250		267.7807	1933.5153	
Apr-13	378	717	2.2333		162.0359	1931.2554	
May-13	139	378	2.2417		75.0115	1928.9955	
Jun-13	16	139	2.2500		26.1006	1926.7356	
Jul-13	0	16	2.2583		13.8307	1924.4758	
Aug-13	4	0	2.2667		13.7413	1922.2159	
Sep-13	65	4	2.2750	FY 13	30.5592	1919.9560	
Oct-13	335	65	2.2833		108.3498	1917.6962	
Nov-13	617	335	2.2917		202.4974	1915.4363	
Dec-13	946	617	2.3000		310.3054	1913.1764	
Jan-14	1081	946	2.3083		367.7602	1910.9165	
Feb-14	916	1081	2.3167		330.6840	1908.6567	
Mar-14	717	916	2.3250		265.5208	1906.3968	
Apr-14	378	717	2.3333		159.7760	1904.1369	
May-14	139	378	2.3417		72.7516	1901.8770	
Jun-14	16	139	2.3500		23.8407	1899.6172	
Jul-14	0	16	2.3583		11.5708	1897.3573	
Aug-14	4	0	2.3667		11.4814	1895.0974	
Sep-14	65	4	2.3750	FY 14	28.2993	1892.8376	
Oct-14	335	65	2.3833		106.0899	1890.5777	
Nov-14	617	335	2.3917		200.2375	1888.3178	
Dec-14	946	617	2.4000		308.0455	1886.0579	
Jan-15	1081	946	2.4083		365.5004	1883.7981	
Feb-15	916	1081	2.4167		328.4241	1881.5382	
Mar-15	717	916	2.4250		263.2610	1879.2783	
Apr-15	378	717	2.4333		157.5161	1877.0184	
May-15	139	378	2.4417		70.4918	1874.7586	
Jun-15	16	139	2.4500		21.5808	1872.4987	
Jul-15	0	16	2.4583		9.3110	1870.2388	
Aug-15	4	0	2.4667		9.2216	1867.9789	
Sep-15	65	4	2.4750	FY 15	26.0394	1865.7191	
Oct-15	335	65	2.4833		103.8300	1863.4592	
Nov-15	617	335	2.4917		197.9776	1861.1993	
Dec-15	946	617	2.5000		305.7857	1858.9395	
Jan-16	1081	946	2.5083		363.2405	1856.6796	
Feb-16	946	1081	2.5167		334.4050	1862.6605	
Mar-16	717	946	2.5250		262.8758	1862.2754	Historic Test Year Annualized FY15
Apr-16	378	717	2.5333		155.2563	1860.0155	
May-16	139	378	2.5417		68.2319	1857.7556	
Jun-16	16	139	2.5500		19.3209	1855.4957	
Jul-16	0	16	2.5583		7.0511	1853.2359	
Aug-16	4	0	2.5667		6.9617	1850.9760	
Sep-16	65	4	2.5750	FY 16	23.7796	1848.7161	
Oct-16	335	65	2.5833		101.5702	1846.4562	
Nov-16	617	335	2.5917		195.7178	1844.1964	
Dec-16	946	617	2.6000		303.5258	1841.9365	
Jan-17	1081	946	2.6083		360.9806	1839.6766	
Feb-17	916	1081	2.6167		323.9044	1829.1760	
Mar-17	717	916	2.6250		258.7412	1825.0414	Future Test Year Annualized FY 16
Apr-17	378	717	2.6333		152.9964	1822.7815	
May-17	139	378	2.6417		65.9720	1820.5216	
Jun-17	16	139	2.6500		17.0611	1818.2617	
Jul-17	0	16	2.6583		4.7912	1816.0019	
Aug-17	4	0	2.6667		4.7018	1813.7420	
Sep-17	65	4	2.6750	FY 17	21.5197	1811.4821	
Oct-17	335	65	2.6833		99.3103	1809.2222	
Nov-17	617	335	2.6917		193.4579	1806.9624	
Dec-17	946	617	2.7000		301.2659	1804.7025	
Jan-18	1081	946	2.7083		358.7207	1802.4426	
Feb-18	916	1081	2.7167		321.6445	1800.1828	
Mar-18	717	916	2.7250		256.4813	1797.9229	Fully Projected Future Test Year Annualized FY 17

IH incl NT&DS-UGIU
Regression based on Usage per Customer History 1/95-9/15

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.967654792
R Square	0.936355796
Adjusted R Square	0.93557648
Standard Error	34.7833013
Observations	249

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	4361036.566	1453678.855	1201.508579	3.5007E-146
Residual	245	296420.1221	1209.878049		
Total	248	4657456.688			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	63.86632671	6.34130374	10.07148204	3.45701E-20	51.37589929	76.35675414	51.37589929	76.35675414
X Variable 1	0.06249142	0.009961252	6.273450188	1.58735E-09	0.042870802	0.082112037	0.042870802	0.082112037
X Variable 2	0.274692348	0.009959871	27.57991034	4.36524E-77	0.255074451	0.294310245	0.255074451	0.294310245
X Variable 3	-22.59873098	3.681356328	-6.138696981	3.32844E-09	-29.84987616	-15.3475858	-29.84987616	-15.3475858

SDR-RR-12

Request:

In the form identical to the previous question, please provide a database for all independent variables which were analyzed by the Company, but exclude from the filed gas demand models.

Response:

None.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-13

Request:

For each customer receiving service at less than the maximum applicable tariff rate, please provide:

a. actual consumption for the two most recent calendar years;

b. actual consumption for the HTY and the most recent twelve month period for which data is available;

c. the currently applicable rate;

d. an explanation for the rate discount.

Response:

None.

Prepared by or under the supervision of: David E. Lahoff

SDR-RR-14

Request:

Please provide a copy of the Company's detailed capital budgets for the preceding and current calendar years which underlie the projected test year capital additions in this case.

Response:

Please refer to SDR-ROR-14.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-15

Request:

Please provide a variance or other similar report comparing actual and budgeted construction expenditures at the conclusion of each budget period for the past three years and as of the most recent date available.

Response:

Please refer to Attachment SDR-RR-15.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Capital Expenditures - Budget vs. Actual
(thousands of dollars)

	9/30/2013	9/30/2014	9/30/2015
Budgeted Expenditures	$ 70,537	$ 84,378	$ 112,100
Actual Expenditures	90,229	102,952	116,795
Variance	$ 19,692	$ 18,574	$ 4,695

SDR-RR-16

Request:

Please provide a breakdown of other gas revenue for the three preceding calendar years.

Response:

Please refer to Attachment SDR-RR-16 for a schedule of other gas revenues for the three preceding calendar years.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
OTHER GAS REVENUES
FOR THE YEARS ENDED SEPTEMBER 30, 2013, 2014, 2015

(000's)

Account No.		**09/30/13**	**09/30/14**	**09/30/15**
495001	Miscellaneous Gas Revenues	$ 330	$ 463	$ 555
495004	POR Administrative Fees	12	43	44
	Total	$ 342	$ 507	$ 599

SDR-RR-17

Request:

For those items for which data is available, please provide the following actual monthly balance by account for the historic and future test periods to present:

a. depreciable utility plant in service

b. non-depreciable utility plan in service

c. construction work in progress

d. accumulated deferred income tax

e. materials and supplies

f. customer advances for construction

g. contributions in aid of construction

h. accumulated depreciation

i. prepayments by type

j. customer deposits

k. injury and damages reserve

Response:

Please refer to Attachment SDR-RR-17 for the requested information.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
ENDING BALANCE (in $'000)
FISCAL YEAR 2015

	Description	Actual Oct 2014	Actual Nov 2014	Actual Dec 2014	Actual Jan 2015	Actual Feb 2015	Actual Mar 2015	Actual Apr 2015	Actual May 2015	Actual Jun 2015	Actual Jul 2015	Actual Aug 2015	Actual Sep 2015
a)	Depreciable Plant	1,310,410	1,316,884	1,333,466	1,342,582	1,347,187	1,351,677	1,356,569	1,358,737	1,361,643	1,359,723	1,370,019	1,394,322
b)	Non-Depreciable Plant	4,188	4,192	4,206	4,212	4,246	4,252	4,252	4,252	4,252	4,252	4,253	4,253
c)	Construction Work in Progress	17,513	20,608	14,338	14,883	15,733	19,510	21,978	22,310	25,210	28,446	30,406	21,168
d)	Accumulated Deferred Income Tax	(282,758)	(284,049)	(285,464)	(281,488)	(277,552)	(276,651)	(275,863)	(276,563)	(277,041)	(278,617)	(281,051)	(296,698)
e)	Materials and Supplies	3,408	3,556	3,757	3,784	3,853	3,967	3,914	4,253	4,318	4,295	4,559	4,212
f)	Customer Advances	-	-	-	-	-	-	-	-	-	-	-	-
g)	Capital Expenditures are shown net of any anticipated amounts for CIAC.												
h)	Accumulated Depreciation	(429,459)	(431,405)	(432,230)	(434,122)	(436,264)	(438,101)	(439,864)	(438,617)	(438,641)	(440,512)	(442,026)	(442,800)
i)	Prepayments by Type												
	Prepaid Taxes	104	90	77	80	88	78	76	62	48	158	147	132
	PUC Annual Assessment	1,242	1,087	932	776	621	466	311	155	-	(155)	(311)	1,365
	Prepaid IT Services	1,521	1,457	1,410	1,380	1,297	1,203	1,377	1,234	1,702	1,603	1,610	1,606
	Miscellaneous	64	41	13	109	101	73	135	81	60	89	68	36
j)	Gas Customer Deposits	(15,028)	(15,299)	(15,641)	(15,702)	(15,719)	(15,860)	(15,421)	(15,092)	(14,841)	(14,667)	(14,576)	(14,517)
k)	Injury and Damages Reserve	(809)	(803)	(656)	(650)	(636)	(653)	(644)	(626)	(808)	(698)	(657)	(590)

UGI UTILITIES, INC. - GAS DIVISION
ENDING BALANCE (in $'000)
FISCAL YEAR 2016

	Description	Actual Oct 2015	Actual Nov 2015
a)	Depreciable Plant	1,398,823	1,406,475
b)	Non-Depreciable Plant	4,253	4,250
c)	Construction Work in Progress	24,522	27,877
d)	Accumulated Deferred Income Tax	(296,526)	(298,932)
e)	Materials and Supplies	3,869	3,709
f)	Customer Advances	-	-
g)	Capital Expenditures are shown net of any anticipated amounts for CIAC.		
h)	Accumulated Depreciation	(444,146)	(445,690)
i)	Prepayments by Type		
	Prepaid Taxes	120	105
	PUC Annual Assessment	1,213	1,062
	Prepaid IT Services	1,540	1,442
	Miscellaneous	75	53
j)	Gas Customer Deposits	(14,588)	(14,764)
k)	Injury and Damages Reserve	(549)	(549)

SDR-RR-18

Request:

Please provide a copy of all work papers supporting the Company's lead/lag study.

Response:

Refer to UGI Exhibit A (Historic), UGI Exhibit A (Future) and UGI Exhibit A (Fully Projected), Schedule C-4, and the Direct Testimony of Ann P. Kelly, UGI Gas Statement No. 2.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-19

Request:

Please provide the payroll distribution showing the percentage of wages charged to O&M and other categories for each of the preceding three calendar years and the most recent annual period available.

Response:

Please see Attachment SDR-RR-19 regarding payroll distribution for fiscal years 2012, 2013, 2014 and 2015.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
Annual Payroll Data
FOR THE YEARS ENDED SEPTEMBER 30, 2012, 2013, 2014 AND 2015
(thousands of dollars)

	12 Months 09/30/12	12 Months 09/30/13	12 Months 09/30/14	12 Months 09/30/15
Operations and Maintenance	$ 28,902	$ 31,545	$ 32,633	$ 34,187
Production and Supply	151	113	45	68
Other Income/Expense	145	186	116	147
Capital	10,638	11,420	10,974	12,141
Total	$ 39,836	$ 43,264	$ 43,769	$ 46,543
Percent Charged to O&M	72.6%	72.9%	74.6%	73.5%
Percent Charged to P&S	0.4%	0.3%	0.1%	0.1%
Percent Charged to Other	0.4%	0.4%	0.3%	0.3%
Percent Charged to Capital	26.7%	26.4%	25.1%	26.1%

SDR-RR-20

Request:

Please state whether the future test year budgeted labor includes any increases or decreases in the number of employees during the future test year. If increases have been budgeted, please state whether the future test year includes budgeted positions which have not been filled.

Response:

The future test year adjusted labor includes an increase of 25 employees from September 30, 2015, levels. As of November 30, 2015, 15 of these positions had been filled, while 13 additional positions became open due to employee turnover, resulting in a total of 23 unfilled positions budgeted in the future test year.

Please refer to Exhibit A FPFTY Schedule D-9 for additional headcount adjustments.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-21

Request:

Please explain how the Company has treated routine or normal position vacancies which occur as a result of terminations or retirements in its budgeted labor projections.

Response:

The budgeted labor projections excluded non-field positions which were budgeted in the historic test year but not filled as of 3/31/15. This resulted in the exclusion of 24 positions from the Future Test Year and the Fully Projected Future Test Year.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-22

Request:

Please provide the most recent insurance premiums for each type of insurance coverage (i.e., employee benefit and those purchased by the Company) reflected in the Company's filing. If available, please provide estimated premiums for the subsequent calendar year.

Response:

Please refer to Attachment SDR-RR-22 for fiscal 2015 actual and budgeted fiscal 2016 insurance premiums, with the exception of the benefit related insurance policies which are based on the calendar year. In addition, the company has secured cyber insurance in the amount of $83,000 which is included in the claim. Please see Exhibit A (Fully Projected) Schedule D-15.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
Insurance Premiums Paid & Expected Premiums
For the 12 Months Ending September 30,

	2015	2016
Auto - ACE	$ 5,115	$ 4,547
Auto - UVIC	84,358	84,358
Excess - Aegis (GL) no EPLI	983,248	1,015,177
Excess - JLT Park, Ltd.	32,393	32,393
Excess - Aegis (WC)	120,156	124,651
Excess - EIM	192,242	196,087
Excess - ACE Bermuda	65,899	62,714
Excess - XL Insurance Co.	12,270	12,024
D&O	165,150	185,243
Crime	2,761	2,674
Property	72,389	75,556
Medical - Aetna POS II	4,949,196	5,109,216
Medical - Aetna HAP	1,214,504	1,254,176
Medical - Independence BlueCross	1,030,644	1,066,788
Dental - United Concordia	330,904	330,904
Basic Life - Hartford	6,192	6,378
Long Term Disability - Aetna	20,305	20,914
Accidental Death & Dismemberment	9,547	9,833
Business Travel Accident	10,318	10,318
Total	$ 9,307,590	$ 9,603,951

UGI Utilities, Inc. - Gas Division
Insurance Premiums Paid
For the 12 months ended September 30, 2015

Medical - Aetna POS II	Count as of 9/2015	2015 Monthly Premium Equivalent	2015 Annual Cost	2015 Annual Employee Contribution	2015 Annual Net UGI Cost
Employee	227	$ 540	$ 1,470,960	$ (318,708)	$ 1,152,252
Employee + spouse	114	$ 1,080	$ 1,477,440	$ (384,408)	$ 1,093,032
Employee + child(ren)	79	$ 972	$ 921,456	$ (218,040)	$ 703,416
Family	142	$ 1,620	$ 2,760,480	$ (759,984)	$ 2,000,496
TOTAL	**562**		**$ 6,630,336**	**$ (1,681,140)**	**$ 4,949,196**

Medical - Aetna HAP	Count as of 9/2015	2015 Monthly Premium Equivalent	2015 Annual Cost	2015 HSA Employer Contribution	2015 Gross Annual Cost	2015 Annual Employee Contribution	2015 Annual Net UGI Cost
Employee	51	$ 502	$ 307,224	51,000	$ 358,224	$ (64,260)	$ 293,964
Employee + spouse	22	$ 1,004	$ 265,056	44,000	$ 309,056	$ (62,832)	$ 246,224
Employee + child(ren)	6	$ 903	$ 65,016	12,000	$ 77,016	$ (13,752)	$ 63,264
Family	39	$ 1,505	$ 704,340	78,000	$ 782,340	$ (171,288)	$ 611,052
TOTAL	**118**		**$ 1,341,636**	**$ 185,000**	**$ 1,526,636**	**$ (312,132)**	**$ 1,214,504**

Medical - Independence BlueCross	Count as of 9/2015	2015 Monthly Premium Equivalent	2015 Annual Cost	2015 Annual Employee Contribution	2015 Annual Net UGI Cost
Employee	67	$ 588	$ 472,752	$ (114,972)	$ 357,780
Employee + spouse	27	$ 1,176	$ 381,024	$ (108,216)	$ 272,808
Employee + child(ren)	16	$ 1,058	$ 203,136	$ (53,184)	$ 149,952
Family	17	$ 1,764	$ 359,856	$ (109,752)	$ 250,104
TOTAL	**127**		**$ 1,416,768**	**$ (386,124)**	**$ 1,030,644**

UGI Utilities, Inc. - Gas Division
Insurance Premiums Paid
For the 12 months ended September 30, 2015

Dental - United Concordia	Count as of 9/2015	2015 Monthly Premium	2015 Annual Cost	2015 Annual Employee Contribution	2015 Annual Net UGI Cost
Employee	396	$ 31.30	$ 148,738	$ -	$ 148,738
Employee + Spouse	189	$ 54.50	$ 123,606	$ (52,618)	$ 70,988
Employee + Child(ren)	88	$ 62.05	$ 65,525	$ (32,472)	$ 33,053
Family	208	$ 86.84	$ 216,753	$ (138,628)	$ 78,125
TOTAL	**881**		**554,621**	**(223,717)**	**330,904**

Basic Life - Hartford	Count as of 9/2015	Volume	2015 Annual Cost
Active	**983**	5,319,735	**$ 6,192**

LTD - Aetna	Count as of 9/2015	Coverage amount (60% of salary)	2015 Annual Cost
Active	**881**	4,834,469	**$ 20,305**

AD&D	Count as of 9/2015	Volume	2015 Annual Cost
Active	983	5,303,621	**$ 9,547**

BTA		2015 Annual Cost
Active		**$ 10,318**

UGI Utilities, Inc. - Gas Division
Expected Premiums
For the 12 months ended September 30, 2016

Medical - Aetna POS II	Count as of 9/2015	2016 Monthly Premium Equivalent	2016 Annual Projected Cost	2016 Annual Employee Contribution	2016 Annual Net UGI Cost
Employee	227	$ 557	$ 1,517,268	$ (324,156)	$ 1,193,112
Employee + spouse	114	$ 1,114	$ 1,523,952	$ (399,456)	$ 1,124,496
Employee + child(ren)	79	$ 1,003	$ 950,844	$ (222,780)	$ 728,064
Family	142	$ 1,671	$ 2,847,384	$ (783,840)	$ 2,063,544
TOTAL	**562**		**$ 6,839,448**	**$ (1,730,232)**	**$ 5,109,216**

Medical - Aetna HAP	Count as of 9/2015	2016 Monthly Premium Equivalent	2016 Annual Projected Cost	2016 HSA Employer Contribution	2016 Annual Projected Cost	2016 Annual Employee Contribution	2016 Annual Net UGI Cost
Employee	51	$ 520	$ 318,240	51,000	$ 369,240	$ (65,484)	$ 303,756
Employee + spouse	22	$ 1,041	$ 274,824	44,000	$ 318,824	$ (65,472)	$ 253,352
Employee + child(ren)	6	$ 937	$ 67,464	12,000	$ 79,464	$ (14,040)	$ 65,424
Family	39	$ 1,561	$ 730,548	78,000	$ 808,548	$ (176,904)	$ 631,644
TOTAL	**118**		**$ 1,391,076**	**$ 185,000**	**$ 1,576,076**	**$ (321,900)**	**$ 1,254,176**

Medical - Independence BlueCross	Count as of 9/2015	2016 Monthly Premium Equivalent	2016 Annual Projected Cost	2016 Annual Employee Contribution	2016 Annual Net UGI Cost
Employee	67	$ 607	$ 488,028	$ (117,384)	$ 370,644
Employee + spouse	27	$ 1,214	$ 393,336	$ (111,780)	$ 281,556
Employee + child(ren)	16	$ 1,093	$ 209,856	$ (54,144)	$ 155,712
Family	17	$ 1,821	$ 371,484	$ (112,608)	$ 258,876
TOTAL	**127**		**$ 1,462,704**	**$ (395,916)**	**$ 1,066,788**

UGI Utilities, Inc. - Gas Division
Insurance Premiums Paid & Expected Premiums
For the 12 months ended September 30, 2016

Dental - United Concordia	Count as of 9/2015	2016 Monthly Premium	2016 Annual Projected Cost	2016 Annual Employee Contribution	2016 Annual Net UGI Cost
Employee	396	$ 31.30	$ 148,738	$ -	$ 148,738
Employee + Spouse	189	$ 54.50	$ 123,606	$ (52,618)	$ 70,988
Employee + Child(ren)	88	$ 62.05	$ 65,525	$ (32,472)	$ 33,053
Family	208	$ 86.84	$ 216,753	$ (138,628)	$ 78,125
TOTAL	**881**		**554,621**	**(223,717)**	**330,904**

Basic Life - Hartford	Count as of 9/2015	Volume	2016 Annual Projected Cost
Active	**983**	5,319,735	**$ 6,378**

LTD - Aetna	Count as of 9/2015	Coverage amount (60% of salary)	2016 Annual Projected Cost
Active	**881**	4,834,469	**$ 20,914**

AD&D	Count as of 9/2015	Volume	2016 Annual Projected Cost
Active	983	5,303,621	**$ 9,833**

BTA		2016 Annual Projected Cost
Active		**$ 10,318**

SDR-RR-23

Request:

Please provide a copy of the Company's two most recent FERC Form 2.

Response:

The Company is not required to file and has not filed a FERC Form 2.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-24

Request:

Please provide a description of each employee benefit program or plan.

Response:

Please see Attachment SDR-RR-24.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Benefit Program Effective Jan. 1, 2016

Employee Medical Plan

All employees and their dependents have the option to participate in a health care program that provides 3 options: an Aetna Point of Service II Plan, an Independence Blue Cross Preferred Provider Option Plan and Aetna High Deductible Health Plan with a Health Savings Account. A brief summary of each is listed below:

MEDICAL	Aetna Choice POS II		Independence Blue Cross PPO		Aetna HDHP/HSA	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Deductible	Individual: $600 Family: $1,500	Individual: $1,200 Family: $3,000	Individual: $600 Family: $1,500	Individual: $1,200 Family: $3,000	Individual: $2,500 Family: $5,000	Individual: 3,500 Family: $7,000
HSA Annual Funding	N/A	N/A	N/A	N/A	$1,000 Individual $2,000 Family	
Office Visit Co-Pay PCP/Specialist	$20/$35	70% after deductible	$20/$35	60% after deductible	100% after deductible	70% after deductible
Co-Insurance after Deductible	90%	70%	80%	60%	100% after deductible	70% after deductible

Prescription Drug Coverage	Aetna Choice POS II		Independence Blue Cross PPO		Aetna HDHP/HSA	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Deductible	Individual $150 Family: $300				Subject to Medical Plan Deductible Above	Subject to Medical Plan Deductible Above
Retail 30 days	$10 Generic $35 Formulary Brand $50 Non Formulary Brand	Not Covered	$10 Generic $35 Formulary Brand $50 Non Formulary Brand	Not Covered	$10 Generic $35 Formulary Brand $50 Non Formulary Brand	Not Covered
Mail Order 90 days	$25 Generic $87.50 Formulary Brand $125 Non Formulary Brand	Not covered	$25 Generic $87.50 Formulary Brand $125 Non Formulary Brand	Not Covered	$25 Generic $87.50 Formulary Brand $125 Non Formulary Brand	Not Covered
Specialty Injectibles	$90 copay 30 day supply	Not Covered	$90 co-pay 30 day supply	Not Covered	$90 copay 30 day supply	Not Covered

Retiree Medical

An eligible employee is any full-time employee of UGI who as of January 1, 1989, was at least 55 years of age and had completed at least 10 years of service with UGI or an affiliated corporation or whose age and years of service equaled at least 80 and who immediately following his retirement from UGI commences receipt of an early, normal or late retirement pension.

Effective January 1, 2014, retiree medical for Medicare-eligible retirees (age 65 or over) was outsourced to a third party and the benefit was changed to a health reimbursement account. In addition, the Retiree Plan covers Medicare-eligible disabled employees who are receiving long term disability benefits. Retirees and spouses who retired on or after 1/1/1986 receive $500 per calendar year and those who retired prior to 1/1/1986 receive $700 per calendar year.

Dental Plan
All employees have access to the following dental plan:

Annual Deductible:	$50 Individual / $150 Family
Diagnostic, Preventive, Sealants (not subject to deductible)	100% coinsurance
Basic Restorative, oral surgery, endodontics	80% co-insurance after deductible
Major Restorative, Prosthodontics	50% co-insurance after deductible
Non-Surgical Periodontics	80% co-insurance after deductible
TMJ, Dental Implants, Occlusal Guards	50% co-insurance after deductible
Annual Maximum for covered services	$1,500
Orthodontics	50% co-insurance with $1,500 lifetime maximum

Flexible Spending Accounts
All employees are eligible to participate in Health Care or Dependent Day Care Spending Accounts. The annual maximum election for a Health Care Account is $2,500 and the minimum is $260. The annual maximum election for the Dependent Day Care is $5,000 and the minimum is $260. Employees who enroll in the Aetna High Deductible Health Plan are eligible for a Limited Scope Heath Care spending account per IRS regulations.

Group Life Insurance
All employees receive company paid basic life in the amount of one times their annual salary (including certain bonuses) rounded to the next highest $1,000. Part-time employees receive $10,000.

Employees may elect additional employee supplemental life insurance of 1, 2, 3, 4, or 5 times annual salary rounded to the nearest $1,000. This coverage is 100% employee paid. Employee may also elect supplemental life insurance for a spouse in amounts from $10,000 to $100,000 in increments of $10,000. Child(ren) life insurance is also optional in amounts of $5,000 or $10,000. Both spouse and child(ren) life insurance are 100% employee paid.

Accidental Death & Dismemberment (AD&D) and Business Travel Accident (BTA) Insurance
All employees are covered under AD&D insurance 24 hours per day, 365 days per year. The maximum benefit is one times annual salary to a maximum of $2 million. Employee may elect Voluntary AD&D at 1, 2, 3, 4 or 5 times salary to a maximum of $6 million as well as spouse Voluntary AD&D (60% of employee coverage) and child Voluntary AD&D (20% of employee's

coverage to a maximum of $50,000). All voluntary AD&D coverage is paid 100% by employees.

All employees are covered by Business Travel Accident with a maximum benefit of 4 times annual salary to a maximum of $2 million.

Retiree Life Insurance
Employees who elect to retiree are eligible for retiree life in the amount of 25% of the pre-retirement amount with a maximum coverage amount of $50,000.

Short Term Disability
The Company provides a self insured pay continuation illness plan for all employees. The percentage of pay continued and the number of weeks at 100% and 50% are based on years of service. Short term disability is available for a maximum of 6 months of disability.

Long Term Disability
Employees who exhaust short term disability benefits are eligible to apply for long term disability which is an insured program. Employees who qualify receive 60% of base monthly income offset by other disability income such as Social Security. Maximum benefit is $20,000 per month. Minimum benefit is the greater of $100 or 10% of the gross disability payment per month.

Retirement Plan – UGI Employees
The Plan is a noncontributory defined benefit plan covering substantially all employees hired prior to January 1, 2009 of UGI Utilities, Inc. Effective January 1, 2009, the Plan was closed to new hires, rehires or transfers occurring on or after that date.

Substantially all employees of the UGI Employers hired prior to January 1, 2009 who complete five years of vesting service, as defined, or who reach normal retirement age, as defined, while in the employ of the UGI Employers, are entitled to benefits upon reaching normal retirement age, generally age 65.

The annual pension benefits shall generally be the greatest of:

- $600; or

- 1.9% of final average earnings, as defined, times years of credited service, as defined, (which amount cannot exceed 60% of the average monthly earnings for the highest consecutive 12-month period during the 120 consecutive month period prior to the date of retirement or termination), less (b) 1% of the primary Social Security benefit, as defined, times the years of credited service at age 65 (maximum of 35 years) and in the case of early retirement, multiplied further by the ratio of actual credited service to projected credited service at normal retirement date; or

- 25% of earnings during the last 12 months prior to retirement multiplied by the ratio (not to exceed 1.0) of years of projected credited service to normal retirement date to 15, and in the case of early retirement, multiplied further by the ratio (not to exceed 1.0) of years of credited service earned to the projected years of credited service at normal retirement date.

The Plan permits early retirement benefits at a reduced level at age 55 and completion of ten years of vesting service. Unreduced early retirement benefits are available for employees retiring from age 62 to age 65, who have completed 10 years of vesting service

Savings Plan – 401(k)
All employees are eligible to participate in the deferred savings plan which is a tax qualified 401(k) program. The Plan accepts both before-tax and after tax contributions up to a combined total of 50% of salary subject to the IRS maximum deferral of $53,000 for 2015. The before-tax maximum is $18,000 for 2015. There is also the option to make deferrals as a Roth. Employees who are age 50 or older may contribute an additional catch up contribution of $5,500 per year. The Company matches before-tax or after tax contributions at 50% of the first 3% and 25% of the next 3% of salary deferred. Participants become vested in the Company match on a percentage basis over a period of 5 years.

Employees hired on or after January 1, 2009 are eligible for an enhanced company match of 100% of 5% because they are not eligible for the defined benefit pension plan.

Educational Assistance
Full-time employees with 6 months of service may be eligible to participate in the Company's tuition reimbursement program for courses offered by approved educational institutions. To be eligible for reimbursement studies selected must be related to some phase of the employee's job or the Company's operation or be part of a required course for a degree (associates, bachelors or masters) or certificate related to the Company's operation. Ph.D programs are excluded.

The Company will reimburse 80% of tuition costs only, excluding the cost of books, supplies and other associated fees at qualified educational institutions. The maximum reimbursement per calendar year is limited to $6,300 for undergraduate courses and $7,500 for graduate level courses. In order to receive reimbursement the employee must provide evidence of satisfactory completion of the course. For courses with letter grades, "satisfactory completion" is defined as follows:

- a grade of "C" or better for undergraduate classes
- a grade of "B" or better for graduate level classes

Paid Time Off
The Company provides all employees with 9 paid holidays and 3 personal days per calendar year. Employees are provided vacation allowances based on years of service ranging from two weeks after 1 year of service to 6 weeks after 35 years of service.

Severance Program
Exempt employees grade 18 to 26 that are terminated involuntarily are eligible for a severance allowance of two weeks of compensation for each year of service with a minimum of two months of compensation and a maximum of 12 months of compensation. Severed employees will also receive a lump sum payment equal to the COBRA cost of continued medical and dental coverage for the period of severance less the active employee contribution amount.

Exempt employees grade 17 or below and non-bargaining non-exempt employees are eligible for a severance allowance of one week of compensation for each year of service with a minimum of two weeks of compensation and a maximum of 12 months of compensation. Severed employees will also receive a lump sum payment equal to the COBRA cost of continued medical and dental coverage for the period of severance less the active employee contribution amount.

SDR-RR-25

Request:

Please provide a description of the Company's merit and cost of living wage rate increase policies.

Response:

The Company does not provide wage adjustments based on changes in the cost of living index.

Non-Union Employees

The Company maintains a salary structure which is comprised of salary grades and ranges.

All non-union positions are assigned a salary range based on the competitive value of the job. The salary structure is reviewed periodically and adjusted, at the discretion of management, to remain externally competitive and internally equitable in order to attract, motivate, and retain quality employees.

Funds are budgeted each year for merit increases based on prevailing market rates. Performance reviews are scheduled annually with employees. Merit increase guidelines are established and individual performance ratings determine individual merit increases.

Union Employees

Employees who are represented by bargaining units are paid according to the rates negotiated in their labor agreements.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-26

Request:

Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available.

a. number of actual employees broken down between type (e.g., salaried, union, non-union, temporary, etc.);

b. regular payroll broken down between expensed, capitalized and other;

c. overtime payroll broken down between expensed, capitalized and other;

d. temporary payroll broken down between expensed, capitalized and other; and

e. other payroll (specify).

Response:

a. See Attachment SDR-RR-26, page 1.

b-c. See Attachment SDR-RR-26, page 2.

d-e. Not available.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division

Employee Count

12 Months Ended September 30, 2014

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Union	268	265	266	266	272	273	277	274	277	279	278	287
Non-Union	631	633	636	637	639	643	643	649	648	649	650	657
Non-Union Temporary	9	9	15	8	9	7	8	33	36	36	9	8
Total	908	907	917	911	920	923	928	956	961	964	937	952

12 Months Ended September 30, 2015

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Union	291	291	290	291	293	289	295	297	294	295	298	300
Non-Union	657	660	661	667	668	673	668	663	665	672	676	681
Non-Union Temporary	11	11	14	12	10	10	8	9	34	35	6	9
Total	959	962	965	970	971	972	971	969	993	1002	980	990

2 Months Ended November 30, 2015

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Union	301	301										
Non-Union	679	683										
Non-Union Temporary	11	13										
Total	991	997										

UGI Utilities, Inc. - Gas Division

Monthly Labor Data
(Thousands of Dollars)

12 Months Ended September 30, 2014

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Expense Straight Time	1,964	2,797	2,003	2,835	2,289	2,532	2,415	2,631	2,832	2,418	2,496	2,423
Expense Overtime	192	221	354	348	386	266	202	204	295	213	215	265
Capital Straight Time	827	809	914	668	664	800	759	779	1,170	776	837	870
Capital Overtime	80	73	115	60	63	72	67	79	129	107	112	141
Total	3,062	3,900	3,387	3,911	3,403	3,670	3,442	3,693	4,426	3,514	3,660	3,700

12 Months Ended September 30, 2015

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Expense Straight Time	2,580	2,583	2,563	2,518	2,683	2,781	2,611	2,785	2,690	2,517	2,476	2,458
Expense Overtime	242	414	212	228	381	415	225	282	198	193	185	181
Capital Straight Time	932	1,236	770	863	756	820	820	1,286	823	855	887	921
Capital Overtime	134	211	112	104	58	101	59	98	55	59	81	103
Total	3,888	4,445	3,657	3,713	3,879	4,117	3,714	4,450	3,766	3,624	3,628	3,662

2 Months Ended November 30, 2015

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Expense Straight Time	2,654	2,724										
Expense Overtime	213	328										
Capital Straight Time	968	1,304										
Capital Overtime	108	175										
Total	3,942	4,530										

SDR-RR-27

Request:

Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

Response:

Please refer to Attachment SDR-RR-27 contained on CD for a copy of all incentive compensation plans. The total expenses included within the cost of service are $1,481,135, $1,918,571, and $1,947,349 for the Historic Test Year, Future Test Year, and Fully Projected Future Test Year, respectively.

Information regarding UGI Gas's UNITE Incentive Compensation Plan is confidential and will be made available to parties upon request and the entry of an acceptable Protective Order.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-28

Request:

Please provide the percentage wage rate increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

Response:

Please refer to Attachment SDR-RR-28.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Standard Data Requests
Revenue Requirements

Percentage Wage Rate Increases

Response:

Year	Union Employees	Percent Increase			
		2012	**2013**	**2014**	**2015**
	System Council U-22 of the IBEW - Effective 04/01/YYYY	2.50%	3.00%	3.00%	2.75%
	Gas Fitter-Utility Employee Local Union No. 600 – Effective 06/01/YYYY	2.50%	2.50%	3.00%	3.00%
	AVERAGE	2.50%	2.75%	3.00%	2.88%

Non Union Employees

2012 Actual Merit: 2.73% (exempt = 2.71% effective 11/28/2011/nonexempt = 2.77% effective throughout the year);
Exempt Variable Compensation: actual average payout of 0%

2013 Actual Merit: 2.65% (exempt = 2.56% effective 11/26/2012/nonexempt = 2.76% effective throughout the year);
Exempt Variable Compensation: actual average payout of 10.5%

2014 Actual Merit: 3.11% (exempt = 3.05% effective 11/25/2013/nonexempt = 3.19% effective throughout the year);
Exempt Variable Compensation: actual average payout of 12.3%

2015 Actual Merit: 3.06% (exempt = 2.94% effective 12/01/2014/nonexempt = 3.23% effective throughout the year);
Exempt Variable Compensation: Target payout percent between 5% and 20% of base pay depending on grade level

SDR-RR-29

Request:

Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

Response:

No gain or loss was recorded for the 12-month periods ended 9/30/2013, 9/30/2014, or 9/30/2015. No gain or loss is anticipated in either the future or fully projected future test years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-30

Request:

Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

a. fines and penalties

b. contributions and donations

c. membership dues

d. lobbying expense

e. employee activity costs (e.g., picnics, parties, awards)

f. investor relations expenses

Response:

a. No costs for fines and penalties are included.

b. No costs for contributions and donations are included.

c. Please refer to Attachment SDR-RR-30.

d. No lobbying expenses are included.

e. The cost of service includes direct employee activity costs in the amounts of $92,870 for historic, $143,178 for future and $145,325 for fully projected future test years, respectively.

f. The cost of service includes allocated investor relations expenses in the amounts of $13,023 for historic, $5,899 for future and $6,076 for fully projected future test years, respectively.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Schedule of Company Memberships

Organization Name	2015	2016	2017	
AFREC	$ 1,350	$ 1,400	$ 1,400	
American Gas Association	248,315	257,000	266,000	*
Bethlehem Economic Development Corp	5,000	5,200	5,400	
Common Ground Alliance	4,797	5,000	5,200	
Economic Development Co of Lancaster County	60,000	62,100	64,300	
Energy Association of Pennsylvania	67,219	69,600	72,000	**
Energy Solutions Center Inc.	9,659	10,000	10,400	
Greater Hazleton Chamber of Commerce	1,542	1,600	1,700	
Greater Lehigh Valley	2,384	2,500	2,600	
Greater Reading Chamber of Commerce	8,000	8,300	8,600	
Greater Reading Economic Partnership	20,000	20,700	21,400	
Harrisburg Regional Chamber & CREDC	22,000	22,800	23,600	
Lancaster City Alliance	10,000	10,400	10,800	
Lebanon Valley Economic Development Corporation	7,500	7,800	8,100	
Lehigh Valley Economic Development Corp	21,000	21,700	22,500	
NGV America	11,783	12,200	12,600	
Pennsylvania Chamber of Business & Industry	11,848	12,300	12,700	
Pennsylvania Economy League	3,598	3,700	3,800	
Organizations Under $1,000	5,562	5,800	6,000	
Total Spending for Company Memberships	$ 521,557	$ 540,100	$ 559,100	

* Of the American Gas Association expense shown for the fully projected future test year, $254,030 will be included in the claim, while $11,970 relates to lobbying activities and will be excluded.

** Of the Energy Association of Pennsylvania expense shown for the fully projected future test year, $67,680 will be included in the claim, while $4,320 relates to lobbying activities and will be excluded.

SDR-RR-31

Request:

Please provide a description and the purpose for membership for each organization listed in the previous response.

Response:

Refer to response SDR-RR-32 for the purpose of memberships in industry organizations. The purpose for the Company's membership in other organizations is to improve the welfare, educational, social and economic climate in the Company's local communities, as well as to sponsor memberships for employees whose active participation in these organizations would be in the best interests of the Company and the communities within which the Company serves.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-32

Request:

Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

Response:

Please refer to Attachment SDR-RR-32 for the industry organization payments included in the cost of service. The description of each payee organization is provided below.

• The Alternative Fuels Renewable Energies Council (AFREC) is a private, industry-driven consortium that exclusively focuses on the economics and collaborative development of corporate and government sustainability programs, projects, products and initiatives.

• The American Gas Association (AGA) is a trade association that represents more than 200 local energy companies that deliver clean natural gas throughout the United States.

• The American Society of Gas Engineers (ASGE) is a member-driven association interested in gas utilization, gas appliance design, gas certification and safety.

• The Common Ground Alliance (CGA) is a member-driven association of 1,700 individuals, organizations and sponsors in every facet of the underground utility industry. CGA is committed to saving lives and preventing damage to underground infrastructure by promoting effective damage prevention practices.

• The Cross Bore Safety Association (CBSA) is a community of industry professionals that have joined together to address all aspects of utility cross bores for protection against loss of life, injury and property damage.

• The Energy Association of Pennsylvania (EAP) is a trade association whose members include the electric and natural gas utilities operating in Pennsylvania.

• The Energy Solutions Center, Inc. (ESC) is a non-profit organization of energy utilities and equipment manufacturers that promotes energy efficient natural gas solutions and systems for use by residential, commercial, and industrial energy users.

SDR-RR-32 (Continued)

• Natural Gas Vehicles for America (NGVA) is the national trade association dedicated to the development of a growing and sustainable market for vehicles powered by natural gas or biomethane.

• The Pipeline Association for Public Awareness (PAPA) promotes open communication and cooperation with local organizations to enhance public safety, improve emergency preparedness, protect the environment and prevent damage to property and facilities.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Schedule of Industry Organization Payments
For the Twelve Months Ending September 30, 2017

Organization Name	Included in Claim	Excluded from Claim*	Total Payments
AFREC	$ 1,400	$ 0	$ 1,400
American Gas Association	254,030	11,970	266,000
Common Ground Alliance	5,200	0	5,200
Energy Association of Pennsylvania	67,680	4,320	72,000
Energy Solutions Center Inc.	10,400	0	10,400
NGV America	12,600	0	12,600
Organizations Under $1,000	1,251	0	1,251
Total Payments to Industry Organizations	$ 352,561	$ 16,290	$ 368,851

* Expenses related to lobbying activities have been excluded from the cost of service.

** Organizations under $1,000 include: The American Society of Gas Engineers, The Cross Bore Safety Association and The Pipeline Association of Public Awareness.

SDR-RR-33

Request:

Please provide the following information related to the Company's membership in AGA:

a. Cost included in requested cost of service

b. Cost excluded from requested cost of service

c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.

d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.

e. Policy statement, objective, purpose, etc. of AGA.

Response:

a. The cost of service includes membership fees paid to AGA in the amounts of $237,141 for historic, $245,435 for future and $254,030 for fully projected future test years, respectively.

b. The cost of service excludes membership fees paid to AGA for lobbying activities in the amounts of $11,174 for historic, $11,565 for future and $11,970 for fully projected future test years, respectively.

c. NARUC last performed an audit of AGA expenditures in 2002, for which the audit report has been provided in Attachment SDR-RR-33.

d. Please refer to Attachment SDR-RR-33.1.

e. Please refer to Attachment SDR-RR-33.2.

Prepared by or under the supervision of: Ann P. Kelly

AUDIT REPORT ON THE EXPENDITURES

OF THE

AMERICAN GAS ASSOCIATION

(For the 12 month period ended December 31, 2002

March 2005

NARUC STAFF SUBCOMMITTEE ON ACCOUNTING AND FINANCE

National Association of
Regulatory Utility Commissioners
1101 Vermont Avenue; Suite 200
Washington, D.C. 20005

N A R U C
National Association of Regulatory Utility Commissioners

March 2005

To: **The State Regulatory Commissions**

From: **The NARUC Staff Subcommittee on Accounting and Finance**

Re: **Transmittal of the 2002 Report on the Expenditures of the American Gas Association**

Dear State Regulatory Commissions:

This is the annual report on the expenditures of the American Gas Association (AGA) provided for your review and consideration. Hopefully you will find the information contained herein to be useful in helping you to decide which, if any, of the costs of the association you should approve for inclusion in utility rates. Often, state commissioners review the costs of the association charged or allocated to the utilities in their jurisdiction in accordance with the policies of their commission for treatment of costs directly incurred by the state's utilities for similar activities.

With the possible exception of expenses directly related to research and development relevant to utility operations, and a proportional amount of associated administrative overhead expense, these expense categories may be viewed by some State commissions as potential vehicles for charging ratepayers with such costs as lobbying, advocacy or promotional activities which may not be to their benefit.

The Staff Subcommittee on Accounting and Finance is pleased to provide you with the AGA report for 2002 to allow you to review the information contained therein and to utilize it in a manner consistent with your commission's regulatory policies and practices.

Sincerely,

Thomas J. Ferris

Thomas J. Ferris
Chair
Staff Subcommittee on Accounting and Finance

Calculation of Lobbying Expenses Pursuant to
Internal Revenue Code Section 162(e)

The American Gas Association incurred lobbying expenses, as defined under IRC Section 162, of 2.28% of total member dues during calendar year 2002.

IRC Section 162 Definition of Lobbying

(e) Denial of deduction for certain lobbying and political expenditures
- (1) In general no deduction shall be allowed under subsection (a) for any amount paid or incurred in connection with -
  - (A) influencing legislation,
  - (B) participation in, or intervention in, any political campaign on behalf of (or in opposition to) any candidate for public office,
  - (C) any attempt to influence the general public, or segments thereof, with respect to elections, legislative matters, or referendums, or
  - (D) any direct communication with a covered executive branch official in an attempt to influence the official actions or positions of such official.
- (2) Exception for local legislation - In the case of any legislation of any local council or similar governing body -
  - (A) paragraph (1)(A) shall not apply, and
  - (B) the deduction allowed by subsection (a) shall include all ordinary and necessary expenses (including, but not limited to, traveling expenses described in subsection (a)(2) and the cost of preparing testimony) paid or incurred during the taxable year in carrying on any trade or business -
    - (i) in direct connection with appearances before, submission of statements to, or sending communications to the committees, or individual members, of such council or body with respect to legislation or proposed legislation of direct interest to the taxpayer, or
    - (ii) in direct connection with communication of information between the taxpayer and an organization of which the taxpayer is a member with respect to any such legislation or proposed legislation which is of direct interest to the taxpayer and to such organization, and that portion of the dues so paid or incurred with respect to any organization of which the taxpayer is a member which is attributable to the expenses of the activities described in clauses (i) and (ii) carried on by such organization.
- (3) Application to dues of tax-exempt organizations - No deduction shall be allowed under subsection (a) for the portion of dues or other similar amounts paid by the taxpayer to an organization which is exempt from tax under this subtitle which the organization notifies the taxpayer under section 6033(e)(1)(A)(ii) is allocable to expenditures to which paragraph (1) applies.
- (4) Influencing legislation - For purposes of this subsection -
  - (A) In general The term "influencing legislation" means any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of legislation.
  - (B) Legislation - The term "legislation" has the meaning given such term by section 4911(e)(2).
- (5) Other special rules
  - (A) Exception for certain taxpayers - In the case of any taxpayer engaged in the trade or business of conducting activities described in paragraph (1), paragraph (1) shall not apply to expenditures of the taxpayer in conducting such activities directly on behalf of another person (but shall apply to payments by such other person to the taxpayer for conducting such activities).
  - (B) De minimis exception
    - (i) In general Paragraph (1) shall not apply to any in-house expenditures for any taxable year if such expenditures do not exceed $2,000. In determining whether a taxpayer exceeds the $2,000 limit under this clause, there shall not be taken into account overhead costs otherwise allocable to activities described in paragraphs (1)(A) and (D).
    - (ii) In-house expenditures for purposes of clause (i), the term "in-house expenditures" means expenditures described in paragraphs (1)(A) and (D) other than
      - (I) payments by the taxpayer to a person engaged in the trade or business of conducting activities described in paragraph (1) for the conduct of such activities on behalf of the taxpayer, or
      - (II) dues or other similar amounts paid or incurred by the taxpayer which are allocable to activities described in paragraph (1).
  - (C) Expenses incurred in connection with lobbying and political activities - Any amount paid or incurred for research for, or preparation, planning, or coordination of, any activity described in paragraph (1) shall be treated as paid or incurred in connection with such activity.
- (6) Covered executive branch official - For purposes of this subsection, the term "covered executive branch official" means -
  - (A) the President,
  - (B) the Vice President,
  - (C) any officer or employee of the White House Office of the Executive Office of the President, and the 2 most senior level officers of each of the other agencies in such Executive Office, and
  - (D) (i) any individual serving in a position in level I of the Executive Schedule under section 5312 of title 5, United States Code, (ii) any other individual designated by the President as having Cabinet level status, and (iii) any immediate deputy of an individual described in clause (i) or (ii).
- (7) Special rule for Indian tribal governments - For purposes of this subsection, an Indian tribal government shall be treated in the same manner as a local council or similar governing body.
- (8) Cross reference - For reporting requirements and alternative taxes related to this subsection, see section 6033(e).

Citation: IRC Sec. 6033(e)

AMERICAN GAS ASSOCIATION

Table of Contents

Report of American Gas Association Financial Operations
In accordance with agreement between
American Gas Association and NARUC Oversight Committee

For the Year Ended December 31, 2002

Internal Revenue Service Form 990

The American Gas Association is a non-profit and tax exempt organization required to file informational returns with the U.S. Internal Revenue Service (IRS). Public inspection of the completed American Gas Association Exempt Organization Return (IRS Form 990) may be made in accordance with IRS regulation by request directly to the Internal Revenue Service, Attention: FOI Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. The American Gas Association makes its Exempt Organization Return available for public inspection during normal business hours (9:00 a.m. - 5:00 p.m.) at the Association's principal office, 400 N. Capitol St., N.W., Washington, D.C. 20001, preferably by written request directed to Joseph L. Martin, AGA's Controller, at the same address. State public utility commissions that wish to receive a copy of AGA's Exempt Organization Return should also direct their request to Joseph Martin. Internal Revenue Service Form 4506-A may also be used to request copies of the return from the Internal Revenue Service if public inspection is not desired by the requestor. IRS may make a charge for its photocopying service.

AMERICAN GAS ASSOCIATION

Notes to Financial Statements

(1) *Continued*

Revenue Recognition

Membership dues are recognized as revenue in the year to which the membership applies. Dues received in advance are deferred. Publications revenue is recognized upon the sale of the related publication and meetings revenue is recognized when the related meetings are held.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries are charged directly to the programs and supporting services served. Fringe benefits are allocated to the programs and supporting services proportionate to salaries charged, and certain expenses benefiting all programs and supporting services are allocated based on the number of staff supporting each service.

Income Taxes

The Association is recognized as exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, except for taxes on unrelated business income. Income tax expense on unrelated business activities totaled approximately $25,000 and $20,500 for the years ended December 31, 2002 and 2001, respectively.

The Association has elected to pay the federal proxy tax on behalf of its members on expenses related to lobbying activities. The proxy tax approximates $125,000 for both years ended December 31, 2002 and 2001.

Reclassifications

Certain reclassifications of prior year balances have been made to conform to the current year presentation.

AMERICAN GAS ASSOCIATION

Notes to Financial Statements

(2) Cash and Cash Equivalents and Marketable Securities

At December 31, 2002 and 2001, the components of cash and cash equivalents and marketable securities were as follows:

	2002	2001
Cash	$ 482,603	$ 461,013
Cash equivalents:		
Money market accounts	1,432,064	2,204,914
U.S. government agency obligations	599,760	-
Commercial paper	749,102	347,584
Total cash and cash equivalents	$ 3,263,529	$ 3,013,511
U.S. government agency obligations	$ 4,053,550	$ 4,322,497
Mortgage-backed securities	-	255,117
Corporate obligations	1,737,602	1,544,019
Other debt securities	9,128,124	9,968,957
Equity mutual funds and securities	5,757,285	6,980,682
Total marketable securities	$ 20,676,561	$ 23,071,272

(3) Property, Plant, and Equipment

Property, plant, and equipment are composed of the following as of December 31, 2002 and 2001:

	2002	2001
Leasehold improvements	$ 986,148	$ 949,311
Equipment	3,267,192	3,624,270
Furniture and fixtures	1,199,761	1,199,761
	5,453,101	5,773,342
Less accumulated depreciation and amortization	(2,844,837)	(2,557,526)
Property, plant, and equipment, net	$ 2,608,264	$ 3,215,816

(Continued)

AMERICAN GAS ASSOCIATION

Notes to Financial Statements

(4) **Pension and Other Postretirement Benefits**

The Association has the following noncontributory defined benefit pension plans:

- a qualified plan which covers substantially all Association employees,
- a non-qualified plan which is for employees who were determined to be eligible by the Association's Compensation Committee when the plan was created in 1985 (plan was frozen to new participants in 1986), and
- a non-qualified "excess" plan for those employees whose compensation exceeds the IRS limits for the qualified plan. This plan was approved by the Compensation Committee and is effective January 1, 2003.

These plans provide retirement benefits based on employees' years of services and compensation prior to retirement. In addition, there is an unfunded, nonqualified supplemental retirement benefit plan for the President and CEO that was approved by the Board of Directors in February 2001.

The funded plan's assets consist primarily of common stocks and U.S. government and corporate bonds.

The following provides a reconciliation of benefit obligations, plan assets, and funded status of the plans at December 31, 2002 and 2001:

	Pension Benefits		Other Postretirement Benefits	
	2002	2001	2002	2001
Benefit obligation	$ 25,592,012	$ 23,168,822	$ 8,489,792	$ 7,554,951
Fair value of plan assets	19,832,983	23,282,900	4,203,939	5,037,630
Funded status	$ (5,759,029)	$ 113,978	$ (4,285,853)	$ (2,517,321)
Accrued benefit cost recognized in the statements of financial position	$ 1,531,068	$ 1,045,369	$ 850,289	$ 854,771
Intangible asset recognized in the statements of financial position	$ 98,428	$ -	$ -	$ -

(Continued)

AMERICAN GAS ASSOCIATION

Notes to Financial Statements

(4) Continued

Weighted-average assumptions:	Pension Benefits		Other Postretirement Benefits	
	2002	2001	2002	2001
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected return on plan assets	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	4.50%	4.50%	N/A	N/A

Net periodic pension and other postretirement costs for 2002 and 2001 include the following components:

	Pension Benefits		Other Postretirement Benefits	
	2002	2001	2002	2001
Pension (benefit) cost	$ 461,488	$ 139,626	$ 205,763	$ 23,285
Employer contribution	443,191	211,414	218,476	-
Plan participants' contributions	-	-	47,554	123,910
Benefits paid	1,576,467	1,341,069	545,110	594,492

In accordance with Statement of Financial Accounting Standard (SFAS) No. 87, *"Employers' Accounting for Pensions"*, the Association has recognized the required minimum liability represented by the excess of the accumulated benefit obligation over the plan assets at December 31, 2002 and 2001, which totaled $827,925 and $360,522, respectively. An intangible pension asset of $98,428, representing the unamortized prior service cost of the defined benefit plan, has been recognized within prepaid expenses and other assets in the accompanying statement of financial position as of December 31, 2002. The change in the total minimum liability of $368,975 is being recognized as a reduction to unrestricted net assets.

AMERICAN GAS ASSOCIATION
2015 and 2014 BUDGETS

	$ 2015 ALLOCATION	$ 2015 ALLOCATION	$ 2014 ALLOCATION	% 2014 ALLOCATION
Programs Funded by Dues				
Communications	$3,039,000	8.95%	$3,195,000	10.38%
Corporate Affairs	$3,025,000	8.91%	$2,704,000	8.79%
General & Administrative	$6,421,000	18.91%	$6,032,000	19.60%
General Counsel	$1,334,000	3.93%	$1,326,000	4.31%
Government Relations: Federal	$2,401,000	7.07%	$2,295,000	7.46%
Government Relations: State	$1,703,000	5.01%	$1,634,000	5.31%
Industry Finance & Administrative Programs	$1,763,000	5.19%	$1,186,000	3.85%
Operations & Engineering	$8,927,000	26.28%	$6,953,000	22.59%
Policy, Planning & Regulatory Affairs	$3,561,000	10.48%	$3,571,000	11.60%
Policy Strategy & Demand Growth	$1,789,000	5.27%	$1,879,000	6.11%
Expense Budget	$33,963,000	100.00%	$30,775,000	100.00%

Note

Lobbying related expenses as defined under IRC Section 162 accounted for 4.1% of total member dues in 2014. AGA estimates that lobbying expenses will account for 4.5% of member dues in 2015.

AGA Vision and Mission Statement

VISION STATEMENT

AGA's vision is to provide clear value to our membership and serve as the indispensable voice, and facilitator, on its behalf in promoting the safe, reliable and cost effective delivery of natural gas to the more than 64 million customers in the American homes and businesses that our membership serves.

MISSION STATEMENT

The American Gas Association represents companies delivering natural gas to customers to help meet their energy needs. AGA members are committed to delivering natural gas safely, reliably, cost-effectively and in an environmentally responsible way. AGA advocates the interests of its members and their customers, and provides information and services promoting efficient demand and supply growth, and operational excellence, in the safe, reliable and efficient delivery of natural gas.

To further this mission, AGA:

1. Focuses on the advocacy of natural gas issues that are priorities for the membership and that are achievable in a cost-effective way;
2. Promotes growth in the efficient use of natural gas on behalf of natural gas utilities, and the customers the industry serves, by emphasizing before a variety of audiences the attributes of natural gas as a clean, abundant, efficient and secure energy source that is recognized as part of the solution to the nation's environmental and energy efficiency goals;
3. Encourages, facilitates and assists members in sharing information designed to achieve operational excellence by improving their safety, security, reliability, efficiency, environmental and other performance metrics;
4. Assists members in managing and responding to customer energy needs, regulatory trends, natural gas markets, capital markets and emerging technologies; facilitates the identification of, and advocates for, regulatory constructs and business models that provide members the opportunity to remain financially viable, while allowing them to grow;
5. Collects, analyzes and disseminates information on a timely basis to opinion leaders, policy makers and the public about the benefits provided by energy utilities and the natural gas industry;
6. Encourages the identification, development, commercialization, demonstration and regulatory acceptance of end-use technologies that will allow natural gas applications to successfully compete in the marketplace; and
7. Delivers measurable value to AGA members.

Approved: September 15, 2009

AMERICAN GAS ASSOCIATION

Definitions of Functional Cost Centers
For the Year Ended December 31, 2015

Communications develops informational material for member companies and consumers and coordinates all media activity.

Corporate Affairs provides opportunities for interaction between member companies and the financial community. The focus is to promote interest in the investment opportunities in the industry.

General and Administrative includes:

1. Office of the President provides senior management guidance for all AGA activities.
2. Human Resources develops and administers employee programs and provides office and personnel services.
3. Finance and Administration develops and administers financial accounting and treasury services and maintains computer services capability.

General Counsel provides legal counsel to the Association.

Government Relations provides members with information on legislative development; prepares testimony, comments, and filings regarding legislative activities, lobbies on behalf of the industry.

Industry Finance and Administration develops and implements programs in such areas as accounting, human resources, and risk management for member companies.

Operations and Engineering develops and implements programs and practices to meet the operational, safety, and engineering needs of the industry.

Policy, Planning & Regulatory Affairs includes:

1. Policy & Analysis identifies the need for and conducts energy analyses and modeling efforts in the areas of gas supply and demand, economics, and the environment.
2. Regulatory Affairs provides members with information on FERC and state regulatory developments; prepares testimony, comments, and filings regarding regulatory activities.

Policy Strategy & Demand Growth leads AGA's policy strategy development, engages key stakeholders and policy makers and develops studies and joint initiatives that support advancing the industry's advocacy priorities. It supports the growth objectives of members by advancing sustainable growth opportunities for the direct and distributed use of natural gas in the residential, commercial and industrial markets.

SDR-RR-34

Request:

Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

Response:

UGI Gas has not been audited by FERC.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-35

Request:

Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

Response:

Please see Attachment SDR-RR-35.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Forfeited Discounts Schedule

For the twelve months ending September 30 ($ in 000's):

	2013	**2014**	**2015**
Forfeited Discounts	$2,416	$3,154	$2,881
Sales Revenue	$400,777	$453,072	$448,327

SDR-RR-36

Request:

If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

Response:

The following items are withheld from employees for remittance at a later date:

United Way Contributions
Operation Share Contributions
Union Dues
Voluntary Accidental Death & Dismemberment
Employee Supplemental Life
Spouse Life
Child Life
Medical, Dental, and Vision
Flexible Spending Account
Political Action Committee
UGI Stock Purchase Plan
Employee Bill Payments
Other Various Wage Attachments (Federal, State Taxes)

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-37

Request:

Please provide all detailed work papers supporting the adjustments to rate base and operating income.

Response:

Please refer to UGI Exhibit A (Historic), UGI Exhibit A (Future) and UGI Exhibit A (Fully Projected), Sections C and D.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-38

Request:

Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

Response:

The Company's most recent SFAS 106 plan actuarial study was conducted at the end of fiscal year 2015. Refer to Attachment SDR-RR-38 for a copy of the report issued as a result of this study.

Prepared by or under the supervision of: Ann P. Kelly

TOWERS WATSON

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790

T +1 215 246 6000

towerswatson.com

September 25, 2015

Ms. Denise M. Bassett
Benefits & Compensation Manager
UGI Corporation
PO Box 12677
Reading, PA 19612-2677

Dear Denise:

ACCOUNTING VALUATION RESULTS FOR
UGI UTILITIES POSTRETIREMENT WELFARE PLAN

This letter provides the fiscal 2015 valuation results under ASC 715-60 for the UGI Utilities, Inc. Postretirement Welfare Plan. The valuation results are based on participant census data collected as of January 1, 2015 and VEBA trust assets as of September 30, 2014 provided by UGI.

These valuation results are used to measure the postretirement welfare accounting expense (income) for the 2014 fiscal year (October 1, 2014 to September 30, 2015).

POSTRETIREMENT WELFARE PLAN EXPENSE (INCOME)

Below is a summary of expense (income) for fiscal 2015 by company compared to fiscal 2014.

Company	**2015 Fiscal Year**	**2014 Fiscal Year**
Holding Company	$ 27,566	$ 23,756
Utilities	(641,763)	(605,484)
Enterprises	2,145	2,125
TOTAL ACCOUNTING EXPENSE (INCOME)	**$ (612,052)**	**$ (579,603)**

The results for fiscal 2015 yield a decrease in postretirement welfare expense (increase in income) of approximately $(32,000). The primary reason for this change is favorable returns on VEBA assets offsetting a decrease in the discount rate and slightly unfavorable demographic experience.

The fiscal 2015 income decreased slightly from the budget estimate of $(624,000) prepared for UGI in November 2014 primarily due to greater than expected service cost due to new hires.

Details of the 2015 postretirement welfare expense results by reporting segment are provided on the following page.

TOWERS WATSON

Valuation Results by Company as of October 1, 2014 (Fiscal 2015 Expense)

	Holding Company	Utilities	Enterprises	Total
APBO - Medical	$ 4,650	$ 460,932	$ 0	$ 465,582
- Life Insurance	816,407	7,598,719	55,268	8,470,394
- Total	$ 821,057	$ 8,059,651	$ 55,268	$ 8,935,976
Postretirement Welfare Expense:				
Service Cost	$ 23,139	$ 147,313	$ 478	$ 170,930
Interest Cost	38,331	366,813	2,530	407,674
EROA	(23,691)	(606,532)	0	(630,223)
Amortization of:				
Transition Obligation	0	0	0	0
Prior Service Cost	(17,622)	(549,357)	(863)	(567,842)
(Gains)/Losses	7,409	0	0	7,409
Total Postretirement Welfare Cost	$ 27,566	$ (641,763)	$ 2,145	$ (612,052)

DEMOGRAPHICS

The total number of retirees, surviving spouses, and dependents with medical coverage decreased from 176 to 149 during 2014 mainly due to retiree deaths and participants not enrolling in medical coverage.

The following is the breakdown of retiree medical participants (all are post-65):

Retiree	Dependent	Surviving Spouse	Total
71	29	49	149

The following is the breakdown of life insurance participants:

Active	1,158
Retiree	502
Total	1,660

INVESTMENT EXPERIENCE

The plan's actual return on assets for the period October 1, 2013 to September 30, 2014 was approximately 12.4%.

KEY ECONOMIC ASSUMPTIONS

Discount Rate: The discount rate used to determine the postretirement welfare expense was decreased from 5.20% for fiscal 2014 to 4.60% for fiscal 2015 as a result of decreasing bond yields.

Expected Return on Assets: The expected return on VEBA trust assets was 7.75% pre-tax and 5.00% post-tax for 2014. The medical plan sub-account is subject to UBIT taxation and uses the lower rate. This assumption reflects a portfolio diversified in equities and bonds.

Healthcare Inflation Rates: The health care trend assumption of initial rate of 7.00% for fiscal 2015 decreasing to 5.00% in fiscal 2019.

Mortality: The mortality assumption was updated from the 2013 IRS applicable table with mortality improvements to 2028 for participants not in pay status and to 2020 for participants in pay status to the 2014 IRS applicable table with mortality improvements to 2029 for participants not in pay status and to 2021 for participants in pay status.

Other assumptions remain unchanged from fiscal 2014 and are documented in the October, 2014 valuation report.

A comprehensive list of actuarial assumptions including the rationale for key assumptions will be summarized in the 2015 actuarial valuation report which will be available in a few weeks.

PLAN PROVISIONS

There have been no changes in plan provisions since the most recent valuation. A summary of key plan provisions can be found in the October 2014 valuation report.

EXPECTED CLAIMS AND EXPENSES

Total expected claims and expenses (net of retiree contributions) from October 1, 2014 to September 30, 2015 for the retiree welfare plans are as follows:

	Expected Company Claims and Expenses for 2014
UGI Postretirement Medical	$ 76,000
UGI Postretirement Life Insurance	418,000
Total	$494,000

Most of the claims and expenses would be paid (or reimbursed) from the VEBA trust for current and former "non-key" employees. Benefits for any current and former key employees would be paid from company assets.

Once you have the opportunity to review these results, we would be happy to discuss the results in more detail at your convenience.

Sincerely,

Christopher S. Zukas, FSA
Senior Consulting Actuary

Direct Dial: (215) 246-6104

Lori Wolfersberger, FSA
Consulting Actuary

(215) 246-4942

cc: Richard Berger — UGI Corporation
Ann Kelly — UGI Utilities, Inc.
Mathieu Lussier — Towers Watson
Marc Freedman — Towers Watson
Will Ruthrauff — UGI Corporation
Karen Heisler — UGI Utilities, Inc.
Paul Kienzle — Towers Watson
Christopher May — Towers Watson
Cheryl Tazik — UGI Corporation
Dan Platt — UGI Corporation

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SDR-RR-39

Request:

Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

Response:

Please see Attachment SDR-RR-39 for the schedule reconciling SFAS No. 106 expenses for all three test years. Also refer to UGI Exhibit A (Historic), UGI Exhibit A (Future) and UGI Exhibit A (Fully Projected), Schedule D-14 and the Direct Testimony of Ann P. Kelly, UGI Gas Statement No. 2.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Schedule of SFAS No. 106 Expenses

	HTY 9/30/2015	FTY 9/30/2016	FPFTY 9/30/2017
Test Year Expense	$2,374,000	$0	$0
Actuarial (Income)	($524,281)	($532,615)	N/A

SDR-RR-40

Request:

Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

Response:

There are no actual or projected SFAS 106 contributions included in the historic, future or fully projected future test years.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-41

Request:

Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

Response:

SFAS 106 expenditures are fully funded through a voluntary employees' beneficiary association (VEBA) trust. 100% of these VEBA trust funds are eligible for tax preferred funding.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-42

Request:

Is the Company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

Response:

UGI Gas is not studying or anticipating any changes to its postretirement benefits offered to employees.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-43

Request:

Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

Response:

Yes. However, in accordance with HIPAA guidelines, UGI Gas does not record or track these additional expenses separately from active employee benefit costs. For this reason, UGI Gas does not have the ability to calculate this additional post-employment benefit expense.

The Company's most recent SFAS 112 actuarial study was conducted at the end of fiscal year 2015. Refer to Attachment SDR-RR-43 for a copy of the report issued as a result of this study.

Prepared by or under the supervision of: Ann P. Kelly

TOWERS WATSON

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790

T +1 215 246 6000

towerswatson.com

October 6, 2015

Mr. Richard Berger
Director, Corporate Reporting
UGI Corporation
Irwin Building
460 N. Gulph Road
King of Prussia, PA 19406

Dear Rich:

UGI FAS 112 Valuation Results As Of September 30, 2015

The purpose of this letter is to provide you with the estimated FAS 112 obligations for UGI Utilities and Penn Natural Gas (PNG) group as of September 30, 2015. Consistent with the September 30, 2014 results, the UGI Utilities results contain the obligations attributable to Central Penn Gas participants as well.

Valuation Results

Below is a summary of the estimated FAS 112 obligations as of September 30, 2015 for UGI's short-term disability (STD) income benefit and COBRA continuation of health coverage (long-term disability income, medical and life insurance continuation are estimated by UGI and are not included with the results presented in this letter). In addition, the FAS 112 obligation for PNG is provided for the STD income benefit. Each of the obligations was developed according to the standards of FAS 112, 5 and 43. For comparative purposes the individual plan obligations are shown relative to September 30, 2014 results.

	Obligation as of					
	September 30, 2015			September 30, 2014		
Benefit	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
STD income (UGI)	$480,000	$831,000	$1,311,000	$456,000	$808,000	$1,264,000
STD income (PNG)	63,000	77,000	140,000	61,000	73,000	134,000
COBRA	147,000	0	147,000	138,000	0	138,000
Total	$690,000	$908,000	$1,598,000	$655,000	$881,000	$1,536,000

Please note the following regarding this year's valuation results:

Short-term Disability Income Continuation

The UGI and PNG obligations for the STD income benefit as of September 30, 2015 are $1,311,000 and $140,000 respectively using a 4.7% discount rate; this compares to $1,264,000 and $134,000 respectively as of September 30, 2014 using a 4.6% discount rate.

The liability amount represents the obligation for the STD income benefit to which employees are entitled as years of active service increase. The valuation reflects the costs associated with all future disabilities expected to occur after September 30, 2015. The rates of incidence and duration of STD claims are based on a blend of standard actuarial assumptions and actual experience received from UGI and PNG.

TOWERS WATSON

COBRA Continuation of Health Coverage

This amount represents UGI's obligation for the additional medical expense anticipated from COBRA participants above the 102% of premium UGI collects from COBRA beneficiaries. The projected cost of health coverage is based on UGI's average 2015 cost of providing these benefits for COBRA participants.

Rich, if you have any questions or need further information, please call me.

Sincerely,

Marc Freedman

Marc B. Freedman, ASA

MBF/edd

cc: Julie Durham, ASA – Towers Watson/Philadelphia
Denise Bassett – UGI Utilities, Inc.
Mathieu Lussier, FSA – Towers Watson/Philadelphia
Chris Zukas, FSA – Towers Watson/Philadelphia

Direct Dial: 215-246-6280

TOWERS WATSON

September 30, 2015 FAS 112 Methods and Assumptions -- UGI and PNG

Short-term Disability Income Continuation

PNG Non Union

Methods and Assumptions

Discount Rate	4.7%	
Incidence of disability	5.3%	
Average duration of disability	7.0 weeks	
Accounting method	FAS 43, LIFO	
Benefit schedule	Weeks at 100%	Weeks at 50%
Service (years)		
Less than 1	1	0
1 less than 2	3	0
2 less than 5	5	8
5 less than 10	8	18
10 less than 15	12	14
15 less than 20	17	9
20+	26	0
Average age	48.0	
Average years of service	17.2	
Percent male	80%	
Average salary	$56,594	
Headcount	108	

TOWERS WATSON

PNG Union

Methods and Assumptions

Discount Rate	4.7%
Incidence of disability	5.3%
Average duration of disability	7.0 weeks
Accounting method	FAS 43, LIFO

Benefit schedule	Weeks at 100%	Weeks at 50%
Service (years)		
Less than 1	0	0
1 less than 2	1	12
2 less than 5	2	20
5 less than 10	3	22
10+	4	26

Average age	51.9
Average years of service	23.7
Percent male	99%
Average salary	$55,689
Headcount	115

TOWERS WATSON

UGI

Methods and Assumptions

Discount Rate	4.7%	
Incidence of disability	5.3%	
Average duration of disability	7.0 weeks	
Accounting method	FAS 43, LIFO	
Benefit schedule	Weeks at 100%	Weeks at 50%
Service (years)		
Less than 1	1	0
1 less than 2	3	0
2 less than 5	5	8
5 less than 10	8	18
10 less than 15	12	14
15 less than 20	17	9
20+	26	0
Average age	46.2	
Average years of service	16.6	
Percent male	63%	
Average salary	$71,850	
Headcount	1,158	

COBRA

UGI

Methods and Assumptions

Discount Rate	4.7%
Accounting method	FAS 5
Average age	53.7
Percent male	55%
Expected utilization	150% of average
Headcount	33
Average monthly rate	$965

J:\UGI CORPORATION - 110001\15\HGB\SEP 30 2015 FAS 43 DISABILITY INCOME\EXEC - DELIV\UGI FAS 112 VALUATION RESULTS AS OF 9302015 LETTER.DOC/

SDR-RR-44

Request:

Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

Response:

Please refer to UGI Exhibit A (Historic), UGI Exhibit A (Future), and UGI Exhibit A (Fully Projected Future), Schedule D-11, for a calculation of the uncollectible accrual rate.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-45

Request:

Please provide all work papers and documentation supporting the Company's claimed balance of gas stored underground - current. Include support for the monthly injections and withdrawals and the gas cost rate.

Response:

Please see Attachment SDR-RR-45.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. - Gas Division
GAS STORED UNDERGROUND - CURRENT
OCTOBER 2014 - SEPTEMBER 2015

Month	Injections DTH	Withdrawals DTH	Inventory Change DTH	Inventory Balance DTH	Injected Value	Withdrawn Value	Monthly $ Change	Balance $ Value	Average Weighted Cost of Inventory $ per DTH
Beginning Balance				9,920,276				$ 40,010,672	
October 2014	1,736,182	(53,912)	1,682,270	11,602,546	$ 6,352,337	$ (219,386)	6,132,951	46,143,624	$ 3.9770
November 2014	243,947	(860,096)	(616,149)	10,986,397	$ 860,680	$ (3,532,339)	(2,671,659)	43,471,964	$ 3.9569
December 2014	1,080,231	(3,335,748)	(2,255,517)	8,730,880	$ 4,529,981	$ (13,412,585)	(8,882,604)	34,589,361	$ 3.9617
January 2015	95,792	(3,341,918)	(3,246,126)	5,484,754	$ 201,294	$ (13,218,453)	(13,017,159)	21,572,201	$ 3.9331
February 2015	126,669	(3,346,192)	(3,219,523)	2,265,231	$ 332,231	$ (13,242,978)	(12,910,747)	8,661,454	$ 3.8237
March 2015	194,179	(1,632,096)	(1,437,917)	827,314	$ 450,028	$ (5,964,967)	(5,514,939)	3,146,515	$ 3.8033
April 2015	1,846,663	(323,598)	1,523,065	2,350,379	$ 4,073,976	$ (982,225)	3,091,751	6,238,266	$ 2.6542
May 2015	1,698,303	(330,460)	1,367,843	3,718,222	$ 3,379,449	$ (839,944)	2,539,505	8,777,771	$ 2.3607
June 2015	1,608,130	(380,259)	1,227,871	4,946,093	$ 3,848,269	$ (975,678)	2,872,591	11,650,362	$ 2.3555
July 2015	1,824,682	(200,541)	1,624,141	6,570,234	$ 4,166,533	$ (502,945)	3,663,588	15,313,950	$ 2.3308
August 2015	1,948,055	(217,819)	1,730,236	8,300,470	$ 4,772,973	$ (546,554)	4,226,420	19,540,370	$ 2.3541
September 2015	1,851,522	(189,408)	1,662,114	9,962,584	$ 4,302,397	$ (475,092)	3,827,305	23,367,675	$ 2.3455

SDR-RR-46

Request:

Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.

Response:

Please see Attachment SDR-RR-46.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION

Actual versus Budgeted Cost Element Comparison

Comparison – Actual to Budget FY 2015 ($000)

	Actual 2015	Budget 2015	Variance	% Variance
Fuel Purchase Cost*	199,242	200,656	(1,414)	(0.70%)
Maintenance Expenses	16,324	17,751	(1,427)	(8.04%)
Other Operating Expenses	124,422	118,096	6,326	5.36%
Total Operating and Maintenance Expenses	339,988	336,503	3,485	1.04%

*Excludes fuel purchases related to off system sales

Maintenance and Other Operating Expenses

	Actual 2015	Budget 2015	Variance	% Variance
Payroll, Payroll Taxes & Deductions	35,486	34,587	899	2.60%
Benefits	10,560	10,407	153	1.47%
Material	1,993	1,656	337	20.35%
Transportation	4,281	4,053	228	5.63%
Customer Accounting	8,990	6,564	2,426	36.96%
Overhead	208	87	121	139.08%
Non-Payroll Other	33,009	31,561	1,448	4.59%
Contractors	8,914	9,363	(449)	(4.80%)
Depreciation/Amortization	31,858	31,939	(81)	(0.25%)
Taxes Other than Income Taxes	5,447	5,630	(183)	(3.25%)
	140,746	135,847	4,899	3.60%

Material

Materials expense was $337k or 20.35% over budget. This is due primarily to an increase in Distribution Mains and Services Expenses driven by the colder than normal weather.

Customer Accounting

Customer accounting expense was $2,426k or 36.96% over budget. Colder than normal weather resulted in an increase in uncollectable accounts due to the budget being based on weather normalized sales which in turn led to higher uncollectable expenses.

Overhead

Overhead expenses were $121k or 139.08% over budget related to an increase in Stores Overhead Distributed. The Stores Overhead charges are positively correlated with material usage. Material expense increased more than anticipated in the budget driven primarily by colder than normal weather, resulting in an increase in Overhead.

SDR-RR-47

Request:

Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

Response:

Please refer to Attachment SDR-RR-22.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-48

Request:

Please provide workpapers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

Response:

Please refer to Attachment SDR-RR-48.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
SCHEDULE OF FICA PAYROLL TAXES
FOR THE TEST YEARS ENDING:
(thousands of dollars)

Line No.	Description	Reference	9/30/2016	9/30/2017
1	Budgeted O&M Labor Dollars		$ 34,122	$ 35,248
2	Budgeted Capital Labor Dollars		13,325	13,725
3	Budgeted Wages Subject to FICA	L 1 + L 2	47,447	48,973
4	Budgeted FICA Expense - O&M Labor		2,601	2,679
5	Budgeted FICA Expense - Capital Labor		1,016	1,043
6	Budgeted FICA Expense	L 4 + L 5	3,616	3,722
7	FICA Percentage	L 6 / L 3	7.62%	7.60%
8	Pro Forma Payroll Adjustments		845	1,941
9	Pro Forma FICA Expense	L 7 * L 8	64	148
10	Total Pro Forma FICA Expense - O&M Labor	L 4 + L 9	$ 2,665	$ 2,827

SDR-RR-49

Request:

Please provide work papers showing the derivation of future test year federal and state unemployment taxes. Show both the total and O&M amounts.

Response:

Please refer to Attachment SDR-RR-49 for the requested workpaper.

Prepared by or under the supervision of: Ann P. Kelly

UGI UTILITIES, INC. - GAS DIVISION
SCHEDULE OF UNEMPLOYMENT TAXES
FOR THE TEST YEARS ENDING:
(thousands of dollars)

Line No.	Description	Reference	9/30/2016	9/30/2017
1	Budgeted O&M Labor Dollars		$ 34,122	$ 35,248
2	Budgeted Capital Labor Dollars		13,325	13,725
3	Budgeted Labor	L 1 + L 2	47,447	48,973
4	Budgeted FUTA Expense - O&M Labor		53	55
5	Budgeted FUTA Expense - Capital Labor		21	21
6	Budgeted FUTA Expense	L 4 + L 5	74	76
7	FUTA Percentage	L 6 / L 3	0.16%	0.16%
8	Pro Forma Payroll Adjustments		845	1,941
9	Pro Forma FUTA Expense	L 7 * L 8	1	3
10	Total Pro Forma FUTA Expense - O&M Labor	L 4 + L 9	$ 54	$ 58
11	Budgeted SUTA Expense - O&M Labor		471	485
12	Budgeted SUTA Expense - Capital Labor		183	189
13	Budgeted SUTA Expense	L 11 + L 12	654	674
14	SUTA Percentage	L 13 / L 3	1.38%	1.38%
15	Pro Forma Payroll Adjustments		845	1,941
16	Pro Forma SUTA Expense	L 14 * L 15	12	27
17	Total Pro Forma SUTA Expense - O&M Labor	L 11 + L 16	$ 483	$ 512

SDR-RR-50

Request:

Please provide work papers showing the derivation of future test year capital stock taxes.

Response:

Please see Attachment SDR-RR-50 for calculation of the future test year capital stock taxes as listed in UGI Gas Exhibit A (Future), Schedule D-31.

The capital stock tax is set to phase out after tax year 2015 (i.e. after fiscal year ended 9/30/16). Due to the planned phase out, no calculation has been prepared for the fully projected future test year, i.e. fiscal year ending 9/30/17.

Prepared by or under the supervision of: Nicole M. McKinney

UGI UTILITIES, INC. - GAS DIVISION

FUTURE TEST YEAR CAPITAL STOCK TAX EXPENSE - 9/30/2016

		Budget 9/30/2016
Book Income		
	9/30/2012	58,720,231
	9/30/2013	68,609,981
	9/30/2014	77,071,387
	9/30/2015	75,819,945
	9/30/2016	62,188,000
Total Book Income (UGI Utilities, Inc.)		342,409,544
Divisor		5.000
Average Book Income		68,481,909
Divide Book by .095 **(A)**		720,862,198
Ending Net Worth		931,719,716
75% of Net Worth **(B)**		698,789,787
Total **(A+B)**		1,419,651,985
Divided by 2		709,825,993
$160,000 Deduction		(160,000)
Capital Stock Value		709,665,993
Apportionment %		62.7286%
Taxable Value		445,163,542
Rate		0.045%
Estimate Capital Stock Tax		200,324
Allocation Factor		82.18%
UGI Gas Capital Stock Tax		164,626

SDR-RR-51

Request:

If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent or affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

Response:

Please see response to III-A-22 for contracts between UGI Gas and its affiliates and subsidiary companies.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-52

Request:

Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service performed.

Response:

Please see response to III-A-28 - Part 3: Account 923-Outside Service.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-53

Request:

Please describe each budgeted or planned cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

Response:

Please see the Direct Testimony of Paul J. Szykman, UGI Gas Statement No. 1.

Prepared by or under the supervision of: Ann P. Kelly

SDR-RR-54

Request:

Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

Response:

Please refer to Attachment SDR-RR-54.

Prepared by or under the supervision of: Ann P. Kelly

UGI Utilities, Inc. – Gas Division
Schedule of Reserve Accruals and Balances
(Thousands of Dollars)

Reserve Type	**HTY Balance 9/30/15**	**Expense Treatment for Ratemaking Purposes**	**Related Adjustment Schedules (1)**
Environmental	$3,735	Adjusted to the future estimated remediation costs	Schedule D-8
Bad Debt	$3,158	Adjusted by applying the three-year historical average write-off percentage to adjusted revenues	Schedule D-11
Injuries & Damages	$590	Adjusted to a three-year historical average	Schedule D-15
Workers' Compensation	$283	No adjustment required (2)	None
Medical	$129	No adjustment required (2)	None

(1) Each respective schedule is disclosed in UGI Exhibit A (Historic), UGI Exhibit A (Future) and UGI Exhibit A (Fully Projected).
(2) There are no related ratemaking adjustments required, as expenses are budgeted on a normalized basis.

SDR-RR-55

Request:

Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation work papers for the Company's consolidated tax savings adjustment.

Response:

UGI Utilities, Inc. - Gas Division is included as part of a consolidated federal income tax return. Since the complete federal tax return is a voluminous document, only excerpts from the preceding three years' returns are provided. Please see Attachment SDR-RR-55 for these excerpts. The complete tax returns are available at UGI Corporation headquarters in King of Prussia, PA.

Please also see the response to II-A-26 for the calculation of a consolidated tax savings adjustment.

Prepared by or under the supervision of: Nicole M. McKinney

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2011 or tax year beginning 10/01/2011, ending 09/30/2012

▶ See separate instructions.

OMB No. 1545-0123 **2011**

A Check if:
a Consolidated return (attach Form 851) [X]
b Life/nonlife consolidated return [ ]
Personal holding co. (attach Sch. PH) [ ]
Personal service corp. (see instructions) [ ]
Schedule M-3 attached [X]

TYPE OR PRINT

Name: UGI Corporation & Subsidiaries
Number, street, and room or suite no. If a P.O. box, see instructions.: P.O. Box 858
City or town, state, and ZIP code: Valley Forge, PA 19482

B Employer identification number: 23-2668356
C Date incorporated: 12/20/1991
D Total assets (see instructions): $ 4,753,173,000.

E Check if: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

1a	Merchant card and third-party payments. For 2011, enter -0-	1a			
b	Gross receipts or sales not reported on line 1a (see instructions)	1b	2,433,569,105.		
c	Total. Add lines 1a and 1b	1c	2,433,569,105.		
d	Returns and allowances plus any other adjustments (see instructions)	1d	130,933.		
e	Subtract line 1d from line 1c			1e	2,433,438,172.
2	Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A)			2	1,803,691,615.
3	Gross profit. Subtract line 2 from line 1e			3	629,746,557.
4	Dividends (Schedule C, line 19)			4	6,808,360.
5	Interest			5	11,016,761.
6	Gross rents			6	2,516,916.
7	Gross royalties			7	
8	Capital gain net income (attach Schedule D (Form 1120))			8	2,714,606.
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	259,497.
10	Other income (see instructions - attach schedule)			10	56,974,811.
11	**Total income.** Add lines 3 through 10 ▶			11	710,037,508.
12	Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) ▶			12	12,465,292.
13	Salaries and wages (less employment credits)			13	82,219,438.
14	Repairs and maintenance			14	56,646,084.
15	Bad debts			15	10,001,268.
16	Rents			16	2,967,817.
17	Taxes and licenses			17	43,185,043.
18	Interest			18	69,499,374.
19	Charitable contributions			19	756,259.
20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20	231,164,146.
21	Depletion			21	
22	Advertising			22	4,112,321.
23	Pension, profit-sharing, etc., plans			23	19,997,790.
24	Employee benefit programs			24	22,994,798.
25	Domestic production activities deduction (attach Form 8903)			25	
26	Other deductions (attach schedule)			26	133,199,619.
27	**Total deductions.** Add lines 12 through 26 ▶			27	689,209,249.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	20,828,259.
29a	Net operating loss deduction (see instructions)	29a			
b	Special deductions (Schedule C, line 20)	29b	NONE		
c	Add lines 29a and 29b			29c	NONE
30	**Taxable income.** Subtract line 29c from line 28 (see instructions)			30	20,828,259.
31	Total tax (Schedule J, Part I, line 11)			31	
32	Total payments and refundable credits (Schedule J, Part II, line 21)			32	23,089,193.
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ [ ]			33	
34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed			34	
35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid			35	23,089,193.
36	Enter amount from line 35 you want: **Credited to 2012 estimated tax** ▶ 23,089,193. **Refunded** ▶			36	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer: Davinder S. Athwal | Date: 06/10/2013 | ▶ Title: Vice President

May the IRS discuss this return with the preparer shown below (see instructions)? [ ] Yes [ ] No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN

Firm's name ▶ | Firm's EIN ▶
Firm's address ▶ | Phone no.

UGI Corporation & Subsidiaries
Form 1120 (2011)

23-2668356

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	NONE	70	NONE
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 **Total.** Add lines 1 through 8. See instructions for limitation			NONE
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members	NONE	100	NONE
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	5,680,150.		
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up	1,128,210.		
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 **Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	6,808,360.		
20 **Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			NONE

06/07/2013 17:04:47

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐				
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐			2	7,289,891.
3	Alternative minimum tax (attach Form 4626)			3	NONE
4	Add lines 2 and 3			4	7,289,891.
5a	Foreign tax credit (attach Form 1118)	5a	7,289,891.		
b	Credit from Form 8834, line 30 (attach Form 8834)	5b			
c	General business credit (attach Form 3800)	5c			
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	7,289,891.
7	Subtract line 6 from line 4			7	
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach schedule)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	

Part II - Payments and Refundable Credits

12	2010 overpayment credited to 2011			12	17,986,930.
13	2011 estimated tax payments			13	5,100,000.
14	2011 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	23,086,930.
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	23,086,930.
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	2,263.		
c	Form 3800, line 17c and Form 8827, line 8c	19c			
d	Other (attach schedule - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	2,263.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	23,089,193.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 551112		
b	Business activity ▶ Holding Company		
c	Product or service ▶ Management Services		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Schedule K **Other Information** *continued* (see instructions)

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851**, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
SEE SEPARATE SUBGROUPS			

	Yes	No
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
SEE SEPARATE SUBGROUPS			

	Yes	No
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?		X
For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶ ______ and **(ii)** Owner's country ▶ ______		
(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ ______		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ ______		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ ______		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ ______		
13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than $250,000?		X
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ $ ______		
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.	X	
15a Did the corporation make any payments in 2011 that would require it to file Forms(s) 1099 (see instructions)?	X	
b If "Yes," did or will the corporation file all required Forms 1099?	X	

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
Cash		119,455,000.		195,337,000.
a Trade notes and accounts receivable	154,286,526.		155,172,007.	
b Less allowance for bad debts	(8,671,526.)	145,615,000.	(6,259,007.)	148,913,000.
Inventories		148,989,000.		123,971,000.
U.S. government obligations				
5 Tax-exempt securities (see instructions)				
Other current assets (attach schedule)		73,863,000.		106,067,000.
Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)		876,230,000.		1,299,229,000.
a Buildings and other depreciable assets	2,628,775,025.		2,797,549,849.	
b Less accumulated depreciation	(843,267,000.)	1,785,508,025.	(888,465,000.)	1,909,084,849.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
Land (net of any amortization)		29,533,975.		14,841,151.
13a Intangible assets (amortizable only)	222,572,909.		552,963,822.	
b Less accumulated amortization	(8,100,909.)	214,472,000.	(8,944,822.)	544,019,000.
Other assets (attach schedule)		337,360,000.		411,711,000.
15 Total assets		3,731,026,000.		4,753,173,000.
Liabilities and Shareholders' Equity				
Accounts payable		118,618,000.		110,924,000.
Mortgages, notes, bonds payable in less than 1 year		64,771,000.		227,729,000.
18 Other current liabilities (attach schedule)		170,905,000.		157,876,000.
Loans from shareholders				
Mortgages, notes, bonds payable in 1 year or more		612,328,000.		967,905,000.
21 Other liabilities (attach schedule)		802,312,000.		1,057,401,000.
22 Capital stock: a Preferred stock				
b Common stock				
Additional paid-in capital		937,375,000.		1,157,667,000.
24 Retained earnings-Appropriated (attach schedule)				
Retained earnings - Unappropriated		1,085,844,000.		1,165,682,000.
Adjustments to shareholders' equity (attach schedule)		-33,340,000.		-63,317,000.
27 Less cost of treasury stock		(27,787,000.)		(28,694,000.)
Total liabilities and shareholders' equity		3,731,026,000.		4,753,173,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
Federal income tax per books			
Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
		9 Add lines 7 and 8	
Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	1,085,844,000.	5 Distributions: a Cash	119,096,995.
2 Net income (loss) per books	152,912,177.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	392,288.
	46,415,106.	7 Add lines 5 and 6	119,489,283.
4 Add lines 1, 2, and 3	1,285,171,283.	8 Balance at end of year (line 4 less line 7)	1,165,682,000.

EDULE M-3
m 1120)
ment of the Treasury
l Revenue Service

Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More

▶ Attach to Form 1120 or 1120-C.
▶ See separate instructions.

OMB No. 1545-0123

2011

: of corporation (common parent, if consolidated return): ;I Corporation

Employer identification number: 23-2668356

neck applicable box(es): (1) [ ] Non-consolidated return (2) [ ] Consolidated return (Form 1120 only)
(3) [X] Mixed 1120/L/PC group (4) [ ] Dormant subsidiaries schedule attached

Financial Information and Net Income (Loss) Reconciliation (see instructions)

Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
[X] **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
[ ] **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

Did the corporation prepare a certified audited non-tax-basis income statement for that period?
[ ] **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Go to line 1c.

Did the corporation prepare a non-tax-basis income statement for that period?
[ ] **Yes.** Complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

Enter the income statement period: Beginning 10/01/2011 Ending 09/30/2012

Has the corporation's income statement been restated for the income statement period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

Is any of the corporation's voting common stock publicly traded?
[X] **Yes.**
[ ] **No.** If "No," go to line 4a.

Enter the symbol of the corporation's primary U.S. publicly traded voting common stock: UGI

Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock: 902681105

	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	199,378,418.
	Indicate accounting standard used for line 4a (see instructions): (1) [X] GAAP (2) [ ] IFRS (3) [ ] Statutory (4) [ ] Tax-basis (5) [ ] Other (specify)		
	Net income from nonincludible foreign entities (attach schedule)	5a	(46,522,915.
	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
	Net income from nonincludible U.S. entities (attach schedule)	6a	( )
	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
	Net income (loss) of other includible foreign disregarded entities (attach schedule)	7a	
	Net income (loss) of other includible U.S. disregarded entities (attach schedule)	7b	
	Net income (loss) of other includible entities (attach schedule)	7c	
	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
a	Intercompany dividend adjustments to reconcile to line 11 (attach schedule)	10a	
b	Other statutory accounting adjustments to reconcile to line 11 (attach schedule)	10b	
c	Other adjustments to reconcile to amount on line 11 (attach schedule)	10c	56,674.
	Net income (loss) per income statement of includible corporations. Combine lines 4 through 10	11	152,912,177.

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.

Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

		Total Assets	Total Liabilities
a	Included on Part I, line 4 ▶	9,677,492,438.	6,358,788,391.
b	Removed on Part I, line 5 ▶	1,333,090,280.	839,392,172.
c	Removed on Part I, line 6 ▶		
d	Included on Part I, line 7 ▶		

Schedule M-3 (Form 1120) 2011 * Mixed Group Consolidation * Page 2

Name of corporation (common parent, if consolidated return)	Employer identification number
UGI Corporation	23-2668356

Check applicable box(es): (1) [X] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)	Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	( )			( )
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 **Total income (loss) items.** Combine lines 1 through 25				
27 **Total expense/deduction items** (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28	153,121,566.	-195,829,387.	63,723,888.	21,016,067.
b PC insurance subgroup reconciliation totals	-209,389.	133,512.	-111,931.	-187,808.
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	152,912,177.	-195,695,875.	63,611,957.	20,828,259.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return)	Employer identification number
UGI Corporation	23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)	Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations	47,560.	-47,560.		
2 Gross foreign dividends not previously taxed			5,680,150.	5,680,150.
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up			1,128,210.	1,128,210.
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships	25,639,577.	7,332,540.		32,972,117.
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)	3,963,365.		16,293.	3,979,658.
14 Total accrual to cash adjustment				
15 Hedging transactions	-425,124.	1,469,817.	1,090,775.	2,135,468.
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(1,792,757,871)	-10,933,744.		(1,803,691,615)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue	2,159,825.	-24,714.		2,135,111.
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	98,010.	47,431.	-145,441.	
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses		-65,419.	266,994.	201,575.
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)	-2,347,881.	2,314,831.	-108,093.	-141,143.
26 **Total income (loss) items.** Combine lines 1 through 25	-1,763,622,539.	93,182.	7,928,888.	-1,755,600,469.
27 **Total expense/deduction items** (from Part III, line 38)	-284,636,758.	-195,922,569.	55,795,000.	-424,764,327.
28 Other items with no differences	2,201,380,863.			2,201,380,863.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	153,121,566.	-195,829,387.	63,723,888.	21,016,067.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	153,121,566.	-195,829,387.	63,723,888.	21,016,067.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-14,688,086.		14,688,086.	
2 U.S. deferred income tax expense	76,737,967.		-76,737,967.	
3 State and local current income tax expense	10,330,874.	3,083,935.		13,414,809.
4 State and local deferred income tax expense	4,627,783.	-4,627,783.		
5 Foreign current income tax expense (other than foreign withholding taxes)	-3,732,565.		3,732,565.	
6 Foreign deferred income tax expense	1,028,925.		-1,028,925.	
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	69,982,793.		-524,794.	69,457,999.
9 Stock option expense	4,017,479.	-5,277,571.	6,364,366.	5,104,274.
10 Other equity-based compensation	2,983,824.	-1,364,959.		1,618,865.
11 Meals and entertainment	838,998.		-408,058.	430,940.
12 Fines and penalties	576,551.		-552,871.	23,680.
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation	2,292,712.		-900,819.	1,391,893.
16 Pension and profit-sharing	15,404,138.	4,593,652.		19,997,790.
17 Other post-retirement benefits	2,222,986.	-1,277,826.		945,160.
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	715,975.	-3,503.	-2,000.	710,472.
20 Charitable contribution of intangible property	2,950.			2,950.
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees	1,357,229.	-1,033,152.		324,077.
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill		11,415,250.		11,415,250.
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	4,114,353.	661,741.		4,776,094.
29 Section 198 environmental remediation costs	544,195.	222,853.		767,048.
30 Depletion				
31 Depreciation	68,267,530.	162,896,616.		231,164,146.
32 Bad debt expense	7,588,750.	2,412,518.		10,001,268.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)	7,615.	42,293.		49,908.
35 Research and development costs				
36 Section 118 exclusion (attach schedule)				
37 Other expense/deduction items with differences (attach schedule)	29,413,782.	24,178,505.	-424,583.	53,167,704.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	284,636,758.	195,922,569.	-55,795,000.	424,764,327.

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120-PC group (7) [ ] 1120-PC eliminations

Name of subsidiary (if consolidated return) | Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)	40,243.			40,243.
14 Hedging transactions				
15 Mark-to-market income (loss)				
16 Premium income (attach schedule)	2,363,022.	101,686.		2,464,708.
17 Sale versus lease (for sellers and/or lessors)				
18 Section 481(a) adjustments				
19 Income from a special loss discount account				
20 Income recognition from long-term contracts				
21 Original issue discount and other imputed interest				
22 Reserved for future use				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 **Total income (loss) items.** Combine lines 1 through 25	2,403,265.	101,686.		2,504,951.
27 **Total expense/deduction items** (from Part III, line 41)	-586,379.	31,826.	-111,931.	-666,484.
28 Other items with no differences	-2,026,275.			-2,026,275.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	-209,389.	133,512.	-111,931.	-187,808.
b 1120 subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	-209,389.	133,512.	-111,931.	-187,808.

Note. Line 30, column (a) must equal the amount on Part I, line 11, and column (d) must equal Form 1120-PC, Schedule A, line 35.

Schedule M-3 (Form 1120-PC) 2011 * 1120PC Subgroup * Page 3

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120-PC group (7) [ ] 1120-PC eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-62,787.		62,787.	
2 U.S. deferred income tax expense	-49,144.		49,144.	
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Stock option expense				
9 Other equity-based compensation				
10 Meals and entertainment				
11 Fines and penalties				
12 Judgments, damages, awards, and similar costs				
13 Parachute payments				
14 Compensation with section 162(m) limitation				
15 Pension and profit-sharing				
16 Other post-retirement benefits				
17 Deferred compensation				
18 Charitable contribution of cash and tangible property				
19 Charitable contribution of intangible property				
20 Charitable contribution limitation/carryforward				
21 Write-off of premium receivables				
22 Guarantee fund assessments				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization of acquisition, reorganization, and start-up costs				
27 Amortization/impairment of goodwill, insurance in force, and ceding commissions				
28 Other amortization or impairment write-offs				
29 Discounting of unpaid losses (section 846) (attach schedule)	638,310.	17,829.		656,139.
30 Reduction of loss deduction (section 832(b)(5)(B))				
31 Depreciation				
32 Bad debt expense and/or agency balances written off				
33 Deduction from a special loss discount account				
34 Corporate owned life insurance premiums				
35 Purchase versus lease (for purchasers and/or lessees)				
36 Interest expense (attach Form 8916-A)				
37 Domestic production activities deduction				
38 Research and development costs				
39 Section 118 exclusion (attach schedule)				
40 Other expense/deduction items with differences (attach schedule)	60,000.	-49,655.		10,345.
41 **Total expense/deduction items.** Combine lines 1 through 40. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	586,379.	-31,826.	111,931.	666,484.

1120 Page 1 Detail

CONSOLIDATING WORKSHEET	TOTAL 1120, PAGE 1	ADJUSTMENTS	ELIMINATIONS	1120 SUBGROUPS	1120PC SUBGROUP
1a MERCHANT CARD & 3RD PARTY PMTS					
1b GROSS RECEIPTS	2,433,569,105.			2,431,104,397.	2,464,708.
c TOTAL. ADD LINES 1a & 1b	2,433,569,105.				
d RETURNS AND ALLOWANCES	130,933.			130,933.	
e SUBTRACT LINE 1d FROM LINE 1c	2,433,438,172.			2,430,973,464.	2,464,708.
2 COST OF GOODS SOLD	1,803,691,615.			1,803,691,615.	
3 GROSS PROFIT	629,746,557.			627,281,849.	2,464,708.
4 DIVIDENDS	6,808,360.			6,808,360.	NONE
5 INTEREST	11,016,761.			10,976,518.	40,243.
6 GROSS RENTS	2,516,916.			2,516,916.	
7 GROSS ROYALTIES					
8 CAPITAL GAIN NET INCOME	2,714,606.			2,714,606.	
9 NET GAIN/LOSS FROM 4797	259,497.			259,497.	
10 OTHER INCOME	56,974,811.			56,974,811.	
11 TOTAL INCOME	710,037,508.			707,532,557.	2,504,951.
12 COMPENSATION OF OFFICERS	12,465,292.			12,465,292.	
13 SALARIES AND WAGES	82,219,438.			82,219,438.	
14 REPAIRS AND MAINTENANCE	56,646,084.			56,646,084.	
15 BAD DEBTS	10,001,268.			10,001,268.	
16 RENTS	2,967,817.			2,967,817.	
17 TAXES AND LICENSES	43,185,043.			43,148,944.	36,099.
18 INTEREST	69,499,374.			69,499,374.	
19 CHARITABLE CONTRIBUTIONS	756,259.			756,259.	
20 DEPRECIATION	231,164,146.			231,164,146.	
21 DEPLETION					
22 ADVERTISING	4,112,321.			4,112,321.	
23 PENSION, PROFIT SHARING, ETC.	19,997,790.			19,997,790.	
24 EMPLOYEE BENEFIT PROGRAMS	22,994,798.			22,994,798.	
25 DOMESTIC PRODUCTION ACTIVITIES DEDUCTION					
26 OTHER DEDUCTIONS	133,199,619.			130,542,959.	2,656,660.
27 TOTAL DEDUCTIONS	689,209,249.			686,516,490.	2,692,759.
28 TAXABLE INCOME BEFORE NOL/DRD	20,828,259.			21,016,067.	-187,808.

CONSOLIDATING WORKSHEET (continued)	TOTAL 1120, PAGE 1	ADJUSTMENTS	ELIMINATIONS	1120 SUBGROUP	1120PC SUBGROUP
28 TAXABLE INCOME BEFORE NOL/DRD	20,828,259.			21,016,067.	-187,808.
29a LESS NET OPERATING LOSS					
29b SPECIAL DEDUCTIONS	NONE	NONE			NONE
29c TOTAL NOLs AND SPECIAL DEDUCTIONS	NONE				NONE
30 TAXABLE INCOME	20,828,259.	NONE		21,016,067.	-187,808.

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Consolidated Schedules
1120 Page 1

		UGI Corporation	AmeriGas Propane Inc.	AmeriGas Technology Group Inc.	AmeriGas, Inc.	Ashtola Production Company	Eastfield International Holdings, Inc.	Energy Services Funding Corporation	EuroGas Holdings Inc.
1a	Merchant card, 3rd-party pmts								
1b	Gross receipts not on 1a								
1d	Returns and allowances								
1e	Net gross receipts or sales								
2	Cost of goods sold								
3	Gross profit								
4	Dividends	159,986,923.	23,881,863.		78,587,000.				
5	Interest	156,158.	4,766,152.					10,161.	
6	Gross rents				61,000.				
7	Gross royalties								
8	Capital gain net income		1,350,818.						
9	Net gain or (loss) from Form 4797								
10	Other income	2,154,198.	18,512,914.					4,940,824.	
11	Total income	162,297,279.	48,511,747.		78,648,000.			4,950,985.	
12	Compensation of officers	5,734,808.	391,893.						
13	Salaries and wages	5,571,298.	690,148.						
14	Repairs and maintenance	5,675.							
15	Bad debts							695,198.	
16	Rents	166,392.							
17	Taxes and licenses	1,280,192.	1,626,472.		12,843.		125.	296,825.	125.
18	Interest	1.	551.						
19	Charitable contributions	127,516.	29,713.						
20	Depreciation	10,553.	18,957.						
21	Depletion								
22	Advertising	39,786.							
23	Pension, profit-sharing etc., plans	1,541,623.							
24	Employee benefit programs	996,836.							
25	Domestic production activities deduction								
26	Other deductions	-21,768,115.	-491,120.		3,726.		149.	1,245,894.	149.
27	Total deductions	-6,293,435.	2,266,614.		16,569.		274.	2,237,917.	274.
28	Taxable income before NOL & Spec. Deductions	168,590,714.	46,245,133.	NONE	78,631,431.	NONE	-274.	2,713,068.	-274.
29	NOL,Spec. deductions	159,986,923.	23,881,863.		78,587,000.				
30	Taxable income	8,603,791.	22,363,270.	NONE	44,431.	NONE	-274.	2,713,068.	-274.

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Consolidated Schedules
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	Four Flags Drilling Company	Hellertown Pipeline Company	Homestead Holding Company	Newbury Holding Company	Petrolane Incorporated	UGI Asset Management, Inc.	UGI Black Sea Enterprises, Inc	UGI China, Inc.
1a Merchant card, 3rd-party pmts								
1b Gross receipts not on 1a		168,000.						
1d Returns and allowances								
1e Net gross receipts or sales		168,000.						
2 Cost of goods sold								
3 Gross profit		168,000.						
4 Dividends								
5 Interest				15,682,197.	2,074,309.			
6 Gross rents								
7 Gross royalties								
8 Capital gain net income					652,419.			
9 Net gain or (loss) from Form 4797								
10 Other income					5,678,327.			
11 Total income		168,000.		15,682,197.	8,405,055.			
12 Compensation of officers								
13 Salaries and wages								
14 Repairs and maintenance								
15 Bad debts								
16 Rents			2,015.	2,015.				
17 Taxes and licenses		28,340.		220.	200,983.			155.
18 Interest			10,161.					
19 Charitable contributions					12,929.			
20 Depreciation		51,432.						
21 Depletion								
22 Advertising								
23 Pension, profit-sharing etc., plans								
24 Employee benefit programs						-915.		
25 Domestic production activities deduction								
26 Other deductions			6,270.	7,529.	198,247.	915.		44,870.
27 Total deductions		79,772.	18,446.	9,764.	412,159.			45,025.
28 Taxable income before NOL & Spec. Deductions	NONE	88,228.	-18,446.	15,672,433.	7,992,896.	NONE	NONE	-45,025.
29 NOL,Spec. deductions								
30 Taxable income	NONE	88,228.	-18,446.	15,672,433.	7,992,896.	NONE	NONE	-45,025.

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Consolidated Schedules
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		UGI Development Company	UGI Energy Services, Inc.	UGI Energy Ventures, Inc	UGI Enterprises, Inc.	UGI Ethanol Development Company	UGI Europe, Inc.	UGI Hunlock Development Company	UGI HVAC Enterprises, Inc
1a	Merchant card, 3rd-party pmts								
1b	Gross receipts not on 1a	43,048,285.	805,719,951.				585,971,371.		54,145,152.
1d	Returns and allowances								
1e	Net gross receipts or sales	43,048,285.	805,719,951.				585,971,371.		54,145,152.
2	Cost of goods sold	27,061,629.	708,057,442.				535,268,185.		35,563,873.
3	Gross profit	15,986,656.	97,662,509.				50,703,186.		18,581,279.
4	Dividends		5,400,000.		59,999,313.				
5	Interest	329.	77,620.		156,282.		2,761,271.		
6	Gross rents								
7	Gross royalties								
8	Capital gain net income				769,291.				
9	Net gain or (loss) from Form 4797								101,672.
10	Other income	580,325.	-1,957,377.		7,878.		4,798,253.		
11	Total income	16,567,310.	101,182,752.		60,932,764.		58,262,710.		18,682,951.
12	Compensation of officers		1,823,690.		984,214.				277,084.
13	Salaries and wages	1,929,857.	13,497,139.		106,022.				6,520,398.
14	Repairs and maintenance		44,779.						219,736.
15	Bad debts								158,518.
16	Rents	54,656.	732,217.						754,791.
17	Taxes and licenses	614,631.	10,654,546.		48,101.				1,718,262.
18	Interest	54.	3,742,464.		19,400.		39,214,889.		511,546.
19	Charitable contributions		31,515.		195.				18,922.
20	Depreciation	30,503,280.	17,231,929.						580,886.
21	Depletion								
22	Advertising		1,996,376.						998,121.
23	Pension, profit-sharing etc., plans	221,634.	708,865.		8,383.				261,267.
24	Employee benefit programs	788,508.	1,034,345.		-5,578.				5,193,718.
25	Domestic production activities deduction								
26	Other deductions	10,724,949.	13,245,379.		6,279,481.		18,736,817.		5,665,279.
27	Total deductions	44,837,569.	64,743,244.		7,440,218.		57,951,706.		22,878,528.
28	Taxable income before NOL & Spec. Deductions	-28,270,259.	36,439,508.	NONE	53,492,546.	NONE	311,004.	NONE	-4,195,577.
29	NOL,Spec. deductions		5,400,000.		59,999,313.				
30	Taxable income	-28,270,259.	31,039,508.	NONE	-6,506,767.	NONE	311,004.	NONE	-4,195,577.

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Consolidated Schedules
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		UGI HVAC Services, Inc	UGI International (China), Inc.	UGI International (Romania), Inc.	UGI International Enterprises, Inc	UGI LNG, Inc	UGI Penn HVAC Services, Inc	UGI Penn Natural Gas, Inc	UGI Petroleum Products of Delaware, Inc
1a	Merchant card, 3rd-party pmts								
1b	Gross receipts not on 1a	27,893,760.				3,869,664.	1,795,156.	247,554,500.	
1d	Returns and allowances	130,933.							
1e	Net gross receipts or sales	27,762,827.				3,869,664.	1,795,156.	247,554,500.	
2	Cost of goods sold	14,242,800.						144,287,333.	
3	Gross profit	13,520,027.				3,869,664.	1,795,156.	103,267,167.	
4	Dividends				7,119,364.				
5	Interest	1,009.						280,263.	
6	Gross rents						7,860.	21,333.	
7	Gross royalties								
8	Capital gain net income	13,955.							
9	Net gain or (loss) from Form 4797							5,848.	
10	Other income						-14,928.	3,920,760.	
11	Total income	13,534,991.			7,119,364.	3,869,664.	1,788,088.	107,495,371.	
12	Compensation of officers								
13	Salaries and wages	2,600,048.						14,667,014.	
14	Repairs and maintenance	12,417.				337,866.		12,464,283.	
15	Bad debts	57,432.						2,476,852.	
16	Rents	248,325.							
17	Taxes and licenses	1,091,015.	155.	300.	35.	225,542.	66,063.	5,151,322.	-1,586.
18	Interest	15,501.						11,737.	
19	Charitable contributions	4,574.						198,650.	
20	Depreciation	241,070.				60,722,380.		33,003,041.	
21	Depletion								
22	Advertising	672,974.							
23	Pension, profit-sharing etc., plans	539,453.						3,284,272.	
24	Employee benefit programs	2,104,014.						1,079,800.	
25	Domestic production activities deduction								
26	Other deductions	4,625,794.	-2,394.		331,090.	2,433,870.	1,150,894.	29,821,697.	869,820.
27	Total deductions	12,212,617.	-2,239.	300.	331,125.	63,719,658.	1,216,957.	102,158,668.	868,234.
28	Taxable income before NOL & Spec. Deductions	1,322,374.	2,239.	-300.	6,788,239.	-59,849,994.	571,131.	5,336,703.	-868,234.
29	NOL,Spec. deductions				311,004.				
30	Taxable income	1,322,374.	2,239.	-300.	6,477,235.	-59,849,994.	571,131.	5,336,703.	-868,234.

Consolidated Schedules
1120 Page 1

		UGI Properties, Inc.	UGI Romania, Inc	UGI Storage Company	UGID Holding Company	UGI Utilities, Inc.	UGI Central Penn Gas, Inc	UGI Eliminations
1a	Merchant card, 3rd-party pmts							
1b	Gross receipts not on 1a			15,349,976.		515,067,081.	130,521,501.	
1d	Returns and allowances							
1e	Net gross receipts or sales			15,349,976.		515,067,081.	130,521,501.	
2	Cost of goods sold					284,252,982.	54,957,371.	
3	Gross profit			15,349,976.		230,814,099.	75,564,130.	
4	Dividends					30,870,718.		-359,036,821.
5	Interest					450,594.		-15,439,827.
6	Gross rents	2,388,351.				38,372.		
7	Gross royalties							
8	Capital gain net income							
9	Net gain or (loss) from Form 4797					47,534.	32,566.	
10	Other income	33,403.				15,658,027.	2,704,972.	-42,767.
11	Total income	2,421,754.		15,349,976.		277,879,344.	78,301,668.	-374,519,415.
12	Compensation of officers					3,253,603.		
13	Salaries and wages	72,845.				24,824,345.	11,740,324.	
14	Repairs and maintenance	272,225.				36,519,335.	6,769,769.	
15	Bad debts					5,969,068.	644,200.	
16	Rents				2,015.	753,791.	251,600.	
17	Taxes and licenses	182,545.		1,350,360.		14,649,657.	3,951,716.	
18	Interest	906,056.				41,859,123.	174,420.	-16,966,529.
19	Charitable contributions	2,950.				205,422.	123,873.	
20	Depreciation	488,649.		1,846,786.		63,496,228.	22,968,955.	
21	Depletion							
22	Advertising			13,866.		384,483.	6,715.	
23	Pension, profit-sharing etc., plans	1,639.				10,885,427.	2,545,227.	
24	Employee benefit programs	9,314.				9,428,314.	2,366,442.	
25	Domestic production activities deduction							
26	Other deductions	488,342.		1,934,744.	6,064.	37,166,291.	16,289,625.	1,526,702.
27	Total deductions	2,424,565.		5,145,756.	8,079.	249,395,087.	67,832,866.	-15,439,827.
28	Taxable income before NOL & Spec. Deductions	-2,811.	NONE	10,204,220.	-8,079.	28,484,257.	10,468,802.	-359,079,588.
29	NOL,Spec. deductions					30,870,718.		-359,036,821.
30	Taxable income	-2,811.	NONE	10,204,220.	-8,079.	-2,386,461.	10,468,802.	-42,767.

CONSOLIDATED SCHEDULE A - TAXABLE INCOME

INCOME	United Valley Insurance Company	UGI PC Eliminations
1 PREMIUMS EARNED	2,464,708.	
2 DIVIDENDS	51,720.	-51,720.
3 TAXABLE INTEREST	40,243.	
4 RENTS		
5 ROYALTIES		
6 CAPITAL GAIN		
7 NET GAIN (LOSS) 4797		
8 CERTAIN MUTUAL CO'S		
9 SPECIAL INCOME ACCTS		
10 PROT. AGAINST LOSS ACCT.		
11 DECREASE IN SUB. ACCT'S		
12 SP. LOSS DISCOUNT 8816		
13 OTHER INCOME		
14 GROSS INCOME	2,556,671.	-51,720.
DEDUCTIONS		
15 COMP. OF OFFICERS		
16 SALARIES & WAGES		
17 WORTHLESS BILLS		
18 RENTS		
19 TAXES	36,099.	
20 INTEREST		
21 CONTRIBUTIONS		
22 DEPRECIATION		
23 DEPLETION		
24 PENSION, PROFIT-SHARING		
25 EMPLOY. BENEFIT PROGRAMS		
26 LOSSES INCURRED	2,574,514.	NONE
27 ADDITIONAL DEDUCT.		
28 OTHER CAP LOSSES		
29 DIVIDENDS		
30 MUTUAL INTERINS.		
31 OTHER DEDUCTIONS	82,146.	
32 TOTAL DEDUCTIONS	2,692,759.	NONE
33 SUBTOTAL (LN 14 - LN 32)	-136,088.	-51,720.
34 LESS SP. DED. SEC 833		
35 SUBTOTAL	-136,088.	-51,720.
36 LESS DIV REC NOL DEDUCT	51,720.	-51,720.
37 TAXABLE INCOME	-187,808.	

Attachment SDR-RR-55
N. M. McKinney
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Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning 10/01/2012, ending 09/30/2013

▶ Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123 **2012**

A Check if:
1a Consolidated return (attach Form 851) X
b Life/nonlife consolidated return
2 Personal holding co. (attach Sch. PH)
3 Personal service corp. (see instructions)
4 Schedule M-3 attached X

TYPE OR PRINT

Name: UGI Corporation & Subsidiaries
Number, street, and room or suite no. If a P.O. box, see instructions.: P.O. Box 858
City or town, state, and ZIP code: Valley Forge, PA 19482

B Employer identification number: 23-2668356
C Date incorporated: 12/20/1991
D Total assets (see instructions): $ 5,078,688,382.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a Gross receipts or sales	1a 2,565,338,763.		
	b Returns and allowances	1b 10,030.		
	c Balance. Subtract line 1b from line 1a		1c	2,565,328,733.
	2 Cost of goods sold (attach Form 1125-A)		2	1,849,212,933.
	3 Gross profit. Subtract line 2 from line 1c		3	716,115,800.
	4 Dividends (Schedule C, line 19)		4	26,979,390.
	5 Interest		5	9,388,736.
	6 Gross rents		6	2,516,829.
	7 Gross royalties		7	
	8 Capital gain net income (attach Schedule D (Form 1120))		8	2,899,377.
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9	701,711.
	10 Other income (see instructions - attach statement) See Statement 8		10	35,963,271.
	11 **Total income.** Add lines 3 through 10 ▶		11	794,565,114.
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions - attach Form 1125-E) ▶		12	6,565,289.
	13 Salaries and wages (less employment credits)		13	121,515,708.
	14 Repairs and maintenance		14	67,381,599.
	15 Bad debts		15	9,836,755.
	16 Rents		16	3,999,355.
	17 Taxes and licenses		17	47,149,574.
	18 Interest		18	66,558,907.
	19 Charitable contributions See Statement 12		19	1,001,298.
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		20	147,748,808.
	21 Depletion		21	590,461.
	22 Advertising		22	2,785,483.
	23 Pension, profit-sharing, etc., plans		23	25,488,409.
	24 Employee benefit programs		24	23,898,412.
	25 Domestic production activities deduction (attach Form 8903)		25	
	26 Other deductions (attach statement) See Statement 13		26	124,805,662.
	27 **Total deductions.** Add lines 12 through 26 ▶		27	649,325,720.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	145,239,394.
	29a Net operating loss deduction (see instructions)	29a		
	b Special deductions (Schedule C, line 20)	29b NONE		
	c Add lines 29a and 29b		29c	NONE
Tax, Refundable Credits, and Payments	30 **Taxable income.** Subtract line 29c from line 28 (see instructions)		30	145,239,394.
	31 Total tax (Schedule J, Part I, line 11)		31	36,660,510.
	32 Total payments and refundable credits (Schedule J, Part II, line 21)		32	37,189,682.
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐		33	
	34 **Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed		34	
	35 **Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		35	529,172.
	36 Enter amount from line 35 you want: **Credited to 2013 estimated tax** ▶ Refunded ▶		36	529,172.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer: Davinder S. Athwal | Date: 06/13/2014 | ▶ Title: Vice President

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Paperwork Reduction Act Notice, see separate instructions.

3.000

Form **1120** (2012)

JGI Corporation & Subsidiaries 23-2668356

Form 1120 (2012) Page 2

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	NONE	70	NONE
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8. See instructions for limitation			NONE
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members	NONE	100	NONE
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	25,199,882.		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	236,373.		
15	Foreign dividend gross-up	1,527,106.		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends	16,029.		
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	26,979,390.		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			NONE

Form **1120** (2012)

UGI Corporation & Subsidiaries 23-2668356

Form 1120 (2012) Page 3

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐				
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐			2	50,833,788.
3	Alternative minimum tax (attach Form 4626)			3	NONE
4	Add lines 2 and 3			4	50,833,788.
5a	Foreign tax credit (attach Form 1118)	5a	12,154,363.		
b	Credit from Form 8834, line 30 (attach Form 8834)	5b			
c	General business credit (attach Form 3800)	5c	2,018,915.		
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	14,173,278.
7	Subtract line 6 from line 4			7	36,660,510.
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	36,660,510.

Part II - Payments and Refundable Credits

12	2011 overpayment credited to 2012			12	23,089,193.
13	2012 estimated tax payments			13	14,100,000.
14	2012 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	37,189,193.
16	Tax deposited with Form 7004			16	
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	37,189,193.
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	489.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	489.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	37,189,682.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 551112		
b	Business activity ▶ Holding Company		
c	Product or service ▶ Management Services		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If "Yes," enter name and EIN of the parent corporation ▶		
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Form **1120** (2012)

Schedule K Other Information *continued* (see instructions)

	Yes	No
4 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851**, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
Stmt 25			

	Yes	No
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
Stmt 27			

	Yes	No
5 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		
6 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?		X
For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ ______ and (ii) Owner's country ▶ ______		
(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ ______		
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
8 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ ______		
9 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ ______		
10 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
11 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ ______		
12 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ ______		
13 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.	X	
14a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099?	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
15 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
16 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
17 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X

UGI Corporation & Subsidiaries 23-2668356

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
Cash		195,337,000.		267,458,000.
Trade notes and accounts receivable	155,172,007.		181,277,802.	
Less allowance for bad debts	(6,259,007.)	148,913,000.	(7,847,802.)	173,430,000.
Inventories		123,971,000.		133,673,000.
U.S. government obligations				
Tax-exempt securities (see instructions)				
Other current assets (attach schedule)		106,067,000.		52,830,000.
Loans to shareholders				
Mortgage and real estate loans				
Other investments (attach schedule)		1,299,229,000.		1,328,311,382.
Buildings and other depreciable assets	2,797,549,849.		3,111,399,217.	
Less accumulated depreciation	(888,465,000.)	1,909,084,849.	(944,799,000.)	2,166,600,217.
Depletable assets				
Less accumulated depletion	( )		( )	
Land (net of any amortization)		14,841,151.		14,858,783.
Intangible assets (amortizable only)	552,963,822.		607,538,425.	
Less accumulated amortization	(8,944,822.)	544,019,000.	(10,027,425.)	597,511,000.
Other assets (attach schedule)		411,710,998.		344,016,000.
Total assets		4,753,172,998.		5,078,688,382.
Liabilities and Shareholders' Equity				
Accounts payable		110,924,000.		178,256,000.
Mortgages, notes, bonds payable in less than 1 year		227,729,000.		105,123,900.
Other current liabilities (attach schedule)		157,876,000.		145,584,000.
Loans from shareholders				
Mortgages, notes, bonds payable in 1 year or more		967,905,000.		1,168,063,000.
Other liabilities (attach schedule)		1,057,401,000.		989,053,000.
Capital stock: a Preferred stock				
b Common stock			100.	100.
Additional paid-in capital		1,157,667,000.		1,208,055,000.
Retained earnings - Appropriated (attach schedule)				
Retained earnings - Unappropriated		1,165,681,998.		1,308,428,000.
Adjustments to shareholders' equity (attach schedule)		-63,317,000.		8,417,000.
Less cost of treasury stock		(28,694,000.)		(32,291,618.)
Total liabilities and shareholders' equity		4,753,172,998.		5,078,688,382.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

Net income (loss) per books		7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
Federal income tax per books				
Excess of capital losses over capital gains				
Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
Expenses recorded on books this year not deducted on this return (itemize):			a Depreciation $	
a Depreciation $			b Charitable contributions $	
b Charitable contributions $				
c Travel and entertainment $				
		9	Add lines 7 and 8	
Add lines 1 through 5		10	Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

Balance at beginning of year	1,165,681,998.	5	Distributions: a Cash	125,783,527.
Net income (loss) per books	196,156,311.		b Stock	
Other increases (itemize):			c Property	
		6	Other decreases (itemize):	9,497,352.
	81,870,570.	7	Add lines 5 and 6	135,280,879.
Add lines 1, 2, and 3	1,443,708,879.	8	Balance at end of year (line 4 less line 7)	1,308,428,000.

Form **1120** (2012)

140 2.000

SCHEDULE M-3 (Form 1120)
Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More

▶ Attach to Form 1120 or 1120-C. ▶ Information about Schedule M-3 (Form 1120) and its separate instructions is available at *www.irs.gov/form1120*.

OMB No. 1545-0123

2012

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Non-consolidated return (2) [ ] Consolidated return (Form 1120 only) (3) [X] Mixed 1120/L/PC group (4) [ ] Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
[X] **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
[ ] **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
[ ] **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Go to line 1c.

c Did the corporation prepare a non-tax-basis income statement for that period?
[ ] **Yes.** Complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

2 a Enter the income statement period: Beginning 10/01/2012 Ending 09/30/2013

b Has the corporation's income statement been restated for the income statement period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

3 a Is any of the corporation's voting common stock publicly traded?
[X] **Yes.**
[ ] **No.** If "No," go to line 4a.

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock . . . . UGI

c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock 902681105

4 a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	278,119,296.
b	Indicate accounting standard used for line 4a (see instructions): (1) [X] GAAP (2) [ ] IFRS (3) [ ] Statutory (4) [ ] Tax-basis (5) [ ] Other (specify)		
5 a	Net income from nonincludible foreign entities (attach statement) Stmt. 43.	5a	(81,870,570.
b	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6 a	Net income from nonincludible U.S. entities (attach statement)	6a	( )
b	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7 a	Net income (loss) of other includible foreign disregarded entities (attach statement)	7a	
b	Net income (loss) of other includible U.S. disregarded entities (attach statement)	7b	
c	Net income (loss) of other includible entities (attach statement)	7c	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9	Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 a	Intercompany dividend adjustments to reconcile to line 11 (attach statement)	10a	
b	Other statutory accounting adjustments to reconcile to line 11 (attach statement)	10b	
c	Other adjustments to reconcile to amount on line 11 (attach statement) Stmt. 44.	10c	-92,415.
11	**Net income (loss) per income statement of includible corporations.** Combine lines 4 through 10	11	196,156,311.

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

	Total Assets	Total Liabilities
a Included on Part I, line 4 ▶	10,020,445,199.	6,472,542,661.
b Removed on Part I, line 5 ▶	1,468,455,434.	937,016,516.
c Removed on Part I, line 6 ▶		
d Included on Part I, line 7 ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120. Schedule M-3 (Form 1120) 2012

* Mixed Group Consolidation *

Schedule M-3 (Form 1120) 2012 Page **2**

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [X] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	( )			( )
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 **Total income (loss) items.** Combine lines 1 through 25				
27 **Total expense/deduction items** (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28	196,431,778.	-152,326,194.	101,533,054.	145,638,638.
b PC insurance subgroup reconciliation totals	-275,467.	28,266.	-152,043.	-399,244.
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	196,156,311.	-152,297,928.	101,381,011.	145,239,394.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

* 1120 Subgroup *

Schedule M-3 (Form 1120) 2012 Page 2

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations	89,780.	-89,780.		
2 Gross foreign dividends not previously taxed			25,199,882.	25,199,882.
3 Subpart F, QEF, and similar income inclusions		236,373.		236,373.
4 Section 78 gross-up			1,527,106.	1,527,106.
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships	76,576,147.	-55,223,506.		21,352,641.
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)	3,494,287.	-70,913.	-2,152.	3,421,222.
14 Total accrual to cash adjustment				
15 Hedging transactions	-15,015,031.	-7,637,556.	206,266.	-22,446,321.
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(1,833,643,478.)	6,282,192.		(1,827,361,286)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue	1,673,134.	50,285.		1,723,419.
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-5,555,280.	5,637,353.	-82,073.	
b Gross capital gains from Schedule D, excluding amounts from pass-through entities			1,944,426.	1,944,426.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses		676,535.	473,752.	1,150,287.
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)	-214,337,374.	1,357,626.		-212,979,748.
26 **Total income (loss) items.** Combine lines 1 through 25	-1,986,717,815.	-48,781,391.	29,267,207.	-2,006,231,999.
27 **Total expense/deduction items** (from Part III, line 38)	-373,522,804.	-103,544,803.	72,265,847.	-404,801,760.
28 Other items with no differences	2,556,672,397.			2,556,672,397.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	196,431,778.	-152,326,194.	101,533,054.	145,638,638.
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	196,431,778.	-152,326,194.	101,533,054.	145,638,638.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

* 1120 Subgroup *

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	50,420,867.		-50,420,867.	
2 U.S. deferred income tax expense	57,336,275.		-57,336,275.	
3 State and local current income tax expense	22,701,163.	-5,273,772.		17,427,391.
4 State and local deferred income tax expense	-1,373,161.	1,373,159.		
5 Foreign current income tax expense (other than foreign withholding taxes)	-6,244,772.		6,244,772.	
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	66,625,016.		-84,694.	66,540,322.
9 Stock option expense	4,303,418.	-5,199,720.	32,862,384.	31,966,082.
10 Other equity-based compensation	7,402,730.	-2,780,719.		4,622,011.
11 Meals and entertainment	1,029,181.		-454,236.	574,945.
12 Fines and penalties	1,268,542.		-1,268,542.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation	1,741,212.		-741,212.	1,000,000.
16 Pension and profit-sharing	20,252,010.	5,236,399.		25,488,409.
17 Other post-retirement benefits	2,262,400.	-1,857,689.		404,711.
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	978,369.	-6,659.	-12,875.	958,835.
20 Charitable contribution of intangible property	1,500.			1,500.
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees	1,307,414.	984,591.		2,292,005.
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill		11,415,250.		11,415,250.
27 Amortization of acquisition, reorganization, and start-up costs	601,149.	-581,111.		20,038.
28 Other amortization or impairment write-offs	1,292,270.	674,928.		1,967,198.
29 Section 198 environmental remediation costs	1,100,000.	195,711.		1,295,711.
30 Depletion		590,461.		590,461.
31 Depreciation	76,095,884.	71,652,924.		147,748,808.
32 Bad debt expense	11,041,142.	-1,204,387.		9,836,755.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)	77,672.	98,596.		176,268.
35 Research and development costs				
36 Section 118 exclusion (attach schedule)				
37 Other expense/deduction items with differences (attach schedule)	53,302,523.	28,226,841.	-1,054,302.	80,475,062.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	373,522,804.	103,544,803.	-72,265,847.	404,801,760.

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120-PC group (7) [ ] 1120-PC eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)	42,856.			42,856.
14 Hedging transactions				
15 Mark-to-market income (loss)				
16 Premium income (attach statement)	2,724,191.	-6,765.		2,717,426.
17 Sale versus lease (for sellers and/or lessors)				
18 Section 481(a) adjustments				
19 Income from a special loss discount account				
20 Income recognition from long-term contracts				
21 Original issue discount and other imputed interest				
22 Reserved for future use				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 **Total income (loss) items.** Combine lines 1 through 25	2,767,047.	-6,765.		2,760,282.
27 **Total expense/deduction items** (from Part III, line 41)	-196,584.	35,031.	-152,043.	-313,596.
28 Other items with no differences	-2,845,930.			-2,845,930.
29a Mixed groups, see instructions. All others, combine lines 26 through 28	-275,467.	28,266.	-152,043.	-399,244.
b 1120 subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	-275,467.	28,266.	-152,043.	-399,244.

Note. Line 30, column (a) must equal the amount on Part I, line 11, and column (d) must equal Form 1120-PC, Schedule A, line 35.

Schedule M-3 (Form 1120-PC) 2012 * 1120PC Subgroup * Page 3

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120-PC group (7) [ ] 1120-PC eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-138,363.		138,363.	
2 U.S. deferred income tax expense	-13,680.		13,680.	
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Stock option expense				
9 Other equity-based compensation				
10 Meals and entertainment				
11 Fines and penalties				
12 Judgments, damages, awards, and similar costs				
13 Parachute payments				
14 Compensation with section 162(m) limitation				
15 Pension and profit-sharing				
16 Other post-retirement benefits				
17 Deferred compensation				
18 Charitable contribution of cash and tangible property				
19 Charitable contribution of intangible property				
20 Charitable contribution limitation/carryforward				
21 Write-off of premium receivables				
22 Guarantee fund assessments				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization of acquisition, reorganization, and start-up costs				
27 Amortization/impairment of goodwill, insurance in force, and ceding commissions				
28 Other amortization or impairment write-offs				
29 Discounting of unpaid losses (section 846) (attach statement)	331,062.	-28,437.		302,625.
30 Reduction of loss deduction (section 832(b)(5)(B))				
31 Depreciation				
32 Bad debt expense and/or agency balances written off				
33 Deduction from a special loss discount account				
34 Corporate owned life insurance premiums				
35 Purchase versus lease (for purchasers and/or lessees)				
36 Interest expense (attach Form 8916-A)				
37 Domestic production activities deduction				
38 Research and development costs				
39 Section 118 exclusion (attach statement)				
40 Other expense/deduction items with differences (attach statement)	17,565.	-6,594.		10,971.
41 **Total expense/deduction items.** Combine lines 1 through 40. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	196,584.	-35,031.	152,043.	313,596.

1120 Page 1 Detail

CONSOLIDATING WORKSHEET		TOTAL 1120, PAGE 1	ADJUSTMENTS	ELIMINATIONS	1120 SUBGROUP	1120PC SUBGROUP
1a	GROSS RECEIPTS	2,565,338,763.			2,562,621,337.	2,717,426.
b	RETURNS & ALLOWANCES	10,030.			10,030.	
c	BALANCE	2,565,328,733.			2,562,611,307.	2,717,426.
2	COST OF GOOD SOLD	1,849,212,933.			1,849,212,933.	
3	GROSS PROFIT	716,115,800.			713,398,374.	2,717,426.
4	DIVDIDENS	26,979,390.			26,979,390.	NONE
5	INTEREST	9,388,736.			9,345,880.	42,856.
6	GROSS RENTS	2,516,829.			2,516,829.	
7	GROSS ROYALTIES					
8	CAPITAL GAIN NET INCOME	2,899,377.			2,899,377.	
9	NET GAIN/LOSS FORM 4797	701,711.			701,711.	
10	OTHER INCOME	35,963,271.			35,963,271.	
11	TOTAL INCOME	794,565,114.			791,804,832.	2,760,282.
12	COMPENSATION OF OFFICERS	6,565,289.			6,565,289.	
13	SALARIES & WAGES	121,515,708.			121,515,708.	
14	REPAIRS & MAINTENANCE	67,381,599.			67,381,599.	
15	BAD DEBTS	9,836,755.			9,836,755.	
16	RENTS	3,999,355.			3,999,355.	
17	TAXES & LICENSES	47,149,574.			47,122,925.	26,649.
18	INTEREST	66,558,907.			66,558,907.	
19	CHARITABLE CONTRIBUTIONS	1,001,298.			1,001,298.	
20	DEPRECIATION	147,748,808.			147,748,808.	
21	DEPLETION	590,461.			590,461.	
22	ADVERTISING	2,785,483.			2,785,483.	
23	PENSION, PROFIT SHARING	25,488,409.			25,488,409.	
24	EMPLOYEE BENEFIT SHARING	23,898,412.			23,898,412.	
25	DOMESTIC PROD. ACT. DEDUCTION					
26	OTHER DEDUCTIONS	124,805,662.			121,672,785.	3,132,877.
27	TOTAL DEDUCTIONS	649,325,720.			646,166,194.	3,159,526.
28	TAXABLE INCOME BEFORE NOL/DRD	145,239,394.			145,638,638.	-399,244.
29a	LESS: NET OPERATING LOSS					
29b	SPECIAL DEDUCTIONS	NONE	NONE			NONE
29c	ADD LINES 29a & 29b	NONE	NONE			NONE
30	TAXABLE INCOME	145,239,394.	NONE		145,638,638.	-399,244.

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Consolidated Schedules
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		UGI Corporation	AmeriGas Propane Inc.	AmeriGas Technology Group Inc.	AmeriGas, Inc.	Ashtola Production Company	Eastfield International Holdings, Inc.	Energy Services Funding Corporation	EuroGas Holdings Inc.
1a	Gross receipts or sales								
1b	Returns and allowances								
1c	Balance								
2	Cost of goods sold								
3	Gross profit								
4	Dividends	89,231,256.			17,665,182.				
5	Interest	151,002.	4,239,880.						
6	Gross rents				113,000.				
7	Gross royalties								
8	Capital gain net income		145,693.						
9	Net gain or (loss) from Form 4797								
10	Other income	16,539.	15,301,919.			16.		4,768,377.	
11	Total income	89,398,797.	19,687,492.		17,778,182.	16.		4,768,377.	
12	Compensation of officers	6,565,289.	714,099.						
13	Salaries and wages	27,190,968.	6,118,875.						
14	Repairs and maintenance	3,808.							
15	Bad debts							1,538,908.	
16	Rents	668,924.							
17	Taxes and licenses	1,130,189.	370,888.		12,339.		125.	286,045.	125.
18	Interest							22,447.	
19	Charitable contributions	119,361.	28,569.						
20	Depreciation	10,553.	18,957.		8,076.				
21	Depletion								
22	Advertising	40,208.							
23	Pension, profit-sharing etc., plans	1,892,273.							
24	Employee benefit programs	1,130,984.							
25	Domestic production activities deduction								
26	Other deductions	-29,758,248.	-93,280.		2,660.		122.	881,849.	123.
27	Total deductions	8,994,309.	7,158,108.		23,075.		247.	2,729,249.	248.
28	Taxable income before NOL & Spec. Deductions	80,404,488.	12,529,384.	NONE	17,755,107.	16.	-247.	2,039,128.	-248.
29	NOL,Spec. deductions	89,231,256.			17,665,182.				
30	Taxable income	-8,826,768.	12,529,384.	NONE	89,925.	16.	-247.	2,039,128.	-248.

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Consolidated Schedules
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		Four Flags Drilling Company	Hellertown Pipeline Company	Homestead Holding Company	Newbury Holding Company	Petrolane Incorporated	UGI Asset Management, Inc.	UGI Black Sea Enterprises, Inc	UGI China, Inc.
1a	Gross receipts or sales		168,000.						
1b	Returns and allowances								
1c	Balance		168,000.						
2	Cost of goods sold								
3	Gross profit		168,000.						
4	Dividends								
5	Interest			22,447.	15,405,514.	1,564,336.			
6	Gross rents								
7	Gross royalties								
8	Capital gain net income					2,099,288.			
9	Net gain or (loss) from Form 4797								
10	Other income					807,929.			38,370.
11	Total income		168,000.	22,447.	15,405,514.	4,471,553.			38,370.
12	Compensation of officers								
13	Salaries and wages								
14	Repairs and maintenance								
15	Bad debts								
16	Rents			2,269.	2,269.				
17	Taxes and licenses	500.	18,436.	125.	360.	1,005,617.	125.		125.
18	Interest					451.			
19	Charitable contributions					10,538.			
20	Depreciation		51,519.						
21	Depletion								
22	Advertising								
23	Pension, profit-sharing etc., plans								
24	Employee benefit programs						-595.		
25	Domestic production activities deduction								
26	Other deductions			5,740.	6,827.	122,693.	470.		123.
27	Total deductions	500.	69,955.	8,134.	9,456.	1,139,299.			248.
28	Taxable income before NOL & Spec. Deductions	-500.	98,045.	14,313.	15,396,058.	3,332,254.	NONE	NONE	38,122.
29	NOL,Spec. deductions								
30	Taxable income	-500.	98,045.	14,313.	15,396,058.	3,332,254.	NONE	NONE	38,122.

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Consolidated Schedules
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		UGI Development Company	UGI Energy Services, Inc.	UGI Energy Ventures, Inc	UGI Enterprises, Inc.	UGI Ethanol Development Company	UGI Europe, Inc.	UGI Hunlock Development Company	UGI HVAC Enterprises, Inc
1a	Gross receipts or sales	70,317,937.	960,157,199.				693,646,286.		82,007,652.
1b	Returns and allowances								
1c	Balance	70,317,937.	960,157,199.				693,646,286.		82,007,652.
2	Cost of goods sold	38,785,078.	841,415,713.				652,587,242.		50,434,809.
3	Gross profit	31,532,859.	118,741,486.				41,059,044.		31,572,843.
4	Dividends		5,602,215.		16,029.		26,963,361.		
5	Interest	313.	20,743.		119,837.		2,755,779.		
6	Gross rents				173.				
7	Gross royalties								
8	Capital gain net income				205,820.				
9	Net gain or (loss) from Form 4797								95,849.
10	Other income	1,472,581.	-4,786,787.		-576,932.		150,099.		
11	Total income	33,005,753.	119,577,657.		-235,073.		70,928,283.		31,668,692.
12	Compensation of officers		2,238,737.		1,869,437.				421,816.
13	Salaries and wages	1,835,888.	13,719,141.		-172,275.				10,726,302.
14	Repairs and maintenance		23,131.						210,940.
15	Bad debts								300,434.
16	Rents	176,268.	992,955.						1,106,283.
17	Taxes and licenses	638,589.	12,218,898.		73,075.		1,736,354.		2,459,797.
18	Interest		2,523,076.		18,583.		40,111,136.		470,328.
19	Charitable contributions		91,143.		1,856.				13,707.
20	Depreciation	16,989,881.	2,413,370.						912,485.
21	Depletion		590,461.						
22	Advertising		867,493.						1,331,739.
23	Pension, profit-sharing etc., plans	259,063.	805,425.		-26,815.				379,562.
24	Employee benefit programs	368,705.	1,055,280.		1,163.				7,039,474.
25	Domestic production activities deduction								
26	Other deductions	12,502,329.	17,504,294.		7,089,316.		19,346,050.		8,120,077.
27	Total deductions	32,770,723.	55,043,404.		8,854,340.		61,193,540.		33,492,944.
28	Taxable income before NOL & Spec. Deductions	235,030.	64,534,253.	NONE	-9,089,413.	NONE	9,734,743.	NONE	-1,824,25[illegible]
29	NOL,Spec. deductions		5,602,215.						
30	Taxable income	235,030.	58,932,038.	NONE	-9,089,413.	NONE	9,734,743.	NONE	-1,824,252.

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Consolidated Schedules
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		UGI HVAC Services, Inc	UGI International (China), Inc.	UGI International (Romania), Inc.	UGI International Enterprises, Inc	UGI LNG, Inc	UGI Penn HVAC Services, Inc	UGI Penn Natural Gas, Inc	UGI Petroleum Products of Delaware, Inc
1a	Gross receipts or sales	2,411,389.				5,780,000.	1,726,923.	269,743,119.	
1b	Returns and allowances	10,030.							
1c	Balance	2,401,359.				5,780,000.	1,726,923.	269,743,119.	
2	Cost of goods sold	1,080,605.						146,227,849.	
3	Gross profit	1,320,754.				5,780,000.	1,726,923.	123,515,270.	
4	Dividends								
5	Interest	170.						4,133.	
6	Gross rents							5,269.	
7	Gross royalties								
8	Capital gain net income								
9	Net gain or (loss) from Form 4797							252,714.	
10	Other income		5,519.				-2,077.	4,405,407.	
11	Total income	1,320,924.	5,519.			5,780,000.	1,724,846.	128,182,793.	
12	Compensation of officers								
13	Salaries and wages	225,791.						14,308,355.	
14	Repairs and maintenance	131.				559,774.		14,180,636.	
15	Bad debts	-992.						1,744,028.	
16	Rents	19,107.							
17	Taxes and licenses	96,376.	125.	200.		117,581.	176,051.	5,583,327.	
18	Interest							286,810.	
19	Charitable contributions							186,739.	
20	Depreciation	103,043.				6,807,230.		27,904,064.	
21	Depletion								
22	Advertising	44,315.							
23	Pension, profit-sharing etc., plans	44,628.						4,112,981.	
24	Employee benefit programs	208,540.						3,348,193.	
25	Domestic production activities deduction								
26	Other deductions	372,622.	123.		2,397,820.	1,621,813.	979,652.	30,812,030.	10,245.
27	Total deductions	1,113,561.	248.	200.	2,397,820.	9,106,398.	1,155,703.	102,467,163.	10,245.
28	Taxable income before NOL & Spec. Deductions	207,363.	5,271.	-200.	-2,397,820.	-3,326,398.	569,143.	25,715,630.	-10,245.
29	NOL,Spec. deductions								
30	Taxable income	207,363.	5,271.	-200.	-2,397,820.	-3,326,398.	569,143.	25,715,630.	-10,245.

Consolidated Schedules
1120 Page 1

		UGI Properties, Inc.	UGI Romania, Inc	UGI Storage Company	UGID Holding Company	UGI Utilities, Inc.	UGI Central Penn Gas, Inc	UGI Eliminations
1a	Gross receipts or sales			12,669,505.		539,587,674.	139,140,396.	-214,445,301.
1b	Returns and allowances							
1c	Balance			12,669,505.		539,587,674.	139,140,396.	-214,445,301.
2	Cost of goods sold			75,000.		268,142,048.	53,556,403.	-202,727,249.
3	Gross profit			12,594,505.		271,445,626.	85,583,993.	-11,718,052.
4	Dividends					18,850,777.		-131,349,430.
5	Interest					576,228.	12.	-15,514,514.
6	Gross rents	2,372,711.				25,676.		
7	Gross royalties							
8	Capital gain net income			676,535.				
9	Net gain or (loss) from Form 4797					11,946.	113,243.	
10	Other income	33,690.			11.	11,759,470.	2,511,587.	57,553.
11	Total income	2,406,401.		13,271,040.	11.	302,669,723.	88,208,835.	-158,524,443.
12	Compensation of officers					5,123,823.		-10,367,912.
13	Salaries and wages	74,464.				25,163,403.	11,956,884.	10,367,912.
14	Repairs and maintenance	272,534.		54,182.		45,804,083.	6,272,380.	
15	Bad debts					5,387,023.	867,354.	
16	Rents				2,269.	730,720.	298,291.	
17	Taxes and licenses	194,061.		922,271.	125.	15,283,934.	4,797,162.	
18	Interest	872,048.				38,497,618.	214,446.	-16,458,036.
19	Charitable contributions	1,500.				431,772.	116,113.	
20	Depreciation	468,433.		9,632,327.		61,972,909.	21,080,817.	-624,856.
21	Depletion							
22	Advertising					489,377.	12,351.	
23	Pension, profit-sharing etc., plans	1,676.				14,862,652.	3,156,964.	
24	Employee benefit programs	-2,684.				8,809,480.	1,939,872.	
25	Domestic production activities deduction							
26	Other deductions	549,845.		2,241,595.	5,553.	42,209,867.	14,328,327.	-9,587,852.
27	Total deductions	2,431,877.		12,850,375.	7,947.	264,766,661.	65,040,961.	-26,670,744.
28	Taxable income before NOL & Spec. Deductions	-25,476.	NONE	420,665.	-7,936.	37,903,062.	23,167,874.	-131,853,699.
29	NOL,Spec. deductions					18,850,777.		-131,349,430.
30	Taxable income	-25,476.	NONE	420,665.	-7,936.	19,052,285.	23,167,874.	-504,269.

Attachment SDR-RR-55
N. M. McKinney
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INCOME	United Valley Insurance Company PC	UGI PC Eliminations
1 PREMIUMS EARNED	2,717,426.	
2 DIVIDENDS	53,915.	-53,915.
3 TAXABLE INTEREST	42,856.	
4 RENTS		
5 ROYALTIES		
6 CAPITAL GAIN		
7 NET GAIN (LOSS) 4797		
8 CERTAIN MUTUAL CO'S		
9 SPECIAL INCOME ACCTS		
10 PROT. AGAINST LOSS ACCT.		
11 DECREASE IN SUB. ACCT'S		
12 SP. LOSS DISCOUNT 8816		
13 OTHER INCOME		
14 GROSS INCOME	2,814,197.	-53,915.
DEDUCTIONS		
15 COMP. OF OFFICERS		
16 SALARIES & WAGES		
17 WORTHLESS BILLS		
18 RENTS		
19 TAXES	26,649.	
20 INTEREST		
21 CONTRIBUTIONS		
22 DEPRECIATION		
23 DEPLETION		
24 PENSION, PROFIT-SHARING		
25 EMPLOY. BENEFIT PROGRAMS		
26 LOSSES INCURRED	3,017,519.	NONE
27 ADDITIONAL DEDUCT.		
28 OTHER CAP LOSSES		
29 DIVIDENDS		
30 MUTUAL INTERINS.		
31 OTHER DEDUCTIONS	115,358.	
32 TOTAL DEDUCTIONS	3,159,526.	NONE
33 SUBTOTAL (LN 14 - LN 32)	-345,329.	-53,915.
34 LESS SP. DED. SEC 833		
35 SUBTOTAL	-345,329.	-53,915.
36 LESS DIV REC NOL DEDUCT	53,915.	-53,915.
37 TAXABLE INCOME	-399,244.	

Attachment SDR-RR-55
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Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2013 or tax year beginning 10/01/2013, **ending** 09/30/2014

▶ **Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120*.**

OMB No. 1545-0123 **2013**

A Check if: 1a Consolidated return (attach Form 851) X; b Life/nonlife consolidated return; 2 Personal holding co. (attach Sch. PH); 3 Personal service corp. (see instructions); 4 Schedule M-3 attached X	**TYPE OR PRINT** Name: UGI Corporation & Subsidiaries	**B Employer identification number** 23-2668356
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. Box 858	**C** Date incorporated 12/20/1991
	City or town, state, or province, country and ZIP code or foreign postal code: Valley Forge, PA 19482	**D** Total assets (see instructions) $ 5,248,941,382.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1a	Gross receipts or sales	1a	2,906,573,493.		
	b	Returns and allowances	1b			
	c	Balance. Subtract line 1b from line 1a			1c	2,906,573,493.
	2	Cost of goods sold (attach Form 1125-A)			2	2,025,113,009.
	3	Gross profit. Subtract line 2 from line 1c			3	881,460,484.
	4	Dividends (Schedule C, line 19)			4	27,641,032.
	5	Interest			5	8,901,960.
	6	Gross rents			6	3,054,811.
	7	Gross royalties			7	
	8	Capital gain net income (attach Schedule D (Form 1120))			8	3,787,402.
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	890,244.
	10	Other income (see instructions - attach statement) See Statement 8			10	82,011,676.
	11	**Total income.** Add lines 3 through 10 ▶			11	1,007,747,609.
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions - attach Form 1125-E) ▶			12	21,237,532.
	13	Salaries and wages (less employment credits)			13	118,900,718.
	14	Repairs and maintenance			14	75,369,255.
	15	Bad debts			15	13,020,137.
	16	Rents			16	3,770,139.
	17	Taxes and licenses			17	54,814,029.
	18	Interest			18	62,663,423.
	19	Charitable contributions See Statement 13			19	2,525,186.
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20	229,125,728.
	21	Depletion			21	550,825.
	22	Advertising			22	3,277,729.
	23	Pension, profit-sharing, etc., plans			23	22,810,095.
	24	Employee benefit programs			24	20,325,179.
	25	Domestic production activities deduction (attach Form 8903)			25	276,336.
	26	Other deductions (attach statement) See Statement 14			26	154,370,135.
	27	**Total deductions.** Add lines 12 through 26 ▶			27	783,036,446.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	224,711,163.
	29a	Net operating loss deduction (see instructions)	29a			
	b	Special deductions (Schedule C, line 20)	29b	NONE		
	c	Add lines 29a and 29b			29c	NONE
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)			30	224,711,163.
	31	Total tax (Schedule J, Part I, line 11)			31	64,472,533.
	32	Total payments and refundable credits (Schedule J, Part II, line 21)			32	86,702,352.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶			33	
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed			34	
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid			35	22,229,819.
	36	Enter amount from line 35 you want: **Credited to 2014 estimated tax** ▶		22,229,819.	**Refunded** ▶ 36	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: Davinder S. Athwal | Date: 06/12/2015 | Title: Vice President

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120** (2013)

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UGI Corporation & Subsidiaries 23-2668356

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	NONE	70	NONE
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8. See instructions for limitation			NONE
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members	NONE	100	NONE
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	21,589,248.		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	1,772,061.		
15	Foreign dividend gross-up	4,279,723.		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on page 1, line 4 ▶	27,641,032.		
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			NONE

UGI Corporation & Subsidiaries 23-2668356

Schedule J Tax Computation and Payment (see instructions)

Part I-Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) ▶ ☐				
2	Income tax. Check if a qualified personal service corporation (see instructions) ▶ ☐			2	78,648,907.
3	Alternative minimum tax (attach Form 4626)			3	NONE
4	Add lines 2 and 3			4	78,648,907.
5a	Foreign tax credit (attach Form 1118)	5a	12,026,853.		
b	Credit from Form 8834 (see instructions)	5b			
c	General business credit (attach Form 3800)	5c	2,149,521.		
d	Credit for prior year minimum tax (attach Form 8827)	5d			
e	Bond credits from Form 8912	5e			
6	**Total credits.** Add lines 5a through 5e			6	14,176,374.
7	Subtract line 6 from line 4			7	64,472,533.
8	Personal holding company tax (attach Schedule PH (Form 1120))			8	
9a	Recapture of investment credit (attach Form 4255)	9a			
b	Recapture of low-income housing credit (attach Form 8611)	9b			
c	Interest due under the look-back method - completed long-term contracts (attach Form 8697)	9c			
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d			
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e			
f	Other (see instructions - attach statement)	9f			
10	**Total.** Add lines 9a through 9f			10	
11	**Total tax.** Add lines 7, 8, and 10. Enter here and on page 1, line 31			11	64,472,533.

Part II-Payments and Refundable Credits

12	2012 overpayment credited to 2013			12	
13	2013 estimated tax payments			13	86,200,000.
14	2013 refund applied for on Form 4466			14	( )
15	Combine lines 12, 13, and 14			15	86,200,000.
16	Tax deposited with Form 7004			16	500,000.
17	Withholding (see instructions)			17	
18	**Total payments.** Add lines 15, 16, and 17			18	86,700,000.
19	Refundable credits from:				
a	Form 2439	19a			
b	Form 4136	19b	2,352.		
c	Form 8827, line 8c	19c			
d	Other (attach statement - see instructions)	19d			
20	**Total credits.** Add lines 19a through 19d			20	2,352.
21	**Total payments and credits.** Add lines 18 and 20. Enter here and on page 1, line 32			21	86,702,352.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ▶		
2	See the instructions and enter the:		
a	Business activity code no. ▶ 551112		
b	Business activity ▶ Holding Company		
c	Product or service ▶ Management Services		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

UGI Corporation & Subsidiaries 23-2668356

Schedule K **Other Information** *continued* (see instructions)

	Yes	No
5 At the end of the tax year, did the corporation:		
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851,** Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Corporation	**(ii)** Employer Identification Number (if any)	**(iii)** Country of Incorporation	**(iv)** Percentage Owned in Voting Stock
Stmt 25			

	Yes	No
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.	X	

(i) Name of Entity	**(ii)** Employer Identification Number (if any)	**(iii)** Country of Organization	**(iv)** Maximum Percentage Owned in Profit, Loss, or Capital
Stmt 27			

	Yes	No
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
If "Yes," file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?		X
For rules of attribution, see section 318. If "Yes," enter: **(i)** Percentage owned ▶ ________________ and **(ii)** Owner's country ▶ ________________		
(c) The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ ________________		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ ________________		
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ ________________		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐ If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ $ ________________		
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ $ ________________		
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?	X	
If "Yes," complete and attach Schedule UTP.		
15a Did the corporation make any payments in 2013 that would require it to file Form(s) 1099?	X	
b If "Yes," did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than $1 million?		X

UGI Corporation & Subsidiaries 23-2668356

Form 1120 (2013) Page **5**

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1 Cash		267,458,000.		316,719,000.
2a Trade notes and accounts receivable	180,888,004.		180,895,649.	
b Less allowance for bad debts	(7,458,004.)	173,430,000.	(8,934,649.)	171,961,000.
3 Inventories		133,673,000.		140,429,000.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)		52,830,000.		70,571,000.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)		1,328,311,382.		1,313,774,382.
10a Buildings and other depreciable assets	3,112,142,068.		3,336,150,799.	
b Less accumulated depreciation	(945,541,851.)	2,166,600,217.	(998,858,000.)	2,337,292,799.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		14,858,783.		16,088,201.
13a Intangible assets (amortizable only)	607,527,594.		527,981,699.	
b Less accumulated amortization	(10,016,594.)	597,511,000.	(11,211,699.)	516,770,000.
14 Other assets (attach statement)		344,016,000.		365,336,000.
15 Total assets		5,078,688,382.		5,248,941,382.
Liabilities and Shareholders' Equity				
16 Accounts payable		178,256,000.		188,618,000.
17 Mortgages, notes, bonds payable in less than 1 year		105,123,900.		114,460,000.
18 Other current liabilities (attach statement)		145,584,000.		181,903,000.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		1,168,063,000.		1,065,494,000.
21 Other liabilities (attach statement)		989,053,000.		1,038,692,303.
22 Capital stock: a Preferred stock				
b Common stock	100.	100.		
23 Additional paid-in capital		1,208,055,000.		1,216,238,000.
24 Retained earnings - Appropriated (attach statement)				
25 Retained earnings - Unappropriated		1,308,428,000.		1,509,443,000.
26 Adjustments to shareholders' equity (attach statement)		8,417,000.		-21,203,000.
27 Less cost of treasury stock		(32,291,618.)		(44,703,921.)
28 Total liabilities and shareholders' equity		5,078,688,382.		5,248,941,382.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are $10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation $	
a Depreciation $		b Charitable contributions $	
b Charitable contributions $			
c Travel and entertainment $			
		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	1,308,428,000.	5 Distributions: a Cash	136,263,074.
2 Net income (loss) per books	277,321,236.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	-121,322.
	59,835,516.	7 Add lines 5 and 6	136,141,752.
4 Add lines 1, 2, and 3	1,645,584,752.	8 Balance at end of year (line 4 less line 7)	1,509,443,000.

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Form **1120** (2013)

SCHEDULE M-3 (Form 1120)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More

▶ Attach to Form 1120 or 1120-C. ▶ Information about Schedule M-3 (Form 1120) and its separate instructions is available at *www.irs.gov/form1120*.

OMB No. 1545-0123

2013

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [ ] Non-consolidated return (2) [ ] Consolidated return (Form 1120 only)
(3) [X] Mixed 1120/L/PC group (4) [ ] Dormant subsidiaries schedule attached

Part I **Financial Information and Net Income (Loss) Reconciliation** (see instructions)

1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
[X] **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
[ ] **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
[ ] **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Go to line 1c.

c Did the corporation prepare a non-tax-basis income statement for that period?
[ ] **Yes.** Complete lines 2a through 11 with respect to that income statement.
[ ] **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

2 a Enter the income statement period: Beginning 10/01/2013 Ending 09/30/2014

b Has the corporation's income statement been restated for the income statement period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
[ ] **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)
[X] **No.**

3 a Is any of the corporation's voting common stock publicly traded?
[X] **Yes.**
[ ] **No.** If "No," go to line 4a.

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock: UGI

c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock: 902681105

4 a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	337,204,271.
b	Indicate accounting standard used for line 4a (see instructions): (1) [X] GAAP (2) [ ] IFRS (3) [ ] Statutory (4) [ ] Tax-basis (5) [ ] Other (specify)		
5 a	Net income from nonincludible foreign entities (attach statement) Stmt. 43	5a	(59,835,515.
b	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6 a	Net income from nonincludible U.S. entities (attach statement)	6a	( )
b	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7 a	Net income (loss) of other includible foreign disregarded entities (attach statement)	7a	
b	Net income (loss) of other includible U.S. disregarded entities (attach statement)	7b	
c	Net income (loss) of other includible entities (attach statement)	7c	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9	Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 a	Intercompany dividend adjustments to reconcile to line 11 (attach statement)	10a	
b	Other statutory accounting adjustments to reconcile to line 11 (attach statement)	10b	
c	Other adjustments to reconcile to amount on line 11 (attach statement) Stmt. 44	10c	-47,520.
11	**Net income (loss) per income statement of includible corporations.** Combine lines 4 through 10	11	277,321,236.

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

		Total Assets	Total Liabilities
a	Included on Part I, line 4 ▶	10,092,049,000.	6,428,755,000.
b	Removed on Part I, line 5 ▶	1,364,917,240.	875,844,685.
c	Removed on Part I, line 6 ▶		
d	Included on Part I, line 7 ▶		

* Mixed Group Consolidation *

Schedule M-3 (Form 1120) 2013 Page **2**

Name of corporation (common parent, if consolidated return): UGI Corporation

Employer identification number: 23-2668356

Check applicable box(es): (1) [X] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [ ] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach statement)				
13 Interest income (attach Form 8916-A)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	( )			( )
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach statement)				
26 **Total income (loss) items.** Combine lines 1 through 25				
27 **Total expense/deduction items** (from Part III, line 38)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28	276,928,404.	-209,533,962.	156,946,231.	224,340,673.
b PC insurance subgroup reconciliation totals	392,832.	-228,040.	205,698.	370,490.
c Life insurance subgroup reconciliation totals				
30 **Reconciliation totals.** Combine lines 29a through 29c	277,321,236.	-209,762,002.	157,151,929.	224,711,163.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return)	Employer identification number
UGI Corporation	23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)	Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

	Income (Loss) Items (Attach statements for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations	-235,368.	235,368.		
2	Gross foreign dividends not previously taxed			21,589,248.	21,589,248.
3	Subpart F, QEF, and similar income inclusions		1,772,061.		1,772,061.
4	Section 78 gross-up		104,149.	4,175,574.	4,279,723.
5	Gross foreign distributions previously taxed				
6	Income (loss) from equity method U.S. corporations				
7	U.S. dividends not eliminated in tax consolidation				
8	Minority interest for includible corporations				
9	Income (loss) from U.S. partnerships	98,599,426.	-34,493,709.		64,105,717.
10	Income (loss) from foreign partnerships				
11	Income (loss) from other pass-through entities				
12	Items relating to reportable transactions (attach statement)				
13	Interest income (attach Form 8916-A)	3,348,038.	-11,458.		3,336,580.
14	Total accrual to cash adjustment				
15	Hedging transactions	-32,021,757.	10,007,632.		-22,014,125.
16	Mark-to-market income (loss)				
17	Cost of goods sold (attach Form 8916-A)	(2,005,551,796.)	-19,470,686.		(2,025,022,482)
18	Sale versus lease (for sellers and/or lessors)				
19	Section 481(a) adjustments				
20	Unearned/deferred revenue		106,114.		106,114.
21	Income recognition from long-term contracts				
22	Original issue discount and other imputed interest				
23a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-3,425.	-650.	4,075.	
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities			3,170,155.	3,170,155.
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses		650.	660,909.	661,559.
e	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
24	Capital loss limitation and carryforward used				
25	Other income (loss) items with differences (attach statement)	-340,633,459.	-213,658.		-340,847,117.
26	**Total income (loss) items.** Combine lines 1 through 25	-2,276,498,341.	-41,964,187.	29,599,961.	-2,288,862,567.
27	**Total expense/deduction items** (from Part III, line 38)	-466,079,436.	-167,569,775.	127,346,270.	-506,302,941.
28	Other items with no differences	3,019,506,181.			3,019,506,181.
29a	Mixed groups, see instructions. All others, combine lines 26 through 28	276,928,404.	-209,533,962.	156,946,231.	224,340,673.
b	PC insurance subgroup reconciliation totals				
c	Life insurance subgroup reconciliation totals				
30	**Reconciliation totals.** Combine lines 29a through 29c	276,928,404.	-209,533,962.	156,946,231.	224,340,673.

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

* 1120 Subgroup *

Name of corporation (common parent, if consolidated return)	Employer identification number
UGI Corporation	23-2668356

Check applicable box(es): (1) [ ] Consolidated group (2) [ ] Parent corp (3) [ ] Consolidated eliminations (4) [ ] Subsidiary corp (5) [X] Mixed 1120/L/PC group

Check if a sub-consolidated: (6) [X] 1120 group (7) [ ] 1120 eliminations

Name of subsidiary (if consolidated return)	Employer identification number

Part III **Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	97,668,662.		-97,668,662.	
2 U.S. deferred income tax expense	62,534,512.		-62,534,512.	
3 State and local current income tax expense	30,259,915.	-4,866,049.		25,393,866.
4 State and local deferred income tax expense	7,249,589.	-7,249,589.		
5 Foreign current income tax expense (other than foreign withholding taxes)	4,023,040.	-4,023,040.		
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	62,767,420.		-106,950.	62,660,470.
9 Stock option expense	4,959,597.	-6,088,069.	35,824,144.	34,695,672.
10 Other equity-based compensation	14,664,570.	-6,774,296.		7,890,274.
11 Meals and entertainment	1,326,749.		-663,767.	662,982.
12 Fines and penalties	117,996.		-117,996.	
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation	3,806,454.		-1,982,662.	1,823,792.
16 Pension and profit-sharing	11,127,956.	11,682,139.		22,810,095.
17 Other post-retirement benefits	1,080,857.	-605,863.		474,994.
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	2,497,560.	-5,000.	-12,199.	2,480,361.
20 Charitable contribution of intangible property	1,000.			1,000.
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction			276,336.	276,336.
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill	3,030,939.	9,966,024.		12,996,963.
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	3,856,946.	142,617.		3,999,563.
29 Reserved				
30 Depletion		550,825.		550,825.
31 Depreciation	84,927,189.	144,198,539.		229,125,728.
32 Bad debt expense	14,496,783.	-1,476,646.		13,020,137.
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)	43,748.	103,125.		146,873.
35 Research and development costs				
36 Section 118 exclusion (attach statement)				
37 Other expense/deduction items with differences (attach statement)	55,637,954.	32,015,058.	-360,002.	87,293,010.
38 **Total expense/deduction items.** Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	466,079,436.	167,569,775.	-127,346,270.	506,302,941.

UGI Corporation & Subsidiaries 23-2668356

1120 Page 1 Detail

CONSOLIDATING WORKSHEET	TOTAL 1120, PAGE 1	ADJUSTMENTS	ELIMINATIONS	1120 SUBGROUP	1120PC SUBGROUP
1a GROSS RECEIPTS	2,906,573,493.			2,904,558,795.	2,014,698.
b RETURNS & ALLOWANCES					
c BALANCE	2,906,573,493.			2,904,558,795.	2,014,698.
2 COST OF GOOD SOLD	2,025,113,009.			2,025,113,009.	
3 GROSS PROFIT	881,460,484.			879,445,786.	2,014,698.
4 DIVDIDENS	27,641,032.			27,641,032.	NONE
5 INTEREST	8,901,960.			8,864,423.	37,537.
6 GROSS RENTS	3,054,811.			3,054,811.	
7 GROSS ROYALTIES					
8 CAPITAL GAIN NET INCOME	3,787,402.			3,787,402.	
9 NET GAIN/LOSS FORM 4797	890,244.			890,244.	
10 OTHER INCOME	82,011,676.			82,011,676.	
11 TOTAL INCOME	1,007,747,609.			1,005,695,374.	2,052,235.
12 COMPENSATION OF OFFICERS	21,237,532.			21,237,532.	
13 SALARIES & WAGES	118,900,718.			118,900,718.	
14 REPAIRS & MAINTENANCE	75,369,255.			75,369,255.	
15 BAD DEBTS	13,020,137.			13,020,137.	
16 RENTS	3,770,139.			3,770,139.	
17 TAXES & LICENSES	54,814,029.			54,783,240.	30,789.
18 INTEREST	62,663,423.			62,663,423.	
19 CHARITABLE CONTRIBUTIONS	2,525,186.			2,525,186.	
20 DEPRECIATION	229,125,728.			229,125,728.	
21 DEPLETION	550,825.			550,825.	
22 ADVERTISING	3,277,729.			3,277,729.	
23 PENSION, PROFIT SHARING	22,810,095.			22,810,095.	
24 EMPLOYEE BENEFIT SHARING	20,325,179.			20,325,179.	
25 DOMESTIC PROD. ACT. DEDUCTION	276,336.			276,336.	
26 OTHER DEDUCTIONS	154,370,135.			152,719,179.	1,650,956.
27 TOTAL DEDUCTIONS	783,036,446.			781,354,701.	1,681,745.
28 TAXABLE INCOME BEFORE NOL/DRD	224,711,163.			224,340,673.	370,490.
29a LESS: NET OPERATING LOSS					
29b SPECIAL DEDUCTIONS	NONE	NONE			NONE
29c ADD LINES 29a & 29b	NONE	NONE			NONE
30 TAXABLE INCOME	224,711,163.	NONE		224,340,673.	370,490.

UGI Corporation & Subsidiaries **23-2668356**

Consolidated Schedules

1120 Page 1

		UGI Corporation	AmeriGas Propane Inc.	AmeriGas Technology Group Inc.	AmeriGas, Inc.	Ashtola Production Company	Eastfield International Holdings, Inc.	Energy Services Funding Corporation	EuroGas Holdings Inc.
1a	Gross receipts or sales								
1b	Returns and allowances								
1c	Balance								
2	Cost of goods sold								
3	Gross profit								
4	Dividends	132,244,414.	8,880,525.		32,738,545.				
5	Interest	170,133.	3,971,799.						
6	Gross rents				87,000.				
7	Gross royalties								
8	Capital gain net income		475,464.						
9	Net gain or (loss) from Form 4797								
10	Other income	-33,212.	47,778,780.			20.		6,370,148.	
11	Total income	132,381,335.	61,106,568.		32,825,545.	20.		6,370,148.	
12	Compensation of officers	8,631,683.	3,107,068.						
13	Salaries and wages	33,412,348.	4,687,344.						
14	Repairs and maintenance	5,348.							
15	Bad debts							690,915.	
16	Rents	687,485.							
17	Taxes and licenses	1,228,389.	2,829,048.		12,732.			495,146.	
18	Interest		538.					45,112.	
19	Charitable contributions	127,989.	31,716.						
20	Depreciation	10,553.	18,957.		4,038.				
21	Depletion								
22	Advertising	35,854.							
23	Pension, profit-sharing etc., plans	1,067,429.							
24	Employee benefit programs	1,157,822.							
25	Domestic production activities deduction								
26	Other deductions	-36,224,829.	-856,349.		3,681.	662.		789,604.	
27	Total deductions	10,140,071.	9,818,322.		20,451.	662.		2,020,777.	
28	Taxable income before NOL & Spec. Deductions	122,241,264.	51,288,246.	NONE	32,805,094.	-642.	NONE	4,349,371.	NONE
29	NOL,Spec. deductions	132,244,414.	8,880,525.		32,738,545.				
30	Taxable income	-10,003,150.	42,407,721.	NONE	66,549.	-642.	NONE	4,349,371.	NONE

UGI Corporation & Subsidiaries **23-2668356**

Consolidated Schedules

1120 Page 1

		Four Flags Drilling Company	Hellertown Pipeline Company	Homestead Holding Company	Newbury Holding Company	Petrolane Incorporated	UGI Asset Management, Inc.	UGI Black Sea Enterprises, Inc	UGI China, Inc.
1a	Gross receipts or sales		28,000.						
1b	Returns and allowances								
1c	Balance		28,000.						
2	Cost of goods sold								
3	Gross profit		28,000.						
4	Dividends								
5	Interest			47,776.	7,792,423.	1,462,400.			
6	Gross rents								
7	Gross royalties								
8	Capital gain net income					3,486,828.			
9	Net gain or (loss) from Form 4797								
10	Other income					11,368,618.			-273,831.
11	Total income		28,000.	47,776.	7,792,423.	16,317,846.			-273,831.
12	Compensation of officers								
13	Salaries and wages								
14	Repairs and maintenance								
15	Bad debts								
16	Rents			1,960.	1,960.				
17	Taxes and licenses		6,265.	125.	233.	321,275.	125.		
18	Interest					9,900.			
19	Charitable contributions					11,683.			
20	Depreciation		8,572.						
21	Depletion								
22	Advertising								
23	Pension, profit-sharing etc., plans								
24	Employee benefit programs						-910.		
25	Domestic production activities deduction								
26	Other deductions		42,140.	5,477.	5,279.	119,308.	785.		
27	Total deductions		56,977.	7,562.	7,472.	462,166.			
28	Taxable income before NOL & Spec. Deductions	NONE	-28,977.	40,214.	7,784,951.	15,855,680.	NONE	NONE	-273,831.
29	NOL,Spec. deductions								
30	Taxable income	NONE	-28,977.	40,214.	7,784,951.	15,855,680.	NONE	NONE	-273,831.

UGI Corporation & Subsidiaries **23-2668356**

Consolidated Schedules
1120 Page 1

		UGI Development Company	UGI Energy Ventures, Inc	UGI Ethanol Development Company	UGI Europe, Inc.	UGI Hunlock Development Company	UGI HVAC Enterprises, Inc	UGI International (China), Inc.	UGI International (Romania), Inc.
1a	Gross receipts or sales	85,096,720.			667,505,573.		83,060,389.		
1b	Returns and allowances								
1c	Balance	85,096,720.			667,505,573.		83,060,389.		
2	Cost of goods sold	39,618,929.			620,583,039.		51,337,225.		
3	Gross profit	45,477,791.			46,922,534.		31,723,164.		
4	Dividends				12,001,797.				
5	Interest	16,521.			2,212,657.				
6	Gross rents	1,433.							
7	Gross royalties								
8	Capital gain net income								
9	Net gain or (loss) from Form 4797						91,083.		
10	Other income	73,106.			1,045,487.			-5,773.	
11	Total income	45,568,851.			62,182,475.		31,814,247.	-5,773.	
12	Compensation of officers						454,262.		
13	Salaries and wages	2,238,344.					10,982,134.		
14	Repairs and maintenance						197,296.		
15	Bad debts						443,083.		
16	Rents	146,873.					968,782.		
17	Taxes and licenses	1,474,521.			1,887,212.		2,490,528.		
18	Interest				31,854,587.		490,804.		
19	Charitable contributions						39,692.		
20	Depreciation	15,643,366.					1,165,950.		
21	Depletion								
22	Advertising						1,607,469.		
23	Pension, profit-sharing etc., plans	167,467.					403,607.		
24	Employee benefit programs	496,571.					6,211,626.		
25	Domestic production activities deduction	276,336.							
26	Other deductions	14,321,322.			18,396,669.		8,843,949.		
27	Total deductions	34,764,800.			52,138,468.		34,299,182.		
28	Taxable income before NOL & Spec. Deductions	10,804,051.	NONE	NONE	10,044,007.	NONE	-2,484,935.	-5,773.	NONE
29	NOL,Spec. deductions								
30	Taxable income	10,804,051.	NONE	NONE	10,044,007.	NONE	-2,484,935.	-5,773.	NONE

UGI Corporation & Subsidiaries **23-2668356**

Consolidated Schedules
1120 Page 1

		UGI International Enterprises, Inc	UGI LNG, Inc	UGI Penn HVAC Services, Inc	UGI Penn Natural Gas, Inc	UGI Petroleum Products of Delaware, Inc	UGI Properties, Inc.	UGI Romania, Inc	UGI Storage Company
1a	Gross receipts or sales		6,490,000.	1,590,299.	307,579,734.				14,787,259.
1b	Returns and allowances								
1c	Balance		6,490,000.	1,590,299.	307,579,734.				14,787,259.
2	Cost of goods sold				188,392,779.				-75,000.
3	Gross profit		6,490,000.	1,590,299.	119,186,955.				14,862,259.
4	Dividends	15,639,235.							
5	Interest				510,628.				
6	Gross rents				3,519.		2,930,638.		
7	Gross royalties								
8	Capital gain net income								
9	Net gain or (loss) from Form 4797		650.		182,364.				
10	Other income	-17,823.	30,535.	-13,504.	8,654,068.		33,986.		885.
11	Total income	15,621,412.	6,521,185.	1,576,795.	128,537,534.		2,964,624.		14,863,144.
12	Compensation of officers								
13	Salaries and wages				13,810,751.		76,411.		
14	Repairs and maintenance		745,598.		17,546,415.		387,309.		330.
15	Bad debts			4,405.	2,987,506.				
16	Rents								
17	Taxes and licenses		108,345.	62,631.	5,235,343.		220,299.		647,447.
18	Interest				597,931.		840,037.		
19	Charitable contributions		250.		158,802.		1,000.		200,000.
20	Depreciation		5,670,193.		42,009,850.		474,992.		6,989,222.
21	Depletion								
22	Advertising								
23	Pension, profit-sharing etc., plans				2,799,101.		1,719.		
24	Employee benefit programs				1,916,515.		-3,293.		
25	Domestic production activities deduction								
26	Other deductions	3,040,857.	1,917,872.	956,534.	36,503,553.	10,021.	575,338.		3,142,411.
27	Total deductions	3,040,857.	8,442,258.	1,023,570.	123,565,767.	10,021.	2,573,812.		10,979,410.
28	Taxable income before NOL & Spec. Deductions	12,580,555.	-1,921,073.	553,225.	4,971,767.	-10,021.	390,812.	NONE	3,883,734.
29	NOL,Spec. deductions								
30	Taxable income	12,580,555.	-1,921,073.	553,225.	4,971,767.	-10,021.	390,812.	NONE	3,883,734.

UGI Corporation & Subsidiaries **23-2668356**

Consolidated Schedules
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		UGID Holding Company	UGI Utilities, Inc.	UGI Central Penn Gas, Inc	UGI Enterprises, Inc.	UGI Eliminations	UGI Eliminations Top Consolidation
1a	Gross receipts or sales		627,812,486.	159,036,097.	1,292,376,100.	-340,803,862.	
1b	Returns and allowances						
1c	Balance		627,812,486.	159,036,097.	1,292,376,100.	-340,803,862.	
2	Cost of goods sold		337,171,364.	63,437,506.	1,058,961,029.	-334,313,862.	
3	Gross profit		290,641,122.	95,598,591.	233,415,071.	-6,490,000.	
4	Dividends		48,807,928.		20,508,804.	-243,180,216.	
5	Interest		904,279.	35.	101,855.	-8,326,083.	
6	Gross rents		32,144.		77.		
7	Gross royalties						
8	Capital gain net income				53,795.		
9	Net gain or (loss) from Form 4797		99,768.	287,694.			
10	Other income	16.	11,851,645.	1,853,873.	-6,662,093.	-43,255.	
11	Total income	16.	352,336,886.	97,740,193.	247,417,509.	-258,039,554.	
12	Compensation of officers		5,157,204.		3,887,315.		
13	Salaries and wages		25,011,918.	12,315,045.	16,366,423.		
14	Repairs and maintenance		48,618,058.	7,868,901.			
15	Bad debts		7,349,574.	1,544,654.			
16	Rents	1,960.	752,002.	250,701.	958,416.		
17	Taxes and licenses	253.	16,035,188.	5,662,001.	16,066,134.		
18	Interest		37,516,457.	274,714.	2,362,765.	-11,329,422.	
19	Charitable contributions		1,450,564.	103,881.	399,609.		
20	Depreciation		60,826,712.	19,370,749.	77,099,202.	-166,628.	
21	Depletion				550,825.		
22	Advertising		542,921.	13,532.	1,077,953.		
23	Pension, profit-sharing etc., plans		14,684,370.	2,866,427.	819,975.		
24	Employee benefit programs		7,901,923.	1,643,535.	1,001,390.		
25	Domestic production activities deduction						
26	Other deductions	5,306.	53,118,099.	16,587,624.	34,900,527.	-3,486,661.	
27	Total deductions	7,519.	278,964,990.	68,501,764.	155,490,534.	-14,982,711.	
28	Taxable income before NOL & Spec. Deductions	-7,503.	73,371,896.	29,238,429.	91,926,975.	-243,056,843.	NONE
29	NOL,Spec. deductions		48,807,928.		20,508,804.	-243,180,216.	
30	Taxable income	-7,503.	24,563,968.	29,238,429.	71,418,171.	123,373.	

UGI Corporation & Subsidiaries 23-2668356
CONSOLIDATED SCHEDULE A - TAXABLE INCOME

INCOME	United Valley Insurance Company PC	UGI PC Eliminations
1 PREMIUMS EARNED	2,014,698.	
2 DIVIDENDS	57,880.	-57,880.
3 TAXABLE INTEREST	37,537.	
4 RENTS		
5 ROYALTIES		
6 CAPITAL GAIN		
7 NET GAIN (LOSS) 4797		
8 CERTAIN MUTUAL CO'S		
9 SPECIAL INCOME ACCTS		
10 PROT. AGAINST LOSS ACCT.		
11 DECREASE IN SUB. ACCT'S		
12 SP. LOSS DISCOUNT 8816		
13 OTHER INCOME		
14 GROSS INCOME	2,110,115.	-57,880.
DEDUCTIONS		
15 COMP. OF OFFICERS		
16 SALARIES & WAGES		
17 WORTHLESS BILLS		
18 RENTS		
19 TAXES	30,789.	
20 INTEREST		
21 CONTRIBUTIONS		
22 DEPRECIATION		
23 DEPLETION		
24 PENSION, PROFIT-SHARING		
25 EMPLOY. BENEFIT PROGRAMS		
26 LOSSES INCURRED	1,521,755.	NONE
27 ADDITIONAL DEDUCT.		
28 OTHER CAP LOSSES		
29 DIVIDENDS		
30 MUTUAL INTERINS.		
31 OTHER DEDUCTIONS	129,201.	
32 TOTAL DEDUCTIONS	1,681,745.	NONE
33 SUBTOTAL (LN 14 - LN 32)	428,370.	-57,880.
34 LESS SP. DED. SEC 833		
35 SUBTOTAL	428,370.	-57,880.
36 LESS DIV REC NOL DEDUCT	57,880.	-57,880.
37 TAXABLE INCOME	370,490.	

INDEX OF ATTACHMENTS ON CD

UGI UTILITIES, INC. – GAS DIVISION
2016 BASE RATE CASE
DOCKET NO. R-2015-2518438

BOOK II

INDEX OF ATTACHMENTS ON CD

CD 1 of 2

Attachments SDR-COS-8.1 through SDR-COS-8.3

Attachments SDR-ROR-1.1-1 through SDR-ROR-1.11

Attachment SDR-ROR-6-1 through SDR-ROR-6-11

CD 2 of 2

Attachments SDR-ROR-10-1 through SDR-ROR-10-57

Attachments SDR-RR-11(a) through SDR-RR-11(f)

Attachment SDR-RR-27

CDs CONTAINING ATTACHMENTS

Financial Highlights

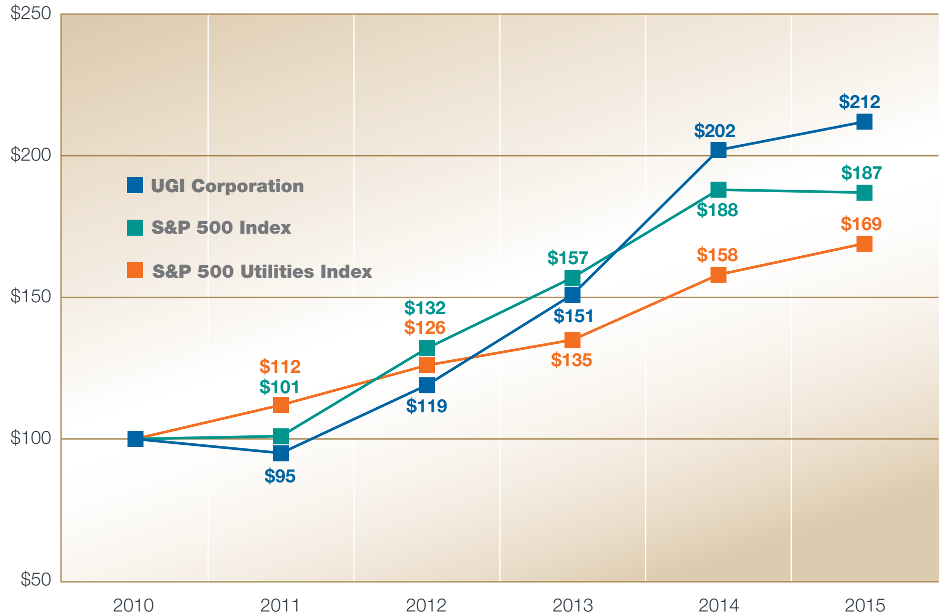
Year Ended September 30,	2015	2014	2013
Income Statement Data (millions, except per share data)			
Revenues	**$ 6,691.1**	$ 8,277.3	$ 7,194.7
Operating income	**$ 834.9**	$ 1,005.6	$ 831.1
Net income attributable to UGI (GAAP)	**$ 281.0**	$ 337.2	$ 278.1
Adjusted net income attributable to UGI(1)	**$ 353.8**	$ 353.8	$ 278.2
Earnings per share – diluted (GAAP)	**$ 1.60**	$ 1.92	$ 1.60
Adjusted earnings per share (diluted)(1)	**$ 2.01**	$ 2.02	$ 1.61
Business Segment Data (millions of dollars)			
Net income (loss) attributable to UGI (GAAP)			
AmeriGas Propane	**$ 61.0**	$ 63.0	$ 47.5
UGI International	**$ 52.7**	$ 48.3	$ 82.7
Gas Utility	**$ 115.8**	$ 118.8	$ 94.3
Midstream & Marketing	**$ 108.9**	$ 117.8	$ 52.5
Corporate & Other(2)	**$ (57.4)**	$ (10.7)	$ 1.1
Common Stock Data			
Shares outstanding (millions)	**172.4**	172.3	171.6
Return on average common equity	**10.5%**	13.1%	11.8%
Book value per common share	**$ 15.62**	$ 15.44	$ 14.53
Annualized dividend rate per common share	**$ 0.91**	$ 0.87	$ 0.75
Market price of common stock			
High	**$ 39.74**	$ 36.69	$ 28.83
Low	**$ 31.54**	$ 25.25	$ 20.10
Close	**$ 34.82**	$ 34.09	$ 26.09

(1) Adjusted net income attributable to UGI and Adjusted earnings per share (diluted) are not measures of performance or financial condition under accounting principles generally accepted in the United States of America ("GAAP"). For a more complete description of these non-GAAP measures, why management believes these non-GAAP measures are meaningful to investors, and reconciliations of these measures to net income attributable to UGI and diluted earnings per share, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in UGI Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2015.

(2) Includes net after-tax gains and (losses) on commodity derivative instruments not associated with current period transactions totalling $(53.3), $(6.6) and $4.3 in 2015, 2014 and 2013, respectively.

Five-Year Cumulative Total Shareholder Return

Comparison between UGI Corporation, S&P 500 Index and S&P 500 Utilities Index
Assuming $100 invested at September 30, 2010



UGI Corporation 2015 Annual Report

Our Clear Path to Growth

We have a long track record of profitable growth, and our path to accelerating that growth is clearer today than at any other point in our history. We announced several new projects and acquisitions this year and the opportunities in front of us are vast.

Bridging the Infrastructure Gap – The abundance of natural gas accessible in the Marcellus Shale coupled with the lack of infrastructure to connect that gas to regions of high demand has created a tremendous opportunity for us to participate in the build-out of that infrastructure.

Expanding and Enhancing our Utility System – The historic demand for natural gas has created exceptional demand from residential and commercial customers to connect to our 12,000 miles of gas main lines. We are also hard at work upgrading our entire system to contemporary materials.

Benefits of Scale in LPG – Our national distribution network in the U.S. allows our National Accounts and Propane Exchange programs to leverage our geographic footprint to serve customers with reliable supply and a single point of contact.

Highly Strategic and Accretive Acquisitions – M&A is in our DNA. We are proud of our track record of combining highly attractive businesses with UGI and AmeriGas in a way that optimizes the best of both businesses and enhances the benefits of scale.

To Our Shareholders

Fiscal year 2015 was an exceptional year for UGI on numerous fronts. Strong operational performance, along with colder-than-normal weather in the eastern U.S. and extended volatility of pipeline capacity values in the Mid-Atlantic region, enabled us to match our 2014 record net income despite less extreme and warmer weather than 2014. Although we faced some challenges this year – AmeriGas experienced warm weather in the western and southwestern U.S. and Europe suffered through another extremely warm winter – we demonstrated the earnings power of our diverse businesses.

Our strong financial performance in fiscal 2015 and progress on our strategic investment programs were well received by our shareholders and the broader investment community. UGI's total return to shareholders during the year was 4.8%, compared to -0.6% for the Standard & Poor's 500 Index. Our average annual total return to shareholders over the past 10 years was 9.6%, compared to 6.7% for the Standard & Poor's Utilities Index and 6.8% for the Standard & Poor's 500 Index. Our shareholders benefitted from an increase in our dividend of 4.6%, slightly above our targeted increase of 4%.

We were recognized by a number of respected publications and institutions:

- *Barron's* ranked UGI #78 on the *Barron's* 500 list of top performing companies;
- Platts named UGI one of the "Top 250 Global Energy Companies"; and
- *Public Utilities Fortnightly* ranked UGI among its "40 Best Energy Companies."

While we were very pleased with the strong financial performance delivered in fiscal 2015, our progress on strategic investments is even more noteworthy. We entered the year with an exceptional portfolio of projects in development and finished the year with an even stronger slate. In light of this strong portfolio of investment opportunities, as well as those we see in the future, we feel that this year's theme of "Clear Path to Growth" captures the opportunities in front of us.

In addition to executing all the activities related to demand growth and new investments, we maintained our focus on our core activities of unit margin management, expense control, working capital management and the delivery of organic growth.

We'd like to comment on a few of our key fiscal 2015 achievements:

- Our Midstream & Marketing team continues to play a major role in the build out of critically needed gas infrastructure in the Marcellus region. We successfully completed several significant projects, including our Auburn III expansion, the Union Dale lateral and the LNG expansion at Temple, while developing major new midstream projects that position us exceptionally well for future growth.
- Our Gas Utility remains focused on delivering strong customer growth while executing major infrastructure replacement programs. We added approximately 15,000 new residential heating customers during the year and 2,400 new commercial accounts. The progress in the commercial sector was noteworthy, as additions were up about 16%. Utilities also completed several large capital projects in 2015, including a pipeline to serve a new Panda power generation facility in Lycoming County.
- AmeriGas continues to make very good progress with our cylinder exchange and National Accounts programs. Fiscal 2015 was particularly strong for National Accounts, as we grew volume by approximately 14%.
- Fiscal 2015 was a milestone year for our International Propane business, as we significantly expanded the scale of our operations with the acquisition of Total's LPG distribution business in France. The deal closed on May 29th and we've been very pleased with our progress over the first several months. This business will be significantly accretive in fiscal 2016 and financial performance will improve as we integrate and align our activities in France over the next 36 to 48 months. We also closed on the acquisition of Total's LPG distribution business in Hungary. While the scale of this business is relatively small, this investment strengthens our position in one of the largest LPG markets in Eastern Europe.

As our business grows and the energy sector becomes increasingly complex, we have maintained our commitment to excel in the most critical activities we undertake, including safety, customer service and operational efficiency. Our teams did an exceptional job serving UGI's customers in 2015, despite the challenges of another cold Mid-Atlantic winter, while executing a range of capital projects that is unparalleled in our history.

As we look ahead, we can clearly see the opportunities that will sustain our long-term growth. The combination of exceptionally strong customer demand and the lag in pipeline capacity additions has accentuated the "infrastructure gap" that has been emerging in the Mid-Atlantic and Northeast regions over the past few years. UGI is working diligently to develop attractive projects that address this critical infrastructure need:

- Our Midstream & Marketing business is executing two major pipeline projects that will deliver critical capacity to the Mid-Atlantic region. Our 35-mile Sunbury pipeline in central Pennsylvania will serve a new 1,100 MW Panda power facility, while our 118-mile PennEast project, where we've partnered with five other major companies, will transport low cost Marcellus gas from northeast Pennsylvania to central New Jersey.

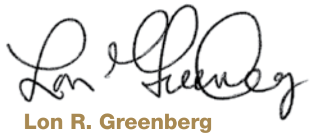
Lon R. Greenberg **John L. Walsh**

In addition to these pipeline projects, we also announced a major expansion of our LNG infrastructure with a liquefaction and storage investment at our site in Manning, Pennsylvania. This project will almost double our LNG liquefaction capacity and enable us to serve the increased demand for peaking services in our region.

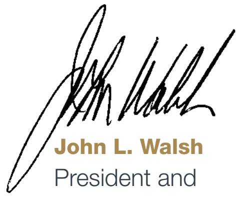
- Our Gas Utility is also deploying record levels of capital to meet increasing natural gas demand and our infrastructure replacement and betterment program goals. Our total capital expenditures increased by almost 20% in fiscal 2015 and spending will accelerate next year. In addition to our infrastructure replacement and organic growth programs, we are also investing in pipeline projects for major customers within our service territory. As an example, we announced a pipeline project to serve Invenergy's new 1,480 MW facility in Lackawanna County.
- All of our businesses are benefitting from historically low commodity costs, but those declines are most noteworthy for our LPG units. After a decade of significant increases, costs for propane and butane have fallen by 50% over the past 12 months. Our teams at AmeriGas and UGI International are seeing product costs that are touching 15 year lows as we approach the winter heating season. As a distributor, we're delighted to be in a position to serve our customers with a lower cost energy solution. Our unparalleled distribution networks and strong local leadership teams position us well to seize new opportunities in both the U.S. and Europe.

Fiscal 2015 was another year of significant progress for UGI. We delivered a financial performance that equaled the record performance of the prior year while executing the broadest range of strategic investment projects in our history. We clearly demonstrated the collective strength of our diversified businesses and made clear and steady progress on the strategic programs, such as our Marcellus infrastructure build-out, that are vital to our future.

As we enter fiscal 2016, our outlook is very positive. We are moving forward with our broad portfolio of new strategic investments and we're busy assessing a range of new opportunities across all of our business units. Our businesses feature enhanced cash flows, strong balance sheets and a full complement of active projects. We have the cash flow and balance sheet strength to support additional new investments, and we're committed to building on our long track record of profitable growth. Our path for growth is clearer today than at any point in our long history and we are confident in our ability to deliver profitable growth for our shareholders.



Lon R. Greenberg
Chairman of the Board



John L. Walsh
President and
Chief Executive Officer

After more than 35 years of service to UGI Corporation, Lon Greenberg has informed the Board of Directors of his decision to retire as Chairman of UGI, effective as of the Company's Annual Meeting of Shareholders on January 28th, 2016. Throughout his career, Lon demonstrated a passion for achievement and instilled a culture of excellence throughout the organization. He has served as a mentor to two generations of leaders at UGI and AmeriGas and led the Company during a period of unprecedented growth and performance. Under his leadership, the Company experienced remarkable success, and his contributions have been numerous and invaluable. Over the past 20 years, with Lon as our Chairman and CEO, and then as our Non-Executive Chairman, UGI's total shareholder return was over 1,800%. The Company delivered this performance while expanding into Europe, launching our Midstream business and dramatically expanding the scale of AmeriGas and our Utilities businesses. During this period of outstanding success, Lon instilled an environment that held in highest regard the Company's role as a good corporate citizen, emphasizing contributions to our communities, compliance with our regulatory obligations and respect for our employees.

UGI CORPORATION

P.O. Box 858
Valley Forge, PA 19482

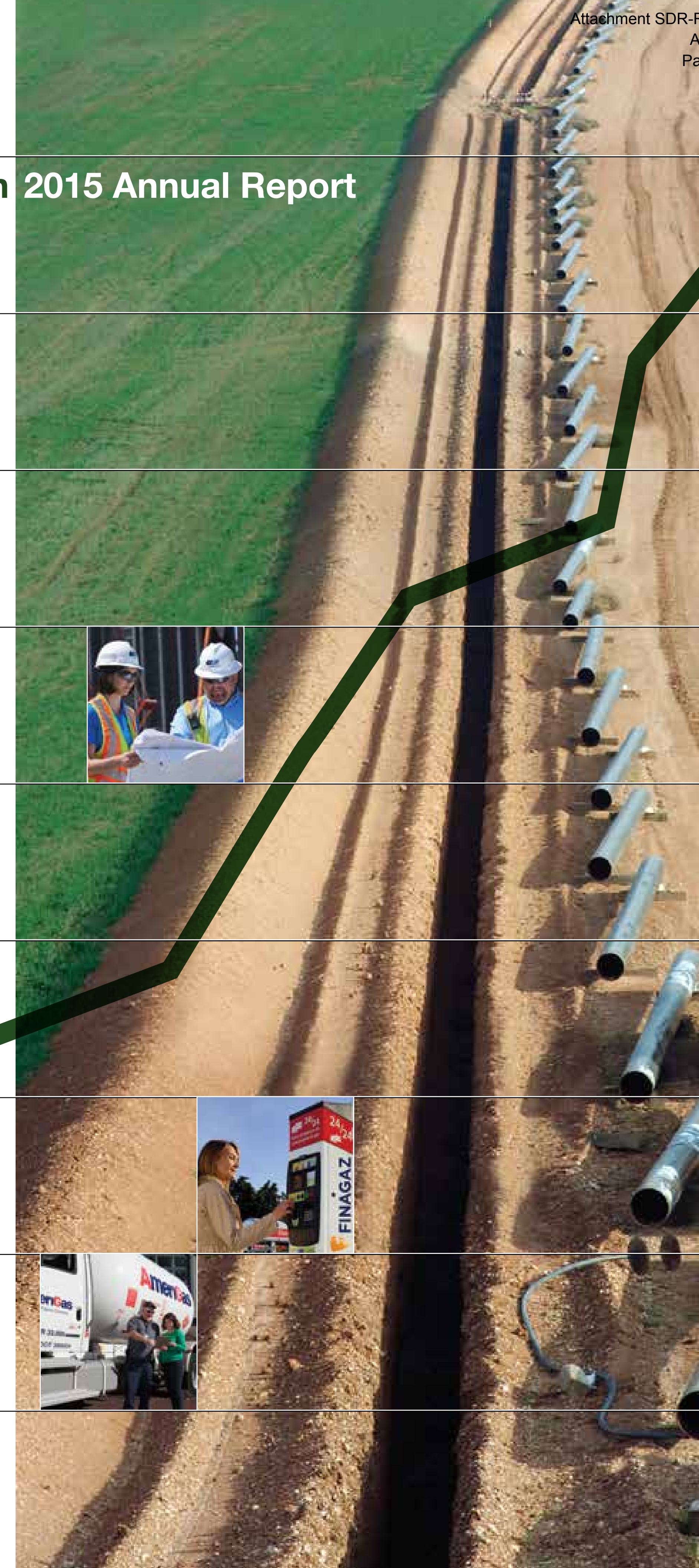
You can obtain news and other information about UGI Corporation and AmeriGas Partners, L.P. at www.ugicorp.com or www.amerigas.com

UGI Corporation 2015 Annual Report

Clear Path to Growth

UGI Corporation 2015 Annual Report

Clear Path to Growth

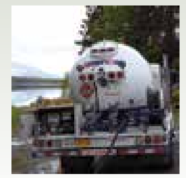


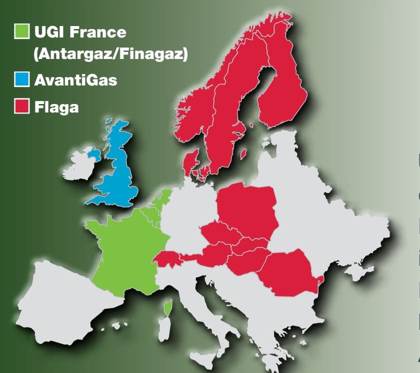
UGI CORPORATION

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes and markets energy products and related services. UGI Corporation common stock is a balanced growth and income investment. The Company has paid common dividends for 131 consecutive years and increased its dividend in each of the last 28 years.

AmeriGas

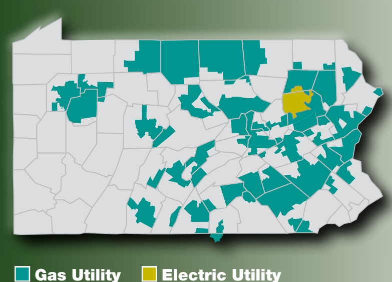
AmeriGas Partners, L.P. (NYSE: APU) is the nation's largest retail propane marketer, serving approximately 2 million customers in all 50 states from approximately 2,000 locations. UGI Corporation, through subsidiaries, is the sole General Partner and owns 26% of the Partnership; the public owns the remaining 74%.





antargaz FLAGA UGI INTERNATIONAL AVANTIGAS FINAGAZ

UGI France, Flaga and **AvantiGas** are the wholly owned subsidiaries of UGI that distribute liquefied petroleum gases (LPG) in Europe. UGI France, through Antargaz and Finagaz, is the largest LPG distributor in France, and Antargaz is the largest LPG distributor in Luxembourg and one of the largest LPG distributors in the Netherlands and Belgium. Flaga is the largest distributor of LPG in Austria, Denmark and Hungary and one of the largest distributors of LPG in Poland, the Czech Republic, Slovakia, Norway and Sweden. AvantiGas distributes LPG in the United Kingdom.

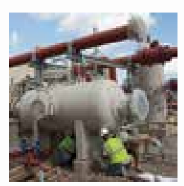


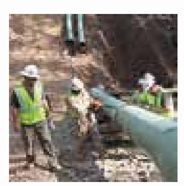
UGI Energy to do more®

UGI Utilities, Inc. operates a regulated natural gas distribution business that serves nearly 617,000 customers in portions of 46 eastern and central Pennsylvania counties and more than 500 customers in portions of one Maryland county through its distribution system of approximately 12,000 miles of gas mains. UGI Utilities, Inc. also provides regulated electric utility service to approximately 62,000 customers in portions of Luzerne and Wyoming counties in northeastern Pennsylvania.

UGI Energy Services

UGI Energy Services sells natural gas, electricity and liquid fuels to approximately 20,000 residential, commercial and industrial customers in ten eastern states and the District of Columbia and conducts UGI's midstream natural gas business through its ownership of underground natural gas storage, gas peaking plants, and pipeline assets in Pennsylvania. UGI Energy Services also owns all or a portion of electric generation assets, principally in Pennsylvania.





Corporate Information

Annual Meeting

The Annual Meeting of Shareholders will be held at 10:00 a.m. on Thursday, January 28, 2016 in Ballrooms A and B of the Desmond Hotel and Conference Center, One Liberty Boulevard, Malvern, Pennsylvania 19355.

Investor Services

Transfer Agent and Registrar

Shareholder communications regarding transfer of shares, book-entry shares, lost certificates, lost dividend checks or changes of address should be directed to:

By Mail:
Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170

By Overnight Delivery:
Computershare Investor Services
211 Quality Circle, Suite 210
College Station, TX 77845

800-850-1774 (U.S. and Canada), 312-360-5100 (other countries)

Shareholders can also view real-time account information and request transfer agent services online at the Computershare Investor Services website: www.computershare.com/investor. Computershare Investor Services can be accessed through telecommunications devices for the hearing impaired by calling:

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

Dividend Reinvestment and Direct Stock Purchase Plan

The plan is sponsored and administered by Computershare, N.A. and provides investors with a simple and convenient method to purchase shares of UGI Common Stock. Shareholders may use all or any part of the dividends they receive to purchase shares of Common Stock. The plan also permits participants to make monthly cash purchases of Common Stock not exceeding $75,000 per year. Investors may become participants by making an initial cash investment of at least $1,000 but not more than $75,000. All such purchases are without brokerage commissions or service charges. For information about the Plan, write or call:

Computershare CIP c/o Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
800-850-1774

Plan information is also available on the Computershare Investor Services website: www.computershare.com/investor

Investor Relations

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

Treasurer
UGI Corporation
P.O. Box 858
Valley Forge, PA 19482
610-337-1000

News, Earnings, Financial Reports and Governance Documents

Comprehensive news, webcast events, governance documents and other information about UGI and AmeriGas Partners, L.P. are available via the internet at www.ugicorp.com.

You can request reports filed with the SEC and corporate governance documents, including the Company's Codes of Ethics, Principles of Corporate Governance, and the charters for each of the companies' Board Committees, free of charge, by writing to Treasurer, UGI Corporation, at the address above.

Board of Directors:

Lon R. Greenberg
Non-Executive Chairman of the Board and Former Chief Executive Officer

John L. Walsh
Vice Chairman, President and Chief Executive Officer

M. Shawn Bort
Retired Senior Vice President – Finance, Saint-Gobain Corporation

Richard W. Gochnauer
Retired Chief Executive Officer, United Stationers, Inc.

Frank S. Hermance
Chairman of the Board and Chief Executive Officer, AMETEK, Inc.

Ernest E. Jones
President and Chief Executive Officer, EJones Consulting, LLC and Former President and CEO, Philadelphia Work Force Development Corp.

Anne Pol
Retired President and Chief Operating Officer, Trex Enterprises Corporation

Marvin O. Schlanger (Presiding Director)
Principal, Cherry Hill Chemical Investments, LLC

James B. Stallings, Jr.
Managing Partner, PS27 Ventures, LLC

Roger B. Vincent
Retired President, Springwell Corporation

Officers*

UGI Corporation

John L. Walsh
President and Chief Executive Officer

Kirk R. Oliver
Chief Financial Officer

Davinder S. Athwal
Vice President – Accounting and Financial Control and Chief Risk Officer

Bradley C. Hall
Vice President – New Business Development

Monica M. Gaudiosi
Vice President and General Counsel, Secretary

Daniel J. Platt
Treasurer

Marie-Dominique Ortiz-Landazabal
General Auditor

AmeriGas Propane, Inc.

Jerry E. Sheridan
President and Chief Executive Officer

UGI Utilities, Inc.

Robert F. Beard
President and Chief Executive Officer

UGI Enterprises, LLC

Bradley C. Hall
President

UGI France

Eric Naddeo
President

Flaga GmbH

Reinhard Schödlbauer
Managing Director

AvantiGas Limited

Neil Murphy
Managing Director

*As of September 30, 2015

UGI UTILITIES INC

FORM 424B2
(Prospectus filed pursuant to Rule 424(b)(2))

Filed 09/26/08

Address	2525 N. 12TH STREET, SUITE 360
	READING, PA 19612
Telephone	6107963400
CIK	0000100548
SIC Code	4932 - Gas and Other Services Combined
Fiscal Year	09/30

Filed Pursuant to Rule 424(b)(2)
Registration File Number 333-150719

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 19, 2008

UGI UTILITIES, INC.

UGI Utilities, Inc.

$108,000,000 6.375% Senior Notes Due 2013

We are offering $108 million of 6.375% Senior Notes due 2013. We will pay interest on the notes semi-annually in arrears on March 30 and September 30 of each year until maturity, beginning on March 30, 2009. The notes will mature on September 30, 2013. We may redeem the notes, in whole or in part, at any time prior to maturity by paying the make-whole price described in this prospectus supplement. We must redeem all of the notes under the circumstances and at the redemption price described in this prospectus supplement under the caption "Description of the Notes—Special Mandatory Redemption of the Notes."

Please read the information described under the captions "Description of the Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus for a more detailed description of the terms of the notes.

Investing in the notes involves risks. See " Risk Factors " beginning on page S- 6 of this prospectus supplement to read about important factors you should consider before buying the notes.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to UGI Utilities
Per 6.375% Senior Note due 2013	100.0%	0.6%	99.4%
Total	$108,000,000	$ 648,000	$107,352,000

(1) Plus accrued interest from October 1, 2008, if settlement occurs after that date.

The notes will be our senior unsecured obligations and, as described in this prospectus supplement under the caption "Description of the Notes," will rank equally with all of our other senior unsecured indebtedness. The notes will not be listed on any securities exchange or included in any automated quotation system.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes on or about October 1, 2008 through the book-entry facilities of The Depository Trust Company.

Joint Bookrunners

Wachovia Securities **Citi** **Credit Suisse**

The date of this prospectus supplement is September 24, 2008

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of the notes. The second part is the accompanying prospectus dated May 19, 2008, which is part of the Registration Statement on Form S-3 (Registration No. 333-150719). Generally, when we refer to the "prospectus," we are referring to both parts combined. If the description of the offering of the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. If any information in this prospectus supplement conflicts with any information that has been incorporated by reference, you should rely on the most recent information.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus authorized by UGI Utilities, Inc. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. You should not assume that the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date of the document in which such information appears.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement does not repeat important information that you can find in the accompanying prospectus or in the Registration Statement on Form S-3 and in the reports and other documents that we file with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede that information. We incorporate by reference the following documents, as well as all future documents filed with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until we terminate this offering:

- Annual Report on Form 10-K for the fiscal year ended September 30, 2007;
- Quarterly Reports on Form 10-Q for the quarters ended December 31, 2007, March 31, 2008, and June 30, 2008; and
- Current Reports on Form 8-K dated March 5, 2008, September 22, 2008, and September 24, 2008.

We will provide you with a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus. We will provide this information upon written or oral request at no cost to you. To make a request, please contact:

Robert H. Knauss, Esq.
Vice President and General Counsel
UGI Utilities, Inc.
100 Kachel Boulevard, Suite 400
Green Hills Corporate Center
Reading, PA 19607
(610) 796-3400

We are not required to, and do not, provide annual reports to holders of our debt securities unless specifically requested by a holder.

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FORWARD-LOOKING STATEMENTS

Some information in this prospectus supplement, as well as in the accompanying prospectus and the documents that we have incorporated by reference, may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Such statements use forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will,” 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 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) inability to successfully manage acquisitions; (2) adverse weather conditions resulting in reduced demand; (3) price volatility and the availability of oil, electricity and natural gas and the capacity to transport them to market areas; (4) inability to timely recover costs through rate proceedings; (5) changes in laws, regulations, and standards affecting, among other things, safety, tax and accounting matters; (6) the impact of pending and future legal proceedings; (7) competitive pressures from the same and alternative energy sources; (8) liability for environmental claims; (9) customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) large customer, counterparty or supplier defaults; (12) increased uncollectible accounts receivable; (13) liability in excess of insurance coverage for personal injury and property damage arising from operating hazards and risks incidental to distributing electricity and transporting, storing and distributing natural gas, and catastrophic events, including acts of terrorism; (14) political, regulatory and economic conditions in the United States; and (15) reduced access to capital markets and interest rate fluctuations.

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.

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OFFERING SUMMARY

This is a summary of the offering. The summary may not contain all of the information about us and the notes that may be important to you. To learn more about us and the notes, you should carefully read this prospectus supplement, the accompanying prospectus, and the detailed information, including the financial statements and notes to those financial statements, incorporated by reference into this prospectus supplement and the accompanying prospectus. In addition, you should pay particular attention to the "Risk Factors" section beginning on page S-6 to determine whether an investment in the notes is appropriate for you. All references to "we," "our," "us," or "the Company" in this document mean UGI Utilities, Inc. and its subsidiaries, unless the context otherwise requires.

Who We Are

We are a public utility company that owns and operates two natural gas distribution utilities and an electric utility in Pennsylvania. We are a wholly owned subsidiary of UGI Corporation ("UGI Corp").

Our Gas Utility segment ("Gas Utility") consists of our regulated natural gas distribution business and that of our wholly owned subsidiary, UGI Penn Natural Gas, Inc. ("UGIPNG"). Gas Utility served approximately 478,000 customers in eastern and northeastern Pennsylvania as of September 30, 2007. We acquired UGIPNG from Southern Union Company on August 24, 2006. Our Electric Utility segment ("Electric Utility") consists of our regulated electric distribution business, serving approximately 62,000 customers in northeastern Pennsylvania as of September 30, 2007. Gas Utility and Electric Utility are regulated by the Pennsylvania Public Utility Commission (the "PUC").

We were incorporated in Pennsylvania in 1925. Our executive offices are located at 100 Kachel Boulevard, Suite 400, Green Hills Corporate Center, Reading, Pennsylvania 19607, and our telephone number is (610) 796-3400. Our website is http://www.ugi.com. The information contained in or connected to our website is not incorporated into, and does not constitute a part of, this prospectus supplement or the accompanying prospectus.

Our Business Strengths

We believe that our business strengths include the following:

- a history of delivering superior customer service as recognized by J.D. Power and Associates;
- a favorable regulatory environment with gas-cost pass-through mechanisms for our gas utilities; and
- an experienced management team with a successful track record of growing the regulated gas utility operations within our service territory, including through acquisitions.

Acquisition of PPL Gas Utilities Corporation

On March 5, 2008, we signed a definitive agreement to acquire all of the issued and outstanding stock of PPL Gas Utilities Corporation ("PPL Gas"), the natural gas distribution utility of PPL Corporation, for approximately $268 million plus working capital. Immediately after the closing, we intend to sell the assets of PPL Gas' wholly owned subsidiary Penn Fuel Propane, LLC ("Penn Fuel"), a retail propane distributor, to AmeriGas Propane, L.P., one of our affiliates, for cash consideration of approximately $32 million plus working capital. PPL Gas distributes natural gas to approximately 75,000 customers in 34 counties in eastern and central Pennsylvania, and also distributes natural gas to several hundred customers in portions of one county in Maryland. PPL Gas is regulated by the PUC and the Maryland Public Service Commission (the "MPSC"). For its last fiscal year ended December 31, 2007, PPL Gas had net income of $7.3 million and earnings before interest ($5.5 million), taxes ($7.2 million) and depreciation and amortization ($9.2 million) of $29.2 million. We are disclosing PPL Gas' earnings before interest, taxes, depreciation and amortization to provide additional information to investors about PPL Gas' underlying results.

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PPL Gas' natural gas distribution system consists of approximately 4,098 miles of pipeline mains, with 20 miles in Maryland and the remainder in Pennsylvania. It also has natural gas storage facilities in Pennsylvania. PPL Gas has approximately 300 employees.

We expect to realize a number of economic and strategic benefits as a result of our acquisition of PPL Gas. We believe that the transaction will provide:

- resources to allow us to continue to grow within our expanded service territory;
- service territories that complement our own; and
- the opportunity for sharing of best practices.

We expect to fund the acquisition of PPL Gas with a combination of cash on the balance sheet contributed by UGI Corp, borrowings under our revolving credit agreement, and the net proceeds from this offering. The acquisition has been approved by the PUC and the MPSC. The closing of the transaction currently is scheduled for October 1, 2008.

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The Offering

Issuer	UGI Utilities, Inc.
Securities Offered	$108 million aggregate principal amount of 6.375% senior notes due 2013.
Maturity Date	The notes mature on September 30, 2013.
Interest Rate	6.375% per annum. Interest on the notes will accrue from October 1, 2008, calculated on a basis of a 360-day year consisting of twelve 30-day months.
Interest Payment Dates	Each March 30 and September 30, commencing on March 30, 2009.
Ranking	The notes will rank equally in right of payment with all of our existing and future senior unsecured indebtedness, including our medium term notes, our outstanding senior notes and our bank credit facility. As of June 30, 2008, we had $562 million of indebtedness outstanding and additional borrowing capacity of $320 million under our bank credit facility. See “Capitalization.” The notes will be structurally subordinated to any future indebtedness of our subsidiaries and effectively subordinated to any of our future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness.
Optional Redemption	We may redeem the notes, in whole or in part, at any time by paying the make-whole price described in this prospectus supplement. See “Description of the Notes—Optional Redemption.”
Special Mandatory Redemption of the Notes	If our proposed acquisition of PPL Gas is not completed on or prior to November 15, 2008 or the Stock Purchase Agreement is terminated on or prior to that date, we must redeem the notes at a redemption price equal to 100% of the aggregate principal amount of the notes, plus accrued and unpaid interest from the date of initial issuance to but excluding the redemption date. See “Description of the Notes—Special Mandatory Redemption of the Notes.”
Certain Covenants	The terms of the indenture governing the notes restrict our ability to create certain liens, enter into certain sale and leaseback transactions, or, in certain cases, to consolidate, merge or transfer all or substantially all of our assets. These restrictions are subject to a number of important qualifications and exceptions, which are described under “Description of the Notes—Restrictive Indenture Provisions” and “—Consolidation, Merger, Sale or Conveyance.”
Events of Default	If an event of default occurs, the principal amount of the notes then outstanding, together with any accrued interest, may be declared immediately due and payable, except that upon the occurrence of certain bankruptcy related events of default, such principal and interest will become immediately payable without any such declaration. See “Description of the Notes—Events of Default.”

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Form and Denomination	The notes will be represented by one or more global notes issued in fully registered form that, when issued, will be registered in the name of Cede & Co., as registered owner and as nominee for DTC. Purchases and transfers of beneficial interests in such notes will be made in book-entry form. Purchases of notes or beneficial interests in the notes may be made in denominations of $1,000 or any integral multiples thereof.
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses, will be approximately $107.0 million. We intend to use the net proceeds from the sale of the notes, as well as cash on the balance sheet contributed by UGI Corp and borrowings under our revolving credit agreement, to finance our acquisition of PPL Gas. See "Use of Proceeds."
Trustee, Registrar and Paying Agent	U.S. Bank National Association.
Risk Factors	See "Risk Factors" beginning on page S-6 and other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of information you should carefully consider before investing in the notes.

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Summary Financial Information

The following summary financial data of UGI Utilities, Inc., insofar as they relate to each of the years in the three-year period ended September 30, 2007, have been derived from our audited annual consolidated financial statements and the notes thereto, which are incorporated by reference into this prospectus supplement. In addition, the following summary financial data of UGI Utilities, Inc., insofar as they relate to the nine-month periods ended June 30, 2008 and 2007, have been derived from our unaudited condensed consolidated financial statements for the nine-month periods ended June 30, 2008 and 2007 and the notes thereto, which are incorporated by reference into this prospectus supplement, and which, in the opinion of our management, include all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of our financial position and results of operations for such periods. The operating results for the nine-month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the entire year. The following data should be read in conjunction with UGI Utilities' historical audited and unaudited consolidated financial statements, and the related notes thereto, which are incorporated herein by reference.

	Nine Months Ended June 30,		Year Ended September 30,		
	2008	2007	2007	2006(1)	2005
	(in thousands)				
Statement of Operations Data:					
Revenues	$1,119,930	$1,019,827	$1,183,247	$822,069	$681,152
Depreciation and amortization	30,826	30,610	40,934	26,617	23,827
Operating income	160,336	154,174	165,093	104,889	103,279
Interest expense	29,880	32,117	42,327	24,345	18,326
Net income	77,967	73,552	74,187	48,641	50,821

(1) Includes the results of the natural gas distribution business of Southern Union Company's PG Energy division beginning on August 24, 2006, the date of our acquisition of that business.

	As of June 30, 2008 (in thousands)
Balance Sheet Data:	
Cash and cash equivalents	$ 8,401
Total debt	562,000
Stockholder's equity	598,348

Ratio of earnings to fixed charges

	Nine months ended June 30,	Year ended September 30,				
	2008	2007	2006	2005	2004	2003
Ratio of earnings to fixed charges	5.17	3.76	4.08	5.26	5.28	6.25

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R ISK FACTORS

You should consider the risks described below and the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2007, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the notes. Additional risks not presently known to us or that we currently deem immaterial may also impair our financial condition and business operations.

Risks Relating to the Notes

The indenture does not restrict the amount of additional debt that we may incur.

The indenture under which the notes will be issued does not place any limitation on the amount of unsecured debt that we may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes and reducing the trading value of your notes, if any.

There may be no trading market for the notes.

We do not intend to list the notes on any securities exchange or to seek approval for quotations through any automated quotation system. For these reasons, we cannot assure you that:

- a liquid market for the notes will develop;
- you will be able to sell your notes; or
- you will receive any specific price upon any sale of the notes.

If a public market for the notes develops, the notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes, and our financial performance.

Risk Relating to Our Acquisition of PPL Gas

If we fail to successfully manage the acquisition of PPL Gas, our financial results may be adversely affected.

We expect to complete the acquisition of the capital stock of PPL Gas from PPL Corporation on or about October 1, 2008. The acquisition of PPL Gas will increase the size of our natural gas utility business by adding approximately 75,000 customers to our pre-acquisition natural gas utility customer base as of September 30, 2007 of approximately 478,000 customers. Management may be distracted from day to day business operations in their efforts to successfully manage the PPL Gas business. If we fail to successfully manage the new acquisition, our business and financial condition could be adversely affected.

Risks Relating to Our Business

Decreases in the demand for natural gas and electricity because of warmer-than-normal heating season weather could adversely affect our results of operations, financial condition and cash flows because our rate structure does not contain weather normalization provisions.

Because many of our customers rely on natural gas or electricity to heat their homes, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for natural gas and electricity for heating purposes. Accordingly, demand for natural gas and electricity is generally at its highest during the five-month peak heating season of November

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through March and is directly affected by the severity of the winter weather. Our rate structure does not contain weather normalization provisions to compensate for warmer-than-normal weather conditions, and we have historically sold less natural gas and electricity when weather conditions are milder and, consequently, earned less income. As a result, warmer-than-normal heating season weather could reduce our net income, harm our financial condition and adversely affect our cash flows.

Energy efficiency and technology advances, as well as price-induced customer conservation, may result in reduced demand for our energy products and services.

The trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, may reduce the demand for energy products. Prices for natural gas are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high energy commodity costs, our prices generally increase, which may lead to customer conservation. A reduction in demand could lower our revenues and, therefore, lower our net income and adversely affect our cash flows. We cannot predict the materiality of the effect of future conservation measures or the effect that any technological advances in heating, conservation, energy generation or other devices might have on our operations.

Electricity supplier defaults may adversely affect our results of operations.

Generally, we purchase our power needs from electricity suppliers under fixed-price energy and capacity contracts. Should any of the suppliers under these contracts fail to provide electric power under the terms of these contracts through December 2009, any increases in the cost of replacement power or capacity could negatively impact our results and adversely affect our cash flows because of our inability to recover these potential increases in our current rates. Under PUC default service regulations that became effective in September of 2007, however, any potential increases in the cost of replacement power or capacity resulting from supplier contract defaults for power or capacity to be delivered after 2009 can be recovered through default service rates.

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 including natural gas futures contracts to reduce volatility in the cost of natural gas we purchase, a change in the market price of electricity or natural gas could create payment obligations for the Company and expose us to an increased liquidity risk.

Our need to comply with comprehensive, complex, and sometimes unpredictable government regulations may increase our costs and limit our revenue growth, which may result in reduced earnings.

There are many governmental regulations that have an impact on our businesses. Existing statutes and regulations may be revised or reinterpreted and new laws and regulations may be adopted or become applicable to the Company, which may affect our businesses in ways that we cannot predict.

Regulators may not allow timely recovery of costs for us, UGI Penn Natural Gas, Inc., or PPL Gas Utilities Corporation in the future, which may adversely affect our results of operations.

In our Gas Utility and Electric Utility segments, our operations are subject to regulation by the PUC. The PUC, among other things, approves the rates that we, UGIPNG, and, after the acquisition, PPL Gas may charge to our utility customers, thus impacting the returns that we, UGIPNG, and PPL Gas may earn on the assets that are dedicated to those operations. We expect to file requests with the PUC to increase base rates that we charge customers of UGIPNG and, after the acquisition, of PPL Gas, early in 2009. If we, UGIPNG, or PPL Gas are required in a rate proceeding to reduce the rates we charge our utility customers, or if we, UGIPNG, or PPL Gas are unable to obtain approval for timely rate increases from the PUC, particularly when necessary to cover increased costs, our revenue growth will be limited and earnings may decrease.

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

Our business operations are subject to all of the operating hazards and risks normally incidental to the handling, storage and distribution of combustible products, such as natural gas. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. We believe that we are adequately insured for claims in excess of our self-insurance; however, certain types of damages, such as punitive damages and penalties, if any, may not be covered by insurance. There can be no assurance that our insurance will be adequate to protect us from all material expenses related to pending and future claims or that such levels of insurance will be available in the future at economical prices.

Remediation costs resulting from liability from contamination claims could reduce our net income.

We are investigating and remediating contamination at a number of present and former operating sites in the U.S., including former sites where we or our former subsidiaries operated manufactured gas plants. We have also received claims from third parties that allege that we are responsible for costs to clean up properties where we or our former subsidiaries operated a manufactured gas plant or conducted other operations. Costs we incur to remediate sites outside of Pennsylvania cannot be recovered in our future PUC rate proceedings, and insurance may not cover all or even part of these costs. Our actual costs to clean up these sites may exceed our current estimates due to factors beyond our control, such as:

- the discovery of presently unknown conditions;
- changes in environmental laws and regulations;
- judicial rejection of our legal defenses to the third-party claims; or
- the insolvency of other responsible parties at the sites at which we are involved.

In addition, if we discover additional contaminated sites, we could be required to incur material costs, which would reduce our net income.

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USE OF PROCEEDS

We intend to use all of the net proceeds from the sale of the notes, as well as cash on the balance sheet contributed by UGI Corp and borrowings under our revolving credit agreement, to fund our acquisition of all of the capital stock of PPL Gas.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2008 (1) on an actual basis and (2) as adjusted to give effect to (i) the consummation of this offering, (ii) the acquisition on October 1, 2008 of PPL Gas using the proceeds from this offering, the receipt of a $120 million cash contribution from UGI Corp, and estimated borrowings of $62.7 million under our bank credit facility, and (iii) the sale of the assets of Penn Fuel immediately after our acquisition of PPL Gas and the use of the estimated proceeds therefrom of $33 million to repay borrowings under our bank credit facility, as if those transactions had occurred on June 30, 2008. The purchase price for PPL Gas and the sale price for the assets of Penn Fuel include estimates of the working capital in the amount of $21 million for PPL Gas and in the amount of $1 million for Penn Fuel as of October 1, 2008. The as adjusted amount of cash and cash equivalents reflects an estimate of the cash and cash equivalents of PPL Gas as of October 1, 2008 in the amount of $840,000. You should read this table in conjunction with “Offering Summary—Acquisition of PPL Gas Utilities Corporation,” “Offering Summary—Summary Financial Information,” “Use of Proceeds” and our consolidated financial statements and the notes to those financial statements that are incorporated by reference into this prospectus supplement.

	June 30, 2008 (in thousands)	
	Actual	As Adjusted
Cash and cash equivalents	$ 8,401	$ 9,241
Debt (including current maturities):		
Bank loans	$ 30,000	$ 59,650
Medium-Term Notes (due 2012-2034)	257,000	257,000
5.75% Senior Notes due October 2016	175,000	175,000
6.21% Senior Notes due October 2036	100,000	100,000
6.375% Senior Notes due September 2013 offered hereby	—	108,000
Total debt	$ 562,000	$ 699,650
Stockholder’s equity(1)	598,348	718,348
Total capitalization	$1,160,348	$1,417,998

(1) Does not reflect the payment to UGI Corp by UGI Utilities of a dividend in July 2008 in the amount of $18.4 million.

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DESCRIPTION OF THE NOTES

General

The following description of the notes supplements and, to the extent inconsistent, supersedes the description of the general terms and provisions of the debt securities set forth under the section entitled "Description of Debt Securities" in the accompanying prospectus. You should read the accompanying prospectus in conjunction with this prospectus supplement and any free writing prospectuses we provide to you.

We will issue the notes under an indenture dated as of August 1, 1993 between UGI Utilities, Inc. and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, as trustee, and a supplemental indenture to be dated as of the closing date, between UGI Utilities, Inc. and U.S. Bank National Association, as trustee. We are permitted to issue additional notes under the indenture in an unlimited principal amount.

We summarize selected provisions of the indenture below. Because this section is only a summary, it is not complete and does not describe every aspect of the notes. You should read the indenture before you make any investment decision. Capitalized and other terms not otherwise defined in this prospectus supplement shall have the meanings given to them in the indenture.

The notes are senior, unsecured obligations and will rank pari passu with our existing and future senior unsecured indebtedness, including our medium-term notes, outstanding senior notes and bank credit facility. As of June 30, 2008, we had $562 million of indebtedness outstanding and additional borrowing capacity of $320 million under our bank credit facility. See "Capitalization." The notes will be structurally subordinated to any future indebtedness of our subsidiaries and effectively subordinated to any of our future indebtedness that is secured, to the extent of the value of the assets securing such indebtedness. The specific terms of the notes are set forth below:

- Title: 6.375% senior notes due 2013
- Stated maturity date: September 30, 2013
- Interest rate: 6.375% per annum
- Date interest starts accruing: October 1, 2008
- Interest payment dates: March 30 and September 30
- First interest payment date: March 30, 2009
- Regular record dates for interest: March 15 and September 15
- Computation of interest: on the basis of a 360-day year consisting of twelve 30-day months.
- Form of notes: one or more global notes that we will deposit with or on behalf of The Depository Trust Company ("DTC").
- Ranking: The notes will constitute a separate series of our unsecured and unsubordinated debt securities, ranking equally with any other unsecured and unsubordinated debt of ours.

We will issue the notes in denominations of $1,000 and integral multiples of $1,000.

The notes will be limited initially to $108 million aggregate principal amount. We may, without the consent of the holders, increase the principal amount of the notes in the future.

Optional Redemption

At any time, from time to time, we may redeem the notes, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; and

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- the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points;

plus accrued interest to the date of redemption.

We will mail notice of any redemption to the trustee and DTC or its nominee, not less than 30 days and not more than 60 days before the redemption date. Notice by DTC or its nominee to these participants and by participants to “street name” holders of indirect interests in the notes will be made according to arrangements among them and may be subject to statutory or regulatory requirements. If we redeem only some of the notes, it is the practice of the trustee to determine by lot the amount of notes to be redeemed. Unless we default in payment of the redemption price on the redemption date, interest will cease to accrue on the notes or portions of notes called for redemption. On or before the redemption date, we will deposit with the trustee or one or more paying agents money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date.

“ *Comparable Treasury Issue* ” means the United States Treasury security selected by the Reference Treasury Dealers as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

“Reference Treasury Dealer” means (1) each of Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, and their respective successors; and a primary U.S. Government securities dealer (a “Primary Treasury Dealer”) selected by Wachovia Capital Markets, LLC and its successors; provided that if any of the foregoing ceases to be, and has no affiliate that is, a Primary Treasury Dealer, we will substitute for it another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by us.

“ *Reference Treasury Dealer Quotations* ” means, with respect to a Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

“ *Treasury Rate* ” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Reference Treasury Dealer Quotations for that redemption date.

Special Mandatory Redemption of the Notes

In the event that, for any reason, (i) the proposed acquisition of PPL Gas is not completed on or prior to November 15, 2008 or (ii) the Stock Purchase Agreement is terminated on or prior to November 15, 2008, we will redeem all of the notes on the Special Mandatory Redemption Date at the Special Mandatory Redemption Price. Notice of a special mandatory redemption will be mailed promptly after the occurrence of the event triggering redemption to each holder of the notes at its registered address. If funds sufficient to pay the Special Mandatory Redemption Price (including any accrued and unpaid interest) of all the notes to be redeemed on the Special Mandatory Redemption Date are deposited with the Paying Agent on or before such Special Mandatory Redemption Date, and certain other conditions are satisfied, on and after such Special Mandatory Redemption Date the notes will cease to bear interest.

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For purposes of the foregoing discussion of a special mandatory redemption, the following definitions are applicable:

"Special Mandatory Redemption Date" means the earlier to occur of (a) December 15, 2008 if the proposed acquisition has not been completed on or prior to November 15, 2008, or (b) the 30th day (or if such day is not a business day, the first business day thereafter) following the termination of the Stock Purchase Agreement for any reason.

"Special Mandatory Redemption Price" means 100% of the aggregate principal amount of the notes together with accrued and unpaid interest from the date of initial issuance to but excluding the Special Mandatory Redemption Date.

"Stock Purchase Agreement" means that certain Stock Purchase Agreement between PPL Corporation and us, dated as of March 5, 2008.

Book-Entry Issuance

The notes will be represented by one or more global notes that will be deposited with and registered in the name of DTC or its nominee. We will not issue certificated notes to you, except in the limited circumstances described below. Each global note will be issued to DTC, which will keep a computerized record of its participants whose clients have purchased the notes. Each participant will then keep a record of its own clients. Unless it is exchanged in whole or in part for a certificated note, a global note may not be transferred. DTC, its nominees and their successors may, however, transfer a global note as a whole to one another, and these transfers are required to be recorded on our records or a register to be maintained by the trustee.

Beneficial interests in a global note will be shown on, and transfers of beneficial interests in the global note will be made only through, records maintained by DTC and its participants. DTC has provided us with the following information: DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its direct participants deposit with DTC. DTC also records the settlements among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This book-entry system eliminates the need to exchange certificated securities. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the Financial Industry Regulatory Authority.

When you purchase notes through the DTC system, the purchases must be made by or through a direct participant, which will receive credit for the notes on DTC's records. When you actually purchase the notes, you will become their beneficial owner. Your ownership interest will be recorded only on the direct or indirect participants' records. DTC will have no knowledge of your individual ownership of the notes. DTC's records will show only the identity of the direct participants and the principal amount of the notes held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You should instead receive these from your direct or indirect participant. As a result, the direct or indirect participants are responsible for keeping accurate account of the holdings of their customers.

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The trustee will wire payments on the notes to DTC's nominee. We and the trustee will treat DTC's nominee as the owner of each global note for all purposes. Accordingly, we, the trustee and any paying agent will have no direct responsibility or liability to pay amounts due on a global note to you or any other beneficial owners in that global note.

It is DTC's current practice, upon receipt of any payment of distributions or liquidation amounts, to proportionately credit direct participants' accounts on the payment date based on their holdings. In addition, it is DTC's current practice to pass through any consenting or voting rights to such participants by using an omnibus proxy. Those participants will, in turn, make payments to and solicit votes from you, the ultimate owner of notes, based on their customary practices. Payments to you will be the responsibility of the participants and not of DTC, the trustee or the Company.

Notes represented by one or more global notes will be exchangeable for certificated notes with the same terms in authorized denominations only if:

- DTC is unwilling or unable to continue as a depositary or ceases to be a clearing agency registered under applicable law, and a successor is not appointed by us within 90 days;
- an event of default occurs and is continuing in respect of the notes; or
- we decide to discontinue the book-entry system.

If a global note is exchanged for certificated notes, the trustee will keep the registration books for the notes at its corporate office and follow customary practices and procedures regarding those certificated notes.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Exchange, Transfer and Payment

Payments of any amounts owing in respect of the global notes will be made through one or more paying agents appointed under the indenture to DTC or its nominee as the holder of the global notes. Initially, the paying agent for the notes will be U.S. Bank National Association, as trustee, whose offices are in Philadelphia, Pennsylvania. You may exchange or transfer the notes at the same offices.

If you hold notes registered in definitive form with an aggregate principal amount equal to or greater than $1,000,000, you may instruct us in writing to direct our paying agent to pay the principal and accrued interest of such notes directly to your account at any United States bank, as long as such written instructions are received no less than 15 days prior to a scheduled interest payment date and as long as the United States bank is equipped to receive such a direct deposit.

You may transfer or exchange notes without a service charge. We may, however, require a payment to cover any applicable tax or governmental charge.

If we have transferred funds to our paying agent to make scheduled principal or interest payments in respect of any of the notes, and you do not claim such principal or interest payment within three years, we may reclaim such funds and you will have to look to us, and not the paying agent, for payment.

Same-Day Settlement and Payment

Settlement for the notes will be made by the underwriters in immediately available funds. For so long as the notes are represented by global notes, we will make all payments of principal and interest in immediately available funds.

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Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, the notes will trade in the Same-Day Funds Settlement System maintained by DTC until maturity, and secondary market trading activity in the notes will, therefore, be required by DTC to settle in immediately available funds. We cannot assure you as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

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CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations of this offering to beneficial owners of the notes. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, rulings, administrative pronouncements and judicial decisions as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect. No assurance can be given that the Internal Revenue Service (the "IRS") will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

This summary deals only with notes that are held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code. This summary does not include any description of the tax laws of any state, local or non-U.S. government that may be applicable to a particular holder and does not consider any aspects of U.S. federal tax law other than income taxation. In addition, this summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as dealers or traders in securities or commodities, financial institutions or financial services entities, banks, thrifts, insurance companies, expatriates, corporations subject to Section 7874 of the Code, partnerships or other pass-through entities or investors in such entities, regulated investment companies, tax-exempt entities, persons that hold notes as a part of a hedge, straddle, conversion transaction, constructive sale or other similar arrangement, investors who received notes as compensation, holders subject to the U.S. federal alternative minimum tax, and investors who have elected mark-to-market accounting. This summary also does not address tax consequences to U.S. Holders (as defined below) whose functional currency is not the U.S. dollar.

For purposes of this discussion, a U.S. Holder is a beneficial owner of notes that is, for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States; (b) a corporation (or other business entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if a court within the United States can exercise primary supervision over its administration, and one or more United States persons have the authority to control all of the substantial decisions of that trust, or a trust that was in existence on August 20, 1996, and validly elected to continue to be treated as a domestic trust. A Non-U.S. Holder is any beneficial owner of notes who is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

If a partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of notes, the tax treatment of the partnership or a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and the partners in such a partnership should consult its own tax advisors regarding the tax consequences of this offering.

The discussion set out below is intended only as a general summary of the principal U.S. federal income tax considerations of this offering to a beneficial owner of notes and is not tax or legal advice to any particular holder. You are urged to consult your own tax advisor as to the tax consequences of this offering, including the application to your particular situation of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Consequences to U.S. Holders

The following is a summary of the general U.S. federal income tax consequences that will apply to you if you are a "U.S. Holder" of the notes. Certain consequences to "Non-U.S. Holders" of the notes are described under "—Consequences to Non-U.S. Holders," below.

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Payments of Interest

Subject to the discussion below, stated interest on a note will generally be taxable to a U.S. Holder as ordinary income at the time it is paid or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Further, if as expected, the notes are issued at par or at a discount that is "de minimis" for U.S. federal income tax purposes, the notes will not be treated as issued with original issue discount for such purposes.

Disposition of Notes

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on such disposition (except to the extent any amount realized is attributable to accrued but unpaid interest, which is treated as interest as described above) and the holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such holder.

Gain or loss recognized on the disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period for the note is more than 12 months. Certain U.S. Holders (including individuals) currently are eligible for preferential tax rates in respect of long-term capital gain. The deductibility of capital losses by U.S. Holders is subject to certain limitations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to certain payments of principal, premium (if any) and interest on and the proceeds of certain sales of notes unless the U.S. Holder is an exempt recipient. A backup withholding tax may apply to such payments if the U.S. Holder fails to provide its taxpayer identification number or certification of exempt status or has been notified by the I.R.S. that payments to the U.S. Holder are subject to backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided that the U.S. Holder furnishes the required information to the I.R.S. on a timely basis.

Consequences to Non-U.S. Holders

The following is a summary of the U.S. federal income tax consequences that will generally apply to you if you are a Non-U.S. Holder of notes.

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Payments of Interest

The 30% U.S. federal withholding tax (or lower applicable treaty rate) generally will not apply to any payment to a Non-U.S. Holder of interest on a note provided that:

- such interest is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if an applicable income tax treaty requires, is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder);
- the Non-U.S. Holder does not actually or constructively (under applicable attribution rules) own 10% or more of the total combined voting power of the Company's voting stock, within the meaning of Section 871(h)(3) of the Code;
- the Non-U.S. Holder is not a controlled foreign corporation that is related to the Company directly or indirectly through stock ownership; and
- (a) the Non-U.S. Holder provides its name and address, and certifies, under penalties of perjury, that it is not a United States person (which certification may be made on an I.R.S. Form W-8BEN) or (b) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its business holds the note on a Non-U.S. Holder's behalf and certifies, under penalties of perjury, either that it has received I.R.S. Form W-8BEN from the holder or from another qualifying financial institution intermediary or that it is permitted to establish and has established the holder's foreign status through other documentary evidence, and otherwise complies with applicable requirements. If the notes are held by or through certain foreign intermediaries or certain foreign partnerships, such foreign intermediaries or partnerships must also satisfy the certification requirements of applicable Treasury Regulations.

Subject to the following paragraph, if a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest will be subject to the 30% U.S. federal withholding tax, unless the holder provides the Company with a properly executed (1) I.R.S. Form W-8BEN claiming an exemption from or reduction in withholding under an applicable tax treaty or (2) I.R.S. Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business (and, if an income tax treaty applies, the interest is attributable to a U.S. permanent establishment), the Non-U.S. Holder will instead be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if a Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. For this purpose, interest on the notes that is effectively connected with your conduct of a trade or business in the United States would be included in your earnings and profits.

Disposition of Notes

Any gain recognized upon the sale, exchange, redemption or other taxable disposition of a note (except with respect to accrued and unpaid interest, which would be taxable as such) will not be subject to the 30% U.S. federal withholding tax. Such gain also generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States (and, if an income tax treaty applies, is attributable to a U.S. permanent establishment); or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are met.

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A Non-U.S. Holder described in the first bullet point above will generally be required to pay U.S. federal income tax on the net gain derived from the sale and if such holder is a foreign corporation, it may also be required to pay a branch profits tax at a 30% rate or a lower rate if so specified by an applicable tax treaty.

Information Reporting and Backup Withholding

In general, the Company must report to the I.R.S. and to each Non-U.S. Holder the amount of interest on the notes paid to such Non-U.S. Holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable tax treaty. Backup withholding may apply to certain payments of principal, premium (if any) and interest on the notes to Non-U.S. Holders, as well as to the proceeds of certain sales of notes made through brokers, unless the holder has made appropriate certifications as to its foreign status, or has otherwise established an exemption. The certification of foreign status described above under "—Payments of Interest" is generally effective to establish an exemption from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided that the Non-U.S. Holder furnishes the required information to the I.R.S. on a timely basis.

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UNDERWRITING

The Company and Wachovia Capital Markets, LLC as the representative of the underwriters for the offering named below, have entered into an underwriting agreement with respect to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of notes indicated in the following table:

Underwriters	Principal Amount of Notes
Wachovia Capital Markets, LLC	75,600,000
Citigroup Global Markets Inc.	16,200,000
Credit Suisse Securities (USA) LLC	16,200,000
Total	$ 108,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes offered hereby are subject to certain conditions and that the underwriters are obligated to purchase all of the notes in the offering if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitment of the non-defaulting underwriters may be increased or the offering of the notes may be terminated.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.35% of the principal amount. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.125% of the principal amount. If all the notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The notes are a new issue of securities with no established trading market. The Company has been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commission, will be approximately $400,000.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

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The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

It is expected that delivery of the notes will be made against payment therefore on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the fifth business day following the date of pricing of the notes (such settlement cycle being referred to herein as "T+5"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or the following business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade those notes on the date of pricing or the following business day should consult their own advisor.

The underwriters or their affiliates are lenders under our bank credit facility. Based on our estimate of PPL Gas's working capital on the estimated closing date of the acquisition of the stock of PPL Gas, we expect to borrow an additional $62.7 million under our bank credit facility, approximately $33 million of which will be repaid with the proceeds of our sale of the assets of Penn Fuel. The underwriters have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and our affiliates, for which they have received and will receive customary fees and expenses.

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LEGAL MATTERS

The validity of the notes has been passed upon for us by Morgan, Lewis & Bockius LLP. Certain legal matters will be passed upon for the underwriters by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of UGI Utilities, Inc. as of September 30, 2007 and 2006 and for each of the three years in the period ended September 30, 2007 and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of September 30, 2007, incorporated in this prospectus supplement and the accompanying prospectus by reference to UGI Utilities, Inc.'s Annual Report on Form 10-K for the year ended September 30, 2007, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of PPL Gas Utilities Corporation and subsidiaries as of and for the year ended December 31, 2007, incorporated by reference herein, have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their report thereon incorporated by reference herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale of these securities is not permitted.

Subject to completion, dated May 19, 2008

PROSPECTUS

$220,000,000

UGI UTILITIES, INC.

DEBT SECURITIES

This prospectus summarizes the general terms of these debt securities. We will provide the specific terms of these debt securities in supplements to this prospectus. You should read this prospectus and the prospectus supplements carefully before you invest.

Investing in these debt securities involves certain risks. See “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2007, which is incorporated by reference into this prospectus, and “ Risk Factors ” in the applicable prospectus supplement, for a discussion of the factors you should carefully consider before purchasing these securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these debt securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 19, 2008

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You should rely only on the information we incorporate by reference or provide in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the debt securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. Under this shelf process, we may sell any of the types of debt securities described in this prospectus, including debentures, notes and/or other unsecured indebtedness, in one or more offerings up to a total dollar amount of $220,000,000. This prospectus provides you with a general description of the debt securities that we may offer.

We provide information to you about the debt securities in three documents that progressively provide more detail:

1. This Prospectus. Contains general information that may or may not apply to each offering of debt securities.

2. The Prospectus Supplement. Will contain more specific information than this prospectus and may also add, update or change information contained in this prospectus. To the extent information differs from this prospectus, you should rely on the different information in the prospectus supplement.

3. The Pricing Supplement. If applicable, will provide final details about a specific offering and the terms of the offered debt securities, including their price. To the extent information differs from this prospectus or the prospectus supplement, you should rely on the different information in the pricing supplement.

You should read this prospectus, any prospectus supplement and any pricing supplement together with any additional information described under the heading WHERE YOU CAN FIND MORE INFORMATION to learn about us.

The terms "Company" and "UGI Utilities," as well as the terms "our," "we," and "its," are sometimes used to refer to UGI Utilities, Inc. or, collectively UGI Utilities, Inc. and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement that we filed with the SEC. The registration statement contains additional information about us and the debt securities. In addition, we file annual, quarterly and special reports and other information with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC's website address is http://www.sec.gov. Also, you may read and, for a fee, copy any document that we file with the SEC at the SEC's public reference room at:

Room 1580
100 F Street, N.E.
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

This prospectus does not repeat important information that you can find elsewhere in the registration statement and in the reports and other documents that we file with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede that information. We incorporate by reference the following documents, as well as all future documents filed with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until we terminate this offering:

- Annual Report on Form 10-K for the fiscal year ended September 30, 2007;
- Quarterly Reports on Form 10-Q for the quarters ended December 31, 2007 and March 31, 2008; and

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- Current Report on Form 8-K dated March 5, 2008.

We will provide you with a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus. We will provide this information upon written or oral request at no cost to you. To make a request, please contact:

Robert H. Knauss, Esq.
Vice President and General Counsel
UGI Utilities, Inc.
100 Kachel Boulevard, Suite 400
Green Hills Corporate Center
Reading, PA 19607
(610) 796-3400

We are not required to, and do not, provide annual reports to holders of our debt securities unless specifically requested by a holder.

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ABOUT UGI UTILITIES, INC.

We are a public utility company that owns and operates two natural gas distribution utilities and an electric utility in Pennsylvania. We are a wholly owned subsidiary of UGI Corporation ("UGI").

On August 24, 2006, we acquired a Pennsylvania natural gas utility business from Southern Union Company, which significantly increased our natural gas distribution business. The Gas Utility segment ("Gas Utility") consists of the regulated natural gas distribution businesses of the Company and our subsidiary, UGI Penn Natural Gas, Inc. Gas Utility serves approximately 478,000 customers in eastern and northeastern Pennsylvania. The Electric Utility segment ("Electric Utility") consists of the regulated electric distribution business of the Company, serving approximately 62,000 customers in northeastern Pennsylvania. Gas Utility and Electric Utility are regulated by the Pennsylvania Public Utility Commission ("PUC").

On March 5, 2008, we signed a definitive agreement to acquire all of the capital stock of PPL Gas Utilities Corporation, the natural gas utility of PPL Corporation, for approximately $268 million, plus working capital. The Company expects to fund the purchase price and related costs with a combination of balance sheet cash and long-term debt. The closing of the transaction is subject to various customary conditions, including receipt of the approval of the PUC and the Maryland Public Service Commission. The transaction is currently expected to close on or about September 30, 2008.

We were incorporated in Pennsylvania in 1925. Our executive offices are located at 100 Kachel Boulevard, Suite 400, Green Hills Corporate Center, Reading, Pennsylvania 19607, and our telephone number is (610) 796-3400.

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RISK FACTORS

Please see the risk factors described under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended September 30, 2007, which we incorporate by reference into this prospectus. Before making an investment decision, you should carefully read and consider these risks, as well as any other risks described in documents we incorporate by reference into this prospectus. Additional unknown or unpredictable risk factors could also have material adverse effects on future results.

RATIO OF EARNINGS TO FIXED CHARGES

Incorporated by reference from Exhibit 12.1 to our Form 10-Q for the period ended March 31, 2008.

USE OF PROCEEDS

Unless we state otherwise in the applicable prospectus supplement, the net proceeds from any sale of debt securities will be used for general corporate purposes, which may include refinancings of indebtedness, working capital, capital expenditures, repurchases and redemptions of securities, and acquisitions.

DESCRIPTION OF DEBT SECURITIES

We will issue the debt securities under an indenture dated August 1, 1993 between UGI Utilities, Inc. and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, as trustee, and a supplemental indenture, to be dated as of the closing date of each offering of debt securities, between UGI Utilities, Inc. and U.S. Bank National Association, as trustee.

We summarize selected provisions of the indenture below and refer you directly to the sections in the indenture where these provisions may be found. Because this is only a summary, it is not complete and does not describe every aspect of the debt securities. This summary is also subject to and qualified by reference to the description of the particular terms of the series of the debt securities that we offer to you and describe in the applicable prospectus supplement. You should read the indenture for provisions that may be important to you but that are not included in this summary.

General

We will issue the debt securities from time to time in one or more series. A prospectus supplement or a pricing supplement will describe the terms of a particular series and specify the aggregate principal amount of each series. The debt securities will be our direct unsecured obligations and will rank equally with our other unsecured debt. The indenture does not limit the amount of debt securities that we may issue under it.

Provisions Applicable to a Particular Series

The prospectus supplement or pricing supplement for a particular series of debt securities being offered will describe the specific terms related to the offering, including the price or prices at which the debt securities to be offered will be issued. These terms may include some or all of the following:

- the title of the series;
- the total principal amount of the debt securities of the series;
- the date or dates on which the principal is payable;
- the interest rate or rates, if any, or the method for determining the rate or rates, and the date or dates from which interest will accrue;

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- the date or dates from which interest will accrue, the interest payment dates and the record date for the interest payable on each interest payment date;
- the place or places where interest, principal and any premium payments will be made;
- whether we have the option to redeem the debt securities and, if so, the terms of our redemption option;
- any obligation that we have to redeem the debt securities by way of payment to a sinking fund;
- any obligation that we have to repurchase the debt securities at the holder's option;
- the portion of the principal payable upon acceleration of maturity, or provable in bankruptcy, if other than the entire principal;
- whether the debt securities will be represented by a global security, as discussed in the section below entitled Global Securities; and
- any other additional or different terms of the debt securities.

We will issue the debt securities in denominations of $1,000 and any integral multiples of $1,000, unless we state otherwise in the applicable prospectus supplement. (Section 2.7) We may offer and sell the debt securities at a discount below their principal amount. The applicable prospectus supplement will describe United States federal income tax and any other considerations applicable to those debt securities.

We need not issue all of the debt securities of a particular series at the same time and, unless otherwise provided, we may reopen a series, without the consent of the holders of the debt securities of that series, for issuances of additional debt securities of that series.

Form, Exchange, Registration, Transfer and Payment

We will issue the debt securities in registered form, unless we state otherwise in the prospectus supplement. (Section 2.7) We will pay the principal of and interest on the debt securities at our agent's offices in Philadelphia, Pennsylvania or at any of our offices that we designate. You may exchange or transfer the debt securities at the same offices. (Section 3.2)

If you hold debt securities registered in definitive form with an aggregate principal amount equal to or greater than $1,000,000, you may instruct us in writing to direct our paying agent to pay the principal and accrued interest of such debt securities directly to your account at any United States bank, as long as such written instructions are received no less than 15 days prior to a scheduled interest payment date and as long as the United States bank is equipped to receive such a direct deposit. (Section 3.1)

You may transfer or exchange debt securities without a service charge. We may, however, require a payment to cover any applicable tax or governmental charge. (Section 2.8)

If we have transferred funds to our paying agent to make scheduled principal or interest payments in respect of any of the debt securities, and you do not claim such principal or interest payment within three years, we may reclaim such funds and you will have to look to us, and not the paying agent, for payment. (Section 9.4)

Global Securities

We may issue some or all of the debt securities of a particular series in the form of one or more global certificates registered in the name of a securities depositary or its nominee identified in the applicable prospectus supplement.

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Each global security will be deposited with the securities depositary or its nominee or a custodian for the securities depositary, as identified in the applicable prospectus supplement.

Except with respect to transfers of the global security as a whole between the depositary and its nominee or between the depositary and a successor depositary, a global security may not be transferred or exchanged unless and until it is exchanged in whole or in part for debt securities in definitive form. (Sections 2.4 and 2.8)

As long as the securities depositary or its nominee is the registered holder of a global security representing a series of the debt securities, that person will be considered the sole owner and holder of the global security and the debt securities, or series of debt securities, that it represents for all purposes. (Sections 2.4 and 2.8) Unless we otherwise state in an applicable prospectus supplement, if you have a beneficial interest in a global security:

- you may not have the global security, or any debt securities that it represents, registered in your name;
- you may not receive or be entitled to receive physical delivery of certificated debt securities in exchange for your beneficial interest in the global security; and
- you will not be considered the holder of the global security, or any debt securities it represents, for any purpose under the indenture.

We will make all payments of principal and interest on a global security to the securities depositary or its nominee as the holder of the global security. The laws of some jurisdictions require that certain purchasers of securities, for example, insurance companies, take physical delivery of securities in definitive form. These laws may impair your ability to transfer beneficial interests in a global security.

The only persons that may own beneficial interests in a global security are institutions having accounts with the securities depositary or its nominee, which are called “participants” in this discussion, and persons that hold beneficial interests through participants. When a global security representing debt securities is issued, the securities depositary will credit to the accounts of the participants that we, or the particular underwriters of the offering, identify for the securities depositary on the depositary’s book-entry, registration and transfer system, the respective principal amounts of debt securities that the global security represents.

Ownership of beneficial interests in a global security will be shown only, and the transfer of those ownership interests will be effected only through, records maintained by:

- the securities depositary, with respect to a participant’s direct holdings; and
- the applicable participants with respect to beneficial interests that the participants hold on behalf of other persons.

Accordingly, if you hold a beneficial interest in debt securities through a participant, you must look to the participant to receive any payments in respect of principal of or interest on the debt securities and must follow the participant’s own procedures to exercise your rights under the indenture.

We will describe the specific terms of any depositary agreement in the applicable prospectus supplement.

Restrictive Indenture Provisions

Limitation on Mortgages. Under the indenture, if we, or any of our subsidiaries, incur or guarantee debt that is secured by any of our or one of our subsidiary’s property, we must secure the debt securities at least equally and ratably with such secured debt. This requirement does not apply, however, if the total amount of our debt that is secured by property does not exceed 10% of our consolidated net tangible assets. (Section 3.10)

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This restriction on the incurrence or guarantee of debt secured by a mortgage does not apply to the following types of mortgages:

- mortgages of a subsidiary that existed at the time it became our subsidiary;
- mortgages that existed at the time of an acquisition of property or that were created in connection with an acquisition, for example, mortgages created to secure the purchase price in the acquisition;
- construction mortgages that are entered into, or for which commitments are received within certain time periods;
- mortgages in our favor or in favor of one of our subsidiaries;
- mortgages existing at the date that any then outstanding debt securities were issued;
- mortgages existing on any property at the time that we or one of our subsidiaries acquired it in connection with a merger, consolidation, lease, acquisition or other transaction;
- mortgages in favor of governmental bodies to secure payments pursuant to any contract or statute;
- any extensions, renewals or replacements of any of these categories of mortgages. (Section 3.10)

In determining whether the amount of debt secured by mortgages does not exceed 10% of our consolidated net tangible assets, the aggregate amount of debt secured by mortgages should not include the mortgages listed above. (Section 3.10). In calculating our consolidated net tangible assets, the following items should be subtracted from our total consolidated assets using our most recent consolidated balance sheet:

- applicable reserves and other properly deductible items;
- current liabilities, except the current portion of long-term liabilities and liabilities under capital leases; and
- various intangible assets. (Section 1.1)

Limitations on Sale and Leaseback Transactions. The indenture prohibits us and any of our subsidiaries from selling or transferring property with the intention of leasing it back. However, this restriction does not apply in the following situations:

- if the lease period is for a term of not more than three years at the end of which the use will be discontinued;
- if the sale and leaseback transaction is between us and one of our subsidiaries or between subsidiaries;
- if we or our subsidiary would be entitled under the limitation on mortgages provisions described above, without triggering an obligation on our part under those provisions to then equally and ratably secure the debt securities, to incur indebtedness secured by a mortgage on the property involved in the sale and leaseback transaction in an amount at least equal to the amount of attributable debt, which is an amount equal to the lesser of:
  - the fair market value of the property, as determined by our board, and
  - the present value of the total net amount of the rent payable by us under the lease of the property, discounted at the rate of interest set forth or implicit in the terms of the lease, or, if not practicable to determine such rate, the weighted average interest rate per annum paid by us to the holders of debt securities then outstanding compounded semi-annually;
- if, in the opinion of our board, the proceeds of the sale of the property in the sale and leaseback transaction are determined to represent the fair market value of such property, and we apply an amount of such proceeds equal to the greater of the net proceeds of the sale or the amount of attributable debt, as defined above, within 180 days of the sale, to either or both of:

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    - the retirement of our or one of our subsidiary's debt that matures more than 12 months after its creation, other than pursuant to a mandatory retirement or prepayment of debt or a contractual obligation and other than debt that is subordinate to the debt securities or owed to us or a subsidiary, or
    - the purchase, construction or development of comparable property; or
- if the sale and leaseback transaction is entered into within 60 days of our or our subsidiary's initial acquisition of the property. (Section 3.11)

Events of Default

Under the indenture, it is an event of default if:

- we fail to pay any interest on any debt securities within 10 days of a scheduled interest payment date;
- we fail to pay all or a portion of the principal on any of the debt securities when it is due;
- we fail to make any required sinking fund payment in respect of any debt securities when due and payable;
- we fail to perform any other covenant or agreement applicable to the debt securities within 30 days after we receive written notice of that failure;
- we or one of our significant subsidiaries is involved in certain types of events involving bankruptcy, insolvency or reorganization;
- there is an event of default under any of our other instruments of indebtedness under which we had outstanding as of August 1, 1993, or at any time thereafter, an aggregate principal amount of $10,000,000 or greater, if such event of default involves a failure to pay all or a portion of the principal amount of such indebtedness when due and payable, or the maturity of such indebtedness is accelerated and such acceleration is not rescinded or annulled within 10 days after notice of such acceleration is given to us, provided that such event of default has not been remedied or cured by us or waived by the holders of such indebtedness; or
- there is any other event of default under the terms of the debt securities.

Under certain circumstances, the trustee need not provide notice to the holders of the debt securities that an event of default has taken place. (Section 4.1)

Remedies if an Event of Default Occurs

If an event of default occurs, other than an event of default involving bankruptcy, insolvency or reorganization, either the trustee or the holders of at least 25% in total principal amount of the debt securities of the relevant series may declare the entire principal amount of such series due and payable immediately. (Section 4.1)

If an event of default involving our failure to perform a covenant or agreement under the indenture occurs, and if such failure is with respect to all of the series of the debt securities outstanding at that time, then either the trustee or the holders of at least 25% in total principal amount of the debt securities may declare the entire principal amount of all of the debt securities due and payable immediately, if such event of default is continuing at the time the trustee or the holders make such declaration. (Section 4.1)

If an event of default occurs due to an event involving bankruptcy, insolvency or reorganization, the total principal amount of all of the outstanding debt securities will automatically be due and payable immediately, without notice to us. (Section 4.1)

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Under various circumstances, the declaration of an event of default under the indenture may be overturned by the holders of a majority in principal amount of the debt securities of all affected series outstanding at that time. (Section 4.10)

The holders of a majority in principal amount of the debt securities of any particular series outstanding have, with various exceptions, the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee with respect to the debt securities of that series. The trustee is under no obligation to exercise any of its rights or powers at the request or direction of the holders of the debt securities, however, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur as a result. (Sections 4.9 and 5.2)

Except for actions for the payment of overdue principal or interest, under the indenture (Sections 4.6 and 4.7), a holder may not institute an action against us unless:

- the holder shall have previously given to the trustee written notice of default and continuation of such default; or
- the holders of not less than 25% in principal amount of the debt securities of the series outstanding at that time shall have requested the trustee to institute such action and shall have offered the trustee reasonable indemnity, and the holders of a majority of the principal amount of the debt securities of each affected series shall not have given the trustee contrary instructions; and
- the trustee shall not have instituted such action within 60 days of such request.

Modification of the Indenture

Under the indenture, in order to change our rights and obligations or the rights of any holders of debt securities, the holders of not less than 51% in principal amount of the debt securities of all series affected by such change, voting as one class, must consent to the change. However, we may not make any of the following changes unless each holder of debt securities affected by such change gives his or her specific consent:

- extend the final maturity date of any of the debt securities;
- reduce the principal amount of any of the debt securities;
- reduce the interest rate on the debt securities or extend the interest payment date of any of the debt securities;
- reduce the amount payable to the holders of any debt securities on redemption of such debt securities;
- reduce the amount of principal that would be payable to the holders of the debt securities upon acceleration under the indenture;
- impair or affect any holder’s right to institute suit for payment;
- impair or affect any holder’s right to repayment; or
- reduce the percentage of principal amount held by holders required to modify other terms of the indenture from 51%. (Section 7.2)

Consolidation, Merger, Sale or Conveyance

We may not merge or consolidate with any other corporation, or sell or convey all or substantially all of our assets to any person, unless:

- we are the surviving corporation, or

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- the successor corporation or the corporation that acquires our assets is incorporated in the United States, executes a supplemental indenture expressly assuming our obligation to make punctual payments of principal of and interest on all of the debt securities, according to the applicable interest rate under each series of debt securities, and expressly assumes all of our other obligations under the indenture.

We also may not merge or consolidate with any other corporation or sell or convey all or substantially all of our assets to any person if, immediately after such merger, consolidation, sale or conveyance, we or the successor corporation, as the case may be, would be in default of performance obligations under any covenant or condition contained in the indenture. (Section 8.1)

Satisfaction and Discharge

Under the indenture (Section 9.1), we may terminate certain of our obligations with respect to any series of debt securities by irrevocably depositing in trust with the trustee, on or within one year prior to the maturity or redemption date of such debt securities, cash sufficient to pay the principal of and interest, if any, due and to become due on such debt securities and any other sums payable to the holders of such debt securities.

Governing Law

The indenture and the debt securities are governed by the laws of the State of New York. (Section 10.8)

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PLAN OF DISTRIBUTION

We may sell the debt securities:

- to or through underwriters or dealers; or
- through agents; or
- directly to one or more purchasers; or
- by a combination of the methods noted above.

The prospectus supplement or the pricing supplement will describe the details of the plan of distribution, including the offering price, our proceeds from the sale, the names of the underwriters, dealers or agents and their commissions, fees or discounts.

In connection with the sale of the debt securities, underwriters, dealers or agents may receive compensation from us or from purchasers in the form of discounts, concessions or commissions. Underwriters, dealers and agents that participate in the distribution of the debt securities may be underwriters as defined in the Securities Act of 1933, as amended (the "Act"). Any discounts or commissions they receive from us and any profits they receive on the resale of the debt securities may be treated as underwriting discounts and commissions under the Act. We will identify any underwriters, dealers or agents and describe their compensation in the prospectus supplement.

We may have agreements with the underwriters and agents to indemnify them against certain civil liabilities, including liabilities under the Act. Underwriters, dealers, and agents may engage in transactions with, or perform services for, us in the ordinary course of business. This includes commercial banking and investment banking transactions. If underwriters are used in the sale, they will acquire the debt securities for their own account. The underwriters may resell the debt securities in one or more transactions, including negotiated transactions. These sales will be made at a fixed public offering price or at varying prices determined at the time of the sale. We may offer the debt securities to the public through an underwriting syndicate or through a single underwriter.

Unless the prospectus supplement states otherwise, the obligations of the underwriters to purchase the debt securities will be subject to certain conditions. The underwriters will be obligated to purchase all of the debt securities of the series offered if any of the debt securities are purchased, unless the prospectus supplement states otherwise. We may change from time to time any initial public offering price and any discounts or concessions allowed, re-allowed or paid to dealers.

If we designate agents to sell the debt securities, they will agree to use their reasonable efforts to solicit purchases pursuant to terms agreed to with the Company.

We may choose to sell the debt securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved.

We may authorize underwriters, dealers or agents to solicit certain investors to purchase debt securities on a delayed delivery basis, which provides for payment and delivery on a specified future date. The prospectus supplement will provide the details of any such arrangement, including the offering price and commissions payable on the solicitations.

EXPERTS

The consolidated financial statements of UGI Utilities, Inc. as of September 30, 2007 and 2006 and for each of the three years in the period ended September 30, 2007 and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of September 30, 2007, incorporated in this Prospectus by reference to UGI Utilities,

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Inc.'s Annual Report on Form 10-K for the year ended September 30, 2007, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

LEGAL OPINION

Morgan, Lewis & Bockius LLP has issued an opinion about the legality of the debt securities on our behalf. Any underwriters will be advised about the legality of the debt securities by their own legal counsel.

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UGI UTILITIES, INC.

424B5 1 d424b5.htm UGI CORPORATION - FORM S-3

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Filed Pursuant to Rule 424(b)(5)
File Number 333-112132

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MARCH 15, 2004

7,500,000 Shares

UGI CORPORATION

Common Stock

We are selling 7,500,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange under the symbol "UGI." The last reported sale price of our common stock on the New York Stock Exchange on March 18, 2004 was $32.10 per share.

The underwriters have an option to purchase a maximum of 1,125,000 additional shares to cover over-allotments of shares.

Investing in our common stock involves risk. See " Risk Factors" beginning on page S-9 of this prospectus supplement.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to UGI Corporation
Per Share	$ 32.10	$ 1.4044	$ 30.6956
Total	$240,750,000	$10,533,000	$230,217,000

Delivery of the shares of common stock will be made on or about March 23, 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

Citigroup

Wachovia Securities

Janney Montgomery Scott LLC

The date of this Prospectus Supplement is March 18, 2004.

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You should rely only on the information contained in, or incorporated by reference into, this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company, our common stock, the financial statements and notes to those statements incorporated herein by reference from our other filings with the Securities and Exchange Commission (the "SEC") and the AGZ Holding financial statements and notes to those statements included herein. We urge you to read the entire prospectus supplement carefully, especially the risks of investing in our common stock, which are discussed under "Risk Factors," before making an investment decision. All references to "we," "our" or "us" in this prospectus supplement refer to UGI Corporation and, where appropriate, its consolidated subsidiaries, unless the context otherwise requires.

Who We Are

UGI Corporation is a distributor and marketer of energy products and services serving nearly 2 million customers principally in North America and Europe through subsidiaries and joint venture affiliates, including:

- AmeriGas Partners, L.P. ("AmeriGas Partners")—the largest retail propane marketer in the United States based on retail volume, distributing more than one billion retail gallons in its fiscal year ended September 30, 2003. As of September 30, 2003, AmeriGas Partners served approximately 1.3 million customers from approximately 650 locations in 46 states. On October 1, 2003, AmeriGas Partners acquired the assets of Horizon Propane LLC. Giving effect to the Horizon Propane acquisition, AmeriGas Partners has over 700 locations. The common units of AmeriGas Partners, representing limited partnership interests in the limited partnership, trade on the New York Stock Exchange under the symbol "APU." We have an effective 48% ownership interest in AmeriGas Partners. The remaining interest is publicly held.
- UGI Utilities, Inc. ("UGI Utilities")—a regulated gas and electric distribution utility serving over 300,000 customers in eastern Pennsylvania as of September 30, 2003. UGI Utilities is regulated by the Pennsylvania Public Utility Commission.
- UGI Enterprises, Inc. ("UGI Enterprises")—a company that conducts domestic and international energy related-businesses through subsidiaries and joint ventures. UGI Enterprises' principal operating business is UGI Energy Services, Inc. ("ESI"), which markets natural gas, oil and electricity in the eastern region of the United States under the trade name GASMARK® and served approximately 5,000 customers as of September 30, 2003. ESI also owns and operates liquefied natural gas and propane plants which are used to meet peak energy needs. UGI Development Company, a subsidiary of ESI, owns interests in and operates Pennsylvania-based electric generation assets. UGI HVAC Enterprises, Inc. operates a heating and cooling installation and service business in the Mid-Atlantic region.

  UGI Enterprises conducts its international liquefied petroleum gases ("LPG") distribution business through wholly-owned subsidiaries and joint ventures. It owns FLAGA GmbH, the largest retail LPG distributor in Austria and one of the largest suppliers in the Czech Republic and Slovakia, distributing approximately 33 million gallons of LPG during the fiscal year ended September 30, 2003. UGI Enterprises also participates in a propane distribution joint venture in China. As discussed more fully below, UGI Enterprises currently holds, through UGI France, Inc., an approximate 19.5% interest in AGZ Holding, a French corporation (*société anonyme*) and the parent holding company of Antargaz, one of the largest distributors of LPG in France. We expect to acquire the remaining approximate 80.5% interest in AGZ Holding in the transaction that is intended to be funded, in part, through this offering.

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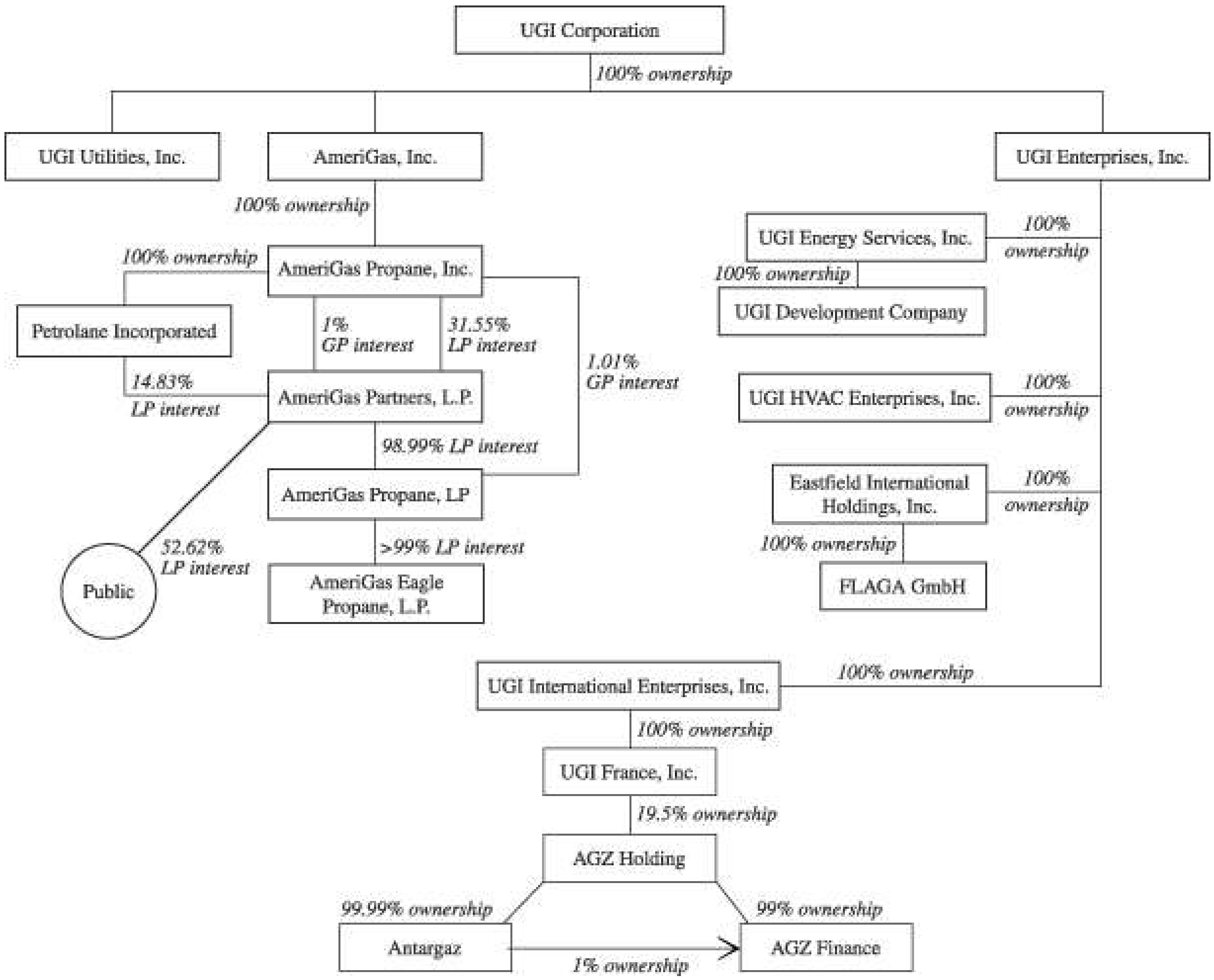
The following chart depicts the current ownership structure of our principal subsidiaries:



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Our Competitive Strengths

We believe that our competitive strengths include the following:

- Operational and managerial expertise in the U.S. and international propane markets and a proven ability to maintain propane margins in warm weather periods.
- An experienced management team with a successful track record of growing the regulated gas utility operations within its service territory.
- A disciplined pursuit of acquisition opportunities focused in the propane and retail energy market sectors.
- A demonstrated ability to integrate acquisitions and achieve operating efficiencies.

Our Business Strategy

In the late 1990s, we undertook an evaluation of our businesses and their prospects. Following that evaluation, we decided to focus on being a distributor and marketer of energy products and services both nationally and internationally.

In pursuing our energy distribution and marketing strategy, we seek to leverage our asset base, our geographic reach and our intellectual capital. We employ our core competencies from our existing businesses, and use our national scope, international experience, extensive asset base, access to customers and operating expertise to accelerate growth in related and complementary businesses, both domestic and international. During fiscal year 2003, we completed a number of transactions in pursuit of this strategy.

We have identified the international LPG distribution business as one area for potential growth. This area is of particular interest to us because (1) through it, we can leverage our substantial intellectual capital and operating expertise in propane distribution, (2) international LPG markets include both mature markets, which meet our need for income, and developing markets, which are consistent with our desire for growth, and (3) we believe this strategy provides greater potential to achieve economies of scale over time.

Our wholly-owned subsidiary, UGI Enterprises, Inc., currently participates in the international LPG distribution business in Austria, the Czech Republic and Slovakia, and through joint ventures in France (through its holdings in AGZ Holding) and China. Our management philosophy in the international LPG distribution business consists of three elements:

- Ensure that each business has strong “in country” expertise to ensure proper regard is given to local cultural and market differences. This “in country” expertise is gained through a strong local management team, board or partner.
- Transfer the best practices of our U.S. propane distribution business to our international LPG distribution businesses.
- Transfer the best practices of our international LPG distribution businesses to our U.S. propane distribution business.

We believe that our intended acquisition of the remaining interests in AGZ Holding is consistent with our focus on the international LPG distribution business and our commitment to remain a superior, balanced growth and income investment for our shareholders.

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Planned Acquisition of Antargaz

We hold, through our indirect, wholly-owned subsidiary, UGI France, Inc., approximately 19.5% of the issued and outstanding shares of the capital stock of AGZ Holding. AGZ Holding owns 99.99% of Antargaz, a French corporation (*société anonyme*), which, through its wholly- and partially-owned subsidiaries, is engaged in the business of marketing, selling and distributing LPG in mainland France and the French island of Corsica. We expect to acquire the ownership interests in AGZ Holding that we do not already own as of April 1, 2004.

Antargaz is one of the four leading distributors of LPG in France. During its fiscal year ended March 31, 2003, Antargaz sold approximately 350 million gallons of LPG and had an approximate 24% market share in France. The French LPG market is mature, with limited future growth expected. Antargaz serves over 220,000 customers using a logistical system that includes five primary storage facilities and 26 secondary storage facilities. Antargaz's customer base consists of residential, commercial, agricultural and motor fuel accounts that use LPG for space heating, cooking, water heating, process heat and transportation. As of September 30, 2003, Antargaz had approximately 1,350 employees.

We expect to realize a number of significant economic and strategic benefits as a result of our planned acquisition of Antargaz. We anticipate that the planned transaction will:

- Contribute to our earnings growth strategy;
- Provide significant financial resources to grow our earnings per share;
- Provide a larger platform for growth in Europe;
- Provide an experienced management team in Europe; and
- Enhance the opportunities for a sharing of best practices.

On February 17, 2004 and February 20, 2004, we executed a share purchase agreement and a joinder agreement, respectively, to effect the acquisition of the ownership interests in AGZ Holding that we do not already own by purchasing, through UGI France, Inc., or another of our wholly-owned subsidiaries, (1) approximately 78.3% of the issued and outstanding capital stock of AGZ Holding, approximately 68.5% of which is currently owned by privately-held, French-based investment funds that are managed by PAI partners, a French corporation (*société par actions simplifiée*) ("PAI"), and approximately 9.8% of which is currently owned by Medit Mediterranea GPL S.r.L., a company organized under the laws of Italy ("Medit"), and (2) approximately 99.99% of the shares of the issued and outstanding capital stock of Financière AGZ, a French corporation (*société par actions simplifiée*) which owns approximately 2.2% of the issued and outstanding capital stock of AGZ Holding. Financière AGZ has nominal assets and conducts no business operations; its shareholders are currently comprised of AGZ Holding, PAI, Medit, UGI France and certain individuals, including officers and managers of AGZ Holding, Antargaz, Antargaz subsidiaries or their affiliates.

In the anticipated transaction, we have agreed to pay approximately €258.5 million ($320.2 million based on an exchange rate of $1.2387 per euro on March 18, 2004), based upon estimates of working capital and pre- and post-closing adjustments, for the ownership interests in AGZ Holding that we do not already own. We expect to fund the purchase price with approximately $100 million of existing cash balances and the proceeds of this offering.

UGI Corporation has made an offer to acquire, upon completion of the transaction, the outstanding 10% Senior Notes due 2011 of AGZ Finance (the "AGZ Notes"), a wholly-owned subsidiary of AGZ Holding, at the purchase price of 101% of the principal amount of the notes tendered plus accrued and unpaid interest thereon and specified additional amounts, if any, as provided for in the trust deed governing the AGZ Notes. Although, at this time, we do not expect significant amounts of AGZ Notes to be tendered in such offer, we have executed agreements with certain affiliates of Credit Suisse First Boston to enable us to finance the purchase of any AGZ Notes tendered pursuant to such offer.

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Under AGZ Holding's senior facilities agreement, dated June 26, 2003, as amended, with Credit Lyonnais as mandated lead arranger, facility agent and security agent, our acquisition of Antargaz will constitute a "change of control" and result in an acceleration of all amounts borrowed and outstanding under such agreement, unless our subsidiary, UGI France, Inc., or any of its affiliates obtains, within six months of the consummation of the acquisition, a corporate rating from Standard & Poor's Ratings Group of at least BBB. AGZ Holding will not be able to make any restricted payments under the senior facilities agreement during such six-month period prior to obtaining such rating. As of December 31, 2003, there were term loans of €211,000,000 outstanding under AGZ Holding's senior facilities agreement. We expect to seek an amendment of the senior facilities agreement to provide that our acquisition of AGZ Holding does not constitute a "change of control" under the agreement.

Additional Information

We were incorporated in Pennsylvania in 1991. UGI Corporation is not subject to regulation by the Pennsylvania Public Utility Commission. We are also exempt from registration as a holding company and not otherwise subject to the Public Utility Holding Company Act of 1935, except for Section 9(a)(2), which regulates the acquisition of voting securities of an electric or gas utility company.

Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-1000. Our website is http://www.ugicorp.com. The information on our website is not incorporated into, and does not constitute a part of, this prospectus supplement.

Recent Events

On January 27, 2004, we announced our intention to increase the annual dividend rate on our common stock to $1.25 per share from $1.14 per share effective with the regularly scheduled July dividend payment, assuming the completion of the anticipated acquisition of the shares in AGZ Holding that we do not already own.

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The Offering

Unless otherwise indicated, all of the information in this prospectus supplement assumes no exercise of any underwriters' over-allotment option to purchase additional shares of common stock from us.

Common stock offered by us	7,500,000 shares
Common stock to be outstanding after the offering	50,278,798 shares
Use of proceeds	To pay the purchase price for the ownership interests that we do not already own in AGZ Holding, the parent holding company of Antargaz. To the extent any proceeds remain after paying such purchase price or we do not complete such transaction, we will use the proceeds for general corporate purposes.
New York Stock Exchange Symbol	UGI
Philadelphia Stock Exchange Symbol	UGI

The number of shares of common stock to be outstanding after this offering is based on 42,778,798 shares outstanding as of December 31, 2003, and excludes:

- 2,950,288 shares of common stock underlying options as of March 1, 2004, at an average option exercise price of $21.877 per share;
- a maximum of 507,854 shares of common stock that may be issued pursuant to grants of phantom units as of March 1, 2004; and
- 2,712,096 shares available for future grants under all equity compensation plans as of March 1, 2004.

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Summary Financial Data

The following data (except pro forma data), insofar as they relate to each of the years in the three-year period ended September 30, 2003, have been derived from our audited annual financial statements, including the consolidated balance sheets at September 30, 2002 and 2003 and the related consolidated statements of operations and cash flows for the three years ended September 30, 2003 and the notes thereto, incorporated herein by reference. The unaudited pro forma income statement data give effect to the acquisition of the ownership interests in AGZ Holding that we do not already own as if the acquisition had been consummated on October 1, 2002. The unaudited pro forma balance sheet data give effect to the acquisition as if it had been consummated on December 31, 2003. The selected unaudited pro forma financial data are not necessarily indicative of operating results or financial position that would have been achieved had the acquisition of the ownership interests in AGZ Holding that we do not already own been consummated and should not be construed as representative of future operating results or financial position. The following data should be read in conjunction with our historical financial statements, and the related notes thereto, which are incorporated herein by reference, the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page P-1, and the historical financial statements and the related notes of AGZ Holding beginning on page F-1.

	Year Ended September 30,				Three Months Ended December 31,		
	2001(a)	2002	2003	2003 Pro Forma (b) (c)	2002	2003	2003 Pro Forma(b)
	(Millions of dollars, except per share amounts)						
Income Statement Data:							
Revenues	$2,468.1	$2,213.7	$3,026.1	$ 3,725.0	$ 739.9	$ 893.7	$ 1,108.0
Income before accounting changes	$ 52.0	$ 75.5	$ 98.9		$ 36.7	$ 38.8	
Cumulative effect of accounting changes (d)	4.5	—	—		—	—	
Net income (e)	$ 56.5	$ 75.5	$ 98.9	$ 119.4	$ 36.7	$ 38.8	$ 57.5
Earnings per common share - basic (c) (f)							
Income before accounting changes	$ 1.28	$ 1.83	$ 2.34		$ 0.88	$ 0.91	
Cumulative effect of accounting changes, net (d)	0.11	—	—		—	—	
Net income - basic	$ 1.39	$ 1.83	$ 2.34	$ 2.40	$ 0.88	$ 0.91	$ 1.14
Earnings per common share - diluted (c) (f)							
Income before accounting changes	$ 1.27	$ 1.80	$ 2.29		$ 0.86	$ 0.88	
Cumulative effect of accounting changes, net (d)	0.11	—	—		—	—	
Net income - diluted (e)	$ 1.38	$ 1.80	$ 2.29	$ 2.35	$ 0.86	$ 0.88	$ 1.12
Cash dividends declared per common share	$ 1.05	$ 1.083	$ 1.13	$ 1.13	$ 0.275	$ 0.285	$ 0.285

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	As of September 30,			As of December 31,		
	2001(a)	2002	2003	2002	2003	2003 Pro Forma (b)
	(Millions of dollars)					
Balance Sheet Data:						
Total assets	$2,550.2	$2,610.9	$2,781.3	$2,870.6	$3,027.0	$ 4,432.7
Capitalization:						
Debt:						
Bank loans - AmeriGas Propane	$ —	$ 10.0	$ —	37.0	36.0	36.0
Bank loans - UGI Utilities	57.8	37.2	40.7	78.3	72.2	72.2
Bank loans - other	10.0	8.6	15.9	11.2	18.1	18.1
Long-term debt (including current maturities):						
AmeriGas Propane	1,005.9	945.8	927.3	1,035.7	926.0	926.0
UGI Utilities	208.4	248.4	217.3	222.3	217.2	217.2
AGZ Holding (g)	—	—	—	—	—	510.6
Other	80.9	81.5	78.9	85.3	83.7	83.7
Total debt	$1,363.0	$1,331.5	$1,280.1	$1,469.8	$1,353.2	$ 1,863.8
Minority interests	246.2	276.0	134.6	122.9	149.8	164.9
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.0	20.0	20.0	20.0	20.0
Common stockholders' equity	255.6	313.8	569.4	503.3	608.6	838.8
Total capitalization	$1,884.8	$1,941.3	$2,004.1	$2,116.0	$2,131.6	$ 2,887.5
Ratio of Capitalization:						
Total debt	72.3%	68.6%	63.9%	69.5%	63.5%	64.5%
Minority interests	13.1%	14.2%	6.7%	5.8%	7.0%	5.7%
UGI Utilities preferred shares subject to mandatory redemption	1.1%	1.0%	1.0%	0.9%	0.9%	0.7%
Common stockholders' equity	13.5%	16.2%	28.4%	23.8%	28.6%	29.1%

(a) Arthur Andersen LLP audited our consolidated financial statements for 2001. You should refer to the final risk factor under "Risk Factors—Risks Related to our Common Stock" on page S-14 of this prospectus supplement.
(b) The pro forma income statement data assume that our acquisition of the ownership interests in AGZ Holding that we do not already own was completed on October 1, 2002 and are based on the average currency exchange rate of $1.19 per euro and $1.08 per euro for the three months ended December 31, 2003 and the fiscal year ended September 30, 2003, respectively. The pro forma balance sheet data assume that the acquisition was completed on December 31, 2003 and are based on a currency exchange rate of $1.26 per euro as of December 31, 2003.
(c) Pro forma net income and earnings per diluted share include (1) the write-down of goodwill related to AGZ Holding's investment in an equity investee of $4.8 million and $0.09, respectively, (2) the after-tax write-off of debt issuance costs of $3.2 million and $0.06, respectively, associated with AGZ Holding's issuance and subsequent refinancing of the AGZ Notes, and (3) the after-tax write-off of an interest rate swap of $4.0 million and $0.08, respectively, associated with AGZ Holding's senior debt redeemed in July 2003.
(d) Includes the cumulative effect of accounting changes associated with (1) AmeriGas Partners' changes in accounting for tank fee revenues and tank installation costs and (2) our adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." See Notes 1 and 15 to our Consolidated Financial Statements, incorporated herein by reference.
(e) Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," was adopted effective October 1, 2001. Net income and net income per diluted share adjusted to reflect the impact of SFAS No. 142 as if it had been adopted at the beginning of the 2001 fiscal year would have been $70.5 million and $1.72, respectively.
(f) Earnings per share for all periods presented reflect the effects of our 3-for-2 common stock split distributed on April 1, 2003 to stockholders of record on February 28, 2003.
(g) Includes €165 million aggregate principal amount of AGZ Notes, reflected at fair market value on December 31, 2003.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, in addition to the other information in this prospectus supplement, before making an investment decision. Each of these risk factors could adversely affect our business, operating results and financial condition, and the value of an investment in our common stock. Generally, each of the following risk factors that relates to our propane operations is also a risk factor that is applicable to Antargaz's LPG operations.

Risks Related to Our Business

Decreases in the demand for our energy products and services because of warmer weather adversely affect our results of operations.

Because many of our customers rely on our energy products and services to heat their homes and businesses, our results of operations are adversely affected by warmer weather. Weather conditions have a significant impact on the demand for our energy products and services for both heating and agricultural purposes. Accordingly, the volume of our energy products sold is at its highest during the five-month peak heating season of November through March and is directly affected by the severity of the winter weather. For example, historically, approximately 55% to 60% of AmeriGas Partners' annual retail propane volume has been sold during these months and approximately 60% of our natural gas throughput (the total volume of gas sold to or transported for customers within our distribution system) occurs during these months. In certain prior years, warmer-than-normal weather in our service territories reduced demand for our energy products and services for heating purposes below normal levels, which had an adverse effect on our operating results. There can be no assurance that normal winter weather in our service territories will occur in the future.

Our holding company structure could limit our ability to pay dividends or debt service.

We are a holding company whose material assets are the stock of our subsidiaries and interests in joint ventures. Accordingly, we conduct all of our operations through our subsidiaries and joint venture affiliates. Our ability to pay dividends on our common stock and to pay principal and accrued interest on our debt, if any, depends on the payment of dividends or distributions to us by our principal operating subsidiaries, AmeriGas Partners, L.P., UGI Utilities, Inc. and UGI Enterprises, Inc. Payments to us by those subsidiaries, in turn, depends upon their results of operations and cash flows and, in the case of AmeriGas Partners, the provisions of its partnership agreement. The operations of those subsidiaries are affected by conditions beyond our control, including weather, competition in markets we serve, the costs and availability of propane, natural gas, electricity and other energy sources and changes in capital market conditions. The ability of our subsidiaries, including AGZ Holding after completion of the proposed acquisition, to make payments to us is also affected by the level of indebtedness of such subsidiaries, which is substantial, and the restrictions on payments to us imposed under the terms of such indebtedness.

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 these market conditions. Consequently, the unit price of the propane that our subsidiaries and other marketers purchase can change rapidly over a short period of time. 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 U.S. storage points such as Mont Belvieu, Texas or Conway, Kansas. Because our subsidiaries' 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. Due to competitive pricing in the propane industry, our subsidiaries may not be able to pass on product cost increases to our customers when product costs rise rapidly,

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or when our competitors do not raise their product prices. In addition, high propane product prices may lead to customer conservation, resulting in reduced demand. Finally, market volatility may cause our subsidiaries to sell propane at less than the price at which they purchased it, which could adversely affect our operating results.

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

Our energy products and services face competition from other energy sources, some of which are less costly for equivalent energy value. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

Our propane business competes for customers against suppliers of electricity, fuel oil and natural gas. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, however, so 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 less expensive source of energy than propane. The gradual expansion of natural gas distribution systems in our service areas has resulted in the availability of natural gas in some areas that previously depended upon propane. As long as natural gas remains a less expensive energy source than propane, our propane business will lose customers in each region into which natural gas distribution systems are expanded. In France, the state-owned natural gas monopoly, Gaz de France, has in the past extended France's natural gas grid.

Our natural gas business competes primarily with electricity and fuel oil, and, to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their comparative price and the relative cost and efficiency of fuel utilization equipment. Electric utilities within the areas served by our natural gas business are seeking new customers, primarily in the new construction market. Fuel oil dealers compete with us for customers in all areas, including industrial customers. There can be no assurance that our natural gas revenues will not be adversely affected by this competition.

Our ability to increase revenues is adversely affected by the maturity of the retail propane industry.

The retail propane industry in the United States is mature, with only modest growth in total demand for the product foreseen. Given this limited growth, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the propane industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the PPX® program (through which consumers can exchange an empty propane grill cylinder for a filled one) and the strategic accounts program (through which we encourage large, multi-location propane users to enter into a supply agreement with us rather than with many small suppliers), 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.

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

Given the mature nature of the U.S. propane market, one of our strategies is to grow through acquisitions in the United States and in international markets. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. There is significant competition for acquisitions in the U.S. propane industry, specifically among publicly-traded master limited partnerships. We believe that there are numerous potential acquisition candidates in the U.S. propane industry, some of which represent acquisition opportunities that would be material to us. We cannot assure you that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that any acquisitions will not be dilutive to earnings or that any additional debt incurred to finance an acquisition will not affect our ability to pay dividends.

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In addition, the restructuring of the energy markets in the United States and internationally, including the privatization of government-owned utilities and the sale of utility-owned assets, is creating opportunities for, and competition from, well-capitalized competitors, which may affect our ability to achieve our business strategy.

To the extent we are successful in making acquisitions, such acquisitions, including the anticipated acquisition of Antargaz, involve a number of risks, including, but not limited to, the assumption of material 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, as well as in the assimilation of broad and geographically dispersed personnel and operations. The failure to successfully integrate acquisitions could have an adverse affect on our business, financial condition and results of operations.

The U.S. propane retail distribution business is highly competitive.

We compete in the U.S. propane retail distribution business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. In recent years, some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution, and we compete with them as well. The ability to compete effectively depends on providing satisfactory customer service, maintaining competitive retail prices and controlling operating expenses.

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

During the year ended September 30, 2003, AmeriGas Partners purchased approximately 79% of its propane needs in the United States from ten 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 market areas, some of AmeriGas Partners' suppliers provide 70% to 80% of its propane requirements. Disruptions in supply in these areas could also have an adverse impact on our earnings. Antargaz is similarly dependent upon its suppliers. Significant amounts of propane must be imported to meet demand in France. There is no assurance that Antargaz will be able to continue to acquire sufficient supplies of propane to meet demand at prices or within time periods that would allow it to remain competitive.

The expansion of our international business means that we will face increased risks, which may negatively affect our business results.

Our intended acquisition of Antargaz will significantly increase our international presence. As we continue to grow as a multi-national corporation, with subsidiaries around the world, we face risks in doing business abroad that we do not face domestically. Certain aspects inherent in transacting business internationally could negatively impact our operating results, including:

- costs and difficulties in staffing and managing international operations;
- regulatory requirements and changes in regulatory requirements, including French and EU competition laws that may adversely affect the terms of contracts with customers, and new environmental requirements that have led to stricter regulations of LPG storage sites in France;
- tariffs and other trade barriers;
- difficulties in enforcing contractual rights;
- longer payment cycles;
- local political and economic conditions;
- potentially adverse tax consequences, including restrictions on repatriating earnings and the threat of "double taxation"; and
- fluctuations in currency exchange rates.

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

Our business' operations and those of Antargaz are subject to all of the operating hazards and risks normally incidental to the handling, storage and delivery of combustible products, such as LPG and natural gas, and the generation of electricity. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. We maintain insurance policies with insurers in such amounts and with such coverages and deductibles as we believe are reasonable and prudent. We cannot assure you, however, that such insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that such levels of insurance will be available in the future at economical prices.

Moreover, our acquisition of the remaining interests in AGZ Holding will expose us to additional litigation risks at Antargaz. Specifically, in connection with its 2001 acquisition of its propane business, AGZ Holding entered into a guarantee agreement with Elf Antar France, now Total France, and Elf Aquitaine pursuant to which Total France and Elf Aquitaine agreed to indemnify AGZ Holding for all payments which would have been due from Antargaz in respect of certain matters, including a business tax related to AGZ Holding's propane tanks for the period from January 1, 1997 through December 31, 2000, and certain potential environmental/safety liabilities. If Total France and Elf Aquitaine were to reject their indemnity obligations or if such obligations were found to be unenforceable, AGZ Holding may not have recourse against any third party with respect to any such liabilities, which, in turn, could have an adverse effect on our ability to receive distributions of cash from AGZ Holding.

If energy conservation and efficiency and technology trends continue to decrease demand for our energy products and services, our revenues will decrease.

Retail customers primarily use our energy products and services for home heating, water heating and cooking purposes. Energy conservation and efficiency measures and advances in heating, conservation and other devices have begun to decrease demand for our energy products. Should that decrease continue, and not be offset by colder weather, our revenues will decrease. Additionally, new technologies and alternative sources of energy may be developed that could negatively affect the competitiveness of our operating subsidiaries and therefore, our revenues.

We may be unable to respond effectively to competition, which may adversely affect our operating results.

We may be unable to timely respond to changes within the energy and utility sectors that may result from regulatory initiatives to further increase competition within our industry. Such regulatory initiatives may create opportunities for additional competitors to enter our markets, and, as a result, we may be unable to maintain our revenues or continue to pursue our current business strategy.

The loss of key personnel would have an adverse effect on our business, financial results and results of operations.

Our continued success is dependent upon the efforts and abilities of our executive officers and other key employees and our ability to continue to attract, motivate and retain highly-qualified personnel. Our ability to effectively integrate acquired businesses, including Antargaz, will also depend on the efforts and abilities of the officers or key employees we retain in those acquisitions. The loss of key personnel or the failure to attract and motivate key personnel could have an adverse effect on our business, financial condition and results of operations.

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

We are subject to extensive and changing international, federal, state and local safety, health, transportation and environmental laws and regulations governing the storage, distribution and transportation of our energy products.

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New regulations, or a change in the interpretation of existing regulations, could result in increased expenditures. For example, the explosion at Grande Pariosse S.A.'s chemical factory in Toulouse, France in September 2001 gave rise to new regulations relating to the safety risks of operations such as Antargaz's, which involve the storage of large amounts of flammable substances. In addition, for many of our operations, we are required to obtain permits from regulatory authorities. Failure to comply with these permits or applicable laws could result in civil and criminal fines or the cessation of the operations in violation.

We are investigating and remediating contamination at a number of present and former operating sites in the United States, including former sites where we or our former subsidiaries operated manufactured gas plants. We have also received claims from third parties that allege that we are responsible for costs to clean up properties where we or our former subsidiaries operated a manufactured gas plant or conducted other operations. Costs we incur to remediate sites outside of Pennsylvania cannot be recovered in future utility rate proceedings, and insurance may not cover all or even part of these costs. Our actual costs to clean up these sites may exceed our current estimates due to factors beyond our control, such as:

- the discovery of presently unknown conditions;
- changes in environmental laws and regulations;
- judicial rejection of our legal defenses to the third-party claims; or
- the insolvency of other responsible parties at the sites at which we are involved.

In addition, if we discover additional contaminated sites, we could be required to incur material costs, which would reduce our net income.

Under certain conditions, if the credit rating of UGI Utilities' long-term debt is downgraded, FLAGA's lenders may accelerate repayment of FLAGA's debt, which could adversely affect our ability to pay dividends on our common stock.

FLAGA has a €15 million working capital loan commitment from a European bank expiring in November 2004. As of December 31, 2003, borrowings under this working capital facility totaled €14.4 million ($18.1 million U.S. dollar equivalent). We guarantee the debt issued under this agreement, as well as $78.0 million of acquisition and special purpose debt of FLAGA. In the event that the credit rating of UGI Utilities' long-term debt is downgraded from A3 to Baa2 by Moody's Investors Service and from BBB+ to BBB by Standard & Poor's, FLAGA's lenders may accelerate the repayment of this debt, which could require us to refinance FLAGA's debt immediately. On January 29, 2004, Standard & Poor's Ratings Services placed its BBB+ corporate credit and other ratings on UGI Utilities on CreditWatch with negative implications. If we were unable to refinance the debt, we could be unable to pay dividends on our common stock.

Current economic and political conditions may harm our business.

U.S. and international economic conditions and the effects of ongoing military actions against terrorists may cause significant disruptions to commerce throughout the world. To the extent that such conditions and disruptions result in delays or cancellations of customer orders, impair our ability to effectively market our energy products or services or acquire our sources of supply for our energy products, or cause or prolong an economic recession, we would have lower consolidated revenues, and, therefore, lower consolidated net income. In addition, our ability to raise capital for acquisitions, capital expenditures and ongoing operations is dependent upon ready access to capital markets. During times of adverse economic and political conditions, investor confidence in and accessibility to capital markets could decrease. If capital markets are not available to us over an extended period of time, we could be unable to make acquisitions, refinance debt, invest in capital expenditures and fund operations.

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Risks Related to Our Common Stock

The price of our securities may be affected by the general perception of the energy and utility sectors of the economy.

Events, such as the blackout in parts of the United States on August 14, 2003, those involving Enron Corporation, political unrest in oil-producing countries and the energy crisis in California, could adversely affect investors' perceptions of the energy and utility sectors. A negative perception of our industry by investors could adversely affect the equity prices of companies within the energy and utility sectors. We cannot predict what news or events might affect the perceptions of investors in our industry or how such news or events might affect the market price of our common stock, but fluctuations in the market price of our common stock could be severe and any effects could be long-term.

Your ability to seek potential recoveries from our former independent public accountants, Arthur Andersen LLP, is limited.

Arthur Andersen LLP audited our financial statements and schedules as of and for the year ended September 30, 2001, which are incorporated by reference into this prospectus supplement. Arthur Andersen LLP has not reissued their report on our financial statements in this prospectus supplement, and we have relied on Rule 437a under the Securities Act in filing this registration statement without such a consent. On June 15, 2002, Arthur Andersen LLP was convicted of obstruction of justice by a federal jury in Houston, Texas in connection with Arthur Andersen LLP's work for Enron Corporation. On September 15, 2002, a federal judge upheld this conviction. Arthur Andersen LLP ceased its audit practice before the SEC on August 31, 2002. In May 2002, we terminated our engagement of Arthur Andersen LLP as our independent accountants and engaged PricewaterhouseCoopers LLP to serve as our independent accountants for the fiscal year ending September 30, 2002. Because Arthur Andersen has not consented to the incorporation by reference of their reports on our financial statements in this prospectus and because of the circumstances affecting Arthur Andersen LLP, as a practical matter, it may not be able to satisfy any claims arising from the provision of auditing services to us, including claims you may have that are available to securities holders under federal and state securities law.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus supplement, including the information incorporated by reference into this prospectus supplement, includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act as enacted by the Private Securities Litigation Reform Act of 1995. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," 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 the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements:

- adverse weather conditions resulting in reduced demand;
- price volatility and availability of propane, fuel oil, electricity and natural gas and the capacity to transport them to our market areas;
- changes in laws and regulations, including safety, tax, competition, environmental and accounting matters;
- competitive pressures from the same and alternative energy sources;
- failure to acquire new customers, thereby reducing or limiting any increase in revenues;
- liability for environmental claims;
- customer conservation measures and improvements in energy efficiency and technology resulting in reduced demand;
- adverse labor relations;
- large customer, counterparty or supplier defaults;
- liability for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and propane, including liability in excess of insurance coverage;
- political, regulatory and economic conditions in the United States and in foreign countries;
- interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations;
- reduced distributions or dividends from subsidiaries;
- the timing of the completion of our proposed acquisition of the ownership interests that we do not already own in AGZ Holding; and
- the timing and success of our efforts to develop new business opportunities.

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 federal securities laws.

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USE OF PROCEEDS

Our net proceeds from the sale of the 7,500,000 shares of common stock will be approximately $229.1 million, or approximately $263.6 million if the underwriters exercise their over-allotment option in full, based on a price to the public of $32.10 per share and after deducting the underwriting discount and the estimated offering expenses payable by us.

We intend to use all of the net proceeds from this offering to acquire the ownership interests in AGZ Holding, the parent holding company of Antargaz, that we do not already own. You should refer to the section in this prospectus supplement entitled "Who We Are — Planned Acquisition of Antargaz," for a description of that transaction. To the extent any proceeds remain after paying the purchase price for the ownership interests in AGZ Holding that we do not already own or such transaction is not completed, we will use the proceeds for general corporate purposes.

DIVIDEND POLICY

We paid quarterly dividends on our common stock as set forth in the following table. On January 27, 2004, we announced our intention to increase the annual dividend rate on our common stock to $1.25 per share from $1.14 per share effective with the regularly scheduled July dividend payment, assuming the completion of the anticipated acquisition of the shares in AGZ Holding that we do not already own.

	Amount*
2004 Fiscal Year	
Second Quarter	$ 0.285
First Quarter	0.285
2003 Fiscal Year	
Fourth Quarter	$ 0.285
Third Quarter	0.285
Second Quarter	0.275
First Quarter	0.275
2002 Fiscal Year	
Fourth Quarter	$ 0.275
Third Quarter	0.267
Second Quarter	0.267
First Quarter	0.267

* On January 28, 2003, our Board of Directors approved a 3-for-2 split of our common stock, effective April 1, 2003. Dividends paid are reflected on a post-split basis.

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PRICE RANGE OF OUR COMMON STOCK

Our common stock is traded on the New York and Philadelphia stock exchanges under the symbol "UGI." The following table sets forth, for the periods indicated, the high and low sales prices for our common stock on The New York Stock Exchange Composite Transactions tape as reported in The Wall Street Journal.

	High*	Low*
2004 Fiscal Year		
Second Quarter (through March 18, 2004)	$34.35	$31.40
First Quarter	34.20	28.85
2003 Fiscal Year		
Fourth Quarter	$33.45	$28.86
Third Quarter	35.05	29.00
Second Quarter	30.57	24.93
First Quarter	26.99	23.27
2002 Fiscal Year		
Fourth Quarter	$24.51	$17.11
Third Quarter	22.14	19.60
Second Quarter	20.99	18.06
First Quarter	21.02	17.79

* On January 28, 2003, our Board of Directors approved a 3-for-2 split of our common stock, effective April 1, 2003. Sales prices for the periods presented are reflected on a post-split basis.

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CAPITALIZATION

The following table shows our capitalization as of December 31, 2003, (i) on an actual basis and (ii) on a pro forma and as adjusted basis giving effect to the consummation of the acquisition of the ownership interests in AGZ Holding that we do not already own and the sale of 7,500,000 shares of our common stock in this offering (assuming no exercise of the underwriters' over-allotment option). You should read this table in conjunction with our financial statements and the notes to those financial statements incorporated by reference into this prospectus supplement and the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page P-1.

	December 31, 2003	
	Actual	Pro Forma and As Adjusted
	(in millions)	
Cash, cash equivalents and short-term investments (a)	$ 193.5	$ 157.0
Total debt	$1,353.2	$1,863.8(b)
Minority interests	$ 149.8	$ 164.9
UGI Utilities preferred shares subject to mandatory redemption, without par value	$ 20.0	$ 20.0
Total common stockholders' equity		
Common Stock, without par value; 150,000,000 shares authorized; 42,778,798 outstanding as of December 31, 2003; and 50,278,798 outstanding as adjusted	$ 582.9	$ 813.1
Retained earnings	117.5	117.5
Accumulated other comprehensive income	15.6	15.6
Notes receivable from employees	(0.4)	(0.4)
Less treasury stock, at cost	(107.0)	(107.0)
Total common stockholders' equity	608.6	838.8
Total capitalization	$2,131.6	$2,887.5

(a) $23.3 million of which is held by AmeriGas Partners, L.P., which currently makes distributions pursuant to the terms of its partnership agreement.
(b) Includes €165 million aggregate principal amount of AGZ Notes, reflected at fair market value on December 31, 2003.

The number of shares of common stock to be outstanding after this offering is based on 42,778,798 shares outstanding as of December 31, 2003, and excludes:

- 2,950,288 shares of common stock underlying options as of March 1, 2004, at an average option exercise price of $21.877 per share;
- a maximum of 507,854 shares of common stock that may be issued pursuant to grants of phantom units as of March 1, 2004; and
- 2,712,096 shares available for future grants under all equity compensation plans as of March 1, 2004.

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CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS

This discussion describes the material United States federal income and estate tax consequences of the ownership and disposition of shares of our common stock by a non-U.S. holder. When we refer to a non-U.S. holder, we mean a beneficial owner of our common stock that, for U.S. federal income tax purposes, is other than:

- a citizen or resident of the United States;
- a corporation (including for this purpose any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that is subject to the primary supervision of a U.S. court and to the control of one or more U.S. persons, or that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including for this purpose any other entity, either organized within or without the United States, treated as a partnership for U.S. federal income tax purposes) holds the shares, the tax treatment of a partner as a beneficial owner of the shares generally will depend upon the status of the partner and the activities of the partnership. Foreign partnerships also generally are subject to special U.S. tax documentation requirements.

This discussion does not consider the specific facts and circumstances that may be relevant to a particular non-U.S. holder and does not address the treatment of a non-U.S. holder under the laws of any state, local or foreign taxing jurisdiction. This section is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing and proposed regulations, and administrative and judicial interpretations, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. You should consult a tax advisor regarding the U.S. federal tax consequences of acquiring, holding and disposing of our common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

Dividends

We pay dividends with respect to our common stock. Dividends paid to a non-U.S. holder, except as described below, are subject to withholding of U.S. federal income tax at a 30% rate or at a lower rate if the holder is eligible for the benefits of an income tax treaty that provides for a lower rate (and you have furnished to us a valid Internal Revenue Service Form W-8BEN or an acceptable substitute form).

If dividends paid to a non-U.S. holder are “effectively connected” with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that the non-U.S. holder maintains in the United States, we generally are not required to withhold tax from the dividends, provided that the non-U.S. holder has furnished to us a valid Internal Revenue Service Form W-8ECI or an acceptable substitute form. Instead, “effectively connected” dividends are taxed at rates applicable to United States persons. If a non-U.S. holder is a corporation, “effectively connected” dividends that it receives may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or at a lower rate if the holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

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Gain on Disposition of Common Stock

Non-U.S. holders generally will not be subject to United States federal income tax on gain that they recognize on a disposition of our common stock unless:

- the holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met;
- such gain is effectively connected with the holder's conduct of a trade or business within the United States and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the holder;
- the holder is subject to the Code provisions applicable to certain U.S. expatriates; or
- we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes and, assuming that our common stock is deemed to be "regularly traded on an established securities market," the holder held, directly or indirectly at any time during the five-year period ending on the date of disposition or such shorter period that such shares were held, more than five percent of our common stock. We have not been, are not and do not anticipate becoming, a United States real property holding corporation for United States federal income tax purposes.

Federal Estate Taxes

If our common stock is held by a non-U.S. holder at the time of death, such stock will be included in the holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements will not apply to dividends paid on our common stock to a non-U.S. holder, provided the non-U.S. holder provides a valid Internal Revenue Service Form W-8BEN (or satisfies certain documentary evidence requirements for establishing that such holder is a non-U.S. person) or otherwise establishes an exemption. Information reporting and backup withholding also generally will not apply to a payment of the proceeds of a sale of common stock effected outside the United States by a foreign office of a foreign broker.

However, a sale of our common stock will be subject to information reporting if it is effected at a foreign office of a broker that is:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year one or more of its partners are "U.S. persons," as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or such foreign partnership is engaged in the conduct of a U.S. trade or business;

unless the documentation requirements described above are met or you otherwise establish an exemption and the broker does not have actual knowledge or reason to know that you are a United States person. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that the holder is a U.S. person.

A non-U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed its income tax liability by filing a refund claim with the Internal Revenue Service.

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UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated March 18, 2004, we have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston (Europe) Limited is acting as representative, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse First Boston (Europe) Limited	4,500,000
Citigroup Global Markets Inc.	1,875,000
Wachovia Capital Markets, LLC	750,000
Janney Montgomery Scott LLC	375,000
Total	7,500,000

Credit Suisse First Boston (Europe) Limited will make offers and sales in the United States through Credit Suisse First Boston LLC, which is acting as selling agent for Credit Suisse First Boston (Europe) Limited.

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 1,125,000 additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $0.8426 per share. The underwriters and selling group members may allow a discount of $0.100 per share on sales to other broker/dealers. After the initial public offering the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions paid by us	$1.4044	$1.4044	$10,533,000	$12,112,950
Expenses payable by us	$0.1467	$0.1275	$ 1,100,000	$ 1,100,000

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse First Boston (Europe) Limited for a period of 90 days after the date of this prospectus supplement (other than shares of our common stock or options to acquire shares of our common stock issued pursuant to our equity compensation and savings plans, shares of our common stock issued pursuant to our dividend reinvestment plan, shares of our common stock issued in connection with options or warrants outstanding as of the date of this prospectus supplement or shares of our common stock issued as consideration for any acquisition).

Our executive officers have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences

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of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse First Boston (Europe) Limited for a period of 45 days after the date of this prospectus supplement.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or to contribute to payments which the underwriters may be required to make in that respect.

Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange under the symbol "UGI".

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

In the ordinary course of business, certain of the underwriters and their affiliates have provided and may in the future provide financial advisory, investment banking and general financing and banking services for us and our affiliates for customary fees.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. In addition, we maintain a website at http://www.ugicorp.com and make available free of charge on this website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website, other than the documents incorporated by reference into this prospectus supplement pursuant to the section entitled "Incorporation of Certain Documents By Reference" below, is not incorporated into, and does not constitute a part of, this prospectus supplement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. Statements made in this prospectus supplement as to the contents of any contract, agreement or other documents are not necessarily complete, and, in each instance, we refer you to a copy of such document filed as an exhibit to the registration statement, of which this prospectus supplement is a part, or otherwise filed with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement. When we file information with the SEC in the future, that information will automatically update and supersede this information. We incorporate by reference herein our documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the shares of common stock that we have registered are sold (other than Current Reports on Form 8-K containing disclosure furnished under Item 9 or Item 12 of Form 8-K and exhibits relating to such disclosures, unless otherwise specifically stated in any such Current Report or Form 8-K):

- our annual report on Form 10-K for the fiscal year ended September 30, 2003, filed on December 23, 2003, except to the extent superseded by the current report on Form 8-K filed on March 11, 2004;
- our quarterly report on Form 10-Q for the fiscal quarter ended December 31, 2003, filed on February 13, 2004;
- our current report on Form 8-K filed on March 11, 2004; and
- the description of our common stock contained in our registration statement on Form 8-B, dated March 23, 1992, as amended by Amendment No. 1 to Form 8-B, dated April 10, 1992, and on Form 8-A, dated June 24, 1996, and any amendments or reports filed after the date hereof for the purpose of updating such description.

We will provide, upon written or oral request, to each person to whom a prospectus supplement is delivered, a copy of any or all of the information that has been incorporated by reference into the prospectus supplement but not delivered with the prospectus supplement. You may request a copy of these filings, at no cost, by writing us at UGI Corporation, 460 North Gulph Road, King of Prussia, Pennsylvania 19406, Attention: Vice President and Treasurer. Our telephone number is (610) 337-1000.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Morgan, Lewis & Bockius LLP. The underwriters have been represented by Cravath, Swaine & Moore LLP, New York, N.Y.

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EXPERTS

The audited consolidated financial statements incorporated into this prospectus supplement by reference to the current report on Form 8-K dated March 11, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of AGZ Holding at March 31, 2003 and for the year then ended, appearing in this prospectus supplement have been audited by PricewaterhouseCoopers Audit and Barbier Frinault & Autres, Ernst & Young, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firms as experts in accounting and auditing.

The audited consolidated financial statements and schedules for the period ended September 30, 2001, which are incorporated by reference in this prospectus supplement, were audited by Arthur Andersen LLP, our former independent accountants, as indicated in their reports with respect thereto. Copies of such reports are incorporated by reference herein, but Arthur Andersen LLP has not reissued such reports or consents to the incorporation of such reports into this prospectus supplement and has ceased operations.

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UGI CORPORATION

INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The Unaudited Pro Forma Condensed Combined Financial Statements of UGI Corporation ("UGI") give effect to the proposed acquisition of the outstanding shares not already owned by our indirect, wholly-owned subsidiary, UGI France, Inc., of AGZ Holding ("AGZ"), which owns 99.99% of Antargaz, a French corporation (*société anonyme*). Prior to the acquisition of the outstanding shares not already owned by UGI, AGZ is owned by PAI partners, a French corporation, Medit Mediterranea, GPL S.r.L, an Italian company, certain officers and managers of AGZ, and UGI France, Inc. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. The Unaudited Pro Forma Condensed Combined Financial Statements do not purport to represent what the results of operations or financial position of UGI would have been if the purchase transaction had occurred on the dates indicated below, nor do they purport to project the results of operations or financial position of UGI for any future period or as of any future date. The Unaudited Pro Forma Condensed Combined Financial Statements reflect net cash proceeds to UGI, before deducting the estimated offering expenses payable by us, from the issuance of 7.5 million shares of common stock of $230.2 million (assuming no exercise of the underwriters' over-allotment option).

The Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 2003 was prepared by combining the unaudited condensed consolidated balance sheet of UGI and the unaudited consolidated balance sheet of AGZ as of December 31, 2003, giving effect to the acquisition of AGZ as though it had been completed on December 31, 2003. The Unaudited Pro Forma Condensed Combined Statement of Income for the three months ended December 31, 2003 was prepared by combining UGI's unaudited consolidated statement of income for the three months ended December 31, 2003 with AGZ's unaudited consolidated statement of income for the three months ended December 31, 2003 to give effect to the acquisition of AGZ as though it had occurred on October 1, 2002. The Unaudited Pro Forma Condensed Combined Statement of Income for the year ended September 30, 2003 was prepared by combining UGI's audited consolidated statement of income for the year ended September 30, 2003 with AGZ's unaudited consolidated statement of income for the twelve months ended September 30, 2003 to give effect to the acquisition of AGZ as though it had occurred on October 1, 2002. The historical AGZ unaudited consolidated financial statements are presented in accordance with accounting principles generally accepted in France ("French GAAP"). Euro balances were translated to U.S. dollars at the exchange rate of $1.26 per euro at December 31, 2003 for the consolidated balance sheet amounts and at the average exchange rates of $1.19 per euro for the consolidated statement of income for the three months ended December 31, 2003 and $1.08 per euro for the consolidated statement of income for the twelve months ended September 30, 2003. Separate adjustments are reflected to (1) convert AGZ consolidated balance sheet and consolidated statement of income amounts from French GAAP to accounting principles generally accepted in the United States ("U.S. GAAP"), (2) reclassify certain amounts in the AGZ consolidated balance sheet and consolidated statement of income to conform to UGI financial statement presentation, and (3) record pro forma purchase accounting adjustments.

The revaluation of AGZ's identifiable assets acquired and liabilities assumed, representing the portion not already owned by UGI, is based on a preliminary valuation based upon currently available information and is subject to final adjustments. Accordingly, the actual adjustments to be recorded in connection with the final purchase price allocation may differ from the pro forma adjustments reflected in the Unaudited Pro Forma Condensed Combined Financial Statements, and any such differences may be material. The historical amounts of UGI as of and for the three months ended December 31, 2003 are derived from unaudited consolidated financial statements included in the Form 10-Q filed by UGI on February 13, 2004 with the SEC. The historical amounts of UGI for the fiscal year ended September 30, 2003 are derived from audited consolidated financial statements included in the Form 8-K filed by UGI on March 11, 2004 with the SEC. AGZ's historical unaudited consolidated balance sheet as of December 31, 2003 was derived from unaudited consolidated financial statements included elsewhere herein. The unaudited consolidated statement of income of AGZ for the three

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months ended December 31, 2003 was derived from unaudited consolidated financial statements. The unaudited consolidated statement of income of AGZ for the twelve months ended September 30, 2003 was derived by excluding the unaudited statement of income for the six months ended September 30, 2002 from the audited consolidated statement of income for the year ended March 31, 2003 and including the unaudited statement of income for the six months ended September 30, 2003. The statements of income, reported in euros, were translated to U.S. dollars using the average exchange rate of $1.08 per euro.

You should read the Unaudited Pro Forma Condensed Combined Financial Statements along with UGI's consolidated financial statements and accompanying notes included in its prior SEC filings and the historical financial statements and the related notes of AGZ Holding included herein.

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UGI CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of December 31, 2003
(Millions of dollars)

	Historical UGI Corporation (2)	Historical AGZ Holding (3)	French GAAP to U.S. GAAP Adjustments (4)	Pro Forma Adjustments (5)	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 143.6	$ 13.8	$ —	$ (102.1)(12)	$ 55.3
Short-term investments (at cost, which approximates fair value)	49.9	51.8	—	—	101.7
Accounts receivable	361.1	162.6	—	—	523.7
Accrued utility revenues	30.6	—	—	—	30.6
Inventories	148.6	24.8	—	—	173.4
Deferred income taxes	18.8	—	—	—	18.8
Prepaid expenses and other current assets	39.8	32.1	—	—	71.9
Total current assets	792.4	285.1	—	(102.1)	975.4
Property, plant and equipment, net	1,360.3	231.1	—	317.4(13)	1,908.8
Goodwill and excess reorganization value	679.8	423.2	44.4(6)	92.8(14)	1,217.6
			(22.6)(6)		
Intangible assets	36.3	61.7	(23.6)(7)	19.0(15)	149.0
			55.6(7)		
Utility regulatory assets	61.3	—	—	—	61.3
Other assets	96.9	53.7	—	(30.0)(16)	120.6
Total assets	$ 3,027.0	$ 1,054.8	$ 53.8	$ 297.1	$ 4,432.7
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 65.3	$ —	$ —	$ —	$ 65.3
Current maturities of UGI Utilities preferred shares subject to mandatory redemption	1.0	—	—	—	1.0
AmeriGas Propane bank loans	36.0	—	—	—	36.0
UGI Utilities bank loans	72.2	—	—	—	72.2
Other bank loans	18.1	—	—	—	18.1
Accounts payable	327.2	157.5	—	—	484.7
Deferred income taxes	—	19.3	—	—	19.3
Other current liabilities	230.0	—	9.6(8)	—	241.3
			1.7(9)		
Total current liabilities	749.8	176.8	11.3	—	937.9
Long-term debt	1,161.6	496.8	(9.6)(8)	23.4(17)	1,672.2
Deferred income taxes	230.9	—	33.0(10)	111.1(18)	375.0
UGI Utilities preferred shares subject to mandatory redemption	19.0	—	—	—	19.0
Other noncurrent liabilities	107.3	319.3	(1.7)(9)	—	424.9
Total liabilities	2,268.6	992.9	33.0	134.5	3,429.0
Commitments and contingencies					
Minority interests	149.8	15.1	—	—	164.9
Common stockholders' equity:					
Common Stock, without par value	582.9	44.2	—	186.0(19)	813.1
Retained earnings	117.5	2.6	20.8(11)	(23.4)(20)	117.5
Accumulated other comprehensive income	15.6	—	—	—	15.6
Notes receivable from employees	(0.4)	—	—	—	(0.4)
	715.6	46.8	20.8	162.6	945.8
Treasury stock, at cost	(107.0)	—	—	—	(107.0)
Total common stockholders' equity	608.6	46.8	20.8	162.6	838.8

Total liabilities and stockholders' equity	$ 3,027.0	$ 1,054.8	$ 53.8	$ 297.1	$ 4,432.7

See accompanying notes to unaudited pro forma condensed combined financial statements.

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UGI CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

Three Months Ended December 31, 2003
(Millions, except per share amounts)

	Historical UGI Corporation (2)	Historical AGZ Holding (3)	French GAAP to U.S. GAAP Adjustments (4)	French GAAP to U.S. GAAP Reclassi-fications (4)	Pro Forma Adjustments (5)	Pro Forma Combined
Revenues	$ 893.7	$ 214.3	$ —	$ —	$ —	$1,108.0
Costs and expenses:						
Cost of sales	596.9	92.9	—	—	—	689.8
Operating and administrative expenses	163.3	65.3	—	2.1(24)	—	230.7
Utility taxes other than income taxes	3.1	—	—	—	—	3.1
Depreciation and amortization	27.5	17.4	2.0 (21)	(2.1)(24)	(6.8)(25)	38.0
Amortization of goodwill	—	5.8	(5.8)(22)	—	—	—
Other (income) expense, net	(5.4)	0.5	—	—	—	(4.9)
	785.4	181.9	(3.8)	—	(6.8)	956.7
Operating income	108.3	32.4	3.8	—	6.8	151.3
Income (loss) from equity investees	4.2	(0.5)	—	—	(4.2)(26)	(0.5)
Interest (expense) income	(26.7)	(7.4)	—		0.1 (27)	(34.0)
Minority interests	(22.7)	1.0	—	—	(0.8)(28)	(22.5)
Income before income taxes	63.1	25.5	3.8	—	1.9	94.3
Income tax (expense) benefit	(24.3)	(11.3)	0.7 (23)	—	(1.9)(29)	(36.8)
Net income	$ 38.8	$ 14.2	$ 4.5	$ —	$ —	$ 57.5
Earnings per share:						
Basic	$ 0.91					$ 1.14
Diluted	$ 0.88					$ 1.12
Average common shares outstanding (millions):						
Basic	42.839				7.500(30)	50.339
Diluted	43.947				7.500(30)	51.447

See accompanying notes to unaudited pro forma condensed combined financial statements.

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UGI CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
Year Ended September 30, 2003
(Millions, except per share amounts)

	Historical UGI Corporation (2)	Historical AGZ Holding (3)	French GAAP to U.S. GAAP Adjustments (4)	French GAAP to U.S. GAAP Reclassifications (4)	Pro Forma Adjustments (5)	Pro Forma Combined
Revenues	$ 3,026.1	$ 698.9	$ —	$ —	$ —	$3,725.0
Costs and expenses:						
Cost of sales	1,984.3	335.1	—	—	—	2,319.4
Operating and administrative expenses	643.3	228.9	—	7.4(24)	—	879.6
Utility taxes other than income taxes	13.0	—	—	—	—	13.0
Depreciation and amortization	103.0	71.8	7.4(21)	(14.3)(24)	(26.5)(25)	141.4
Amortization of goodwill	—	25.8	(21.0)(22)	—	—	4.8
Other income, net	(19.8)	(4.8)	—	—	—	(24.6)
	2,723.8	656.8	(13.6)	(6.9)	(26.5)	3,333.6
Operating income	302.3	42.1	13.6	6.9	26.5	391.4
Income (loss) from equity investees	5.3	(2.0)	—	—	(5.9)(26)	(2.6)
Loss on extinguishments of debt	(3.0)	—	—	—	—	(3.0)
Interest (expense) income	(109.2)	(37.9)	—	(6.9)(24)	0.5(27)	(153.5)
Minority interests	(34.6)	4.2	—	—	(3.2)(28)	(33.6)
Income before income taxes and subsidiary preferred stock dividends	160.8	6.4	13.6	—	17.9	198.7
Income tax (expense) benefit	(60.7)	(11.1)	2.6(23)	—	(8.9)(29)	(78.1)
Dividends on UGI Utilities preferred shares subject to mandatory redemption	(1.2)	—	—	—	—	(1.2)
Net income (loss)	$ 98.9	$ (4.7)	$ 16.2	$ —	$ 9.0	$ 119.4
Earnings per share:						
Basic	$ 2.34					$ 2.40
Diluted	$ 2.29					$ 2.35
Average common shares outstanding (millions):						
Basic	42.220				7.500(30)	49.720
Diluted	43.236				7.500(30)	50.736

See accompanying notes to unaudited pro forma condensed combined financial statements.

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UGI CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Millions of dollars)

1. UGI and its wholly owned subsidiary UGI France, Inc. have executed a share purchase agreement and a joinder agreement to effect the acquisition of the outstanding shares of AGZ that UGI France, Inc. does not already own in a cash purchase transaction pursuant to the terms of said share purchase agreements. The purchase price for the outstanding shares owned by other parties is approximately €258.5 million based upon estimates of working capital and pre- and post-closing adjustments. Based upon the currency exchange rate of $1.26 per euro at December 31, 2003, the purchase price would have translated to approximately $325.7 million in cash.

   The preliminary allocation of the purchase price (including estimated transaction fees and expenses) to the assets acquired and liabilities assumed, representing a revaluation of the portion not already owned by UGI, in the Unaudited Pro Forma Condensed Combined Balance Sheet at December 31, 2003, is as follows:

	Book Value of Assets Acquired (Liabilities Assumed)*	Preliminary Purchase Price Allocation	Preliminary Fair Value
Cash and cash equivalents	$ 11.1	$ —	$ 11.1
Short-term investments	41.7	—	41.7
Accounts receivable	130.9	—	130.9
Inventories	20.0	—	20.0
Prepaid and other current assets	25.8	—	25.8
Property, plant and equipment	186.0	317.4	503.4
Goodwill	358.3	76.0	434.3
Intangible assets	75.5	19.0	94.5
Other assets	43.2	—	43.2
Accounts payable	(126.8)	—	(126.8)
Deferred income taxes	(15.5)	—	(15.5)
Other current liabilities	(7.7)	—	(7.7)
Long-term debt	(392.2)	(23.4)	(415.6)
Deferred income taxes	(26.6)	(111.1)	(137.7)
Noncurrent liabilities	(257.1)	—	(257.1)
Minority interest	(12.2)	—	(12.2)
	$ 54.4	$ 277.9	$ 332.3

* Represents 80.5% of the book value of AGZ as of December 31, 2003

   The Unaudited Pro Forma Condensed Combined Financial Statements are not necessarily indicative of the operating results or financial position that would have occurred had the acquisition been completed as of the dates indicated, nor are they necessarily indicative of future operating results or financial position. The purchase accounting adjustments made in connection with the Unaudited Pro Forma Condensed Combined Financial Statements are based on a preliminary valuation that has been made solely for purposes of developing the pro forma financial information and is based upon currently available information. Such valuation is subject to final adjustments. Accordingly, the actual adjustments to be recorded in connection with the final purchase price allocation may differ from the pro forma adjustments reflected in the Unaudited Pro Forma Condensed Combined Financial Statements, and any such differences may be material.

2. These columns represent UGI's historical consolidated financial statements. The unaudited consolidated financial statements as of and for the three months ended December 31, 2003 are derived from the unaudited

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UGI CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS—(Continued)

(Millions of dollars)

consolidated financial statements included in the Form 10-Q filed by UGI on February 13, 2004 with the SEC. The audited consolidated statement of income for the year ended September 30, 2003 is derived from audited consolidated financial statements included in the Form 8-K filed by UGI on March 11, 2004 with the SEC.

3. These columns represent AGZ's historical unaudited consolidated financial statements. The consolidated balance sheet as of December 31, 2003 was derived from unaudited consolidated financial statements. The balance sheet, reported in euros, was translated to U.S. dollars at the exchange rate of $1.26 per euro at December 31, 2003. The unaudited consolidated statement of income of AGZ for the three months ended December 31, 2003 was derived from unaudited consolidated financial statements. The statement of income, reported in euros, was translated to U.S. dollars using the average exchange rate of $1.19 per euro. The unaudited consolidated statement of income of AGZ for the twelve months ended September 30, 2003 was derived by excluding the unaudited statement of income for the six months ended September 30, 2002 from the audited consolidated statement of income for the year ended March 31, 2003 and including the unaudited statement of income for the six months ended September 30, 2003. The statements of income, reported in euros, were translated to U.S. dollars using the average exchange rate of $1.08 per euro.

4. These columns reflect the adjustments and reclassifications necessary to convert AGZ's historical consolidated financial statements from French GAAP to U.S. GAAP for presentation in the Unaudited Pro Forma Condensed Combined Financial Statements.

5. These columns reflect (1) the purchase price allocation to the portion of AGZ's identifiable assets acquired and liabilities assumed representing the portion not already owned by UGI, (2) the issuance of UGI Common Stock, the proceeds of which, together with available cash on hand, will be used by UGI to acquire the outstanding shares of AGZ not already owned by UGI, (3) the payment of the cash purchase price, and (4) the pro forma income statement effects resulting from the purchase accounting adjustments.

6. These adjustments (1) eliminate goodwill amortization to reflect the application of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," effective April 1, 2002 and (2) adjust goodwill for amounts which would have been allocated to customer lists, trademarks and deferred income taxes under U.S. GAAP as a result of AGZ's acquisition of Antargaz on March 27, 2001.

7. These adjustments (1) record amortization of AGZ's customer list, which is not amortized under French GAAP (customer list amortization is calculated using an estimated useful life of eleven years) and (2) increase the value of customer lists and trademarks to what would have been recorded under U.S. GAAP as a result of AGZ's acquisition of Antargaz on March 27, 2001.

8. Reflects the reclassification of accrued interest on AGZ's high yield bonds included in long-term debt under French GAAP.

9. Reclassification of the current portion of prepaid cylinder and tank rental fees to other current liabilities.

10. This adjustment records the deferred tax liability associated with the customer lists that would have been recorded under U.S. GAAP as a result of AGZ's acquisition of Antargaz on March 27, 2001.

11. Reflects the net impact of the adjustments to eliminate goodwill amortization and record customer list amortization on AGZ's retained earnings.

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UGI CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS—(Continued)
(Millions of dollars)

12. Reflects pro forma adjustments to cash and cash equivalents as follows:

Net cash proceeds from issuance of UGI Common Stock	$ 230.2
Cash payments pursuant to the share purchase agreement	(325.7)
Estimated transaction fees and expenses and offering expenses	(6.6)
	$(102.1)

13. Reflects pro forma adjustment to record at fair value the portion of property, plant and equipment not already owned.

14. Reflects pro forma adjustment to record goodwill representing the excess of the purchase price over the fair value of the net assets acquired and to record goodwill on the initial investment in AGZ as follows:

Goodwill relating to the purchase of 80.5% interest in AGZ not already owned by UGI	$76.0
Goodwill relating to 19.5% investment in AGZ	16.8
	$92.8

15. Reflects pro forma adjustment to record at fair value the intangible customer list acquired.

16. Reflects pro forma adjustment to eliminate UGI's carrying value of its approximate 19.5% ownership interest in AGZ which is accounted for under the equity method prior to the acquisition of the outstanding shares of AGZ that it did not already own.

17. Reflects pro forma adjustment to adjust fixed rate, long-term debt to fair value.

18. Reflects pro forma adjustment to record deferred income taxes on the increase in fair value of property, plant and equipment not already owned by UGI.

19. Reflects pro forma issuance of UGI Common Stock to fund a portion of the purchase price and to eliminate the historical equity of AGZ as follows:

Issuance of UGI Common Stock to fund a portion of the purchase price	$230.2
Eliminate AGZ common stock	(44.2)
	$186.0

20. Reflects pro forma adjustment to eliminate historical retained earnings of AGZ, net of French GAAP to U.S. GAAP adjustments.

21. Reflects pro forma adjustment to record amortization of AGZ's customer list, which is not amortized under French GAAP. Customer list amortization is calculated using an estimated useful life of eleven years.

22. Reflects pro forma adjustment to eliminate goodwill amortization to reflect the application of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

23. Reflects pro forma adjustment to record income tax benefit on customer list amortization.

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UGI CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS—(Continued)
(Millions of dollars)

24. Reclassification adjustment of certain expenses to conform AGZ's presentation to U.S. GAAP. Under French GAAP, certain expenses included in depreciation and amortization are considered operating and administrative expenses under U.S. GAAP.

25. Reflects pro forma adjustment to record depreciation on the fair value of the property, plant and equipment acquired and to record depreciation and amortization on fixed assets and intangible assets using useful lives which are consistent with UGI's policies, and are generally longer than useful lives utilized by AGZ, as follows:

Three Months Ended December 31, 2003:

Depreciation expense	$ 8.1
Amortization of customer list	2.0
Amortization of other intangible assets	0.4
Eliminate historical depreciation and amortization, net of reclassifications and U.S. GAAP adjustment	(17.3)
	$ (6.8)

Year Ended September 30, 2003:

Depreciation expense	$ 29.6
Amortization of customer list	7.4
Amortization of other intangible assets	1.4
Eliminate historical depreciation and amortization, net of reclassifications and U.S. GAAP adjustment	(64.9)
	$(26.5)

26. Reflects pro forma adjustment to eliminate UGI's 19.5% equity income from AGZ.

27. Reflects pro forma adjustment to reflect interest expense on the fair value of debt assumed.

28. Reflects pro forma adjustment to allocate a portion of depreciation on property, plant and equipment relating to a consolidated subsidiary of AGZ, which is not 100% owned.

29. Reflects pro forma income tax expense on pro forma adjustments at AGZ's incremental income tax rate of 35%.

30. Reflects pro forma issuance of UGI Common Stock in conjunction with the acquisition.

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PricewaterhouseCoopers Audit
Tour AIG
34, place des Corolles
92908 Paris la Défense Cedex

Barbier Frinault & Autres
Ernst & Young
41, rue Ybry
92576 Neuilly-sur-Seine Cedex

To the Board of Directors and Shareholders of AGZ Holding SA
43, avenue de l'Opéra
75 002 Paris

Report of Independent Auditors

We have audited the accompanying consolidated balance sheet of AGZ Holding SA and its subsidiaries as of March 31, 2003 and the related consolidated statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in France and in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AGZ Holding SA as of March 31, 2003, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in France.

Accounting principles generally accepted in France vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 30 to the consolidated financial statements.

Paris and Neuilly sur Seine, June 21, 2003

PricewaterhouseCoopers Audit

Jean-Pierre Caroff

Barbier Frinault & Autres
Ernst & Young

Philippe Diu

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AGZ HOLDING

CONSOLIDATED BALANCE SHEET
(€ thousands)

	Note	March 31, 2003
ASSETS		
Non-current assets		
Goodwill	4	351,097
Intangible assets		
Franchises, patents and other similar rights		15
Other intangible assets		49,246
	5	49,261
Tangible assets		
Land		5,798
Buildings		10,390
Machinery and equipment		180,630
Vehicles		4,176
Furniture and computers		1,182
Other tangible assets		575
Construction in progress		3,118
Advances and payments on account		1,216
	6	207,085
Investments	7	53,087
Investments accounted for under the equity method	8	6,144
Total non current assets		**666,674**
Current assets		
Inventories	9	16,556
Trade notes and accounts receivable	10	155,195
Other receivables	12	25,776
Marketable securities		44,856
Cash		20,288
Total current assets		**262,671**
TOTAL ASSETS		**929,345**

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

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AGZ HOLDING

CONSOLIDATED BALANCE SHEET
(€ thousands)

	Note	March 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Capital		60,127
Additional paid-in capital		187
Consolidated reserves		14,445
Net loss for the year		(789)
Total shareholders' equity	13	**73,970**
Minority interests	14	15,197
Contingency and loss provisions	16	37,474
Liabilities		
Borrowings and other liabilities	17	441,382
Trade notes and accounts payable		106,128
Deferred income taxes	11	20,186
Other liabilities	18	235,008
Total liabilities		**802,704**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**929,345**

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

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AGZ HOLDING

CONSOLIDATED STATEMENT OF OPERATIONS
(€ thousands)

	Note	Year Ended March 31, 2003
Net sales	20	679,161
Other income		3,968
Revenues		**683,129**
Purchases of materials		(333,038)
Payroll costs		(67,771)
Other operating expense	21	(146,759)
Taxes other than on income		(9,640)
Depreciation, amortization and provisions	22	(67,076)
Operating expenses		**(624,284)**
Operating income		**58,845**
Financial expense, net	23	(32,157)
Income from ordinary activities		**26,688**
Exceptional items, net	24	8,029
Income tax	11	(12,977)
Net income from consolidated companies		**21,740**
Equity in loss of associated companies		(1,923)
Goodwill amortization	4	(24,341)
Net loss before minority interests		**(4,524)**
Minority interests		3,735
Net loss		**(789)**
Basic loss per share	25	(€0.01)
Diluted loss per share		(€0.01)

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

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AGZ HOLDING

CONSOLIDATED STATEMENT OF CASH FLOWS
(€ thousands)

	Year Ended March 31, 2003
Net loss before minority interests	(4,524)
Adjustments to reconcile net loss to cash flow:	
Amortization, depreciation and provisions	79,778
Changes in deferred taxes	(4,112)
Equity in earnings of associated companies	1,923
Gains and losses from disposals, net of tax	1,074
Other (expenses relating to high yield bonds issuance included in net loss)	4,533
Cash flow from operating activities before changes in working capital	**78,672**
Net changes in working capital:	
Inventories	(179)
Accounts receivable	(12,121)
Accounts payable	14,921
Cash flow from operating activities	**81,293**
Additions to intangible assets	(1,116)
Additions to property, plant and equipment	(27,035)
Additions to investments	(683)
Proceeds from disposals of fixed assets	1,046
Net change in other investments	426
Net cash used in investing activities	**(27,362)**
Dividends paid to the consolidated subsidiaries' minority shareholders	(233)
Increase in debt security deposit	(15,000)
High yield bonds issuance	165,000
Net change in other borrowings and liabilities	(220,438)
Other (expenses relating to high yield bonds issuance)	(11,287)
Net cash used in financing activities	**(81,958)**
Net change in cash and cash equivalents	**(28,027)**
Cash and cash equivalents at beginning of the period	90,229
Cash and cash equivalents at end of the period	62,202

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

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All figures are expressed in € thousands unless otherwise stated)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Overview

a) Accounting standards

The consolidated financial statements of AGZ Holding and its subsidiaries (the "Company") have been prepared in accordance with French generally accepted accounting principles, and specifically standard 99-02 issued by the *Comité de Réglementation Comptable* ("CRC 99-02").

b) Fiscal year end

All of the Company's consolidated subsidiaries have a March 31 year-end, except Norgal and Geovexin, which have a December 31 year-end. Norgal and Geovexin have been consolidated on the basis of non-audited financial statements (most recent audited financial statements are as of December 31).

Accounting principles

a) Consolidation methods

The consolidated financial statements include the financial statements of material subsidiaries in which AGZ Holding owns directly or indirectly more than 20% of voting rights.

Companies, in which AGZ Holding owns more than 50% of the voting rights, directly or indirectly, are fully consolidated. Companies over which AGZ Holding exercises significant influence, but in which it holds less than 50% of the voting rights, directly or indirectly, are accounted for under the equity method.

b) Goodwill

Goodwill represents the excess of the purchase price of shares in consolidated companies over the fair value of the net assets acquired at the date of acquisition. The excess is allocated to the purchased assets and liabilities for which a fair value can be determined and the remaining is recorded as goodwill. Goodwill is amortized using the straight-line method over the estimated economic life of the asset, which does not exceed 20 years. The net value is reviewed on a regular basis and is adjusted when any triggering event indicates that the value of the asset might have been impaired.

c) Intangible assets

Intangible assets are stated at cost. The intangible assets relating to Antargaz's propane small bulk activity was determined based on the cost the company is willing to undertake for each new customer. The net value is reviewed on a regular basis for impairment.

Only computer software is amortized using the straight-line method. The estimated useful life ranges from 1 to 3 years.

d) Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost or, if applicable, at fair value at the date of a business combination. Interest expense related to the production of assets is not capitalized. Depreciation is calculated on the straight-line basis over the estimated useful life of the assets as follows:

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

	Years
Buildings	20 to 25
Fixtures and fittings	10
Technical equipment	10
Distribution equipment and other	5 to 10
Computer equipment	3

In addition, fixed assets which are held under capital leases are capitalized. Subsidiaries individual accounts have been adjusted to eliminate the rental expense and to recognize the interest expense, the depreciation expense and the repayment of the lease obligation. Depreciation of capital leased assets is calculated over the estimated useful lives of the respective assets as indicated above.

e) Other investments

Other investments primarily include non-consolidated equity interests and deposits.

Equity interests are stated at the lower of fair value or acquisition cost (purchase price excluding transaction costs). A provision is recorded when the value to the Company is lower than the carrying value. The value to the Company of investments in subsidiaries or affiliates is determined based on, notably, the Company's equity in the underlying net assets and on the entity's profitability prospects.

Deposits are stated at their nominal value.

f) Inventories

Inventories are valued according to the weighted average cost method. Cost includes incidental expenses.

g) Receivables and payables

Receivables are stated at cost. At year-end, receivables are reviewed and an allowance for bad debt is recorded based on the aging of the accounts receivable and/or the liquidity of the related customer. Receivables and payables denominated in a foreign currency are recorded based on the exchange rate in effect at year-end.

h) Marketable securities

Marketable securities are stated at acquisition cost and are valued based on the first-in first-out method (FIFO). A provision is recorded when the market value of the securities or, if not applicable, their estimated net realizable value, is lower than their acquisition cost.

i) Investment grants

Investment grants are recorded under deferred income.

j) Contingency and loss provisions

Since April 1, 2002, contingencies and loss provisions are recorded in conformity with the standard CRC 2000-06, which was issued by the *Comité de Réglementation Comptable.* Consequently, an amount of €3,196 has been reversed directly against shareholders' equity.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

k) Foreign currency transactions

Unrealized gains or losses resulting from the translation to euro currency are directly recorded in earnings.

l) Deferred income taxes

Deferred income taxes are recognized by the liability method for timing differences between the recognition of certain items of income and expenses for financial reporting and tax purposes, as well as for consolidation adjustments (mainly purchase accounting adjustments, and the elimination of non-deductible provisions). Deferred tax assets are recognized for tax loss carry forwards and temporary differences, to the extent that they are offset by deferred liabilities. Net deferred tax assets are recognized only when it is more likely than not that such asset will be realized.

m) Retirement obligations and other employee benefit commitments

Retirement obligations, additional pension, contributions and other post-retirement benefits are recorded as a provision based on an actuarial valuation. A detailed actuarial valuation of these obligations is carried out, based on the Projected Unit Credit Method. The actuarial assumptions used are as follows:

- All commitments except CREA:
  - — Discount rate (early retirement plans and other): 4.5%—5.7%.
  - — Estimated annual salary increase: 3.2%.
  - — Retirement age:
    - Non-managerial employee: 60 for employees born before January 1, 1950, and 62 for employees born afterwards.
    - Managers: 62 for employees born before January 1, 1950, and 64 for employees born afterwards.
  - — Social security contributions: 45%.
  - — Turnover:
    - 2.5% (managers) and 1% (supervisory staff) for employees under 40 years old.
    - 1% (managers) for employees under 50 years old.
  - — Mortality rate: TPG 93 and INSEE 1998 tables.
- CREA commitments:
  - — Discount rate (early retirement plans and other): 5.3%.
  - — Estimated annual salary increase: 2.3%.
  - — Retirement age:
    - Non-managerial employees: 60 for employees born before January 1, 1950, and 62 for employees born afterwards.
    - Managers: 62 for employees born before January 1, 1950, and 64 for employees born afterwards.
  - — Social security contributions: 45 %.
  - — Employees still married when retiring: 80%.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

— Gap between the age of employees and the age of their husband or wife: 3 years.
— Reversion rate: 60%.
— Turnover:
  - Managers: 0% at any age.
  - Non-managerial employees: 8% if under 24, this rate being decreased of 2% every 5 years afterwards.

— Mortality rate: TPG 93 and INSEE 1998 tables.

The provision for retirement obligations and employee benefit commitments is valued in note 16.

n) Evaluation criteria for determining exceptional transactions

Exceptional items include income and expense from exceptional transactions arising either from revenue or capital transactions.

NOTE 2—CHANGE IN THE SCOPE OF CONSOLIDATION

On June 14, 2002, the Company created a wholly owned subsidiary, AGZ Finance, with the exception of one share, which is held by Antargaz. Accordingly, AGZ Finance is included in the scope of consolidation as of that date.

The voting rights in Sigap Ouest have been reduced at year-end, decreasing from 66.67% to 66.00%, which reduced the consolidated reserves by €3.

NOTE 3—SUBSEQUENT EVENTS

Subsequent to the closing of accounts for the fiscal year 2003, a €25 million capital reduction of AGZ Holding was performed on June 20, 2003, as previously authorized by the Trust Deed, the Senior Credit Agreement and the Intercreditor Agreement.

Furthermore, AGZ Holding has undertaken to refinance its senior debt and revolving facility (undrawn amount of €46 million) by a new secured syndication of €220 million and a revolving facility of €50 million, with the target of reducing financing cost for the Company.

In connection with this transaction, the interest rate swaps set up pursuant to the 2001 LBO (maturing March 31, 2001) were terminated, resulting in a €5.4 million charge. We entered, concurrently, in a new swap (75% of the new facility and maturing in March 2005) to benefit from the current low level of interest rates (2.31% instead of 4.41% previously).

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 4—GOODWILL

In accordance with the applicable regulations, goodwill was adjusted during the period. The adjustments were as follows:

Investor	Investee	Gross value as at March 31, 2002	Adjustments	Gross value as at March 31, 2003
AGZ Holding	Antargaz	389,316	(719)	388,597
Antargaz	Sobegal	1,510		1,510
Antargaz	Geovexin	5,128		5,128
Total		395,954	(719)	395,235

Investor	Investee	Depreciation as at March 31, 2002	Amortization	Depreciation as at March 31, 2003
AGZ Holding	Antargaz	(19,466)	(19,393)	(38,859)
Antargaz	Sobegal	(75)	(76)	(151)
Antargaz	Geovexin	(257)	(4,871)	(5,128)
Total		(19,798)	(24,340)	(44,138)

Investor	Investee	Net value as at March 31, 2002	Adjustments	Net value as at March 31, 2003
AGZ Holding	Antargaz	369,850	(20,112)	349,738
Antargaz	Sobegal	1,435	(76)	1,359
Antargaz	Geovexin	4,871	(4,871)	
Total		376,156	(25,059)	351,097

The above gross value adjustments detail as follows:

• A reduction of the acquisition price of Antargaz shares resulting from a contractual guarantee	(221)
• A reduction of the expenses relating to the acquisition of Antargaz shares resulting from a tax regularization	(498)

The goodwill relating to Antargaz and Sobégal is amortized over 20 years, beginning April 1, 2002. Amortization expense for the period amounted to €19,393 and €76, respectively.

To align the book value of Géovexin in the consolidated statements on its fair value, the related goodwill has been depreciated at year-end. The amortization expense for the period amounted to €4,871.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 5—INTANGIBLE ASSETS

	Franchises, patents	Customer base and other	Other intangible assets	Total
Cost at March 31, 2002	655	48,116	21,387	70,158
Accumulated depreciation at March 31, 2002	(508)	(8)	(15,381)	(15,897)
Net book value at March 31, 2002	**147**	**48,108**	**6,006**	**54,261**
Additions	17		1,097	1,114
Reclassifications			46	46
Depreciation	(149)		(6,011)	(6,160)
Cost at March 31, 2003	462	48,116	22,494	71,072
Accumulated depreciation at March 31, 2003	(447)	(8)	(21,356)	(21,811)
Net book value at March 31, 2003	**15**	**48,108**	**1,138**	**49,261**

Additions mainly correspond to purchases of software equipment.

NOTE 6—TANGIBLE ASSETS

	Land	Buildings	Machinery and equipment	Vehicles	Furniture, computers	Other tangible assets	Total
Cost at March 31, 2002	6,427	24,853	576,246	6,036	6,205	6,129	627,896
Accumulated depreciation at March 31, 2002	(578)	(15,943)	(372,639)	(3,749)	(4,855)	(1,973)	(399,737)
Net book value at March 31, 2002	**5,849**	**10,910**	**203,607**	**2,287**	**1,350**	**4,156**	**228,159**
Additions	31	1,274	15,411	3,652	421	9,867	30,656
Disposals		(562)	(833)	(309)	(184)	(12)	(1,900)
Reclassifications		344	8,469	84	66	(9,009)	(46)
Depreciation	(82)	(1,576)	(46,024)	(1,538)	(470)	(94)	(49,784)
Cost at March 31, 2003	6,458	27,305	588,217	8,604	3,847	6,898	641,329
Accumulated depreciation at March 31, 2003	(660)	(16,915)	(407,587)	(4,428)	(2,664)	(1,990)	(434,244)
Net book value at March 31, 2003	**5,798**	**10,390**	**180,630**	**4,176**	**1,183**	**4,908**	**207,085**

Additions primarily correspond to technical equipment (€15,411) and construction in progress (€9,867). Additions of vehicles (€3,652) correspond to the assets under lease contracts recognized in the financial statements during the fiscal year. The reclassifications relate to the assets put into service during the period.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 7—INVESTMENTS

Investments include shares in non-consolidated companies in an amount of €36,671 and other non-current assets amounting to €16,416. Therefore, total investments amount to €53,087.

Shares in non-consolidated companies are as follows:

Company	Percent Interest	Cost	Allowances	Net Book Value at March, 31 2003
Cobogal	15.00%	1,525		1,525
Floregaz	80.00%	61		61
Géogaz	16.67%	35,063		35,063
Elf Gas Shandong(1)	100.00%	972	(972)	
Elf Gas Peru(1)	82.71%	3,884	(3,884)	
Siraga Industrie(1)	10.00%	47	(47)	
Aqualoire(1)	5.00%	23	(23)	
Sapomer(1)	5.84%	11	(11)	
Elf Gas Chile(1)	100.00%	10	(10)	
Engas	28.00%	22		22
Total		**41,618**	**(4,947)**	**36,671**
Hereunder, the companies with no gross book value				
Bus Paris	50.00%			
GPL Bus	25.00%			
Opération Reflex GPL	5.00%			
Donges	50.00%			
Queven	50.00%			
Groupement Lechnique Citerne	20.00%			

(1) Companies in liquidation

The companies that are more than 20%-owned included in the above table have not been consolidated because they are not material in relation to the Company as a whole.

Changes during fiscal year were as follows:

	Equity Interest	Receivables from controlled entities	Loans	Other investments
Beginning balance	36,671	15	1,289	177
Additions			159	15,057
Disposals			(278)	(3)
Provisions				
Closing balance	**36,671**	**15**	**1,170**	**15,231**

The Company is required to maintain a deposit as a pledge of collateral for the benefit of the Company's creditors under the senior credit agreement, as amended in July 2002. The deposit amount is interest bearing and is not available to the Company until its obligations to the creditors under the senior credit agreement have been satisfied. Accordingly, this deposit, which totaled €15,000 at March 31, 2003, is classified as an investment in the consolidated balance sheet.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

Loans and other investments are as follows:

	March 31, 2003	Due in less than 1 year	Due between 2 and 5 years	Due in more than 5 years
Loans	**1,170**	12	1,077	80
Other investments	**15,231**	130	45	15,056

NOTE 8—INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

Investments accounted for under the equity method correspond solely to shares held in Géovexin. During the fiscal year, the value of the investments was modified by the following changes:

• Gross amount at March 31, 2002	8,067
• Net income	(1,923)
Gross amount at March 31, 2003	**6,143**

Net income as above-mentioned does not include the amortization of goodwill relating to Géovexin (€4,871). The contribution of Géovexin to the consolidated account is as follows:

• Equity in consolidated net loss of Géovexin for the year	(1,923)
• Amortization of goodwill	(4,871)
Contribution to the consolidated equity at March 31, 2003	**(6,794)**

NOTE 9—INVENTORIES

Inventories are valued using the weighted average cost method. Cost includes incidental expenses. The components of inventory were as follows:

	March 31, 2003
Raw materials and supplies	2,552
Provision on raw materials and supplies	(48)
Work-in-process	17
Provision on work-in-process	—
Goods held for resale	14,047
Provision on goods held for resale	(12)
Total	**16,556**

NOTE 10—TRADE NOTES AND ACCOUNTS RECEIVABLE

This item consists of the following:

	March 31, 2003
Trade notes and accounts receivable	159,063
Allowance for bad debt	(3,868)
Total	**155,195**

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

The provision for bad debt has been modified as follows:

	March 31, 2003
Beginning balance	3,494
Increase	1,701
Decrease	(1,327)
Total	**3,868**

NOTE 11—DEFERRED INCOME TAXES

	March 31, 2003
Current income tax	(17,088)
Deferred income taxes	4,111
Income tax (expense)	**(12,977)**

a) Effective tax rate

The difference between the effective tax rate and the statutory tax rate applicable in France can be analyzed as follows:

	March 31, 2003
Statutory tax rate in France	35.43%
Goodwill amortization	102.02%
Other	16.07%
Effective tax rate	**153.52%**(1)

(1) The level of effective tax rate results from the structure of income statement, and in particular goodwill amortization effect on net loss for the period without tax credit in counterpart.

b) Basis of income tax

	March 31, 2003
Untaxed provisions	(17,595)
Fair value adjustments to technical equipment	(13,966)
Transaction costs of acquisition of Antargaz shares	1,090
Provision for retirement costs	3,203
Inter-company margins on inventories	1,035
Timing differences	7,977
Other adjustments	229
Net deferred taxes	**(20,186)**
Of which:	
Deferred tax liabilities	(20,186)
Deferred tax assets	—

Deferred tax liabilities and deferred tax assets have been compensated when relating to the same tax entity.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

c) Tax consolidation

AGZ Holding is the parent of the tax consolidation group, which includes the following companies:

- Antargaz
- Aquitaine Pyrénées Gaz
- Gaz Est Distribution
- Nord GPL
- Rhône Méditerranée Gaz
- Wogégal

Following an agreement signed on March 27, 2001 with its subsidiaries, AGZ Holding benefits from the tax savings or bears the corporate income tax resulting from the application of the tax consolidated regime. The subsidiaries are liable to AGZ Holding for the income tax (including additional taxation) that they would have paid if they had not been part of the tax consolidation group.

d) Tax proof

	March 31, 2003
Net income before minority interest	(4,524)
Income tax	12,977
Income before tax	8,453
Goodwill amortization	24,341
Other permanent differences	2,881
Taxable income	35,675
Income tax at the rate of 35.43%	12,640
Other	337
Income tax	**12,977**
Of which:	
Current income tax	17,088
Deferred income taxes	(4,111)

NOTE 12—OTHER RECEIVABLES

	March 31, 2003
Advances and payment on account	647
Prepaid and recoverable taxes	11,194
Other operating receivables	439
Other non-operating receivables	1,330
Provisions on other receivables	(1,269)
Deferred charges	10,725
Prepaid expenses	2,710
Net amount	**25,776**

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

Deferred charges include at year end:

- Debt issuance cost of €4,491, amortized over the life of the related debt by the yield-to-maturity method, and
- Cost related to debt restructuring achieved in July of 2002 for €6,234, amortized on a straight-line basis over the life of high yield bonds.

NOTE 13—SHAREHOLDERS' EQUITY

In conjunction with the redemption of the redeemable bonds that occurred in July 2002, for which, part of the redemption was made in exchange for shares of AGZ Holding, the capital stock of AGZ Holding increased from €50,106 to €60,127. The Company currently has 60,126,800 shares of capital stock outstanding as of March 31, 2003.

The Company issued 1,333,928 new shares, each of them carrying 19 equity warrants, or 25,344,632 warrants in the aggregate. The issuance led to the recognition of an additional paid-in capital of €187. The conversion ratio is fixed at 13 warrants for one new share. The exercise of these warrants is conditional upon the realization of a minimum internal rate of return of 20%.

Changes in shareholders' equity are presented below:

	Capital	Additional paid-in capital	Consolidated reserves	Net income/ (loss) of the year	Total Shareholders' equity
Balance as at March 31, 2002	50,106	187	(729)	12,018	61,582
Change in capital	10,021				10,021
Net income for the prior year			12,018	(12,018)	
Net loss of the year				(789)	(789)
Dividends					
Change in scope of consolidation			(3)		(3)
Other changes			3,159		3,159
Balance as at March 31, 2003	**60,127**	**187**	**14,445**	**(789)**	**73,970**

Other changes correspond to:

- Reversal of contingency and loss provisions directly recorded in consolidated reserves in a net amount of €3,195, according to CRC 2000-06 issued by the *Comité de Réglementation Comptable* (see note 16), and
- Adjustments of €(36) related to goods under lease contracts for prior periods.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 14—MINORITY INTERESTS

The change in minority interests during the fiscal year is as follows:

	Total minority interest
Minority interests as at March 31, 2002	19,164
Net loss	(3,736)
Dividends	(234)
Other changes	3
Minority interests as at March 31, 2003	**15,197**

NOTE 15—BONDS REDEEMABLE IN SHARES

In July of 2002, the redeemable bonds were reimbursed through a €90,188 cash payment, plus interest in an amount of €8,113. The remaining portion of the reimbursement was affected by the redemption of €10,021 in bonds by issuance of additional share capital.

NOTE 16—CONTINGENCY AND LOSS PROVISIONS

	March 31, 2002	Allowances	Uses	Reversals	Reclassification	Others	March 31, 2003
Contingency provisions	17,982	6,493	(10)	(333)			24,132(1)
Loss provisions	12,324	27	(9,327)(3)	(1,259)(3)	2,158	(1,936)(2)	1,987
Provisions for retirement	11,136	953		(87)	(2,158)		9,844(4)
Provisions for other risks	4,539	111	(686)	(306)		(3,013)(2)	645
Other provisions	1,294		(428)				866
Total	**47,275**	**7,584**	**(10,451)**	**(1,985)**	**0**	**(4,949)**	**37,474**

(1) accrual mainly to cover a risk related to business tax for €23,680.
(2) reversal recorded directly in consolidated reserves according to CRC 2000-06 issued by the *Comité de Réglementation Comptable,* corresponding to regulatory compliance (€3,013) and to the costs resulting from the change of trademark (€1,936).
(3) of which €9,986 relating to reorganization plans.
(4) of which €976 recorded in the individual statements of Antargaz and €8,868 resulting from the preparation of consolidated financial statements.

NOTE 17—BORROWINGS AND OTHER LIABILITIES

This item includes:

- Bank borrowings. Debt issuance costs are amortized over the life of the debt.
- Obligations under finance leases. The amount of the obligation corresponds to the value of the capitalized assets at the inception of the lease. It is written off on the straight-line basis over the life of the lease. The interest component is determined on the basis of the discounted present value of the future minimum lease payments at the inception of the lease.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

	March 31, 2002	Changes Capital	Changes Interests	March 31, 2003	Due in less than 1 year	Due between 1 and 5 years	Due in more than 5 years
Senior debt	346,503	(84,851)	(189)	261,463	15,361	82,102	164,000
Subordinated debt	40,045	(39,000)	(1,045)				
Other bank borrowings	5,429	(918)	(246)	4,265	755	2,440	1,070
High yield bonds		165,000	3,437	168,437	3,437		165,000
Other borrowings	6,070	(6,238)	259	91	30	61	
Lease contract	879	2,581		3,460	1,045	2,415	
Total borrowings	**398,926**	**36,574**	**2,216**	**437,716**	**20,628**	**87,018**	**330,070**
Bank overdrafts	7,454	(4,909)	397	2,942	2,942		
Other debts	959	(235)		724	200	472	52
Total overdrafts and other debts	**8,413**	**(5,144)**	**397**	**3,666**	**3,142**	**472**	**52**
Total	**407,339**	**31,430**	**2,613**	**441,382**	**23,770**	**87,490**	**330,122**

In July 2002, through AGZ Finance, the Company issued €165,000 in 10% Senior Notes due 2011 (the “High Yield Bonds”). The interest on the High Yield Bonds is payable semi-annually on January 15 and July 15 of each year commencing January 15, 2003. The Company may redeem the bonds in whole or in part by paying a customary premium to the bondholders, of which, the amount fluctuates based upon the characteristics of reimbursement.

In connection with the issuance of the High Yield Bonds, the remaining balance of the redeemable bonds, as discussed above in Note 9, was reimbursed and payments of €75,000 and €39,000 were made against the senior debt and subordinated debt respectively. As of March 31, 2003, all of the subordinated debt and redeemable bonds has been paid in full.

Payments towards the Senior Debt included an early reimbursement totaling €75,000 as discussed above, and a scheduled principal payment of €9,851.

The Senior Debt bears interest on a rate fluctuating between Euribor plus 2% and Euribor plus 3%.

The Euribor rate for the Senior Debt has been swapped against a fixed rate of 4.41%.

NOTE 18—OTHER LIABILITIES

	March 31, 2003
Other operating liabilities(1)	169,152
Advances and payments on account	3,111
Accrued taxes and personnel costs	34,622
Other operating liabilities	5,090
Deferred income	9,537
Due to suppliers of property	10,099
Other non-operating liabilities	3,397
Total	**235,008**

(1) This item relates to the deposits on cylinders and tanks provided to customers.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 19—RELATED PARTIES

Among all non-consolidated companies in which AGZ Holding has an equity interest, only Géogaz and Cobogal have significant transactions with the Company. These Géogaz and Cobogal provide the Company with storage services, for which the outstanding amounts as at March 31, 2003 are as follows:

	Géogaz	Cobogal
Trade notes and accounts payable	286	244

NOTE 20—SALES

The Company sales break down as follows:

	March 31, 2003
Sales of products	640,899
Discounts	(2,092)
Sales of services	40,354
Net sales	**679,161**

Net sales of products represent substantially all of the Company's activity relating to the trade on distribution of LPG. Sales of services principally represent revenues from storage, filling and loading services provided to third parties.

Except sales realized by AGZ Holding with other foreign LPG operators (€22,622), all sales are made in France.

NOTE 21—OTHER OPERATING EXPENSES

Other operating expenses detail as follows:

	March 31, 2003
Transport	(59,396)
Repairs and maintenance	(18,373)
General subcontracting	(15,502)
Rental charges	(9,369)
Fees	(6,576)(1)
Bank charges	(5,105)(2)
Advertising and public relations	(7,683)
Travel and entertainment	(5,415)
Temporary staff	(3,756)
Mail and telecommunication costs	(3,219)
Insurance premiums	(1,757)
Other	(10,608)
Other operating expenses	**(146,759)**

(1) after deduction of the fees related to the debt restructuring achieved in July of 2002, integrally transferred to "Deferred charges" for €(3,042)

(2) after deduction of part of the bank charges related to the debt restructuring achieved in July of 2002 transferred to "Deferred charges" for €(3,712). and including the redemption fees related to the initial debt €(4,533).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 22—DEPRECIATION, AMORTIZATION AND PROVISIONS

Depreciation, amortization and provisions are as follows:

	March 31, 2003
Amortization	(60,375)
Provisions	(6,701)
Amortization and provisions	**(67,076)**

NOTE 23—FINANCIAL INCOME AND EXPENSE

Financial income and expense break down as follows:

	March 31, 2003
Financial income	
Dividends received	559
Other equity interest income	7
Investment income	333
Net proceeds from sale of marketable securities	2,070
Other financial income	233
Reversals of provisions	86
Financial income (excluding exchange gains)	**3,288**
Financial expense	
Interest expense on capitalized leases	(195)
Other interest expense	(34,421)
Other financial expense	(6)
Financial expense (excluding exchange losses)	**(34,622)**
Realized exchange gains	2,165
Realized exchange losses	(2,988)
Income from exchange transactions	**(823)**
Financial (expense), net	**(32,157)**

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 24—EXCEPTIONAL ITEMS

Exceptional income and expense break down as follows:

	March 31, 2003
Exceptional income	
Exceptional income on revenue transactions	246
Exceptional income related to prior years	218
Proceeds from sale of assets	1,046
Investment grants	174
Other exceptional income	4
Reversals of provisions	11,954
Exceptional income	**13,642**
Exceptional expense	
Exceptional expense on revenue transactions	(713)
Exceptional expense related to prior years	(250)
Net book value of assets sold	(1,899)
Exceptional provisions	(2,660)
Other exceptional expense	(91)
Exceptional expense	**(5,613)**
Exceptional income, net	**8,029**

NOTE 25—EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the period.

The computation of diluted earnings per share includes the equivalent number of shares that have a dilutive effect, and excludes the equivalent number of shares that have an anti-dilutive effect. Net income is adjusted by the interest expense, net of tax, related to the convertible bonds. The dilutive effect of the warrants is calculated based on the treasury stock method.

Basic and diluted loss per share totaled (€0.01) per share.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 26—CONSOLIDATED COMPANIES

At March 31, 2003 :

Company	"SIRET" Registration number	Consolidation method	Percent of interest
AGZ HOLDING 43, avenue de 1'Opéra 75002 Paris	413 765 108 00027	Fully consolidated	100,00%
AGZ FINANCE 398, route d'Esch L-1471 Luxembourg		Fully consolidated	100,00%
ANTARGAZ SA 3, place de Saverne 92400 Courbevoie	572 126 043 00510	Fully consolidated	100,00%
GAZ EST DISTRIBUTION 109, boulevard d'Haussonville 54000 Nancy	421 283 615 00043	Fully consolidated	100,00%
NORD GPL Rue Gay Lussac 62200 Carvin	422 265 504 00023	Fully consolidated	100,00%
NORGAL GIE Route de la Chimie 76700 HARFLEUR	777 344 623 00023	Fully consolidated	52,67%
RHONE GAZ Rue du 8 Mai 1945 69320 Feyzin	969 507 235 0014	Fully consolidated	50,62%
RHONE MEDITERRANEE GAZ 6, rue Léon Blum 69320 Feyzin	382 151 272 00020	Fully consolidated	100,00%
SIGAP OUEST 274, rue Jean Jaurcs 79000 Niort	026 180 216 00017	Fully consolidated	66,00%
SOBEGAL Rue Max Dormoy 64000 Pau	095 880 894 00076	Fully consolidated	72,00%
WOGEGAL 19, rue Hippolyte Monteil 37700 Saint Pierre des Corps	310 095 658 00079	Fully consolidated	100,00%
AQUITAINE PYRENEES GAZ 9, rue Aristide Briand 82000 Evreux	410 968 770 00033	Fully consolidated	100,00%
GEOVEXIN 5&7, rue Eugéne et Armand Peugeot 92500 Rueil Malmaison	304 350 887 00036	Accounted for under the equity method	44,90%

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 27—EMPLOYEES

	March 31, 2003
Managers	175
Supervisory staff	430
Employees	447
Workers	214
Personnel on secondment	102
Total employees	**1,368**

NOTE 28—MANAGEMENT COMPENSATION

The total compensation (direct or indirect) paid to the members of the administration, management and supervisory boards in relation to their functions amount to €531,506.

NOTE 29—COMMITMENTS

a) Commitments and guarantees given

Commitments and guarantees given break down as follows:

- Real estate collateral for €0.3 million.
- Customs guarantees (permit of removal or *"credit enlèvement"* and other) for €18.0 million.
- Within the Senior Credit Agreement that was last modified on July 22, 2002 and signed with, among other banks, Deutsche Bank AG London and Barclays Capital, for an €396 million, commitment by AGZ Holding to secure the Senior Credit Agreement are as follows:
  1. a pledge of financial instruments accounts relating to the shares held by AGZ Holding in Antargaz;
  2. a first ranking pledge of AGZ Holding's business granted to Deutsche Bank AG London;
  3. an assignment to Deutsche Bank AG London of the amounts due to AGZ Holding as warranties included in the contract dated February 16, 2001 and named *"Garantie de vendeur—Déclaration et garanties"* of the benefit of the warranties given to AGZ Holding by the vendors under the acquisition documents;
  4. a general assignment of all receivables by way of security granted to Deutsche Bank AG London; and
  5. a pledge granted to Deutsche Bank AG London of a special cash collateral account for €15,000.
- The Company entered into various interest rate swaps during the period. The swaps include a commitment to pay 4.41% on the following nominal amounts:
  1. € 256.9 million (March 31, 2003);
  2. € 245.7 million (April 1, 2003 through September 30, 2003); and
  3. € 238.3 million (October 1, 2003 through March 31, 2004).

The counterparts to these swaps are: Deutsche Bank AG, Barclays and Credit Lyonnais.

- In connection with the issuance of the High Yield Bonds made by AGZ Finance on July 23, 2002 for €165,000, and also in connection with the issuance of bonds made by AGZ Holding on July 22, 2002 for €165,000, AGZ Holding is guarantor for AGZ Finance's commitments related to High Yield Bonds.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

b) Commitments received

Commitments received break down as follows:

- Customs guarantees given by Société Générale bank for € 1.5 million.
- Interest rate swap: commitment received to recoup the interest based on the 6-month Euribor, between April 1, 2003 and March 31, 2004. The related amounts are to be determined in the same way as above. Counterparties to these swaps are: Deutsche Bank AG, Barclays and Crédit Lyonnais.
- Guarantees and collateral received from customers in an amount of €0.6 million.
- €9.2 million tax bond from Sofax Banque (TFE Group) relating to the business tax litigation. The tax authorities have recorded a preferential claim in respect of this litigation.
- Real estate collateral for €0.3 million.

NOTE 30—SUMMARY OF DIFFERENCES BETWEEN ACCOUNTING POLICIES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND FRANCE

The consolidated financial statements of AGZ Holding have been prepared and presented in accordance with the accounting principles described in the notes to the financial statements, which comply with accounting principles generally accepted in France (“French GAAP”). French GAAP differs in certain significant respects from accounting principles generally accepted in the United States of America (“U.S. GAAP”). The application of U.S. GAAP would have affected the Company’s consolidated net income (loss) for the fiscal year ended March 31, 2003 and its consolidated shareholders’ equity as of March 31, 2003, as follows:

a) Reconciliation of consolidated net (loss)/income from French GAAP to U.S. GAAP

	Year Ended March 31, 2003
Consolidated net income (loss) as determined in accordance with French GAAP	**(789)**
U.S. GAAP reconciling adjustments :	
Business combinations:	
Amortization of goodwill	19,470
Amortization of other intangible assets	(6,818)
Marketable securities	(65)
Derivative instruments	(3,750)
Deferred tax effects of above adjustments	3,767
Total U.S. GAAP adjustments, net	**12,604**
Consolidated net income (loss) as determined in accordance with U.S. GAAP	**11,815**

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

b) Reconciliation of consolidated shareholders' equity from French GAAP to U.S. GAAP

	March 31, 2003
Consolidated shareholders' equity as determined in accordance with French GAAP	**73,970**
U.S. GAAP reconciling adjustments:	
Business combinations:	
Amortization of goodwill	20,391
Amortization of other intangible assets	(13,636)
Marketable securities	78
Derivative instruments	(4,800)
Deferred tax effects of above adjustments	6,504
Total U.S. GAAP adjustments, net	**8,537**
Consolidated shareholders' equity as determined in accordance with U.S. GAAP	**82,507**

c) Description of the differences between accounting principles applied to prepare the consolidated financial statements under French GAAP and under U.S. GAAP

Business combinations

Under French GAAP and U.S. GAAP, acquisitions are generally accounted for as purchases. The cost of an acquired company is assigned to the tangible and intangible assets acquired and liabilities assumed on the basis of their estimated fair values at the date of acquisition. Any excess of purchase price over the fair value of the tangible and intangible assets acquired is allocated to goodwill. There are, however, certain differences that exist with respect to the application of the purchase method between French and U.S. GAAP that affect the allocation of purchase price, including the amounts assigned to identifiable intangible assets, deferred income taxes and goodwill.

Amortization of goodwill

Due to differences between U.S. GAAP and French GAAP relating to the application of the purchase method, the goodwill related to the acquisition of Antargaz by AGZ amounts to €370.9 million under U.S. GAAP compared to €388.6 million under French GAAP. Under French GAAP, the Company amortizes goodwill on a straight-line basis over its estimated useful life of twenty years. Under U.S. GAAP, prior to the application of SFAS No. 142 , effective April 1, 2002, the Company amortized the goodwill over its estimated useful live of 20 years. Since April 1, 2002, in compliance with SFAS No. 142, the Company does not amortize goodwill, but reviews it for impairment at least annually, or more frequently if impairment indicators arise. According to the results of impairment tests, based both upon the market multiples as an indicator of fair value and upon the discounted cash flow method, goodwill was not impaired at March 31, 2003.

Amortization of other intangible assets

Under U.S. GAAP, identifiable intangible assets, including customer lists and trademarks, are recognized. The customer lists are amortized over their estimated useful lives. Under French GAAP, trademarks have not been recognized and customer lists are not subject to amortization. Accordingly, the amortization adjustment for other intangible assets reflects the U.S. GAAP amortization of customer lists assuming an estimated useful life of 11 years.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

Deferred income taxes

Under French GAAP, deferred income taxes are not recognized on goodwill and certain other non-amortizable intangible assets, including customer relationships. Under U.S. GAAP, deferred taxes are recognized on all intangible assets except goodwill.

Derivative instruments

Under French GAAP, interest rate swap agreements, which are considered to hedge the underlying debt, are not recognized in the balance sheet. Any interest rate differential is recognized as an adjustment to interest expense over the term of the related underlying debt for qualifying hedges.

Under U.S. GAAP, subsequent to the adoption of SFAS No. 133, all derivative instruments are required to be recorded in the balance sheet at fair value. Changes in fair value are recorded currently in earnings unless the item is designated, qualifies and is effective as a hedge. Fair value is defined as the amount that would be paid or received to terminate the derivative instrument at the balance sheet date. According to U.S. GAAP, the interest rate swaps mentioned in note 29 are not considered to hedge the underlying senior debt. The fair value adjustment is recognized in U.S. GAAP and amounts, at March 31, 2003, to €(4,800) in shareholder's equity and to €(3,750) in net income. The corresponding deferred income taxes are also recognized in U.S. GAAP shareholders' equity and income statement.

Marketable securities

Under French GAAP, marketable securities are valued at their historical cost. Under U.S. GAAP, the Group's marketable securities are considered as trading and, in accordance with SFAS No. 115, recognized at their fair value. The difference between the historical cost of marketable securities and their fair value at March 31, 2003, is recognized in U.S. GAAP net income and shareholders' equity. The corresponding deferred income taxes are also recognised in the U.S. GAAP income statement.

Revenue

Under U.S. GAAP, in accordance with EITF 99-19, revenue relating to transactions for which the Company acts as an agent is recognized on a net basis, resulting in a reduction of revenue for €66.5 million for the year ended March 31, 2003 and a corresponding reduction of cost of sales for the same amount. This adjustment has no effect on consolidated net income or consolidated shareholders' equity. Under French GAAP, such revenue is recognized on a gross basis.

Exceptional items

Certain amounts presented as exceptional income and expense (non-operating) in the consolidated statement of income under French GAAP do not qualify as non-operating items under U.S. GAAP.

Comprehensive income

Comprehensive income includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. In consolidated financial statements under French GAAP, the concept of comprehensive income does not exist because French accounting principles do not allow any change in equity corresponding to this definition other than net income, changes in the cumulative translation adjustments related to consolidated foreign subsidiaries and changes in accounting principles.

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AGZ HOLDING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

In consolidated financial statements under U.S. GAAP, comprehensive income and its components must be displayed in a statement of comprehensive income. For the fiscal ended March 31, 2003, this statement includes only the net income.

Classification of goodwill on equity method investees

Under French GAAP, goodwill related to equity method investees is included within “Goodwill” in the consolidated balance sheet. The related amortization is included within “Goodwill amortization” in the statement of operations. Under U.S. GAAP, goodwill related to equity method investees would be included within the investment account in the consolidated balance sheet. The related amortization would be included within “Equity in loss of associated companies” in the statement of operations.

The difference described above would also require an adjustment between the French and U.S. GAAP statements of cash flows (from amortization to equity in earnings of associated companies). Cash flows from operations would not be affected in total.

Treatment of bank overdrafts in the statement of cash flows

Under French GAAP, bank overdrafts are netted against cash and cash equivalents for purposes of the statement of cash flows. Under U.S. GAAP, cash overdrafts, which amount to €2,942 at March 31, 2003, would be presented as part of financing activities.

Statement of cash flows

Under French GAAP, certain items are presented on a net basis in the statement of cash flows. Under U.S. GAAP these items would be required to be presented on a gross basis (e.g. borrowings and repayment of debt).

New accounting pronouncements

In January 2003, the FASB issued Interpretation No. 46, “Consolidation of Variable Interest Entities.” In December 2003, the FASB issued a revision to Interpretation No. 46. Interpretation No. 46, as revised, requires unconsolidated variable interest entities to be consolidated by their primary beneficiaries, as defined by Interpretation No. 46. As a non-public Company, the Company should apply the provisions of Interpretation No. 46, as revised, to variable interest entities created after December 31, 2003 upon initial involvement with the entity. The Company is required to apply the provisions of Interpretation No. 46, as revised, to variable interest entities created prior to December 31, 2003 as of April 1, 2005. The adoption is not expected to have a material effect on the Company’s results of operations or financial condition when adopted.

In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” SFAS No. 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). In particular, it requires that mandatorily redeemable financial instruments be classified as liabilities and reported at fair value and that changes in their fair values be reported as interest cost. The Company does not expect SFAS No. 150 to have a material effect on the Company’s financial position or results of operations.

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**AGZ Holding Unaudited Consolidated
Financial Statements as of December 31, 2003 and for the
Nine Months Ended December 31, 2003 and 2002**

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AGZ HOLDING

UNAUDITED CONSOLIDATED BALANCE SHEETS
(€ thousands)

	Note	December 31, 2003 (Unaudited)	March 31, 2003
ASSETS			
Non-current assets			
Goodwill		336,468	351,097
Intangible assets			
Franchises, patents and other similar rights		12	15
Other intangible assets		49,030	49,246
		49,042	49,261
Tangible assets			
Land		5,779	5,798
Buildings		10,014	10,390
Machinery and equipment		159,408	180,630
Vehicles		4,183	4,176
Furniture and computers		1,159	1,182
Other tangible assets		548	575
Construction in progress		1,211	3,118
Advances and payments on account		1,435	1,216
		183,737	207,085
Investments	2	37,970	53,087
Investments accounted for under the equity method		4,701	6,144
Total non current assets		**611,918**	**666,674**
Current assets			
Inventories	3	19,723	16,556
Trade notes and accounts receivable		129,265	155,195
Other receivables		25,442	25,776
Marketable securities		41,216	44,856
Cash		10,968	20,288
Total current assets		**226,614**	**262,671**
TOTAL ASSETS		**838,532**	**929,345**

See Notes to Unaudited Consolidated Interim Financial Statements

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AGZ HOLDING

UNAUDITED CONSOLIDATED BALANCE SHEETS
(€ thousands)

	Note	December 31, 2003 (Unaudited)	March 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Capital		35,127	60,127
Additional paid-in capital		187	187
Consolidated reserves		13,656	14,445
Net loss for the period		(11,795)	(789)
Total shareholders' equity	5	**37,175**	**73,970**
Minority interests		11,999	15,197
Contingency and loss provisions		42,511	37,474
Liabilities			
Borrowings and other liabilities	6	394,914	441,382
Trade notes and accounts payable		125,186	106,128
Deferred income taxes	4	15,321	20,186
Other liabilities		211,426	235,008
Total liabilities		**746,847**	**802,704**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**838,532**	**929,345**

See Notes to Unaudited Consolidated Interim Financial Statements

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AGZ HOLDING

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(€ thousands)

	Note	Nine Months Ended December 31, 2003 (Unaudited)	Nine Months Ended December 31, 2002 (Unaudited)
Net sales		367,877	417,559
Other income		1,997	1,657
Revenues		**369,874**	**419,216**
Purchases of materials		(143,568)	(191,798)
Payroll costs		(43,736)	(50,023)
Other operating expense		(97,761)	(109,672)
Taxes other than on income		(7,107)	(6,910)
Depreciation, amortization and provisions		(48,482)	(48,031)
Operating expenses		**(340,654)**	**(406,434)**
Operating income		**29,220**	**12,782**
Financial expense, net		(23,956)	(23,568)
Income/(Loss) from ordinary activities		**5,264**	**(10,786)**
Exceptional items, net		(2,301)	(443)
Income tax	4	(1,698)	3,632
Net income/(loss) from consolidated companies		**1,265**	**(7,597)**
Equity in loss of associated companies		(1,442)	(1,538)
Goodwill amortization		(14,629)	(14,848)
Net loss before minority interest		**(14,806)**	**(23,983)**
Minority interests		3,011	3,015
Net loss		**(11,795)**	**(20,968)**

See Notes to Unaudited Consolidated Interim Financial Statements

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AGZ HOLDING

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(€ thousands)

	Nine Months Ended	
	December 31, 2003	December 31, 2002
	(Unaudited)	(Unaudited)
Net loss before minority interests	(14,806)	(23,983)
Adjustments to reconcile net loss to cash flow:		
Amortization, depreciation and provisions	63,585	61,476
Changes in deferred taxes	(4,864)	(4,177)
Equity in loss of associated companies	1,442	1,538
Gains and losses from disposals, net of tax	621	820
Expenses related to high yield bonds issuance included in net loss	—	4,532
Cash flow from operating activities before changes in working capital	**45,978**	**40,206**
Net change in working capital:		
Inventories	(3,167)	(3,699)
Accounts receivable	23,366	(7,096)
Accounts payable	5,459	15,012
Cash flow from operating activities	**71,636**	**44,423**
Additions to intangible assets	(330)	(855)
Additions to property, plant and equipment	(19,443)	(19,143)
Additions to investments	(36)	(262)
Proceeds from disposals of fixed assets	110	984
Net change in other investments	104	213
Net cash used in investing activities	**(19,595)**	**(19,063)**
Dividends paid to the consolidated subsidiaries' minority shareholders	(187)	(233)
Capital reimbursement	(25,000)	—
Decrease/(Increase) in debt security deposit	15,050	(15,000)
High yield bonds issuance	—	165,000
Net change in other borrowings and liabilities	(51,090)	(212,631)
Other (expenses relating to debt issuance)	(2,425)	(11,287)
Net cash (used in)/provided by financing activities	**(63,652)**	**(74,151)**
Net change in cash and cash equivalents	**(11,611)**	**(48,791)**
Cash and cash equivalents at beginning of the period	62,202	90,229
Cash and cash equivalents at end of the period	50,591	41,438

See Notes to Unaudited Consolidated Interim Financial Statements

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(All figures are expressed in € thousands unless otherwise stated)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying unaudited consolidated financial statements, which include the accounts of AGZ Holding and its subsidiaries, have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying unaudited consolidated financial statements. All intercompany transactions have been eliminated in consolidation. Operating results for the nine-month period ended December 31, 2003 are not necessarily indicative of the results that may be expected for the year ending March 31, 2004. The March 31, 2003 balance sheet information has been derived from the 2003 financial statements.

The accompanying consolidated financial statements have been prepared in accordance with French generally accepted accounting principles, and specifically, standard 99-02 issued by the "*Comité de la Réglementation Comptable*" (CRC 99-02).

NOTE 2—INVESTMENTS

In connection with the full reimbursement of the credit facilities under the senior credit agreement signed with, among other banks, Deutsche Bank and Barclays Capital on February 15, 2001 and amended on July 22, 2002, the deposit of €15,000 maintained by the Company for the benefit of its creditors under the above mentioned senior credit agreement has been released on July 7, 2003.

NOTE 3—INVENTORIES

Inventories are valued using the weighted-average-cost method. Cost includes incidental expenses. The components of inventories are as follows:

	December 31, 2003	March 31, 2003
	(Unaudited)	
Raw materials and supplies	2,579	2,552
Provision on raw materials and supplies	(48)	(48)
Work-in-process	17	17
Goods held for resale	17,187	14,047
Provision on goods held for resale	(12)	(12)
Total	**19,723**	**16,556**

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 4—INCOME TAX

Deferred income taxes are recognized using the liability method for timing differences between the recognition of certain items of income and expenses for financial reporting and tax purposes, as well as for consolidation adjustments (mainly purchase accounting adjustments and the elimination of non-deductible provisions). Deferred tax assets are recognized for ordinary and evergreen tax loss carry-forwards, to the extent that they are offset by deferred tax liabilities. Net deferred tax assets are recognized only where the related tax benefit can reasonably be expected to be realized.

	December 31, 2003 (Unaudited)	December 31, 2002 (Unaudited)
Current income tax	(6,562)	(545)
Deferred income taxes	4,864	4,177
Income tax (charge)/credit	**(1,698)**	**3,632**

a) Effective tax rate

The difference between the effective tax rate and the statutory tax rate applicable in France can be analyzed as follows:

	December 31, 2003 (Unaudited)	December 31, 2002 (Unaudited)
Statutory tax rate in France	35.43%	35.43%
Goodwill amortization	(39.54)%	(19.05)%
Other	(8.84)%	(3.23)%
Effective tax rate	**(12.95)%**	**13.15%**

b) Tax proof

	December 31, 2003 (Unaudited)	December 31, 2002 (Unaudited)
Net loss	(14,806)	(23,983)
Income tax	(1,698)	3,632
Loss before tax	(13,108)	(27,615)
Goodwill amortization	14,629	14,848
Permanent differences	2,969	2,572
Taxable result	4,490	(10,195)
Income tax at the rate of 35.43 %	(1,591)	3,612
Other	(107)	20
Income Tax	**(1,698)**	**3,632**

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 5—SHAREHOLDERS' EQUITY

Changes in shareholders' equity are presented below:

	Capital	Additional paid in capital	Consolidated reserves	Net loss	Total shareholders' equity
Balance at March 31, 2003	**60,127**	**187**	**14,445**	**(789)**	**73,970**
Capital reimbursement	(25,000)				(25,000)
Prior period net loss			(789)	789	—
Net loss for the period				(11,795)	(11,795)
Balance at December 31, 2003 (unaudited)	**35,127**	**187**	**13,656**	**(11,795)**	**37,175**

Pursuant to the debt restructuring which occurred in July 2002, the Company carried out a capital reimbursement of €25,000 in June 2003.

NOTE 6—BORROWINGS AND OTHER LIABILITIES

Borrowings and other liabilities can be detailed as follows:

	March 31, 2003	Changes in principal	Changes in interest	December 31, 2003
				(Unaudited)
High Yield bonds	168,437	—	4,171	172,608
Senior debt	261,463	(50,428)	1,923	212,958
Other bank borrowings	4,265	(638)	—	3,627
Other borrowings	91	(29)	(1)	61
Lease contracts	3,460	(17)	—	3,443
Total borrowings	**437,716**	**(51,112)**	**6,093**	**392,697**
Bank overdrafts	2,942	(904)	(444)	1,594
Other debt	724	(101)	—	623
Total overdrafts and other debt	**3,666**	**(1,005)**	**(444)**	**2,217**
Total	**441,382**	**(52,117)**	**5,649**	**394,914**

Pursuant to a credit agreement dated June 26, 2003 signed with, among other banks, *Crédit Lyonnais* as security and facility agent, the Company has incurred on July 7, 2003 a senior debt of €220,000 (the "*new senior debt*"), which bears interest at Euribor. The Euribor has been swapped against a fixed rate of 2.31 % on three-quarters of the new senior debt. The new senior debt is reimbursed on a semi-annual basis, through various settlements of €9,000 on September 30 and March 31, of each year, a payment of €39,000 on March 31, 2008 and a last payment of €100,000 on June 30, 2008. The first settlement of €9,000 occurred on September 30, 2003. In connection with the new senior debt issuance, the Company has totally reimbursed, through a cash payment of €261,428 the remaining balance of the senior debt resulting from the credit agreement dated March 27, 2001 signed with, among other banks, *Deutsche Bank*, and last modified on July 22, 2002. The high yield bonds bear interest at a 10% fixed rate.

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

NOTE 7—COMMITMENTS

a) Commitments and guarantees given

Commitments and guarantees given break down as follows:

1. Real estate collateral for €0.3 million.
2. Customs guarantees (permit of removal or "*crédit d'enlèvement*" and other) for €19.7 million.
3. Guarantee granted by Antargaz to Natexis in connection with loan subscribed by Norgal for €0.4 million.
4. As part of the winter 2003-2004 supply contract with SHV, AGZ Holding made term purchases of LPG with the following characteristics:
   - January 2004: 7,000 metric tons at a fixed unit price of €266,
   - February 2004: 7,000 metric tons at a fixed unit price of €270.
5. In connection with the issuance of the High Yield Bonds made by AGZ Finance on July 23, 2002 for €165.0 million, and also in connection with the issuance of bonds made by AGZ Holding on July 22, 2002 for €165.0 million, AGZ Holding is guarantor for AGZ Finance's commitments related to High Yield Bonds.
6. AGZ Holding has signed on June 26, 2003 with, among other banks, Crédit Lyonnais as security and facility agent, a senior facilities agreement for an amount of €270 million. Such agreement, which has been effective on July 7, 2003 at which time Antargaz acceded to the agreement, has been amended on July 2, 2003 and August 1, 2003. Under such agreement, the senior facilities are secured by:
   - An assignment of the benefit of the warranties given to AGZ Holding by the vendors under the acquisition documents granted by AGZ Holding;
   - A general assignment of all receivables by way of security granted by AGZ Holding;
   - A pledge of financial instruments accounts relating to shares held by AGZ Holding in Antargaz granted by AGZ Holding;
   - A first ranking pledge of AGZ Holding's business granted by AGZ Holding;
   - A pledge of shares granted by Antargaz in Sigap Ouest;
   - A pledge of financial instruments accounts over shares held by Antargaz in Wogegal, Gaz Est Distribution, Nord GPL, Rhône Méditerranée Gaz, Géovexin, Sobegal, Géogaz Lavera, Cobogal and Rhône Gaz;
   - A first ranking pledge of Antargaz' business granted by Antargaz;
   - An assignment of all receivables granted by Antargaz.

In connection with the senior facilities, AGZ Holding has entered into an interest rate swap which includes a commitment to pay a fixed rate of 2.31 % on the following nominal amounts:

- €158.3 million from January 1st through March 30, 2004;
- €151.5 million from March 31, 2004 through September 29, 2004;
- €144.8 million from September 30, 2004 through March 30, 2005;
- €138.0 million from March 31, 2005 through June 29, 2005.

Counterpart to this swap is Crédit Lyonnais.

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

b) Commitments received

Commitments received break down as follows:

1. Guarantees and collateral received from customers in an amount of €0.6 million.
2. €9.0 million tax bond from Sofax Banque (Total Group) relating to the business tax litigation. The tax authorities have recorded a preferential claim in respect of this litigation.

NOTE 8—SUBSEQUENT EVENTS

In January 2004, UGI Corporation communicated its offer to purchase the remaining outstanding 80.5% ownership interests of AGZ Holding, the parent company of Antargaz. As required by French law, the proposed transaction was presented to the Works Council of Antargaz, the labor representative body for Antargaz, which delivered its advice. The Share Purchase Agreement was signed on February 17, 2004.

NOTE 9—SUMMARY OF DIFFERENCES BETWEEN ACCOUNTING POLICIES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND FRANCE

The unaudited consolidated financial statements of AGZ Holding have been prepared and presented in accordance with the accounting principles described in the notes to the financial statements, which comply with accounting principles generally accepted in France (“French GAAP”). French GAAP differs in certain significant respects from accounting principles generally accepted in the United States of America (“U.S. GAAP”). The application of U.S. GAAP would have affected the Company’s unaudited consolidated net income (loss) for the nine-month-periods ended December 31, 2002 and 2003 and its consolidated shareholders’ equity as of March 31, 2003 and its unaudited consolidated shareholders’ equity as of December 31, 2003 as follows:

a) Reconciliation of consolidated net income/(loss) from French GAAP to U.S. GAAP

	Nine Months Ended December 31, 2003	Nine Months Ended December 31, 2002
	(Unaudited)	(Unaudited)
Consolidated net loss as determined in accordance with French GAAP	**(11,795)**	**(20,968)**
U.S. GAAP reconciling adjustments :		
Business combinations:		
Amortization of goodwill	14,629	14,848
Amortization of other intangible assets	(5,114)	(5,114)
Marketable securities	(78)	(101)
Derivative instruments	5,023	(3,915)
Deferred tax effects of above adjustments	60	3,235
Total U.S. GAAP adjustments, net	**14,520**	**8,953**
Consolidated net income/(loss) as determined in accordance with U.S. GAAP	**2,725**	**(12,015)**

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

b) Reconciliation of consolidated shareholders' equity from French GAAP to U.S. GAAP

	At December 31, 2003 (Unaudited)	At March 31, 2003
Consolidated shareholders' equity as determined in accordance with French GAAP	**37,175**	**73,970**
U.S. GAAP reconciling adjustments :		
Business combinations:		
Amortization of goodwill	35,020	20,391
Amortization of other intangible assets	(18,750)	(13,636)
Marketable securities	—	78
Derivative instruments	223	(4,800)
Deferred tax effects of above adjustments	6,564	6,504
Total U.S. GAAP adjustments, net	**23,057**	**8,537**
Consolidated shareholders' equity as determined in accordance with U.S. GAAP	**60,232**	**82,507**

c) Description of the differences between accounting principles applied to prepare the consolidated financial statements under French GAAP and under U.S. GAAP

Business combinations

Under French GAAP and U.S. GAAP, acquisitions are generally accounted for as purchases. The cost of an acquired company is assigned to the tangible and intangible assets acquired and liabilities assumed on the basis of their estimated fair values at the date of acquisition. Any excess of purchase price over the fair value of the tangible and intangible assets acquired is allocated to goodwill. There are, however, certain differences that exist with respect to the application of the purchase method between French and U.S. GAAP that affect the allocation of purchase price, including the amounts assigned to identifiable intangible assets, deferred income taxes and goodwill.

Amortization of goodwill

Due to differences between U.S. GAAP and French GAAP relating to the application of the purchase method, the goodwill related to the acquisition of Antargaz by AGZ amounts to €370.9 million under U.S. GAAP compared to €388.6 million under French GAAP. Under French GAAP, the Company amortizes goodwill on a straight-line basis over its estimated useful life of twenty years. Under U.S. GAAP, prior to the application of SFAS No.142 , effective April 1, 2002, the Company amortized the goodwill over its estimated useful live of 20 years. Since April 1, 2002, in compliance with SFAS No. 142, the Company does not amortize goodwill, but reviews it for impairment at least annually, or more frequently if impairment indicators arise. According to the results of impairment tests, based both upon the market multiples as an indicator of fair value and upon the discounted cash flow method, goodwill was not impaired at December 31, 2003 and 2002.

Amortization of other intangible assets

Under U.S. GAAP, identifiable intangible assets, including customer lists and trademarks, are recognized. The customer lists are amortized over their estimated useful lives. Under French GAAP, trademarks have not been recognized and customer lists are not subject to amortization. Accordingly, the amortization adjustment for other intangible assets reflects the U.S. GAAP amortization of customer lists assuming estimated useful lives of 11 years.

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

Deferred income taxes

Under French GAAP, deferred income taxes are not recognized on goodwill and certain other non-amortizable intangible assets, including customer relationships. Under U.S. GAAP, deferred taxes are recognized on all intangible assets except goodwill.

Derivative instruments

Under French GAAP, interest rate swap agreements, which are considered to hedge the underlying debt, are not recognized in the balance sheet. Any interest rate differential is recognized as an adjustment to interest expense over the term of the related underlying debt for qualifying hedges. Under French GAAP, fair value of LPG purchasing term contract is not recognized.

Under U.S. GAAP, subsequent to the adoption of SFAS No. 133, all derivative instruments are required to be recorded in the balance sheet at fair value. Changes in fair value are recorded currently in earnings unless the item is designated, qualifies and is effective as a hedge. Fair value is defined as the amount that would be paid or received to terminate the derivative instrument at the balance sheet date. According to U.S. GAAP, the interest rate swaps are not considered to hedge the underlying senior debt. The fair value adjustment is recognized in U.S. GAAP and amounts, at December 31, 2003, to €5,123 in net income and to €323 in shareholder's equity. The fair value adjustment relating to LPG purchasing term contract is recognized in U.S. GAAP and amounts, at December 31, 2003, to €(100) both in shareholder's equity and in net income. The corresponding deferred income taxes relating to derivative instrument adjustments are also recognized in U.S. GAAP shareholders' equity and income statement.

Marketable securities

Under French GAAP, marketable securities are valued at their historical cost. Under U.S. GAAP, the Group's marketable securities are considered as trading and, in accordance with SFAS No. 115, recognized at their fair value. The difference between the historical cost of marketable securities and their fair value at December 31, 2003, is recognized in U.S. GAAP net income and shareholders' equity. The corresponding deferred income taxes are also recognised in the U.S. GAAP income statement.

Revenue

Under U.S. GAAP, in accordance with EITF 99-19, revenue relating to transactions for which the Company acts as an agent is recognized on a net basis and a corresponding reduction of cost of sales for the same amount. This adjustment has no effect on consolidated net income or consolidated shareholders' equity. Under French GAAP, such revenue is recognized on a gross basis.

Exceptional items

Certain amounts presented as exceptional income and expense (non-operating) in the consolidated statement of income under French GAAP do not qualify as extraordinary, or non-operating items under U.S. GAAP.

Comprehensive income

Comprehensive income includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. In consolidated financial statements under French GAAP, the

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AGZ HOLDING

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS—(Continued)
(All figures are expressed in € thousands unless otherwise stated)

concept of comprehensive income does not exist because French accounting principles do not allow any change in equity corresponding to this definition other than net income, changes in the cumulative translation adjustments related to consolidated foreign subsidiaries and changes in accounting principles.

In consolidated financial statements under U.S. GAAP, comprehensive income and its components must be displayed in a statement of comprehensive income. For the period ended December 31, 2003, this statement includes only the net income.

Classification of goodwill on equity method investees

Under French GAAP, goodwill related to equity method investees is included within "Goodwill" in the consolidated balance sheet. The related amortization is included within "Goodwill amortization" in the statement of operations. Under U.S. GAAP, goodwill related to equity method investees would be included within the investment account in the consolidated balance sheet. The related amortization would be included within "Equity in loss of associated companies" in the statement of operations.

The difference described above would also require an adjustment between the French and U.S. GAAP statements of cash flows (from amortization to equity in earnings of associated companies). Cash flows from operations would not be affected in total.

Treatment of bank overdrafts in the statement of cash flows

Under French GAAP, bank overdrafts are netted against cash and cash equivalents for purposes of the statement of cash flows. Under U.S. GAAP, cash overdrafts, which amount to €1,592 at December 31, 2003, would be presented as part of financing activities.

Statement of cash flows

Under French GAAP, certain items are presented on a net basis in the statement of cash flows. Under U.S. GAAP these items would be required to be presented on a gross basis (e.g. borrowings and repayment of debt)

New accounting pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." In December 2003, the FASB issued a revision to Interpretation No. 46. Interpretation No. 46, as revised, requires unconsolidated variable interest entities to be consolidated by their primary beneficiaries, as defined by Interpretation No. 46. As a non-public Company, the Company should apply the provisions of Interpretation No. 46, as revised, to variable interest entities created after December 31, 2003 upon initial involvement with the entity. The Company is required to apply the provisions of Interpretation No. 46, as revised, to variable interest entities created prior to December 31, 2003 as of April 1, 2005. The adoption is not expected to have a material effect on the Company's results of operations or financial condition when adopted.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). In particular, it requires that mandatorily redeemable financial instruments be classified as liabilities and reported at fair value and that changes in their fair values be reported as interest cost. The Company does not expect SFAS No. 150 to have a material effect on the Company's financial position or results of operations.

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PROSPECTUS

7,500,000 Shares

UGI CORPORATION

Common Stock

We are planning to offer up to an aggregate of 7,500,000 shares of our common stock for the purpose of funding our intended acquisition of the ownership interests that we do not already own in AGZ Holding, the parent holding company of Antargaz, a leading distributor of liquefied petroleum gases in France. See “Who We Are”—Planned Acquisition of Antargaz.” We may provide a prospectus supplement to add, update or change information contained in this prospectus. You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement for those securities.

Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange under the symbol “UGI.” The last reported sale price of our common stock on the New York Stock Exchange on March 10, 2004 was $32.50 per share.

The underwriters have an option to purchase a maximum of 1,125,000 additional shares to cover over-allotments of shares.

Investing in our common stock involves risk. See “ Risk Factors” beginning on page 5 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is March 15, 2004.

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You should rely only on the information contained in, or incorporated by reference into, this document, any prospectus supplement or any document to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document or in any prospectus supplement may only be accurate as of the date on the front of these documents.

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WHO WE ARE

UGI Corporation is a distributor and marketer of energy products and services serving nearly 2 million customers principally in North America and Europe through subsidiaries and joint venture affiliates, including:

- AmeriGas Partners, L.P. ("AmeriGas Partners")—the largest retail propane marketer in the United States based on retail volume, distributing more than one billion retail gallons in its fiscal year ended September 30, 2003. As of September 30, 2003, AmeriGas Partners served approximately 1.3 million customers from approximately 650 locations in 46 states. On October 1, 2003, AmeriGas Partners acquired the assets of Horizon Propane LLC. Giving effect to the Horizon Propane acquisition, AmeriGas Partners has over 700 locations. The common units of AmeriGas Partners, representing limited partnership interests in the limited partnership, trade on the New York Stock Exchange under the symbol "APU." We have an effective 48% ownership interest in AmeriGas Partners. The remaining interest is publicly held.
- UGI Utilities, Inc. ("UGI Utilities")—a regulated gas and electric distribution utility serving over 300,000 customers in eastern Pennsylvania as of September 30, 2003. UGI Utilities is regulated by the Pennsylvania Public Utility Commission.
- UGI Enterprises, Inc. ("UGI Enterprises")—a company that conducts domestic and international energy related-businesses through subsidiaries and joint ventures. UGI Enterprises' principal operating business is UGI Energy Services, Inc. ("ESI"), which markets natural gas, oil and electricity in the eastern region of the United States under the trade name GASMARK® and served approximately 5,000 customers as of September 30, 2003. ESI also owns and operates liquefied natural gas and propane plants which are used to meet peak energy needs. UGI Development Company, a subsidiary of ESI, owns interests in and operates Pennsylvania-based electric generation assets. UGI HVAC Enterprises, Inc. operates a heating and cooling installation and service business in the Mid-Atlantic region.

  UGI Enterprises conducts its international liquefied petroleum gases ("LPG") distribution business through wholly-owned subsidiaries and joint ventures. It owns FLAGA GmbH, the largest retail LPG distributor in Austria and one of the largest suppliers in the Czech Republic and Slovakia, distributing approximately 33 million gallons of LPG during the fiscal year ended September 30, 2003. UGI Enterprises also participates in a propane distribution joint venture in China. As discussed more fully below, UGI Enterprises currently holds, through UGI France, Inc., an approximate 19.5% interest in AGZ Holding, a French corporation (*société anonyme*) and the parent holding company of Antargaz, one of the largest distributors of LPG in France. We expect to acquire the remaining approximate 80.5% interest in AGZ Holding in the transaction that is intended to be funded, in part, through this offering.

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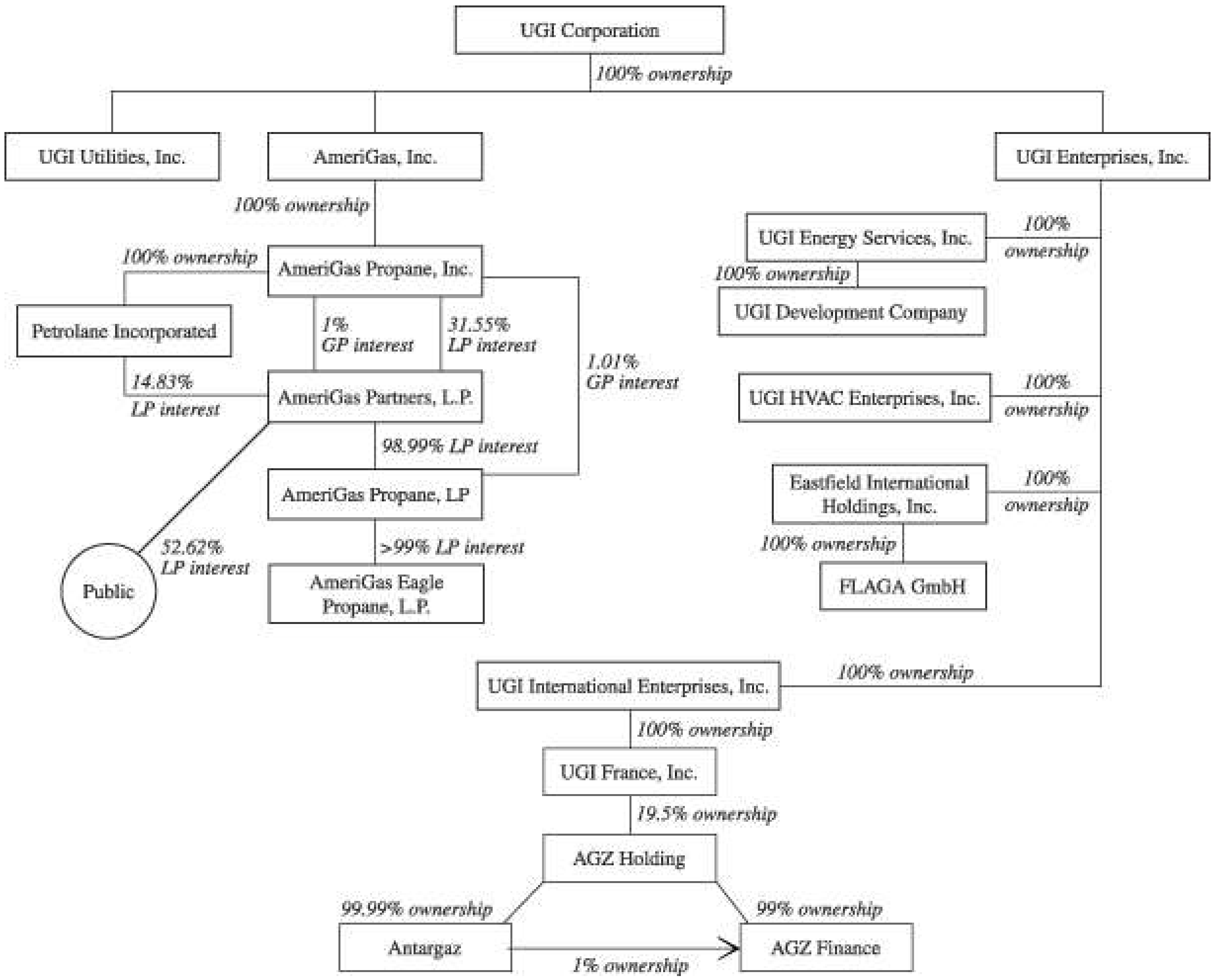
The following chart depicts the current ownership structure of our principal subsidiaries:



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Planned Acquisition of Antargaz

We hold, through our indirect, wholly-owned subsidiary, UGI France, Inc., approximately 19.5% of the issued and outstanding shares of the capital stock of AGZ Holding. AGZ Holding owns 99.99% of Antargaz, a French corporation (*société anonyme*), which, through its wholly- and partially-owned subsidiaries, is engaged in the business of marketing, selling and distributing LPG in mainland France and the French island of Corsica. We expect to acquire the ownership interests in AGZ Holding that we do not already own as of April 1, 2004.

Antargaz is one of the four leading distributors of LPG in France. During its fiscal year ended March 31, 2003, Antargaz sold approximately 350 million gallons of LPG and had an approximate 24% market share in France. The French LPG market is mature, with limited future growth expected. Antargaz serves over 220,000 customers using a logistical system that includes five primary storage facilities and 26 secondary storage facilities. Antargaz's customer base consists of residential, commercial, agricultural and motor fuel accounts that use LPG for space heating, cooking, water heating, process heat and transportation. As of September 30, 2003, Antargaz had approximately 1,350 employees.

We expect to realize a number of significant economic and strategic benefits as a result of our planned acquisition of Antargaz. We anticipate that the planned transaction will:

- Contribute to our earnings growth strategy;
- Provide significant financial resources to grow our earnings per share;
- Provide a larger platform for growth in Europe;
- Provide an experienced management team in Europe; and
- Enhance the opportunities for a sharing of best practices.

On February 17, 2004 and February 20, 2004, we executed a share purchase agreement and a joinder agreement, respectively, to effect the acquisition of the ownership interests in AGZ Holding that we do not already own by purchasing, through UGI France, Inc., or another of our wholly-owned subsidiaries, (1) approximately 78.3% of the issued and outstanding capital stock of AGZ Holding, approximately 68.5% of which is currently owned by privately-held, French-based investment funds that are managed by PAI partners, a French corporation (*société par actions simplifiée*) ("PAI"), and approximately 9.8% of which is currently owned by Medit Mediterranea GPL S.r.L., a company organized under the laws of Italy ("Medit"), and (2) approximately 99.99% of the shares of the issued and outstanding capital stock of Financière AGZ, a French corporation (*société par actions simplifiée*) which owns approximately 2.2% of the issued and outstanding capital stock of AGZ Holding. Financière AGZ has nominal assets and conducts no business operations; its shareholders are currently comprised of AGZ Holding, PAI, Medit, UGI France and certain individuals, including officers and managers of AGZ Holding, Antargaz, Antargaz subsidiaries or their affiliates.

In the anticipated transaction, we have agreed to pay approximately €258.5 million ($316.5 million based on an exchange rate of $1.2243 per euro on March 10, 2004), based upon estimates of working capital and pre- and post-closing adjustments, for the ownership interests in AGZ Holding that we do not already own. We expect to fund the purchase price with up to $100 million of existing cash balances and the proceeds of this offering.

UGI Corporation has made an offer to acquire, upon completion of the transaction, the outstanding 10% Senior Notes due 2011 of AGZ Finance (the "AGZ Notes"), a wholly-owned subsidiary of AGZ Holding, at the purchase price of 101% of the principal amount of the notes tendered plus accrued and unpaid interest thereon and specified additional amounts, if any, as provided for in the trust deed governing the AGZ Notes. Although, at this time, we do not expect significant amounts of AGZ Notes to be tendered in such offer, we have executed agreements with certain affiliates of Credit Suisse First Boston to enable us to finance the purchase of any AGZ Notes tendered pursuant to such offer.

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Under AGZ Holding's senior facilities agreement, dated June 26, 2003, as amended, with Credit Lyonnais as mandated lead arranger, facility agent and security agent, our acquisition of Antargaz will constitute a "change of control" and result in an acceleration of all amounts borrowed and outstanding under such agreement, unless our subsidiary, UGI France, Inc., or any of its affiliates obtains, within six months of the consummation of the acquisition, a corporate rating from Standard & Poor's Ratings Group of at least BBB. AGZ Holding will not be able to make any restricted payments under the senior facilities agreement during such six-month period prior to obtaining such rating. As of December 31, 2003, there were term loans of €211,000,000 outstanding under AGZ Holding's senior facilities agreement. We expect to seek an amendment of the senior facilities agreement to provide that our acquisition of AGZ Holding does not constitute a "change of control" under the agreement.

Additional Information

We were incorporated in Pennsylvania in 1991. UGI Corporation is not subject to regulation by the Pennsylvania Public Utility Commission. We are also exempt from registration as a holding company and not otherwise subject to the Public Utility Holding Company Act of 1935, except for Section 9(a)(2), which regulates the acquisition of voting securities of an electric or gas utility company.

Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-1000. Our website is http://www.ugicorp.com. The information on our website is not incorporated into, and does not constitute a part of, this prospectus.

Recent Events

On January 27, 2004, we announced our intention to increase the annual dividend rate on our common stock to $1.25 per share from $1.14 per share effective with the regularly scheduled July dividend payment, assuming the completion of the anticipated acquisition of the shares in AGZ Holding that we do not already own.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, in addition to the other information in this prospectus, before making an investment decision. Each of these risk factors could adversely affect our business, operating results and financial condition, and the value of an investment in our common stock. Generally, each of the following risk factors that relates to our propane operations is also a risk factor that is applicable to Antargaz's LPG operations.

Risks Related to Our Business

Decreases in the demand for our energy products and services because of warmer weather adversely affect our results of operations.

Because many of our customers rely on our energy products and services to heat their homes and businesses, our results of operations are adversely affected by warmer weather. Weather conditions have a significant impact on the demand for our energy products and services for both heating and agricultural purposes. Accordingly, the volume of our energy products sold is at its highest during the five-month peak heating season of November through March and is directly affected by the severity of the winter weather. For example, historically, approximately 55% to 60% of AmeriGas Partners' annual retail propane volume has been sold during these months and approximately 60% of our natural gas throughput (the total volume of gas sold to or transported for customers within our distribution system) occurs during these months. In certain prior years, warmer-than-normal weather in our service territories reduced demand for our energy products and services for heating purposes below normal levels, which had an adverse effect on our operating results. There can be no assurance that normal winter weather in our service territories will occur in the future.

Our holding company structure could limit our ability to pay dividends or debt service.

We are a holding company whose material assets are the stock of our subsidiaries and interests in joint ventures. Accordingly, we conduct all of our operations through our subsidiaries and joint venture affiliates. Our ability to pay dividends on our common stock and to pay principal and accrued interest on our debt, if any, depends on the payment of dividends or distributions to us by our principal operating subsidiaries, AmeriGas Partners, L.P., UGI Utilities, Inc. and UGI Enterprises, Inc. Payments to us by those subsidiaries, in turn, depends upon their results of operations and cash flows and, in the case of AmeriGas Partners, the provisions of its partnership agreement. The operations of those subsidiaries are affected by conditions beyond our control, including weather, competition in markets we serve, the costs and availability of propane, natural gas, electricity and other energy sources and changes in capital market conditions. The ability of our subsidiaries, including AGZ Holding after completion of the proposed acquisition, to make payments to us is also affected by the level of indebtedness of such subsidiaries, which is substantial, and the restrictions on payments to us imposed under the terms of such indebtedness.

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 these market conditions. Consequently, the unit price of the propane that our subsidiaries and other marketers purchase can change rapidly over a short period of time. 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 U.S. storage points such as Mont Belvieu, Texas or Conway, Kansas. Because our subsidiaries' 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. Due to competitive pricing in the propane industry, our subsidiaries may not be able to pass on product cost increases to our customers when product costs rise rapidly, or when our competitors do not raise their product prices. In addition, high propane product prices may lead to customer conservation, resulting in reduced demand. Finally, market volatility may cause our subsidiaries to sell propane at less than the price at which they purchased it, which could adversely affect our operating results.

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

Our energy products and services face competition from other energy sources, some of which are less costly for equivalent energy value. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

Our propane business competes for customers against suppliers of electricity, fuel oil and natural gas. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, however, so 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 less expensive source of energy than propane. The gradual expansion of natural gas distribution systems in our service areas has resulted in the availability of natural gas in some areas that previously depended upon propane. As long as natural gas remains a less expensive energy source than propane, our propane business will lose customers in each region into which natural gas distribution systems are expanded. In France, the state-owned natural gas monopoly, Gaz de France, has in the past extended France's natural gas grid.

Our natural gas business competes primarily with electricity and fuel oil, and, to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their comparative price and the relative cost and efficiency of fuel utilization equipment. Electric utilities within the areas served by our natural gas business are seeking new customers, primarily in the new construction market. Fuel oil dealers compete with us for customers in all areas, including industrial customers. There can be no assurance that our natural gas revenues will not be adversely affected by this competition.

Our ability to increase revenues is adversely affected by the maturity of the retail propane industry.

The retail propane industry in the United States is mature, with only modest growth in total demand for the product foreseen. Given this limited growth, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the propane industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the PPX® program (through which consumers can exchange an empty propane grill cylinder for a filled one) and the strategic accounts program (through which we encourage large, multi-location propane users to enter into a supply agreement with us rather than with many small suppliers), 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.

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

Given the mature nature of the U.S. propane market, one of our strategies is to grow through acquisitions in the United States and in international markets. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. There is significant competition for acquisitions in the U.S. propane industry, specifically among publicly-traded master limited partnerships. We believe that there are numerous potential acquisition candidates in the U.S. propane industry, some of which represent acquisition opportunities that would be material to us. We cannot assure you that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that any acquisitions will not be dilutive to earnings or that any additional debt incurred to finance an acquisition will not affect our ability to pay dividends.

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In addition, the restructuring of the energy markets in the United States and internationally, including the privatization of government-owned utilities and the sale of utility-owned assets, is creating opportunities for, and competition from, well-capitalized competitors, which may affect our ability to achieve our business strategy.

To the extent we are successful in making acquisitions, such acquisitions, including the anticipated acquisition of Antargaz, involve a number of risks, including, but not limited to, the assumption of material 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, as well as in the assimilation of broad and geographically dispersed personnel and operations. The failure to successfully integrate acquisitions could have an adverse affect on our business, financial condition and results of operations.

The U.S. propane retail distribution business is highly competitive.

We compete in the U.S. propane retail distribution business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. In recent years, some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution, and we compete with them as well. The ability to compete effectively depends on providing satisfactory customer service, maintaining competitive retail prices and controlling operating expenses.

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

During the year ended September 30, 2003, AmeriGas Partners purchased approximately 79% of its propane needs in the United States from ten 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 market areas, some of AmeriGas Partners' suppliers provide 70% to 80% of its propane requirements. Disruptions in supply in these areas could also have an adverse impact on our earnings. Antargaz is similarly dependent upon its suppliers. Significant amounts of propane must be imported to meet demand in France. There is no assurance that Antargaz will be able to continue to acquire sufficient supplies of propane to meet demand at prices or within time periods that would allow it to remain competitive.

The expansion of our international business means that we will face increased risks, which may negatively affect our business results.

Our intended acquisition of Antargaz will significantly increase our international presence. As we continue to grow as a multi-national corporation, with subsidiaries around the world, we face risks in doing business abroad that we do not face domestically. Certain aspects inherent in transacting business internationally could negatively impact our operating results, including:

- costs and difficulties in staffing and managing international operations;
- regulatory requirements and changes in regulatory requirements, including French and EU competition laws that may adversely affect the terms of contracts with customers, and new environmental requirements that have led to stricter regulations of LPG storage sites in France;
- tariffs and other trade barriers;
- difficulties in enforcing contractual rights;
- longer payment cycles;
- local political and economic conditions;
- potentially adverse tax consequences, including restrictions on repatriating earnings and the threat of "double taxation"; and
- fluctuations in currency exchange rates.

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

Our business' operations and those of Antargaz are subject to all of the operating hazards and risks normally incidental to the handling, storage and delivery of combustible products, such as LPG and natural gas, and the generation of electricity. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. We maintain insurance policies with insurers in such amounts and with such coverages and deductibles as we believe are reasonable and prudent. We cannot assure you, however, that such insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that such levels of insurance will be available in the future at economical prices.

Moreover, our acquisition of the remaining interests in AGZ Holding will expose us to additional litigation risks at Antargaz. Specifically, in connection with its 2001 acquisition of its propane business, AGZ Holding entered into a guarantee agreement with Elf Antar France, now Total France, and Elf Aquitaine pursuant to which Total France and Elf Aquitaine agreed to indemnify AGZ Holding for all payments which would have been due from Antargaz in respect of certain matters, including a business tax related to AGZ Holding's propane tanks for the period from January 1, 1997 through December 31, 2000, and certain potential environmental/safety liabilities. If Total France and Elf Aquitaine were to reject their indemnity obligations or if such obligations were found to be unenforceable, AGZ Holding may not have recourse against any third party with respect to any such liabilities, which, in turn, could have an adverse effect on our ability to receive distributions of cash from AGZ Holding.

If energy conservation and efficiency and technology trends continue to decrease demand for our energy products and services, our revenues will decrease.

Retail customers primarily use our energy products and services for home heating, water heating and cooking purposes. Energy conservation and efficiency measures and advances in heating, conservation and other devices have begun to decrease demand for our energy products. Should that decrease continue, and not be offset by colder weather, our revenues will decrease. Additionally, new technologies and alternative sources of energy may be developed that could negatively affect the competitiveness of our operating subsidiaries and therefore, our revenues.

We may be unable to respond effectively to competition, which may adversely affect our operating results.

We may be unable to timely respond to changes within the energy and utility sectors that may result from regulatory initiatives to further increase competition within our industry. Such regulatory initiatives may create opportunities for additional competitors to enter our markets, and, as a result, we may be unable to maintain our revenues or continue to pursue our current business strategy.

The loss of key personnel would have an adverse effect on our business, financial results and results of operations.

Our continued success is dependent upon the efforts and abilities of our executive officers and other key employees and our ability to continue to attract, motivate and retain highly-qualified personnel. Our ability to effectively integrate acquired businesses, including Antargaz, will also depend on the efforts and abilities of the officers or key employees we retain in those acquisitions. The loss of key personnel or the failure to attract and motivate key personnel could have an adverse effect on our business, financial condition and results of operations.

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

We are subject to extensive and changing international, federal, state and local safety, health, transportation and environmental laws and regulations governing the storage, distribution and transportation of our energy products.

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New regulations, or a change in the interpretation of existing regulations, could result in increased expenditures. For example, the explosion at Grande Pariosse S.A.'s chemical factory in Toulouse, France in September 2001 gave rise to new regulations relating to the safety risks of operations such as Antargaz's, which involve the storage of large amounts of flammable substances. In addition, for many of our operations, we are required to obtain permits from regulatory authorities. Failure to comply with these permits or applicable laws could result in civil and criminal fines or the cessation of the operations in violation.

We are investigating and remediating contamination at a number of present and former operating sites in the United States, including former sites where we or our former subsidiaries operated manufactured gas plants. We have also received claims from third parties that allege that we are responsible for costs to clean up properties where we or our former subsidiaries operated a manufactured gas plant or conducted other operations. Costs we incur to remediate sites outside of Pennsylvania cannot be recovered in future utility rate proceedings, and insurance may not cover all or even part of these costs. Our actual costs to clean up these sites may exceed our current estimates due to factors beyond our control, such as:

- the discovery of presently unknown conditions;
- changes in environmental laws and regulations;
- judicial rejection of our legal defenses to the third-party claims; or
- the insolvency of other responsible parties at the sites at which we are involved.

In addition, if we discover additional contaminated sites, we could be required to incur material costs, which would reduce our net income.

Under certain conditions, if the credit rating of UGI Utilities' long-term debt is downgraded, FLAGA's lenders may accelerate repayment of FLAGA's debt, which could adversely affect our ability to pay dividends on our common stock.

FLAGA has a €15 million working capital loan commitment from a European bank expiring in November 2004. As of December 31, 2003, borrowings under this working capital facility totaled €14.4 million ($18.1 million U.S. dollar equivalent). We guarantee the debt issued under this agreement, as well as $78.0 million of acquisition and special purpose debt of FLAGA. In the event that the credit rating of UGI Utilities' long-term debt is downgraded from A3 to Baa2 by Moody's Investors Service and from BBB+ to BBB by Standard & Poor's, FLAGA's lenders may accelerate the repayment of this debt, which could require us to refinance FLAGA's debt immediately. On January 29, 2004, Standard & Poor's Ratings Services placed its BBB+ corporate credit and other ratings on UGI Utilities on CreditWatch with negative implications. If we were unable to refinance the debt, we could be unable to pay dividends on our common stock.

Current economic and political conditions may harm our business.

U.S. and international economic conditions and the effects of ongoing military actions against terrorists may cause significant disruptions to commerce throughout the world. To the extent that such conditions and disruptions result in delays or cancellations of customer orders, impair our ability to effectively market our energy products or services or acquire our sources of supply for our energy products, or cause or prolong an economic recession, we would have lower consolidated revenues, and, therefore, lower consolidated net income. In addition, our ability to raise capital for acquisitions, capital expenditures and ongoing operations is dependent upon ready access to capital markets. During times of adverse economic and political conditions, investor confidence in and accessibility to capital markets could decrease. If capital markets are not available to us over an extended period of time, we could be unable to make acquisitions, refinance debt, invest in capital expenditures and fund operations.

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Risks Related to Our Common Stock

The price of our securities may be affected by the general perception of the energy and utility sectors of the economy.

Events, such as the blackout in parts of the United States on August 14, 2003, those involving Enron Corporation, political unrest in oil-producing countries and the energy crisis in California, could adversely affect investors' perceptions of the energy and utility sectors. A negative perception of our industry by investors could adversely affect the equity prices of companies within the energy and utility sectors. We cannot predict what news or events might affect the perceptions of investors in our industry or how such news or events might affect the market price of our common stock, but fluctuations in the market price of our common stock could be severe and any effects could be long-term.

Your ability to seek potential recoveries from our former independent public accountants, Arthur Andersen LLP, is limited.

Arthur Andersen LLP audited our financial statements and schedules as of and for the year ended September 30, 2001, which are incorporated by reference into this prospectus. Arthur Andersen LLP has not reissued their report on our financial statements in this prospectus, and we have relied on Rule 437a under the Securities Act in filing this registration statement without such a consent. On June 15, 2002, Arthur Andersen LLP was convicted of obstruction of justice by a federal jury in Houston, Texas in connection with Arthur Andersen LLP's work for Enron Corporation. On September 15, 2002, a federal judge upheld this conviction. Arthur Andersen LLP ceased its audit practice before the SEC on August 31, 2002. In May 2002, we terminated our engagement of Arthur Andersen LLP as our independent accountants and engaged PricewaterhouseCoopers LLP to serve as our independent accountants for the fiscal year ending September 30, 2002. Because Arthur Andersen has not consented to the incorporation by reference of their reports on our financial statements in this prospectus and because of the circumstances affecting Arthur Andersen LLP, as a practical matter, it may not be able to satisfy any claims arising from the provision of auditing services to us, including claims you may have that are available to securities holders under federal and state securities law.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus, including the information incorporated by reference into this prospectus, includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act as enacted by the Private Securities Litigation Reform Act of 1995. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," 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 the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements:

- adverse weather conditions resulting in reduced demand;
- price volatility and availability of propane, fuel oil, electricity and natural gas and the capacity to transport them to our market areas;
- changes in laws and regulations, including safety, tax, competition, environmental and accounting matters;
- competitive pressures from the same and alternative energy sources;
- failure to acquire new customers, thereby reducing or limiting any increase in revenues;
- liability for environmental claims;
- customer conservation measures and improvements in energy efficiency and technology resulting in reduced demand;
- adverse labor relations;
- large customer, counterparty or supplier defaults;
- liability for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and propane, including liability in excess of insurance coverage;
- political, regulatory and economic conditions in the United States and in foreign countries;
- interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations;
- reduced distributions or dividends from subsidiaries;
- the timing of the completion of our proposed acquisition of the ownership interests that we do not already own in AGZ Holding; and
- the timing and success of our efforts to develop new business opportunities.

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 federal securities laws.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the SEC using a “shelf” registration process. Under this shelf registration process, we may sell the common stock described herein in the future in order to acquire AGZ Holding, the parent holding company of Antargaz, which is described in this prospectus under the section “Who We Are — Planned Acquisition of Antargaz.” When we sell the shares of common stock under this prospectus, we may provide a prospectus supplement that will contain any material information not included in this prospectus. That prospectus supplement may also add to, update or change information in this prospectus.

To understand this offering fully, you should read this entire document carefully, particularly the “Risk Factors” section, as well as the documents identified in the section titled “Where You Can Find More Information.”

USE OF PROCEEDS

We currently intend to use all of the net proceeds from this offering to acquire the ownership interests that we do not already own in AGZ Holding, the parent holding company of Antargaz, or to repay the principal and accrued interest under a bridge financing arrangement entered into for the purposes of financing such planned acquisition. You should refer to the section in this prospectus entitled “Who We Are — Planned Acquisition of Antargaz,” for a description of that transaction. To the extent any proceeds remain after paying the purchase price for the ownership interests in AGZ Holding that we do not already own, we will use the proceeds for general corporate purposes.

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UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement, we will agree to sell to Credit Suisse First Boston (Europe) Limited, or a syndicate of underwriters managed by Credit Suisse First Boston (Europe) Limited and one or more other managing underwriters, all of the shares of common stock. The common stock will also be offered to the public by Credit Suisse First Boston (Europe) Limited or through Credit Suisse First Boston LLC, which will be acting as selling agent for Credit Suisse First Boston (Europe) Limited, and the other members of any underwriting syndicate.

The underwriting agreement will provide that the underwriters are obligated to purchase all of the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below.

We have granted to the underwriters a 30-day option to purchase up to 1,125,000 additional shares from us at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters may receive compensation in the form of discounts, concessions or commissions from us. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved.

We will agree to indemnify the underwriters against liabilities under the Securities Act of 1933, as amended, or contribute to payments that the underwriters may be required to make in that respect.

The shares of common stock have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol “UGI.”

In the ordinary course of business, Credit Suisse First Boston (Europe) Limited and its affiliates have provided and may in the future provide financial advisory, investment banking and general financing and banking services for us and our affiliates for customary fees. Other members of any underwriting syndicate may also have provided similar services for customary fees. Additionally, an affiliate of Credit Suisse First Boston has provided our bridge financing commitment, the proceeds of which would be used to fund the purchase price of the proposed acquisition of the interests in AGZ Holding that we do not already own if the proceeds of this offering are not available.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of

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shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering. The underwriters may agree to allocate a number of shares to selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. In addition, we maintain a website at http://www.ugicorp.com and make available free of charge on this website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website, other than the documents incorporated by reference into this prospectus pursuant to the section entitled "Incorporation of Certain Documents By Reference" below, is not incorporated into, and does not constitute a part of, this prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. Statements made in this prospectus as to the contents of any contract, agreement or other documents are not necessarily complete, and, in each instance, we refer you to a copy of such document filed as an exhibit to the registration statement, of which this prospectus is a part, or otherwise filed with the SEC. The information incorporated by reference is considered to be part of this prospectus. When we file information with the SEC in the future, that information will automatically update and supersede this information. We incorporate by reference herein our documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the shares of common stock that we have registered are sold (other than Current Reports on Form 8-K containing disclosure furnished under Item 9 or Item 12 of Form 8-K and exhibits relating to such disclosures, unless otherwise specifically stated in any such Current Report or Form 8-K):

- our annual report on Form 10-K for the fiscal year ended September 30, 2003, filed on December 23, 2003, except to the extent superseded by the current report on Form 8-K filed on March 11, 2004;
- our quarterly report on Form 10-Q for the fiscal quarter ended December 31, 2003, filed on February 13, 2004;
- our current report on Form 8-K filed on March 11, 2004; and
- the description of our common stock contained in our registration statement on Form 8-B, dated March 23, 1992, as amended by Amendment No. 1 to Form 8-B, dated April 10, 1992, and on Form 8-A, dated June 24, 1996, and any amendments or reports filed after the date hereof for the purpose of updating such description.

We will provide, upon written or oral request, to each person to whom a prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus. You may request a copy of these filings, at no cost, by writing us at UGI Corporation, 460 North Gulph Road, King of Prussia, Pennsylvania 19406, Attention: Vice President and Treasurer. Our telephone number is (610) 337-1000.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Morgan, Lewis & Bockius LLP. The underwriters will be represented by Cravath, Swaine & Moore LLP, New York, N.Y.

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EXPERTS

The audited consolidated financial statements incorporated into this prospectus by reference to the current report on Form 8-K dated March 11, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The audited consolidated financial statements and schedules for the period ended September 30, 2001, which are incorporated by reference in this prospectus, were audited by Arthur Andersen LLP, our former independent accountants, as indicated in their reports with respect thereto. Copies of such reports are incorporated by reference herein, but Arthur Andersen LLP has not reissued such reports or consents to the incorporation of such reports into this prospectus and has ceased operations.

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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, 2015
Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	23-2668356
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

460 North Gulph Road, King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)
(610) 337-1000
(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 Stock, without par value	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 and post 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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 UGI Corporation Common Stock held by non-affiliates of the registrant on March 31, 2015 was $5,620,244,117.

At November 17, 2015, there were 172,443,403 shares of UGI Corporation Common Stock issued and outstanding.

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on January 28, 2016 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING INFORMATION

Information contained in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane and other liquefied petroleum gases, oil, electricity, and natural gas and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, tax, consumer protection and accounting matters; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal proceedings; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers and 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) large customer, counterparty or supplier defaults; (12) liability in excess of insurance coverage for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and liquefied petroleum gases ("LPG"); (13) political, regulatory and economic conditions in the United States and in foreign countries, including the current conflicts in the Middle East, and foreign currency exchange rate fluctuations, particularly the euro; (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) reduced distributions from subsidiaries; (17) changes in Marcellus Shale gas production; (18) the timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; and (19) our ability to successfully integrate acquired businesses and achieve anticipated synergies.

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:

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

CORPORATE OVERVIEW

UGI Corporation (the "Company") is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and related services. We are a domestic and international retail distributor of propane and butane (which are both LPG); a provider of natural gas and electric service through regulated local distribution utilities; a generator of electricity; a regional marketer of energy commodities; an owner and manager of midstream assets; and a regional provider of heating, ventilation, air conditioning, refrigeration, plumbing, and electrical contracting services. Our subsidiaries and affiliates operate principally in the following six business segments:

- AmeriGas Propane
- UGI International - UGI France
- UGI International - Flaga & Other
- Energy Services
- Electric Generation
- Gas Utility

The AmeriGas Propane segment consists of the propane distribution business of AmeriGas Partners, L.P. ("AmeriGas Partners" or the "Partnership"), which is the nation's largest retail propane distributor. The Partnership's sole general partner is our subsidiary, AmeriGas Propane, Inc. ("AmeriGas Propane" or the "General Partner"). The common units of AmeriGas Partners represent limited partner interests in a Delaware limited partnership and trade on the New York Stock Exchange under the symbol "APU." We have an effective 26% ownership interest in the Partnership and the remaining interest is publicly held. See Note 1 to Consolidated Financial Statements.

The UGI International - UGI France segment consists of the French LPG distribution business of our wholly-owned subsidiaries, Antargaz, a French société anonyme, and Finagaz, a French société par actions simplifiée, and our LPG distribution businesses in the Benelux countries (consisting of Belgium, the Netherlands, and Luxembourg) (collectively, "UGI France"). Following the completion of the Totalgaz Acquisition (described herein), Totalgaz's LPG distribution business is now referred to as Finagaz. UGI France is the largest LPG distributor in France and Luxembourg and one of the largest LPG distributors in the Netherlands and Belgium.

The UGI International - Flaga & Other segment consists of the LPG distribution businesses of (i) Flaga GmbH, an Austrian limited liability company, and its subsidiaries (collectively, "Flaga"), (ii) AvantiGas Limited, a United Kingdom private limited company ("AvantiGas"), and (iii) ChinaGas Partners, L.P., a majority-owned Delaware limited partnership. Flaga is the largest retail LPG distributor in Austria, Denmark, and Hungary and one of the largest in Poland, the Czech Republic, Slovakia, Norway, and Sweden. Flaga also distributes LPG in Finland, Romania, and Switzerland. AvantiGas is an LPG distributor in the United Kingdom. ChinaGas Partners is an LPG distributor in the Nantong region of China. UGI France and Flaga & Other segments are collectively referred to as "UGI International."

The Energy Services segment consists of energy-related businesses conducted by our wholly-owned subsidiary, UGI Energy Services, LLC ("Energy Services"). These businesses include (i) energy marketing in the Mid-Atlantic region of the United States (the "U.S."), (ii) operating and owning a natural gas liquefaction, storage and vaporization facility and propane-air mixing assets, (iii) managing natural gas pipeline and storage contracts, and (iv) developing, owning and operating pipelines, gathering infrastructure and gas storage facilities primarily in the Marcellus Shale region of Pennsylvania.

The Electric Generation segment consists of electric generation facilities conducted by Energy Services' wholly-owned subsidiary, UGI Development Company ("UGID"). UGID has an approximate 5.97% (approximately 102 megawatt) ownership interest in a coal-fired generation station in Pennsylvania. UGID also owns and operates (i) a 130 megawatt natural gas-fueled generating station in Pennsylvania, (ii) an 11 megawatt landfill gas-fueled generation plant in Pennsylvania, and (iii) 13.5 megawatts of solar-powered generation capacity in Pennsylvania, Maryland, and New Jersey. The Energy Services and Electric Generation segments are collectively referred to as "Midstream & Marketing."

The Gas Utility segment ("Gas Utility") consists of the regulated natural gas distribution businesses of our subsidiary, UGI Utilities, Inc. ("UGI Utilities"), and UGI Utilities' subsidiaries, UGI Penn Natural Gas, Inc. ("PNG") and UGI Central Penn Gas, Inc. ("CPG"). Gas Utility serves nearly 617,000 customers in eastern and central Pennsylvania and more than five hundred customers in portions of one Maryland county. UGI Utilities' natural gas distribution utility is referred to as "UGI Gas." Gas Utility is regulated by the Pennsylvania Public Utility Commission ("PUC") and, with respect to its more than five hundred customers in Maryland, the Maryland Public Service Commission.

In addition to the segments set forth herein, UGI Corporation also owns and operates (i) a regulated electric distribution business in Pennsylvania through UGI Utilities ("Electric Utility"), and (ii) a heating, ventilation, air conditioning, refrigeration, mechanical and electrical contracting, and project management service business in portions of eastern and central Pennsylvania and portions of New Jersey and Northern Delaware.

Business Strategy

Our business strategy is to grow the Company by focusing on our core competencies of distributing, storing, transporting and marketing energy products and services. We are utilizing our core competencies from our existing businesses and our national scope, international experience, extensive asset base and access to customers to accelerate both internal growth and growth through acquisitions in our existing businesses, as well as in related and complementary businesses. During Fiscal 2015, we completed a number of transactions in pursuit of this strategy and made progress on larger internally generated capital projects, including infrastructure projects to further support the development of natural gas in the Marcellus Shale region of Pennsylvania. A few of these transactions and projects are described below.

On May 29, 2015, our indirect wholly-owned French subsidiary, UGI France SAS *(a Société par actions simplifiée)* ("France SAS") (formerly UGI Bordeaux Holding), acquired all of the outstanding shares of Totalgaz, Total's LPG distribution business in France (now known as Finagaz) (the "Totalgaz Acquisition"). The Totalgaz Acquisition nearly doubled our retail LPG distribution business in France and is consistent with our growth strategies, one of which is to grow our core business through acquisitions. In addition, the Company expanded its presence in Europe by acquiring Total's LPG distribution business in Hungary in September 2015 and Tyczka Neue Gastechnik's LPG distribution business in Austria in October 2015. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

During Fiscal 2015, UGI Utilities announced its Invenergy pipeline project to provide natural gas service to a power generation facility in Jessup, Pennsylvania. Energy Services also announced its Sunbury Pipeline project to construct an approximately 35-mile pipeline to transport natural gas to the proposed Hummel Station combined-cycle 1,000 megawatt power generation facility near the Shamokin Dam in Snyder County, Pennsylvania.

In Fiscal 2015, Energy Services (i) commenced service on the Union Dale Lateral pipeline to transport locally produced natural gas to PNG and (ii) completed its Temple LNG project that increased the liquefaction capacity of its natural gas liquefaction, storage, and vaporization facility in Temple, Pennsylvania. In addition, Energy Services made progress on its participation in the PennEast Pipeline project to develop an approximately 118-mile pipeline from Pennsylvania to New Jersey. As of September 30, 2015, Energy Services had a 20% membership interest in the PennEast Pipeline project. In addition, on October 28, 2015, Energy Services announced that it had completed its three-phase expansion of its Auburn gathering system with the construction of three additional compressor units at its Manning Compressor Station in Wyoming County, Pennsylvania. Energy Services also announced that service commenced on its 9-mile pipeline (Auburn Loop project) connecting Susquehanna County to the Manning Compressor Station on November 1, 2015.

Corporate Information

UGI Corporation was incorporated in Pennsylvania in 1991. UGI Corporation is not subject to regulation by the PUC. UGI Corporation is a "holding company" under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). PUHCA 2005 and the implementing regulations of the Federal Energy Regulatory Commission ("FERC") give FERC access to certain holding company books and records and impose certain accounting, record-keeping, and reporting requirements on holding companies. PUHCA 2005 also provides state utility regulatory commissions with access to holding company books and records in certain circumstances. Pursuant to a waiver granted in accordance with FERC's regulations on the basis of UGI Corporation's status as a single-state holding company system, UGI Corporation is not subject to certain of the accounting, record-keeping, and reporting requirements prescribed by FERC's regulations. As further discussed herein, however, UGI Corporation, through Energy Services, will become subject to additional FERC accounting regulations and standards of conduct upon FERC approval and completion of the Sunbury Pipeline project.

Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-1000. In this report, the terms "Company" and "UGI," as well as the terms "our," "we," "us," and "its," are sometimes used as abbreviated references to UGI Corporation or, collectively, UGI Corporation and its consolidated subsidiaries. Similarly, the terms "AmeriGas Partners" and the "Partnership" are sometimes used as abbreviated references to AmeriGas Partners, L.P. or, collectively, AmeriGas Partners, L.P. and its subsidiaries, and the term "UGI Utilities" is sometimes used as an abbreviated reference to UGI Utilities, Inc. or, collectively, UGI Utilities, Inc. and its subsidiaries. The terms "Fiscal 2015" and "Fiscal 2014" refer to the fiscal years ended September 30, 2015 and September 30, 2014, respectively.

The Company's corporate website can be found at www.ugicorp.com. Information on our website is not intended to be incorporated into this report. The Company makes available free of charge at this website (under the "Investor Relations - Financial Reports - SEC Filings and Proxy" caption) copies of its reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, including its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. The Company'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, Compensation and Management Development, and Safety, Environmental and Regulatory Compliance Committees of the Board of Directors are also available on the Company's website, under the captions "Investor Relations - Corporate Governance - Committees." All of these documents are also available free of charge by writing to Treasurer, UGI Corporation, P.O. Box 858, Valley Forge, PA 19482.

AMERIGAS PROPANE

Products, Services and Marketing

Our domestic propane distribution business is conducted through AmeriGas Partners. AmeriGas Propane is responsible for managing the Partnership. The Partnership serves approximately 2 million customers in all 50 states from approximately 2,000 propane distribution locations. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems, and operates a residential heating, ventilation, air conditioning, plumbing, and related services business in certain counties of Pennsylvania, Delaware, and Maryland. 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 in all states throughout the continental U.S.

The Partnership sells propane primarily to residential, commercial/industrial, motor fuel, agricultural and wholesale customers. The Partnership distributed over 1.2 billion gallons of propane in Fiscal 2015. Approximately 96% of the Partnership's Fiscal 2015 sales (based on gallons sold) were to retail accounts and approximately 4% were to wholesale and supply customers. Sales to residential customers in Fiscal 2015 represented approximately 39% of retail gallons sold; commercial/industrial customers 36%; motor fuel customers 15%; and agricultural customers 6%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 4% of Fiscal 2015 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 AmeriGas Cylinder Exchange ("ACE") program. At September 30, 2015, ACE cylinders were available at nearly 48,500 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. 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 over-the-road vehicles, forklifts, commercial lawn mowers, and stationary engines. 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 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

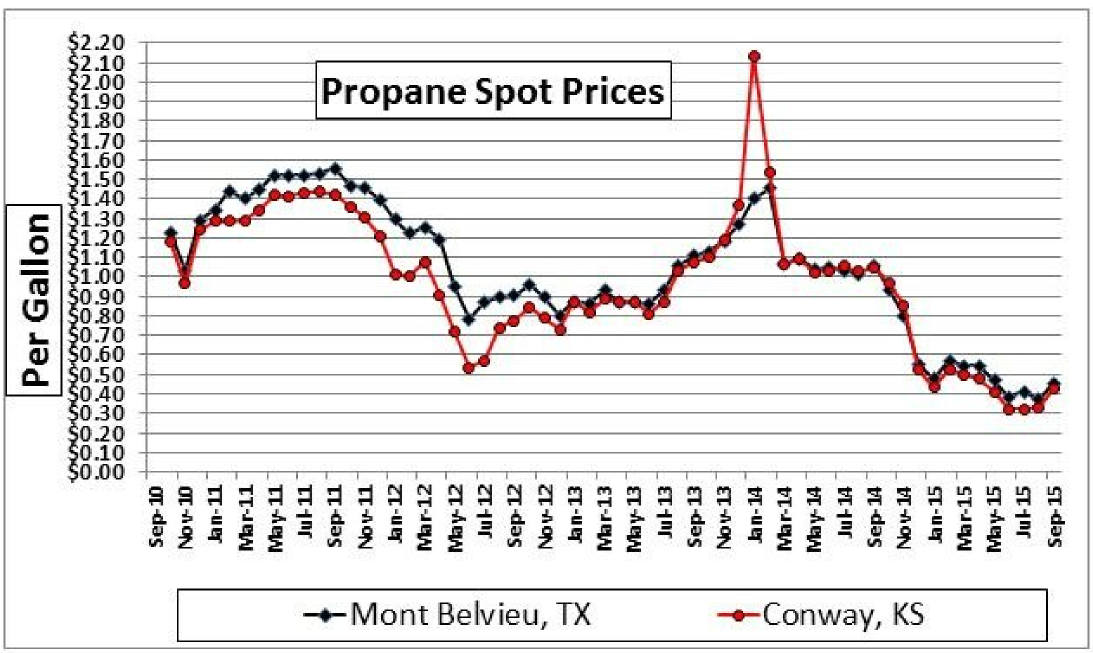
The United States propane market has over 250 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. The propane industry experienced record inventory levels and the lowest propane prices in the U.S. in nearly 15 years during the Fiscal 2015 winter heating season. 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 imported and exported supply. In recent years, there has been an increase in demand for propane overseas from the U.S. propane export market with total U.S. propane exports nearly doubling over the last two years. During Fiscal 2015, over 85% of the Partnership's propane supply was purchased under supply agreements with terms of 1 to 3 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 the fiscal year ending September 30, 2016. 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. Enterprise Products Partners, L.P., Plains Marketing, L.P., and Targa Liquids Marketing & Trade LLC supplied approximately 40% of the Partnership's Fiscal 2015 propane supply. No other single supplier provided more than 10% of the Partnership's total propane supply in Fiscal 2015. In certain geographical 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 options and 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.

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 makes it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane and, although a less environmentally attractive energy source, is currently 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 supply agreement rather than multiple agreements with other 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 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 2015, the Partnership's retail propane sales totaled nearly 1.2 billion gallons. Based on the most recent annual survey by the American Petroleum Institute, 2013 domestic retail propane sales (annual sales for other than chemical uses) in the U.S. totaled approximately 8.8 billion gallons. Based on LP-GAS magazine rankings, 2013 sales volume of the ten largest propane companies (including AmeriGas Partners) represented approximately 38% of domestic retail sales.

Properties

As of September 30, 2015, the Partnership owned approximately 81% of its over 700 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, 2015, the Partnership operated a transportation fleet with the following assets:

Approximate Quantity & Equipment Type		% Owned	% Leased
1,000	Trailers	76%	24%
375	Tractors	9%	91%
500	Railroad tank cars	2%	98%
3,700	Bobtail trucks	39%	61%
425	Rack trucks	38%	62%
4,000	Service and delivery trucks	52%	48%

Other assets owned at September 30, 2015 included approximately 1.8 million stationary storage tanks with typical capacities of more than 120 gallons and approximately 4.7 million portable propane cylinders with typical capacities of 1 to 120 gallons.

Trade Names, Trade and Service Marks

The Partnership markets propane principally under the "AmeriGas®", "America's Propane Company®", "Heritage Propane®", “Relationships Matter®”, and “ServiceMark®” trade names and related service marks. The Partnership also markets propane under various other trade names throughout the U.S. 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 (on 12 months prior notice in the case of UGI), without penalty, if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for cause, the General Partner has the option to terminate its license agreement upon payment of a fee to UGI 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 the General Partner.

Seasonality

Because many customers use propane for heating purposes, the Partnership’s retail sales volume is seasonal. During Fiscal 2015, approximately 67% 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. Generally, these 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”), the Clean Air Act, the Occupational Safety and Health Act (“OSHA”), the Homeland Security Act of 2002, the Emergency Planning and Community Right-to-Know Act, the Clean Water Act, and comparable state statutes. We incur expenses associated with compliance with our obligations under federal and state environmental laws and regulations, and we believe that we are in material compliance with all of our obligations. We maintain various permits that are necessary to operate our facilities, some of which may be material to our operations. We continually monitor our operations with respect to potential environmental issues, including changes in legal requirements.

Hazardous Substances and Wastes

The Partnership is investigating and remediating contamination at a number of present and former operating sites in the United States, including former sites where it or its former subsidiaries operated manufactured gas plants. CERCLA and similar state laws impose 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, 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, National Fire Protection Association ("NFPA") Pamphlets No. 54 and No. 58 and/or one or more of various international codes (including international fire, building and fuel gas codes) establish rules and procedures governing the safe handling of propane, or comparable regulations, which have been adopted by all states in which the Partnership operates. Management believes that the policies and procedures currently in effect at all of its facilities for the handling, storage, distribution, and use of propane are consistent with industry standards and are in compliance, in all material respects, with applicable environmental, health and safety laws.

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 U.S. Department of Transportation ("DOT"), Pipeline and Hazardous Materials Safety Administration. 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, among other things, to a propane gas system that 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, we anticipate that this will provide us 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, suppliers and 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. 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.

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, 2015, the General Partner had nearly 8,500 employees, including over 500 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.

UGI INTERNATIONAL

UGI FRANCE

Our UGI France LPG distribution business is conducted in France and the Benelux countries (consisting of Belgium, the Netherlands, and Luxembourg). As a result of the Totalgaz Acquisition, our retail LPG distribution business in France has nearly doubled and our focus, in the short-term, will be to successfully integrate Finagaz and to capitalize on the benefits of the acquisition. UGI France also operates a natural gas marketing business in France and Belgium and sold approximately 13.3 million dekatherms of natural gas during Fiscal 2015.

Products, Services and Marketing

During Fiscal 2015, UGI France sold approximately 283 million gallons of LPG in France (including approximately 52 million gallons attributed to Finagaz' operations in France subsequent to the Totalgaz Acquisition) and approximately 47 million gallons of LPG in the Benelux countries. UGI France is the largest LPG distributor in France and Luxembourg and one of the largest LPG distributors in the Netherlands and Belgium. UGI France's customer base consists of residential, commercial, agricultural and motor fuel customer accounts that use LPG for space heating, cooking, water heating, process heat, forklift operations, and transportation. UGI France sells LPG in cylinders, and in small, medium and large tanks. Sales of LPG are also made to service stations to accommodate vehicles that run on LPG. UGI France sells LPG in cylinders to approximately 20,000 retail outlets, such as supermarkets, individually owned stores and gas stations. Supermarket sales represented approximately 76% of UGI France's butane cylinder sales volume and approximately 14% of UGI France's propane cylinder sales volume in Fiscal 2015. At September 30, 2015, UGI France had approximately 406,000 bulk customers, more than 18,500 natural gas customers and nearly 15 million cylinders in circulation. Approximately 61% of UGI France's Fiscal 2015 sales (based on volumes) were cylinder and small bulk, 15% medium bulk, 21% large bulk and 3% to service stations for automobiles. UGI France also engages in wholesale sales of LPG and provides logistic, storage and other services to third-party LPG distributors. In addition, UGI France operates a natural gas marketing business in France and Belgium that services both commercial and residential customers. No single customer represents, or is anticipated to represent, more than 10% of total revenues for UGI France.

Sales to small bulk customers represent the largest segment of UGI France's business in terms of volume, revenue and total margin. Small bulk customers are primarily residential and small business users, such as restaurants, that use LPG mainly for heating and cooking. Small bulk customers also include municipalities, which use LPG for heating certain sports facilities and swimming pools, and the poultry industry for use in chicken brooding.

Medium bulk customers use propane only, and consist mainly of large residential developments such as housing developments, hospitals, municipalities and medium-sized industrial enterprises, and poultry brooders. Large bulk customers include agricultural companies and companies that use LPG in their industrial processes.

The principal end-users of cylinders are residential customers who use LPG supplied in this form for domestic applications such as cooking and heating. Butane cylinders accounted for approximately 52% of all LPG cylinders distributed by UGI France in Fiscal 2015, with propane cylinders accounting for 48% of all LPG cylinders distributed by UGI France in Fiscal 2015. Propane cylinders are also used to supply fuel for forklift trucks. The market demand for cylinders continues to decline, due primarily to customers gradually changing to other household energy sources for cooking and heating, such as natural gas and electricity.

LPG Supply and Storage

Prior to the Totalgaz Acquisition, UGI France had an agreement with Totalgaz (which was owned by Total France until the acquisition) for the supply of butane in France, with pricing based on internationally quoted market prices. Under this agreement, approximately 50% of UGI France's butane requirements in France were guaranteed until September 2015. The balance of UGI France's butane requirements in France were purchased on a spot basis. In Fiscal 2015, UGI France purchased substantially all of its propane supply for its operations in France from SHV and TOTSA and substantially all of its butane and propane requirements for its operations in the Benelux countries from SHV and GUNVOR.

Since the closing of the Totalgaz Acquisition and pursuant to its terms, UGI France has a supply agreement with the Total group of companies. Under this agreement, approximately 50% of UGI France's propane and butane requirements in France are guaranteed until September 2016. The balance of its propane and butane requirements in France will be purchased from TOTSA and SHV as term suppliers or from spot market purchases. From time to time, as needed, UGI France also purchases propane on the international market and on the domestic spot market.

UGI France has an interest in three primary storage facilities that are located at deep sea harbor facilities, and 54 secondary storage facilities. It also manages an extensive logistics and transportation network. Access to seaborne facilities allows UGI France to diversify its LPG supplies through imports. LPG stored in primary storage facilities is transported to smaller storage facilities by rail, sea and road. At secondary storage facilities, LPG is loaded into cylinders or trucks equipped with tanks and then delivered to customers.

Competition and Seasonality

The LPG markets in France and the Benelux countries are mature, with modest declines in total demand due to competition with other fuels and other energy sources, conservation and the economic climate. Sales volumes are affected principally by the severity of the weather and customer migration to alternative energy forms, including natural gas and electricity. Because UGI France's profitability is sensitive to changes in wholesale LPG costs, UGI France generally seeks to pass on increases in the cost of LPG to customers. There is no assurance, however, that UGI France will always be able to pass on product cost increases fully 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. High LPG prices may result in slower than expected growth due to customer conservation and customers seeking less expensive alternative energy sources. France derives a significant portion of its electricity from nuclear power plants. Due to the nuclear power plants, as well as the regulation of electricity prices by the French government, electricity prices in France are generally less expensive than LPG. As a result, electricity has increasingly become a more significant competitor to LPG in France than in other countries where we operate. In addition, government policies and incentives that favor alternative energy sources can result in customers migrating to energy sources other than LPG in both France and the Benelux countries.

In Fiscal 2015, UGI France competed in all of its product markets in France on a national level, principally with three LPG distribution companies, Totalgaz (owned by Total France until the closing of the Totalgaz Acquisition), Butagaz (owned by Societe des Petroles Shell), and Compagnie des Gaz de Petrole Primagaz (owned by SHV Holding NV), as well as with a regional competitor, Vitogaz. UGI France also competes with supermarket chains that affiliate with LPG distributors to offer their own brands of cylinders. UGI France has partnered with two supermarket chains in France in this market. If UGI France is unsuccessful in expanding its services to other supermarket chains, its market share through supermarket sales may decline in France. In the Benelux countries, UGI France competes in all of its product markets on a national level, principally with Compagnie des Gaz de Petrole Primagaz, as well as with several regional competitors. In recent years, competition has increased in the Benelux countries as small competitors have reduced their price offerings. In the Netherlands, several LPG distributors offer their own brands of cylinders. UGI France seeks to increase demand for its butane and propane cylinders through marketing and product innovations. Some of UGI France's competitors are affiliates of its LPG suppliers. As a result, its competitors may obtain product at more competitive prices.

Because many of UGI France's customers use LPG for heating, sales volume is affected principally by the severity of the temperatures during the heating season months and traditionally fluctuates from year-to-year in response to variations in weather, prices and other factors, such as conservation efforts and the challenging economic climate. Demand for LPG is higher during the colder months of the year. During Fiscal 2015, approximately 63% of UGI France's retail sales volume occurred, and substantially all of UGI France's operating income was earned, during the six months from October through March. For historical information on weather statistics for UGI France, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Government Regulation

UGI France's business is subject to various laws and regulations at the national and European levels with respect to matters such as protection of the environment, the storage and handling of hazardous materials and flammable substances, the discharge of contaminants into the environment and the safety of persons and property. In Belgium and Luxembourg, UGI France is also subject to price regulations that permit UGI France to increase the price of LPG sold to small bulk, medium bulk, large bulk and cylinder customers (up to a defined maximum price) when UGI France's costs fluctuate.

Properties

UGI France has an interest in three primary storage facilities, one of which is a refrigerated facility. In addition, UGI France is able to use 30,000 cubic meters of capacity of a storage facility, Donges, by virtue of Antargaz' 50% ownership of GIE Donges.

In connection with the Totalgaz Acquisition and pursuant to the République Française Autorité de la Concurrence's decision to approve the acquisition in May 2015, UGI France has agreed to sell certain depots and a portion of its interests in GIE Norgal and Cobogal; the sale related to GIE Norgal was completed in October 2015. The table below sets forth details of UGI France's current ownership in its three primary storage facilities, including GIE Norgal and Cobogal:

	Ownership %	UGI France Storage Capacity - Propane (m3) (1)	UGI France Storage Capacity - Butane (m3) (1)
GIE Norgal	61.1	25,600	10,200
Geogaz-Lavera	18.6	18,500	37,200
Cobogal	60.0	5,200	1,800

(1) Cubic meters (1 cubic meter is equivalent to approximately 264 gallons).

UGI France has 54 secondary storage facilities, 42 of which are wholly-owned. The others are partially owned through joint ventures.

Employees

At September 30, 2015, UGI France had nearly 1,700 employees.

FLAGA & OTHER

During Fiscal 2015, our UGI International - Flaga & Other LPG distribution businesses were conducted principally in Europe through our wholly-owned subsidiaries, Flaga and AvantiGas, and in China through our majority-owned partnership, ChinaGas Partners, L.P. Flaga is referred to in this section collectively with its subsidiaries as "Flaga" unless the context otherwise requires. Flaga operates in Austria, the Czech Republic, Denmark, Finland, Hungary, Norway, Poland, Romania, Slovakia, Sweden and Switzerland. AvantiGas operates in the United Kingdom.

During Fiscal 2015, Flaga sold approximately 326 million gallons of LPG. Flaga is the largest distributor of LPG in Austria, Denmark, and Hungary and one of the largest distributors of LPG in Poland, the Czech Republic, Slovakia, Norway, and Sweden. During Fiscal 2015, AvantiGas sold over 156 million gallons of LPG and our majority-owned partnership in China sold approximately 10 million gallons of LPG.

FLAGA

Products, Services and Marketing

During Fiscal 2015, Flaga sold approximately 326 million gallons of LPG (of which approximately 19 million gallons were to wholesale customers). Flaga serves customers that use LPG for residential, commercial, industrial, agricultural, resale, and automobile fuel ("auto gas") purposes. Flaga's customers primarily use LPG for heating, cooking, motor fuel (including forklifts), leisure activities, construction work, manufacturing, crop and grain drying, power generation and irrigation. Flaga sells LPG in cylinders and in small, medium, and large bulk tanks. At September 30, 2015, Flaga had over 58,000 customers and nearly 5.8 million cylinders in circulation. Approximately 24% of Flaga's Fiscal 2015 sales (based on volumes) were cylinder and small bulk, 34% auto gas, 38% large bulk, and 4% medium bulk.

Flaga has a total of 19 sales offices throughout the countries it serves. Sales offices generally consist of an office location where customers can directly purchase LPG. Except for Poland (51%), Sweden (10%), and Norway (10%), no single country represented more than approximately 10% of Flaga's total LPG gallons sold in Fiscal 2015. Flaga distributes cylinders directly to its customers and through the use of distributors who resell the cylinders to end users under the distributor's pricing and terms. No single customer represents or is anticipated to represent more than 5% of total revenues for Flaga, with the exception of one auto gas customer that represented approximately 10% of Flaga's total revenues in Fiscal 2015.

LPG Supply and Storage

Flaga typically enters into an annual LPG supply agreement with TCO/Chevron. During Fiscal 2015, TCO/Chevron supplied approximately 48% of Flaga's LPG requirements, with pricing based on internationally quoted market prices, and 32 suppliers accounted for the remaining 52% of Flaga's LPG supply. Flaga also purchases LPG on the international market and on the domestic markets, under annual term agreements with international oil and gas trading companies, including SIBUR, NOVATEK, LOTOS, and PGNIG, and from domestic refineries, primarily OMV, Shell, MOL, and Statoil. In addition, LPG purchases are made on the spot market from international oil and gas traders.

Flaga operates 16 main storage facilities, including one in Denmark and one in Finland that are located at deep sea harbor facilities, two LPG import terminals in Poland, one LPG import terminal in Romania, and 50 secondary storage facilities. Flaga manages a widespread logistics and transportation network including approximately 210 leased railcars, and also maintains various transloading and filling agreements with third parties. LPG stored in primary storage facilities is transported to smaller storage facilities by rail or truck.

Competition and Seasonality

The retail propane industry in the Western European countries in which Flaga operates is mature, with slight declines in overall demand in recent years, due primarily to the expansion of natural gas, customer conservation and economic conditions. In the Eastern European countries in which Flaga operates, the demand for LPG is expected to grow in certain segments. Competition for customers is based on contract terms as well as on product prices. Flaga competes with other LPG marketers, including competitors located in other European countries, and also competes with providers of other sources of energy, principally natural gas, electricity and wood.

Because many of Flaga's customers use LPG for heating, sales volumes in Flaga's sales territories are affected by the severity of the temperatures during the heating season months and traditionally fluctuate from year-to-year in response to variations in weather, prices and other factors, such as conservation efforts and the economic climate. Because Flaga's profitability is sensitive to changes in wholesale LPG costs, Flaga generally seeks to pass on increases in the cost of LPG to customers. There is no assurance, however, that Flaga will always be able to pass on product cost increases fully when product costs rise. In parts of Flaga's sales territories, it is particularly difficult to pass on rapid increases in the price of LPG due to the low per capita income of customers in several of its territories and the intensity of competition. 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. High LPG prices may result in slower than expected growth due to customer conservation and customers seeking less expensive alternative energy sources. In many of Flaga's sales territories, government policies and incentives that favor alternative energy sources may result in customers migrating to energy sources other than LPG. Rules and regulations applicable to LPG industry operations in many of the Eastern European countries where Flaga operates are still evolving, or are not consistently enforced, causing intensified competitive conditions in those areas.

Government Regulation

Flaga's business is subject to various laws and regulations at both the national and European levels with respect to matters such as protection of the environment and the storage and handling of hazardous materials and flammable substances.

Employees

At September 30, 2015, Flaga had approximately 1,000 employees.

AVANTIGAS

Products, Services and Marketing

During Fiscal 2015, AvantiGas sold over 156 million gallons of LPG (of which approximately 96 million gallons were wholesale gallons). At September 30, 2015, AvantiGas had over 14,500 customers. AvantiGas serves customers that use LPG for wholesale, aerosol, agricultural, residential, commercial, industrial, and auto gas purposes. AvantiGas' customers primarily use LPG for heating, cooking, motor fuel (including forklifts), leisure activities, industrial processes and aerosol propellant. AvantiGas sells LPG in small, medium, and large bulk tanks with small bulk sales representing approximately 6% of Fiscal 2015 sales (based on volumes), medium bulk sales representing approximately 2% of Fiscal 2015 sales and large bulk sales representing approximately 92% of Fiscal 2015 sales.

AvantiGas serves its customer base through a centralized customer service center and, therefore, does not have sales offices in the United Kingdom. Sales to wholesale customers represented approximately 61% of gallons sold; aerosol customers 21%; agricultural customers 5%; residential customers 5%; and commercial, industrial and autogas 8%. Three wholesale customers and two aerosol customers collectively represented over 53% of AvantiGas' total revenues in Fiscal 2015. No other customer represents or is anticipated to represent more than 5% of total revenues for AvantiGas.

LPG Supply and Storage

AvantiGas has a five-year agreement with Essar Energy plc's Stanlow refinery and a one-year agreement with Statoil UK Ltd.'s Mossmorran terminal for the supply of more than 90% of AvantiGas' LPG requirements. Each agreement will terminate during Fiscal 2016. Pricing for such agreements is based on internationally quoted market prices. In Fiscal 2015, AvantiGas purchased the remainder of its LPG requirements from Centrica plc, through a one-year agreement that terminated in Fiscal 2015, and other third party suppliers.

AvantiGas operates eight main storage facilities in England, Scotland and Wales. AvantiGas manages a logistics and transportation network, consisting of approximately 40 trucks, and also maintains various transportation agreements with third parties. LPG stored in primary storage facilities is transported to smaller storage facilities or customers by truck.

Competition and Seasonality

The retail propane industry in the United Kingdom is highly concentrated and is mature, with slight declines in overall demand in recent years, due primarily to the expansion of natural gas, customer conservation and challenging economic conditions. Competition for customers is based on contract terms as well as on product prices. AvantiGas competes with other LPG marketers in the United Kingdom.

Because many of AvantiGas' customers use gas for heating purposes, sales volumes in AvantiGas' sales territories are affected principally by the severity of the temperatures during the heating season months and traditionally fluctuate from year-to-year in response to variations in weather, prices and other factors, such as energy conservation efforts and the economic climate. During Fiscal 2015, approximately 54% of AvantiGas' retail sales volume occurred, and approximately 70% of AvantiGas' operating income was earned, during the peak heating season where AvantiGas operates. Because AvantiGas' profitability is sensitive to changes in wholesale LPG costs, AvantiGas generally seeks to pass on increases in the cost of LPG to customers. There is no assurance, however, that AvantiGas will always be able to pass on product cost increases fully when product costs rise. 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. High LPG prices may result in slower than expected growth due to customer conservation and customers seeking less expensive alternative energy sources.

Government Regulation

AvantiGas' business is subject to various laws and regulations at both the national and European levels with respect to matters such as competition, protection of the environment and the storage and handling of hazardous materials and flammable substances.

Employees

At September 30, 2015, AvantiGas had approximately 200 employees.

MIDSTREAM & MARKETING

ENERGY SERVICES

Retail Energy Marketing

Energy Services sells natural gas, liquid fuels and electricity to approximately 20,000 residential, commercial, and industrial customers at approximately 44,300 locations. Energy Services serves customers in all or portions of Pennsylvania, New Jersey, Delaware, New York, Ohio, Maryland, Massachusetts, Virginia, North Carolina, South Carolina and the District of Columbia. Energy Services delivers natural gas for customers located on the distribution systems of 36 local gas utilities. It supplies power to customers through the use of the transmission and distribution facilities of 20 utility systems.

Historically, a majority of Energy Services' commodity sales have been made under fixed-price agreements, which typically contain a take-or-pay arrangement that requires customers to purchase a fixed amount of product for a fixed price during a specified period, and to pay for the product even if the customer does not take delivery of the product. However, a growing number of Energy Services' commodity sales are currently being made under requirements contracts, under which Energy Services is typically an exclusive supplier and will supply as much product at a fixed price as the customer requires. Energy Services manages supply cost volatility related to these agreements by (i) entering into fixed-price supply arrangements with a diverse group of suppliers, (ii) holding its own interstate pipeline transportation and storage contracts to efficiently utilize gas supplies, (iii) entering into exchange-traded futures contracts on the New York Mercantile Exchange and the Intercontinental Exchange, (iv) entering into over-the-counter derivative arrangements with major international banks and major suppliers, (v) utilizing supply assets that it owns or manages, and (vi) utilizing financial transmission rights to hedge price risk against certain transmission costs. Energy Services also bears the risk for balancing and delivering natural gas and power to its customers under various gas pipeline and utility company tariffs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

Midstream Assets

Energy Services operates a natural gas liquefaction, storage and vaporization facility in Temple, Pennsylvania ("Temple Facility"), and propane storage and propane-air mixing stations in Bethlehem, Reading, Hunlock Creek, and White Deer, Pennsylvania. It also operates propane storage, rail transshipment terminals, and propane-air mixing stations in Steelton and Williamsport, Pennsylvania. These assets are used in Energy Services' energy peaking business that provides supplemental energy, primarily liquefied natural gas and propane-air mixtures, to gas utilities on interstate pipelines at times of high demand (generally during periods of coldest winter weather). In Fiscal 2015, Energy Services expanded its energy peaking services at the Temple Facility and sold liquefied natural gas to customers for use by trucks, drilling rigs, other motor vehicles and facilities located off the gas grid. Energy Services also manages natural gas pipeline and storage contracts for UGI Utilities, subject to a competitive bid process, as well as storage capacity owned by Energy Services.

A wholly-owned subsidiary of Energy Services owns and operates underground natural gas storage and related high pressure pipeline facilities, which have FERC approval to sell storage services at market-based rates. The storage facilities are located in the Marcellus Shale region of Pennsylvania and have a total storage capacity of 15 million dekatherms and a maximum daily withdrawal quantity of 224,000 dekatherms. In Fiscal 2015, Energy Services leased more than 80% of the capacity at its underground natural gas facilities to third parties. Through its operation of a compressor station, Energy Services also receives natural gas from the Tennessee Gas Pipeline for injection into a storage facility on a firm basis throughout the year.

In Fiscal 2015, Energy Services continued making investments in infrastructure projects to support the development of natural gas in the Marcellus Shale region of Pennsylvania. On October 28, 2015, Energy Services completed the last phase of a three-phase expansion of its Auburn gathering system in the Marcellus Shale region following the construction of three additional compressor units at its Manning Compressor Station in Wyoming County, Pennsylvania. Energy Services also announced that service commenced on its 9-mile pipeline (Auburn Loop project) connecting Susquehanna County to the Manning Compressor Station on November 1, 2015. In Fiscal 2015, Energy Services also completed construction of and commenced service on the Union Dale Lateral pipeline to deliver gas to a PNG delivery station in Union Dale, Pennsylvania and completed its Temple LNG project that increased the liquefaction capacity of its Temple Facility. In addition, Energy Services made progress on its participation in the PennEast Pipeline project to develop an approximately 118-mile pipeline from Luzerne County, Pennsylvania to the Trenton-Woodbury interconnection in New Jersey in Fiscal 2015. When completed, the pipeline will transport approximately 1 billion cubic feet of lower cost natural gas to residential and commercial customers each day. During Fiscal 2015, Energy Services also announced (i) its plans, through its wholly-owned subsidiary, UGI Sunbury, LLC, to construct an approximately 35-mile interstate natural gas pipeline in central Pennsylvania to serve the proposed Hummel Station combined-cycle 1,000 megawatt power generation facility near the Shamokin Dam in Snyder County, Pennsylvania (Sunbury Pipeline project) and (ii) its Invenergy pipeline project to provide natural gas service to a power generation facility in Jessup, Pennsylvania.

Future planned investments are expected to cover a range of midstream asset opportunities, including interstate pipelines, local gathering systems and gas storage facilities and complementary and related investments.

Competition

Energy Services competes with other midstream operators to sell gathering, compression, storage, and pipeline transportation services. Energy Services competes in both the regulated and non-regulated environment against interstate and intrastate pipelines that gather, compress, process, transport, and market natural gas. Energy Services sells midstream services primarily to producers, marketers, and utilities on the basis of price, customer service, flexibility, reliability, and operational experience. The competition in the midstream segment is significant and has grown recently in the northeast U.S. as more competitors seek opportunities offered by the development of the Marcellus and Utica Shales.

Energy Services also competes with other marketers, consultants, and local utilities to sell natural gas, liquid fuels, electric power, and related services to customers in its service area principally on the basis of price, customer service, and reliability. Energy Services has faced an increase in competition in recent years as new markets for natural gas, liquid fuels, electric power, and related services have emerged.

Government Regulation

FERC has jurisdiction over the rates and terms and conditions of service of wholesale sales of electric capacity and energy, as well as the sales for resale of natural gas and related storage and transportation services. Energy Services has a tariff on file with FERC pursuant to which it may make power sales to wholesale customers at market-based rates to the extent that Energy Services purchases power in excess of its retail customer needs. Two subsidiaries of Energy Services currently operate natural gas storage facilities under FERC certificate approvals and offer services to wholesale customers at FERC-approved market-based rates. In July 2015, UGI Sunbury, LLC filed for FERC approval for the Sunbury Pipeline project. Energy Services will become subject to additional FERC accounting regulations and standards of conduct upon FERC approval and completion of construction of this project. In addition, the PennEast Pipeline project filed an application for FERC approval in September 2015. Energy Services is also subject to FERC reporting requirements, market manipulation rules and other FERC enforcement and regulatory powers with respect to its commodity business.

Energy Services' midstream operations include natural gas gathering pipelines and compression in northeastern Pennsylvania that are regulated under the Pipeline Safety Improvement Act of 2002 and subject to operational oversight by both the Pipeline and Hazardous Materials Safety Administration and the PUC.

Energy Services is subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage LPG terminals. These laws include, among others, the Resource Conservation and Recovery Act, CERCLA, the Clean Air Act, OSHA, the Homeland Security Act of 2002, the Emergency Planning and Community Right-to-Know Act, the Clean Water Act and comparable state statutes. CERCLA imposes 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. With respect to the operation of natural gas gathering and transportation pipelines, Energy Services also is required to comply with the provisions of the Pipeline Safety Improvement Act of 2002 and the regulations of the U.S. DOT.

Employees

At September 30, 2015, Energy Services had approximately 235 employees.

ELECTRIC GENERATION

Products and Services

UGID has an approximate 5.97% (approximately 102 megawatt) ownership interest in the Conemaugh generation station ("Conemaugh"), a 1,711-megawatt, coal-fired generation station located near Johnstown, Pennsylvania. Conemaugh is owned by a consortium of energy companies and operated by a unit of NRG Energy. UGID also owns and operates the Hunlock Station located near Wilkes-Barre, Pennsylvania, a 130-megawatt natural gas-fueled generating station which was converted to natural gas operations in July 2011.

UGID also owns and operates a landfill gas-fueled generation plant near Hegins, Pennsylvania, with gross generating capacity of 11 megawatts. The plant qualifies for renewable energy credits.

UGID also owns 13.5 megawatts of solar-powered generation capacity in Pennsylvania, Maryland and New Jersey.

Competition

UGID competes with other generation stations on the interface of PJM Interconnection, LLC ("PJM"), a regional transmission organization that coordinates the movement of wholesale electricity in certain states, including the states in which we operate, and bases sales on bid pricing. Generally, each power generator has a small share of the total market on PJM.

Government Regulation

UGID owns electric generation facilities that are within the control area of PJM and are dispatched in accordance with a FERC-approved open access tariff and associated agreements administered by PJM. UGID receives certain revenues collected by PJM, determined under an approved rate schedule. Like Energy Services, UGID has a tariff on file with FERC pursuant to which it may make power sales to wholesale customers at market-based rates. UGID is also subject to FERC reporting requirements, market manipulation rules and other FERC enforcement and regulatory powers.

Employees

At September 30, 2015, UGID had approximately 25 employees.

GAS UTILITY

Gas Utility consists of the regulated natural gas distribution businesses of our subsidiary, UGI Utilities, and UGI Utilities' subsidiaries, PNG and CPG. Gas Utility serves nearly 617,000 customers in eastern and central Pennsylvania and more than five hundred customers in portions of one Maryland county. Gas Utility is regulated by the PUC and, with respect to its customers in Maryland, the Maryland Public Service Commission.

Service Area; Revenue Analysis

Gas Utility provides natural gas distribution services to nearly 617,000 customers in certificated portions of 46 eastern and central Pennsylvania counties through its distribution system. Contemporary materials, such as plastic or coated steel, comprise approximately 88% of Gas Utility's 12,000 miles of gas mains, with bare steel pipe comprising approximately 9% and cast iron pipe comprising approximately 3% of Gas Utility's gas mains. In accordance with Gas Utility's agreement with the PUC, Gas Utility will replace the cast iron portion of its gas mains by March of 2027 and the bare steel portion by September 2041. The service area includes the cities of Allentown, Bethlehem, Easton, Harrisburg, Hazleton, Lancaster, Lebanon, Reading, Scranton, Wilkes-Barre, Lock Haven, Pittston, Pottsville, and Williamsport, Pennsylvania, and the boroughs of Honesdale and Milford, Pennsylvania. Located in Gas Utility's service area are major production centers for basic industries such as specialty metals, aluminum, glass and paper product manufacturing. Gas Utility also distributes natural gas to more than 500 customers in portions of one Maryland county.

System throughput (the total volume of gas sold to or transported for customers within Gas Utility's distribution system) for Fiscal 2015 was approximately 213.5 billion cubic feet ("bcf"). System sales of gas accounted for approximately 31% of system throughput, while gas transported for residential, commercial and industrial customers who bought their gas from others accounted for approximately 69% of system throughput.

Sources of Supply and Pipeline Capacity

Gas Utility is permitted to recover prudently incurred costs of natural gas it sells to its customers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures" and Note 9 to Consolidated Financial Statements. Gas Utility meets its service requirements by utilizing a diverse mix of natural gas purchase contracts with marketers and producers, along with storage and transportation service contracts. These arrangements enable Gas Utility to purchase gas from Gulf Coast, Mid-Continent, Appalachian and Marcellus sources. For the transportation and storage function, Gas Utility has long-term agreements with a number of pipeline companies, including Texas Eastern Transmission, LP, Columbia Gas Transmission, LLC, Transcontinental Gas Pipeline Company, LLC, Dominion Transmission, Inc., ANR Pipeline Company, and Tennessee Gas Pipeline Company, L.L.C.

Gas Supply Contracts

During Fiscal 2015, Gas Utility purchased approximately 82.8 bcf of natural gas for sale to retail core-market customers (principally comprised of firm- residential, commercial and industrial customers that purchase their gas from Gas Utility ("retail core-market")) and off-system sales customers. Approximately 83% of the volumes purchased were supplied under agreements with 10 suppliers. The remaining 17% of gas purchased by Gas Utility was supplied by approximately 24 producers and marketers. Gas supply contracts for Gas Utility are generally no longer than 12 months. Gas Utility also has long-term contracts with suppliers for natural gas peaking supply during the months of November through March.

Seasonality

Because many of its customers use gas for heating purposes, Gas Utility's sales are seasonal. During Fiscal 2015, approximately 65% of Gas Utility's sales volume was supplied, and more than 90% of Gas Utility's operating income was earned, during the peak heating season from October through March.

Competition

Natural gas is a fuel that competes with electricity and oil and, to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their comparative price and the relative cost and efficiency of the equipment. Natural gas generally benefits from a competitive price advantage over oil, electricity, and propane, although the price gap between natural gas and oil narrowed in Fiscal 2015 due to a reduction in the price of oil. Fuel oil dealers compete for customers in all categories, including industrial customers. Gas Utility responds to this competition with marketing and sales efforts designed to retain, expand, and grow its customer base.

In substantially all of its service territories, Gas Utility is the only regulated gas distribution utility having the right, granted by the PUC or by law, to provide gas distribution services. Larger commercial and industrial customers have the right to purchase gas supplies from entities other than natural gas distribution utility companies. As a result of Pennsylvania's Natural Gas Choice and Competition Act, effective July 1, 1999, all of Gas Utility's customers, including core-market customers, have been afforded this opportunity.

A number of Gas Utility's commercial and industrial customers have the ability to switch to an alternate fuel at any time and, therefore, are served on an interruptible basis under rates that are competitively priced with respect to the alternate fuel. Margin from these customers, therefore, is affected by the difference or "spread" between the customers' delivered cost of gas and the customers' delivered cost of the alternate fuel, the frequency and duration of interruptions, and alternative firm service options. See "Gas Utility Regulation and Rates - Pennsylvania Public Utility Commission Jurisdiction and Gas Utility Rates."

Approximately 18% of Gas Utility's annual throughput volume for commercial and industrial customers includes non-interruptible customers with locations that afford them the opportunity of seeking transportation service directly from interstate pipelines, thereby bypassing Gas Utility. In addition, approximately 25% of Gas Utility's annual throughput volume for commercial and industrial customers is from customers who are served under interruptible rates and are also in a location near an interstate pipeline. Gas Utility has 25 such customers, 24 of which have transportation contracts extending beyond fiscal year 2016. The majority of these customers are served under transportation contracts having 3 to 20 year terms and all are among the largest customers for Gas Utility in terms of annual volumes. No single customer represents, or is anticipated to represent, more than 5% of Gas Utility's total revenues.

Outlook for Gas Service and Supply

Gas Utility anticipates having adequate pipeline capacity, peaking services and other sources of supply available to it to meet the full requirements of all firm customers on its system through fiscal year 2016. Supply mix is diversified, market priced, and delivered pursuant to a number of long-term and short-term primary firm transportation and storage arrangements, including transportation contracts held by some of Gas Utility's larger customers.

During Fiscal 2015, Gas Utility supplied transportation service to five major co-generation installations and four electric generation facilities. Gas Utility continues to seek new residential, commercial, and industrial customers for both firm and interruptible service. In Fiscal 2015, Gas Utility connected nearly 2,400 new commercial and industrial customers. In the residential market sector, Gas Utility connected approximately 15,000 residential heating customers during Fiscal 2015. Over 10,000 of these customers converted to natural gas heating from other energy sources, mainly oil and electricity. New home construction customers and existing non-heating gas customers who added gas heating systems to replace other energy sources primarily accounted for the other residential heating connections in Fiscal 2015.

UGI Utilities continues to monitor and participate, where appropriate, in rulemaking and individual rate and tariff proceedings before FERC affecting the rates and the terms and conditions under which Gas Utility transports and stores natural gas. Among these proceedings are those arising out of certain FERC orders and/or pipeline filings that relate to (i) the pricing of pipeline services in a competitive energy marketplace; (ii) the flexibility of the terms and conditions of pipeline service tariffs and contracts; and (iii) pipelines' requests to increase their base rates, or change the terms and conditions of their storage and transportation services.

UGI Utilities' objective in negotiations with interstate pipeline and natural gas suppliers, and in proceedings before regulatory agencies, is to assure availability of supply, transportation, and storage alternatives to serve market requirements at the lowest cost possible, taking into account the need for security with guaranteed deliverability and reliability of supply. Consistent with that objective, UGI Utilities negotiates the terms of firm transportation capacity on all pipelines serving it, arranges for appropriate storage and peak-shaving resources, negotiates with producers for competitively priced gas purchases and aggressively participates in regulatory proceedings related to transportation rights and costs of service.

GAS UTILITY REGULATION AND RATES

Pennsylvania Public Utility Commission Jurisdiction and Gas Utility Rates

Gas Utility is subject to regulation by the PUC as to rates, terms and conditions of service, accounting matters, issuance of securities, contracts and other arrangements with affiliated entities, and various other matters. Rates that Gas Utility may charge for gas service come in two forms: (i) rates designed to recover purchased gas costs ("PGCs"); and (ii) rates designed to recover costs other than PGCs. Rates designed to recover PGCs are reviewed in PGC proceedings. Rates designed to recover costs other than PGCs are primarily established in general base rate proceedings.

The gas service tariffs for UGI Gas, PNG, and CPG contain PGC rates applicable to firm retail rate schedules. These PGC rates permit recovery of substantially all of the prudently incurred costs of natural gas that UGI Gas, PNG, and CPG sell to their customers. PGC rates are reviewed and approved annually by the PUC. UGI Gas, PNG, and CPG may request quarterly or, under certain conditions, monthly adjustments to reflect the actual cost of gas. Quarterly adjustments become effective on one day's notice to the PUC and are subject to review during the next annual PGC filing. Each proposed annual PGC rate is required to be filed with the PUC six months prior to its effective date. During this period, the PUC holds hearings to determine whether the proposed rate reflects a least-cost fuel procurement policy consistent with the obligation to provide safe, adequate and reliable service. After completion of these hearings, the PUC issues an order permitting the collection of gas costs at levels that meet such standard. The PGC mechanism also provides for an annual reconciliation.

UGI Gas has two PGC rates: (i) applicable to small, firm, retail core-market customers consisting of the residential and small commercial and industrial classes; and (ii) applicable to firm, high-load factor, customers served on three separate rates. PNG and CPG each have one PGC rate applicable to all customers. Base rates for each of UGI Gas, PNG, and CPG were last established in 1995, 2009, and 2011, respectively.

On February 20, 2014, the PUC entered an order approving a Growth Extension Tariff ("GET Gas") program under which UGI Gas, PNG, and CPG may invest up to $5 million per year for five years, or $75 million in the aggregate for all three utilities, to extend natural gas utility pipelines to provide service to unserved and underserved areas within their respective territories. Under the GET Gas program, customers utilizing the extended pipeline to receive natural gas will pay a monthly surcharge over a 10-year period to cover the cost of the extension. Gas Utility began connecting customers under the GET Gas program in October 2014.

In February 2012, Act 11 of 2012 ("Act 11") became effective. Among other things, Act 11 authorized the PUC to permit electric and gas distribution companies, between base rate cases and subject to certain conditions, to recover reasonable and prudent costs incurred to repair, improve, or replace eligible property through a Distribution System Improvement Charge ("DSIC") assessed to customers. DSICs are subject to quarterly adjustment, are capped at five percent of total customer charges absent a PUC-granted exception, may only be sought if a base rate case has been filed within the last five years, and are subject to certain earnings tests. In addition, Act 11 requires affected utilities to obtain approval of long-term infrastructure improvement plans ("LTIIP") from the PUC. Act 11 also authorized electric and gas distribution companies to utilize a fully forecasted future test year when establishing rates in base rate cases before the PUC.

The PUC approved LTIIPs for UGI Gas in July 2014, and for PNG and CPG in September 2014. The PUC also approved DSIC mechanisms for PNG and CPG in September 2014 and July 2015, respectively; UGI Gas was not eligible to request a DSIC because it has not filed a base rate case within the last five years. PNG first began collecting revenues under its DSIC in April 2015. CPG has not yet qualified to begin collecting revenues under its DSIC.

FERC Market Manipulation Rules and Other FERC Enforcement and Regulatory Powers

UGI Utilities is subject to Section 4A of the Natural Gas Act, which prohibits the use or employment of any manipulative or deceptive devices or contrivances in connection with the purchase or sale of natural gas or natural gas transportation subject to the jurisdiction of FERC, and FERC regulations that are designed to promote the transparency, efficiency, and integrity of gas markets. UGI Utilities is also subject to Section 222 of the Federal Power Act which prohibits the use or employment of any manipulative or deceptive devices or contrivances in connection with the purchase or sale of electric energy or transmission service subject to the jurisdiction of FERC, and FERC regulations that are designed to promote the transparency, efficiency, and integrity of electric markets.

State Tax Surcharge Clauses

UGI Utilities' gas service tariffs contain state tax surcharge clauses. The surcharges are recomputed whenever any of the tax rates included in their calculation are changed. These clauses protect UGI Utilities from the effects of increases in most of the Pennsylvania taxes to which it is subject.

Utility Franchises

UGI Utilities, PNG and CPG each hold certificates of public convenience issued by the PUC and certain "grandfather rights" predating the adoption of the Pennsylvania Public Utility Code and its predecessor statutes, which each of them believes are adequate to authorize them to carry on their business in substantially all of the territories to which they now render gas service. Under applicable Pennsylvania law, UGI Utilities, PNG and CPG also have certain rights of eminent domain as well as the right to maintain their facilities in streets and highways in their territories.

Other Government Regulation

In addition to regulation by the PUC and FERC, Gas Utility is subject to various federal, state and local laws governing environmental matters, occupational health and safety, pipeline safety and other matters. Gas Utility is subject to the requirements of the Resource Conservation and Recovery Act, CERCLA, and comparable state statutes with respect to the release of hazardous substances on property owned or operated by Gas Utility. See Note 16 to Consolidated Financial Statements.

Employees

At September 30, 2015, Gas Utility had approximately 1,450 employees.

ELECTRIC UTILITY AND HVAC

ELECTRIC UTILITY

Electric Utility supplies electric service to approximately 62,000 customers in portions of Luzerne and Wyoming counties in northeastern Pennsylvania through a system consisting of over 2,200 miles of transmission and distribution lines and 13 substations. At September 30, 2015, UGI Utilities' electric utility operations had approximately 70 employees.

Electric Utility is permitted to recover prudently incurred electricity costs, including costs to obtain supply to meet its customers' energy requirements, pursuant to a supply plan filed with the PUC. UGI Utilities' electric utility operations are subject to regulation by the PUC as to rates, terms and conditions of service, accounting matters, issuance of securities, contracts and other arrangements with affiliated entities, and various other matters. The most recent general base rate increase for Electric Utility became effective in 1996. PUC default service regulations became applicable to Electric Utility's provision of default service effective January 1, 2010 and Electric Utility, consistent with these regulations, has received PUC approval through May 31, 2017 of (i) default service tariff rules, (ii) a reconcilable default service cost rate recovery mechanism to recover the cost of acquiring default service supplies, (iii) a plan for meeting the post-2009 requirements of the Alternative Energy Portfolio Standards Act ("AEPS Act"), which requires Electric Utility to directly or indirectly acquire certain percentages of its supplies from designated alternative energy sources, and (iv) a reconcilable AEPS Act cost recovery rate mechanism to recover the costs of complying with AEPS Act requirements applicable to default service supplies for service rendered through May 31, 2017. Under these rules, default service rates for most customers are adjusted quarterly.

FERC has jurisdiction over the rates and terms and conditions of service of electric transmission facilities used for wholesale or retail choice transactions. Electric Utility owns electric transmission facilities that are within the control area of PJM and are dispatched in accordance with a FERC-approved open access tariff and associated agreements administered by PJM. PJM is a regional transmission organization that regulates and coordinates generation supply and the wholesale delivery of electricity. Electric Utility receives certain revenues collected by PJM, determined under a formulary rate schedule that is adjusted in June of each year to reflect annual changes in Electric Utility's electric transmission revenue requirements, when its transmission facilities are used by third parties. FERC has jurisdiction over the rates and terms and conditions of service of wholesale sales of electric capacity and energy. Electric Utility has a tariff on file with FERC pursuant to which it may make power sales to wholesale customers at market-based rates.

Under provisions of the Energy Policy Act of 2005 ("EPACT 2005"), Electric Utility is subject to certain electric reliability standards established by FERC and administered by an Electric Reliability Organization ("ERO"). Electric Utility anticipates that substantially all the costs of complying with the ERO standards will be recoverable through its PJM formulary electric transmission rate schedule.

EPACT 2005 also granted FERC authority to impose substantial civil penalties for the violation of any regulations, orders, or provisions under the Federal Power Act and Natural Gas Act, and clarified FERC's authority over certain utility or holding company mergers or acquisitions of electric utilities or electric transmitting utility property valued at $10 million or more.

HVAC

We conduct our heating, ventilation, air conditioning, refrigeration, mechanical & electrical contracting, and project management service business through HVAC, which serves portions of eastern and central Pennsylvania and portions of New Jersey and northern Delaware. This business serves customers in residential, commercial, industrial and new construction markets and had approximately 300 employees as of September 30, 2015.

BUSINESS SEGMENT INFORMATION

The table stating the amounts of revenues, operating income (loss) and identifiable assets attributable to each of UGI's reportable business segments, and to the geographic areas in which we operate, for the 2015, 2014 and 2013 fiscal years appears in Note 22 to Consolidated Financial Statements included in Item 8 of this Report and is incorporated herein by reference.

EMPLOYEES

At September 30, 2015, UGI and its subsidiaries had nearly 13,570 employees.

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 business and operating results is included elsewhere in this Report.

Decreases in the demand for our energy products and services because of warmer-than-normal heating season weather or unfavorable weather may adversely affect our results of operations.

Because many of our customers rely on our energy products and services to heat their homes and businesses, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for our energy products and services for both heating and agricultural purposes. Accordingly, the volume of our energy products 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 AmeriGas Partners' annual retail propane volume and UGI France's annual retail LPG volume, and 60% to 70% of Gas Utility's natural gas throughput (the total volume of gas sold to or transported for customers within our distribution system) has been sold during these months. There can be no assurance that normal winter weather in our market areas will occur in the future.

Our holding company structure could limit our ability to pay dividends or debt service.

We are a holding company whose material assets are the stock of our subsidiaries. Our ability to pay dividends on our common stock and to pay principal and accrued interest on our debt, if any, depends on the payment of dividends to us by our principal subsidiaries, AmeriGas, Inc., UGI Utilities, Inc. and UGI Enterprises, Inc. (including UGI France). Payments to us by those subsidiaries, in turn, depend upon their consolidated results of operations and cash flows. The operations of our subsidiaries are affected by conditions beyond our control, including weather, competition in national and international markets we serve, the costs and availability of propane, butane, natural gas, electricity, and other energy sources and capital market conditions. The ability of our subsidiaries to make payments to us is also affected by the level of indebtedness of our subsidiaries, which is substantial, and the restrictions on payments to us imposed under the terms of such indebtedness.

Our profitability is subject to LPG pricing and inventory risk.

The retail LPG business is a "margin-based" business in which gross profits are dependent upon the excess of the sales price over the LPG supply costs. LPG 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 these market conditions. Consequently, the unit price of the LPG that our subsidiaries and other marketers purchase can change rapidly over a short period of time. Most of our domestic LPG product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major U.S. storage points such as Mont Belvieu, Texas or Conway, Kansas. Most of our international LPG supply contracts are based on internationally quoted market prices. Because our subsidiaries' 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. Due to competitive pricing in the industry, our subsidiaries 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 our subsidiaries to sell LPG at less than the price at which they purchased it, which would adversely affect our operating results.

Energy efficiency and technology advances, as well as price induced customer conservation, may result in reduced demand for our energy products and services.

The trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, may reduce the demand for energy products. Prices for LPG and natural gas are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high energy commodity costs, our prices generally increase, which may lead to customer conservation and attrition. A reduction in demand could lower our revenues and, therefore, lower our net income and adversely affect our cash flows. State and/or federal regulation may require mandatory conservation measures, which would reduce the demand for our energy products. We cannot predict the materiality of the effect of future conservation measures or the effect that any technological advances in heating, conservation, energy generation or other devices might have on our operations.

Economic recession, volatility in the stock market and the low interest rate environment may negatively impact our pension liability.

Economic recession, volatility in the stock market and the low interest rate environment have had a significant impact on our pension liability and funded status. Declines in the stock or bond market and valuation of stocks or bonds, combined with continued low interest rates, could further impact our pension liability and funded status and increase the amount of required contributions to our pension plans.

The adoption of financial reform legislation by the United States Congress and related regulations may have an adverse effect on our ability to use derivative instruments to hedge risks associated with our business.

Congress adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act") in 2010, which contains comprehensive financial reform legislation. Title VII of the Act imposes regulation on the over-the-counter derivatives market and entities that participate in that market. The Act requires the Commodity Futures Trading Commission ("CFTC"), the U.S. Securities and Exchange Commission ("SEC") and other regulators to implement the Act's provisions. Most rules and regulations required to be issued by the CFTC under the Act have been finalized, but there are some additional rules and regulations that have yet to be adopted. It is possible that the rules and regulations under the Act may increase our cost of using derivative instruments to hedge risks associated with our business or may reduce the availability of such instruments to protect against risks we encounter. While costs imposed directly on us due to regulatory requirements for derivatives under the Act, such as reporting recordkeeping and electing the end-user exception from mandatory clearing, are relatively minor, increased costs may arise from clearing, trade execution, margin, capital, reporting, recordkeeping, compliance and business conduct requirements imposed upon our counterparties to the extent those costs are passed through to us. Position limits also may be imposed that could further limit our ability to hedge risks and may impose compliance and reporting obligations on us. To the extent new rules and regulations impose on our bank counterparties more collateral or margin for individual transactions, our available liquidity also may be adversely affected. Accordingly, our business and operating results may be adversely affected if, as a result of the Act and the rules and regulations promulgated under the Act, we are forced to reduce or modify our current use of derivatives.

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

When the Company enters into fixed-price sales contracts with customers, it typically enters into fixed-price purchase contracts with suppliers. Depending on changes in the market prices of products compared to the prices secured in our contracts with suppliers of LPG, natural gas and electricity, a default of one or more of our suppliers under such contracts could cause us to purchase those commodities 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 2015, AmeriGas Propane purchased over 88% 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 areas, a single supplier may provide more than 50% of AmeriGas Propane's propane requirements. Disruptions in supply in these areas could also have an adverse impact on our earnings. Our international businesses are similarly dependent upon their suppliers.

For example, during Fiscal 2015, AvantiGas purchased over 90% of its propane needs from two suppliers. There is no assurance that our international businesses will be able to continue to acquire sufficient supplies of LPG to meet demand at prices or within time periods that would allow them to remain competitive. In addition, much of Flaga's LPG is supplied by Kazakhstan and travels through Russia and the Ukraine. The imposition of sanctions on Flaga's suppliers or a significant change in Flaga's LPG supply route could lead to supply disruptions and higher costs, which could have an adverse impact on our earnings.

Changes in commodity market prices may have a significant 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 U.S., result in higher domestic propane prices and expose us to additional liquidity risks.

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

Our energy products and services face competition from other energy sources, some of which are less costly for equivalent energy value. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

Our propane businesses compete for customers against suppliers of electricity, fuel oil and natural gas. Electricity is a major competitor of propane and, except in France, is generally more expensive than propane on a Btu equivalent basis for space heating, water heating and cooking. The convenience and efficiency of electricity makes it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane and, although a less environmentally attractive energy source, is currently 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. The gradual expansion of natural gas distribution systems in our service areas has resulted, and may continue to result, in the availability of natural gas in some areas that previously depended upon propane. As long as natural gas remains a less expensive energy source than propane, our propane business will lose customers in each region into which natural gas distribution systems are expanded. In France, the state-owned natural gas monopoly, Gaz de France, has in the past extended France's natural gas grid. In addition, due to the prevalence of nuclear electric generation in France, the cost of electricity is generally less expensive than that of LPG, particularly when the cost to install new equipment to convert to LPG is considered.

Our natural gas businesses compete primarily with electricity and fuel oil, and, to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their comparative price and the relative cost and efficiency of fuel utilization equipment. There can be no assurance that our natural gas revenues will not be adversely affected by this competition.

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 LPG distribution industry in the U.S. and each of the European countries in which we operate is mature and has been declining over the past several years in the U.S. and Europe, with no or modest growth 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 LPG industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the domestic ACE and National Accounts programs in the U.S., as well as the success of our sales and marketing programs designed to attract and retain customers. A failure to retain and grow our customer base would have an adverse effect on our results.

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.

The volatility in credit and capital markets may create additional risks to our businesses 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, 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, such 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.

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

One of our strategies is to grow through acquisitions in the U.S. and in international markets. 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 or that any additional debt incurred to finance an acquisition will not affect our ability to pay dividends.

In addition, the restructuring of the energy markets in the U.S. and internationally, including the privatization of government-owned utilities and the sale of utility-owned assets, is creating opportunities for, and competition from, well-capitalized competitors, which may affect our ability to achieve our business strategy.

To the extent we are successful in making acquisitions, such acquisitions involve a number of risks. These risks include, but are not limited to, the assumption of material 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.

Expanding our midstream asset business by constructing new facilities subjects us to risks.

We seek to grow our midstream asset business by constructing new pipelines and gathering systems. These construction projects involve numerous regulatory, environmental, political and legal uncertainties beyond our control and require the expenditure of significant amounts of capital. These projects may not be completed on schedule, or at all, or at the anticipated costs. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. We may construct facilities to capture anticipated future growth in production and demand in an area in which anticipated growth and demand does not materialize. As a result, there is the risk that new and expanded facilities may not be able to attract enough customers to achieve our expected investment returns, which could have a material adverse effect on our business, financial condition and results of operations.

Our need to comply with, and respond to industry-wide changes resulting from, comprehensive, complex, and sometimes unpredictable governmental regulations, including regulatory initiatives aimed at increasing competition within our industry, may increase our costs and limit our revenue growth, which may adversely affect our operating results.

While we generally refer to our Gas Utility and Electric Utility segments as our "regulated segments," there are many governmental regulations that have an impact on all of our businesses. Currently, we are subject to extensive and changing international, federal, state, and local safety, health, transportation, tax, and environmental laws and regulations governing the storage, distribution, and transportation of our energy products. Moreover, existing statutes and regulations may be revised or reinterpreted and new laws and regulations may be adopted or become applicable to the Company that may affect our businesses in ways that we cannot predict.

New regulations, or a change in the interpretation of existing regulations, could result in increased expenditures. In addition, for many of our operations, we are required to obtain permits from regulatory authorities and, in some cases, such regulatory permits could subject our operations to additional regulations and standards of conduct. Failure to obtain or comply with these permits or applicable regulations and standards of conduct could result in civil and criminal fines or the cessation of the operations in violation. Governmental regulations and policies in the U.S. and Europe may provide for subsidies or incentives to customers who use alternative fuels instead of carbon fuels. These subsidies and incentives may result in reduced demand for our energy products and services.

We are investigating and remediating contamination at a number of present and former operating sites in the U.S., including former sites where we or our former subsidiaries operated manufactured gas plants. We have also received claims from third parties that allege that we are responsible for costs to clean up properties where we or our former subsidiaries operated a manufactured gas plant or conducted other operations. Costs we incur to remediate sites outside of Pennsylvania cannot currently be recovered in PUC rate proceedings, and insurance may not cover all or even part of these costs. Our actual costs to clean up these sites may exceed our current estimates due to factors beyond our control, such as:

- the discovery of presently unknown conditions;
- changes in environmental laws and regulations;
- judicial rejection of our legal defenses to the third-party claims; or
- the insolvency of other responsible parties at the sites at which we are involved.

Moreover, if we discover additional contaminated sites, we could be required to incur material costs, which would reduce our net income.

We also may be unable to timely respond to changes within the energy and utility sectors that may result from regulatory initiatives to further increase competition within our industry. Such regulatory initiatives may create opportunities for additional competitors to enter our markets and, as a result, we may be unable to maintain our revenues or continue to pursue our current business strategy.

Regulators may not allow timely recovery of costs for UGI Utilities and its subsidiaries in the future, which may adversely affect our results of operations.

In our Gas Utility and Electric Utility segments, our distribution operations are subject to regulation by the PUC. The PUC, among other things, approves the rates that UGI Utilities and its subsidiaries, PNG and CPG, may charge their utility customers, thus impacting the returns that UGI Utilities and its subsidiaries may earn on the assets that are dedicated to those operations. We expect that UGI Utilities and its subsidiaries will periodically file requests with the PUC to increase base rates that each company charges customers. If UGI Utilities or its applicable subsidiary is required in a rate proceeding to reduce the rates it charges its utility customers, or is unable to obtain approval for timely rate increases from the PUC, particularly when necessary to cover increased costs, UGI Utilities' or such subsidiary's revenue growth will be limited and earnings may decrease.

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

Our business operations in the U.S. and other countries are subject to all of the operating hazards and risks normally incidental to the handling, storage and distribution of combustible products, such as LPG, propane and natural gas, and the generation of electricity. 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 sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. There can be no assurance that our insurance will be adequate to protect us from all material expenses related to pending and future claims or that such levels of insurance will be available in the future at economical prices.

The risk of terrorism may adversely affect the economy and the price and availability of LPG, other refined fuels and natural gas.

Terrorist attacks and political unrest may adversely impact the price and availability of LPG (including propane), other refined fuels, and natural gas, as well as our 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. An act of terror could result in disruptions of crude oil or natural gas supplies and markets (the sources of LPG), cause price volatility in the cost of propane, fuel oil, and natural gas, and our infrastructure facilities could be direct or indirect targets. Terrorist activity may also hinder our ability to transport LPG and other refined fuels 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 terrorism could also affect our ability to raise capital. We have opted to purchase insurance coverage for terrorist acts within our property and casualty insurance programs, but we can give no assurance that our insurance coverage will be adequate to fully compensate us for any losses to our business or property resulting from terrorist acts.

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, and breaches of security could have a material adverse effect on our business, financial condition, results of operations, and reputation. In addition, a cyber security attack could provide a cyber intruder with the ability to control or alter our pipeline operations. Such an act could result in critical pipeline failures.

Moreover, the efficient execution of the Company's businesses is dependent upon the proper functioning of its internal systems, such as the information technology system that supports the Partnership's Order-to-Cash business processes. Any significant failure or malfunction of such information technology systems may result in disruptions of our operations. In addition, the effectiveness of our internal controls could be adversely affected if we encounter unforeseen problems with respect to the operation of our information technology systems.

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

There continues to be concern, both nationally and internationally, about climate change and the contribution of GHG emissions, most notably carbon dioxide, to global warming. Increased regulation of GHG emissions, including in the transportation sector, could impose significant additional costs on us, our suppliers and our customers. In addition to carbon dioxide, greenhouse gases include, among others, methane, a component of natural gas. 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. However, there is currently no federal or regional legislation mandating the reduction of GHG emissions in the U.S. Although Congress has not enacted federal climate change legislation, the EPA has begun adopting and implementing 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. For the most part, our 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 require us or our suppliers to incur increased capital and operating costs, with resulting impact on product price and demand. In September 2009, the EPA issued a final rule establishing a system for mandatory reporting of GHG emissions. In November 2010, the EPA expanded the reach of its GHG reporting requirements to include the petroleum and natural gas industries. Petroleum and natural gas facilities subject to the rule, which include facilities of our natural gas distribution business, were required to begin emissions monitoring in January 2011 and to submit detailed annual reports beginning in March 2012. The rule does not require affected facilities to implement GHG emission controls or reductions. However, in August 2015, the EPA finalized the Clean Power Plan rule, which provides standards and guidelines for reducing existing power plants' GHG emissions and related pollutants by 2030. Under the Clean Power Plan's standards and guidelines, existing power plants will be required to reduce emissions through a rate-based or a mass-based approach; states will begin submitting their reduction plans to the EPA in September 2016. 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.

Our international operations could be subject to increased risks, which may negatively affect our business results.

We currently operate LPG distribution businesses in Europe and China through our subsidiaries and we continue to explore the expansion of our international businesses. As a result, we face risks in doing business abroad that we do not face domestically. Certain aspects inherent in transacting business internationally could negatively impact our operating results, including:

- costs and difficulties in staffing and managing international operations;
- tariffs and other trade barriers;
- difficulties in enforcing contractual rights;
- longer payment cycles;
- local political and economic conditions, including the current financial downturn in the euro zone;
- potentially adverse tax consequences, including restrictions on repatriating earnings and the threat of "double taxation";
- fluctuations in currency exchange rates, which can affect demand and increase our costs;
- internal control and risk management practices and policies;
- potential violations of federal regulatory requirements, including the Foreign Corrupt Practices Act of 1977, as amended;
- regulatory requirements and changes in regulatory requirements, including Norwegian, Swiss and EU competition laws that may adversely affect the terms of contracts with customers, including with respect to exclusive supply rights, and stricter regulations applicable to the storage and handling of LPG; and
- new and inconsistently enforced LPG industry regulatory requirements, which can have an adverse effect on our competitive position.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

With the exception of those matters set forth in Note 16 to Consolidated Financial Statements included in Item 8 of this Report, no material legal proceedings are pending involving the Company, 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 business.

ITEM 4. MINE SAFETY DISCLOSURES

None.

EXECUTIVE OFFICERS

Information regarding our executive officers is included in Part III of this Report and is incorporated in Part I by reference.

PART II:

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

Market Information

Our Common Stock is traded on the New York Stock Exchange under the symbol "UGI." On July 29, 2014, the Company announced that its Board of Directors had approved a three-for-two split of its Common Stock. The additional shares were distributed September 5, 2014 to shareholders of record on August 22, 2014. Sales prices and dividends paid for all periods in Fiscal 2014 presented in the following tables are reflected on a post-split basis. The following table sets forth the high and low sales prices for the Common Stock on the New York Stock Exchange Composite Transactions tape as reported in *The Wall Street Journal* for each full quarterly period within the two most recent fiscal years.

2015 Fiscal Year	High	Low
4th Quarter	$ 37.02	$ 32.80
3rd Quarter	$ 37.85	$ 32.12
2nd Quarter	$ 38.61	$ 31.54
1st Quarter	$ 39.74	$ 33.39

2014 Fiscal Year	High	Low
4th Quarter	$ 36.69	$ 31.53
3rd Quarter	$ 33.73	$ 29.77
2nd Quarter	$ 30.52	$ 26.83
1st Quarter	$ 28.19	$ 25.25

Dividends

Quarterly dividends on our Common Stock were paid in Fiscal 2015 and Fiscal 2014 as follows:

2015 Fiscal Year	Amount
4th Quarter	$ 0.2275
3rd Quarter	$ 0.2175
2nd Quarter	$ 0.2175
1st Quarter	$ 0.2175

2014 Fiscal Year	Amount
4th Quarter	$ 0.1967
3rd Quarter	$ 0.1883
2nd Quarter	$ 0.1883
1st Quarter	$ 0.1883

Record Holders

On November 19, 2015, UGI had 6,370 holders of record of Common Stock.

Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information with respect to the Company's repurchases of its Common Stock during the quarter ended September 30, 2015.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1, 2015 to July 31, 2015	0	0	$0	13.3 million
August 1, 2015 to August 31, 2015	45,000	$34.12	45,000	13.2 million
September 1, 2015 to September 30, 2015	455,000	$33.74	455,000	12.8 million
Total	500,000	$33.77	500,000	

(1) Shares of UGI Corporation Common Stock are repurchased through a share repurchase program announced by the Company on January 30, 2014. The Board of Directors authorized the repurchase of up to 15 million shares of UGI Corporation Common Stock over a four-year period.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended September 30,				
(Millions of dollars, except per share amounts)	2015	2014	2013	2012	2011
FOR THE PERIOD:					
Income statement data:					
Revenues	$ 6,691.1	$ 8,277.3	$ 7,194.7	$ 6,521.3	$ 6,090.9
Net income including noncontrolling interests	$ 414.0	$ 532.6	$ 427.6	$ 197.7	$ 320.0
(Deduct net income) add net loss attributable to noncontrolling interests, principally in AmeriGas Partners	(133.0)	(195.4)	(149.5)	12.5	(74.6)
Net income attributable to UGI Corporation	$ 281.0	$ 337.2	$ 278.1	$ 210.2	$ 245.4
Earnings per common share attributable to UGI stockholders:					
Basic	$ 1.62	$ 1.95	$ 1.63	$ 1.24	$ 1.46
Diluted	$ 1.60	$ 1.92	$ 1.60	$ 1.24	$ 1.45
Cash dividends declared per common share	$ 0.890	$ 0.791	$ 0.737	$ 0.707	$ 0.68
AT PERIOD END:					
Balance sheet data:					
Total assets	$ 10,546.6	$ 10,093.0	$ 10,008.8	$ 9,676.9	$ 6,660.9
Capitalization:					
Debt:					
Short-term debt:					
AmeriGas Propane	$ 68.1	$ 109.0	$ 116.9	$ 49.9	$ 95.5
UGI International	0.6	8.0	6.5	21.0	18.9
UGI Utilities	71.7	86.3	17.5	9.2	—
Energy Services	49.5	7.5	87.0	85.0	24.3
Long-term debt (including current maturities):					
AmeriGas Propane	2,283.5	2,291.7	2,300.1	2,328.0	933.5
UGI International	782.8	565.0	654.4	573.9	571.3
UGI Utilities	622.0	642.0	642.0	600.0	640.0
Other	11.5	12.1	12.9	12.4	12.9
Total debt	3,889.7	3,721.6	3,837.3	3,679.4	2,296.4
UGI Corporation stockholders’ equity	2,692.0	2,659.1	2,492.5	2,229.8	1,973.5
Noncontrolling interests, principally in AmeriGas Partners	880.4	1,004.1	1,055.4	1,085.6	213.0
Total capitalization	$ 7,462.1	$ 7,384.8	$ 7,385.2	$ 6,994.8	$ 4,482.9
Ratio of capitalization:					
Total debt	52.1%	50.4%	52.0%	52.6%	51.2%
UGI Corporation stockholders’ equity	36.1%	36.0%	33.7%	31.9%	44.0%
Noncontrolling interests, principally in AmeriGas Partners	11.8%	13.6%	14.3%	15.5%	4.8%
	100.0%	100.0%	100.0%	100.0%	100.0%

(Million of dollars, except per share amounts)	Year Ended September 30, 2015	2014 (a)	2013 (a)	2012 (a)	2011 (a)
NON-GAAP RECONCILIATION:					
Adjusted net income attributable to UGI Corporation:					
Net income attributable to UGI Corporation	$ 281.0	$ 337.2	$ 278.1	$ 210.2	$ 245.4
Add (deduct):					
Net after-tax losses (gains) on commodity derivative instruments not associated with current-period transactions	53.3	6.6	(4.3)	(8.9)	(17.4)
Net after-tax acquisition and transition expenses associated with Finagaz	14.9	4.3	—	—	—
Net after-tax acquisition and transition expenses associated with the retail propane businesses of Energy Transfer Partners, L.P. (“Heritage Propane”) acquired by the Partnership on January 12, 2012	—	—	4.4	8.8	—
Losses on extinguishments of debt	4.6	—	—	2.2	10.4
Retroactive impact of change in French tax law	—	5.7	—	—	—
Adjusted net income attributable to UGI Corporation (b)	$ 353.8	$ 353.8	$ 278.2	$ 212.3	$ 238.4
Adjusted earnings per common share attributable to UGI stockholders (b):					
Basic (b)	$ 2.04	$ 2.05	$ 1.63	$ 1.26	$ 1.42
Diluted (b)	$ 2.01	$ 2.02	$ 1.61	$ 1.25	$ 1.41

(a) Periods prior to Fiscal 2015 have been adjusted to conform to the Fiscal 2015 definition of adjusted net income attributable to UGI Corporation and adjusted diluted earnings per share (see (b) below).

(b) Management uses "adjusted net income attributable to UGI" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Adjusted net income attributable to UGI is defined as net income attributable to UGI after excluding net after-tax gains and losses on commodity derivative instruments not associated with current-period transactions (principally comprising unrealized gains and losses on commodity derivative instruments), losses on early extinguishments of debt, Finagaz and Heritage Propane transition and acquisition expenses and the retroactive impact of a change in French tax law.

Non-GAAP 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 that these non-GAAP measures provide meaningful information to investors about UGI’s performance because they eliminate the impact of gains and losses on commodity derivative instruments not associated with current-period transactions and other discrete items that can affect the comparison of period-over-period results.

For further discussion of these non-GAAP financial measures, see the Executive Overview in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

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 & 2, "Business and Properties," our Item 1A, "Risk Factors," and our Consolidated Financial Statements in Item 8 below including "Segment Information" included in Note 22 to Consolidated Financial Statements.

Executive Overview

Fiscal 2015 was a year of significant strategic, operational and financial achievements for UGI, building on the strong foundation that we have established over the past decade. On May 29, 2015, UGI, through its wholly owned, indirect subsidiary, France SAS, completed the acquisition of all of the outstanding shares of Totalgaz, a retail distributor of LPG in France (the "Totalgaz Acquisition"). The Totalgaz Acquisition nearly doubles UGI's retail LPG distribution business in France and is consistent with our growth strategies, one of which is to grow our core businesses through acquisitions. We expect the operations of Totalgaz (hereinafter referred to as Finagaz) will be accretive to UGI earnings beginning in Fiscal 2016 and in the years beyond Fiscal 2016 as we deliver the benefits of synergies with our existing Antargaz LPG business in France. In addition to the Totalgaz Acquisition, we expanded our presence in Europe by acquiring Total's LPG distribution business in Hungary in August 2015.We also continued to invest in our Midstream & Marketing assets in Pennsylvania to address the current infrastructure gap that exists in bringing Marcellus Shale gas to markets in the Northeast and Mid-Atlantic regions. In Fiscal 2015, our Gas Utility continued to benefit from new customers converting to natural gas from other energy sources and continues to invest heavily in infrastructure replacement and upgrade projects. AmeriGas Propane continued to experience growth in its cylinder exchange program and National Accounts volumes and is executing on programs to gain new customers and retain existing customers in its core business. During Fiscal 2015, AmeriGas Propane completed nine small-scale acquisitions and is focused on a number of technology initiatives to benefit customer relations and increase operational efficiencies.

During Fiscal 2015, our businesses experienced the effects of two major macroeconomic events. First, during the first quarter of Fiscal 2015, worldwide energy commodity prices declined significantly. The lower commodity prices continued through most of Fiscal 2015. The decreases in energy prices were particularly evident in the prices our UGI International and AmeriGas Propane businesses pay for LPG. Second, the euro was significantly weaker versus the U.S. dollar in Fiscal 2015. The average unweighted euro-to-U.S. dollar translation rate was approximately \$1.15 in Fiscal 2015 compared to a euro-to-U.S. dollar translation rate of approximately \$1.36 in Fiscal 2014. The effects of these two macroeconomic conditions on our businesses are further described in our results of operations analysis below.

Earnings in Fiscal 2015 remained very strong as heating-season temperatures in the Northeast and Mid-Atlantic regions were colder than normal, although slightly warmer and less volatile than in Fiscal 2014. Our Midstream & Marketing business was once again able to take advantage of continued strong demand for natural gas in the Northeast and Mid-Atlantic regions of the U.S., and our integrated portfolio of assets in the Marcellus Shale in Pennsylvania allowed us to benefit from natural gas price volatility that occurred during the Fiscal 2015 heating season. For the second consecutive year, the colder weather, along with locational basis differences between Marcellus and non-Marcellus delivery points, resulted in sustained higher prices for pipeline capacity. Although Fiscal 2015 volatility in natural gas and pipeline capacity prices was less extreme than Fiscal 2014's record prices, which were influenced by volatile winter weather conditions, such locational basis differences were longer in duration. The cold Fiscal 2015 winter weather also benefited our Gas Utility results. Gas Utility weather was nearly 6% colder than normal but approximately 3.7% warmer than last year. Gas Utility core market throughput increased slightly, notwithstanding the slightly warmer year-over-year temperatures, reflecting growth in the number of core market customers due in large part from customers converting to natural gas from oil. Although the Fiscal 2015 winter weather was colder than normal in the Northeast and Mid-Atlantic regions of the United States, weather in the Western United States was significantly warmer than normal, which negatively impacted AmeriGas Propane's overall retail volumes.

At our UGI International businesses, Fiscal 2015 weather was significantly warmer than normal but slightly colder than in Fiscal 2014. The previously mentioned significant decrease in LPG commodity costs during Fiscal 2015 resulted in higher average retail LPG unit margins in most of our European markets. UGI International results in Fiscal 2015 include the operations of Finagaz in France for the period subsequent to its acquisition on May 29, 2015. Due to the seasonality of Finagaz' operations favoring the winter heating season, the timing of the Totalgaz Acquisition (excluding the impacts of transition and acquisition expenses) did not have a material impact on net income attributable to UGI Corporation. Fiscal 2015 UGI International net income includes after-tax acquisition and transition expenses associated with Finagaz of \$14.9 million, a \$4.6 million after-tax loss on an early extinguishment of debt at Antargaz, and a \$1.4 million net loss from Finagaz operations subsequent to its acquisition. Although the euro, and to a lesser extent the British pound sterling, were significantly weaker versus the U.S. dollar during Fiscal 2015 which reduced UGI International net income, the effects of these weaker currencies on UGI International net income were offset, in large part, by gains on foreign currency exchange contracts.

As further described below under the caption, “Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Earnings Per Diluted Share,” UGI management uses “adjusted net income attributable to UGI” and “adjusted diluted earnings per share,” both of which are non-GAAP financial measures, when evaluating UGI’s overall performance. Adjusted net income attributable to UGI excludes (1) net after-tax gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that management believes affect the comparison of period-over-period results (as such items are further described below). Volatility in net income attributable to UGI as determined in accordance with accounting principles generally accepted in the U.S. (“GAAP”) can occur as a result of gains and losses on commodity derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions.

Fiscal 2015 Results

We recorded GAAP net income attributable to UGI Corporation for Fiscal 2015 of $281.0 million, equal to $1.60 per diluted share, compared to GAAP net income attributable to UGI Corporation for Fiscal 2014 of $337.2 million, equal to $1.92 per diluted share. The $56.2 million decrease in GAAP net income attributable to UGI includes after-tax losses on commodity derivative instruments not associated with current-period transactions in Fiscal 2015 of $53.3 million (equal to $0.30 per diluted share) compared to after-tax losses in Fiscal 2014 of $6.6 million (equal to $0.04 per diluted share). The $53.3 million of after-tax losses on commodity derivative instruments not associated with current-period transactions recorded in Fiscal 2015 reflect the effects of substantial declines in worldwide energy commodity prices. Although our GAAP net income was affected by these after-tax losses on commodity derivative contracts not associated with current-period transactions, because these contracts economically hedge future anticipated purchases of energy commodities we expect that such losses on these contracts will be largely offset by lower costs of commodity purchases when such derivative contracts are settled and the associated energy commodity is purchased or sold. GAAP net income attributable to UGI in Fiscal 2014 also reflects the retroactive effect to Fiscal 2013 of a change in tax laws in France, which increased Fiscal 2014 tax expense, and reduced Fiscal 2014 GAAP net income attributable to UGI, by $5.7 million or $0.03 per diluted share.

Adjusted net income attributable to UGI was $353.8 million (equal to $2.01 per diluted share) in Fiscal 2015 compared to $353.8 million (equal to $2.02 per diluted share) in Fiscal 2014. Fiscal 2015 changes in net income by business unit compared to Fiscal 2014 reflect (1) a $13.9 million increase in adjusted net income at UGI International (after excluding the after-tax effects of $14.9 million and $4.3 million of Finagaz acquisition and transition expenses in Fiscal 2015 and Fiscal 2014, respectively; a $4.6 million after-tax loss on extinguishment of debt at Antargaz in Fiscal 2015; and a $5.7 million income tax expense associated with the retroactive change in French tax law in Fiscal 2014); (2) an $8.9 million decrease in adjusted net income from Midstream & Marketing; (3) a $3.0 million decrease in net income from our Gas Utility; and (4) a $2.0 million decrease in adjusted net income attributable to UGI from AmeriGas Propane. UGI International average temperatures during Fiscal 2015 were significantly warmer than normal but slightly colder than in Fiscal 2014. UGI International unit margins in Fiscal 2015 benefited from lower LPG supply costs. The decrease in adjusted Midstream & Marketing results principally reflects slightly lower total margin and higher operating and depreciation expenses due in part to the expansion of our midstream assets. The lower AmeriGas Propane results principally reflect the effects on volumes sold of weather that was warmer than normal and warmer than in Fiscal 2014. Gas Utility results in Fiscal 2015 were slightly lower than the prior year, notwithstanding a slight increase in total margin, reflecting higher operating and administrative expenses.

Although the euro, and to a lesser the British pound sterling, were significantly weaker during Fiscal 2015, the effects of these weaker currencies on UGI International net income were offset in large part by gains on foreign currency exchange contracts.

We believe each of our business units has sufficient liquidity in the forms of revolving credit facilities and, with respect to Energy Services, an accounts receivable securitization facility, to fund business operations during Fiscal 2016. UGI Utilities has $247.0 million of long-term debt maturing in Fiscal 2016 and Flaga refinanced its €26.7 million of long-term debt due in late Fiscal 2016 in October 2015 (see “Financial Condition and Liquidity” below). UGI Utilities intends to refinance its maturing debt on a long-term basis.

Looking ahead, our results in Fiscal 2016 will be influenced by a number of factors including heating-season weather, the level and volatility of commodity prices for natural gas, LPG, electricity and oil, and economic conditions in the U.S. and Europe. We have made substantial progress on growth initiatives that will fuel earnings growth in the future. We expect that our Midstream & Marketing businesses will continue to benefit from the growing demand for natural gas in the Northeast and Mid-Atlantic regions and the current infrastructure gap that exists in bringing Marcellus Shale gas to markets in these regions. In addition, we expect to see the beneficial earnings impact from investments that are already in progress or recently completed, including projects to address the Marcellus Shale infrastructure gap. Acquisition activity in Europe over the last several years makes us an attractive supply partner and creates new business opportunities and our acquisition of Finagaz in France strengthens our position in Europe. At Gas Utility, we expect to continue to experience growth from conversions from oil as a result of sustained low natural gas prices and it is likely that UGI Gas will file a base rate case in Fiscal 2016, its first such filing in over twenty years. To the extent normal weather patterns return in our European LPG operations, we expect to reap the benefits from our acquisition activity in this region.

Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Earnings Per Diluted Share

As previously mentioned, UGI management uses "adjusted net income attributable to UGI" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Adjusted net income attributable to UGI is net income attributable to UGI after excluding net after-tax gains and losses on commodity derivative instruments not associated with current-period transactions (principally comprising changes in unrealized gains and losses on commodity derivative instruments), losses on extinguishments of debt, Finagaz and, in Fiscal 2013, Heritage Propane transition and acquisition expenses and, in Fiscal 2014, the retroactive impact of a change in French tax law. For further information on the Company's accounting for commodity derivative instruments, see Note 2 to Consolidated Financial Statements.

Non-GAAP 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 that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate the impact of gains and losses on commodity derivative instruments not associated with current-period transactions and other discrete items that can affect the comparison of period-over-period results.

The following table reconciles net income attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconciles diluted earnings per share, the most comparable GAAP measure, to adjusted diluted earnings per share, to reflect the adjustments referred to above:

(Millions of dollars, except per share amounts)	2015	2014 (a)	2013 (a)
Adjusted net income attributable to UGI Corporation:			
Net income attributable to UGI Corporation	$ 281.0	$ 337.2	$ 278.1
Add (deduct):			
Net after-tax losses (gains) on commodity derivative instruments not associated with current-period transactions	53.3	6.6	(4.3)
Net after-tax acquisition and transition expenses associated with Finagaz	14.9	4.3	—
Net after-tax transition expenses associated with Heritage Propane	—	—	4.4
Loss on extinguishment of debt	4.6	—	—
Retroactive impact of change in French tax law	—	5.7	—
Adjusted net income attributable to UGI Corporation	$ 353.8	$ 353.8	$ 278.2
Adjusted diluted earnings per share:			
UGI Corporation earnings per share - diluted	$ 1.60	$ 1.92	$ 1.60
Add (deduct):			
Net after-tax losses (gains) on commodity derivative instruments not associated with current-period transactions	0.30	0.04	(0.02)
Net after-tax acquisition and transition expenses associated with Finagaz	0.08	0.03	—
Net after-tax transition expenses associated with Heritage Propane	—	—	0.03
Loss on extinguishment of debt	0.03	—	—
Retroactive impact of change in French tax law	—	0.03	—
Adjusted diluted earnings per share	$ 2.01	$ 2.02	$ 1.61

(a) Fiscal 2014 and Fiscal 2013 amounts have been adjusted to conform to the Fiscal 2015 definition of adjusted net income attributable to UGI Corporation and adjusted diluted earnings per share.

Results of Operations

The following analyses compare the Company's results of operations for (1) Fiscal 2015 with Fiscal 2014 and (2) Fiscal 2014 with the fiscal year ended September 30, 2013 ("Fiscal 2013").

Fiscal 2015 Compared with Fiscal 2014
Consolidated Results

Net Income Attributable to UGI Corporation by Business Unit:

	2015		2014		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% Change
AmeriGas Propane	$ 61.0	21.7 %	$ 63.0	18.7 %	$ (2.0)	(3.2)%
UGI International (a)	52.7	18.8 %	48.3	14.3 %	4.4	9.1 %
Gas Utility	115.8	41.2 %	118.8	35.2 %	(3.0)	(2.5)%
Midstream & Marketing	108.9	38.8 %	117.8	34.9 %	(8.9)	(7.6)%
Corporate & Other (b)	(57.4)	(20.5)%	(10.7)	(3.1)%	(46.7)	N.M.
Net income attributable to UGI Corporation	$ 281.0	100.0 %	$ 337.2	100.0 %	$ (56.2)	(16.7)%

(a) Fiscal 2015 includes a net after-tax loss of $4.6 million associated with an early extinguishment of debt at Antargaz and after-tax acquisition and transition expenses associated with Finagaz of $14.9 million. Fiscal 2014 includes after-tax acquisition-related expenses associated with Finagaz of $4.3 million and income tax expense of $5.7 million to reflect the retroactive effects of a change in tax laws in France.

(b) Includes net after-tax losses on commodity derivative instruments not associated with current-period transactions of $53.3 million and $6.6 million in Fiscal 2015 and Fiscal 2014, respectively.

N.M. — Variance is not meaningful.

Fiscal 2015 Highlights

- UGI International Fiscal 2015 net income includes a net after-tax loss of $4.6 million associated with an early extinguishment of debt at Antargaz and after-tax acquisition and integration-related costs associated with Finagaz of $14.9 million. UGI International Fiscal 2014 net income includes after-tax acquisition-related expenses associated with Finagaz of $4.3 million and income tax expense of $5.7 million to reflect the retroactive effects of a change in tax laws in France.
- Fiscal 2015 UGI International local currency operating results (excluding acquisition and transition expenses associated with Finagaz) improved reflecting higher average unit margins resulting from a significant decline in LPG commodity prices.
- Midstream & Marketing benefited from colder than normal Fiscal 2015 winter weather in the Northeast and Mid-Atlantic regions of the United States, which resulted in continued high demand for natural gas and continued high prices for pipeline capacity.
- Notwithstanding Fiscal 2015 weather that was warmer than Fiscal 2014, Gas Utility core market throughput was slightly higher reflecting recent growth in the number of core market customers. Slightly higher Gas Utility total margin was more than offset by higher operating, administrative and depreciation expenses.
- AmeriGas Propane retail volumes were lower in Fiscal 2015 reflecting, in large part, significantly warmer than normal weather in the western U.S.
- The average euro-to-U.S. dollar exchange rate was $1.15 in Fiscal 2015 compared to $1.36 in Fiscal 2014. The effects of the weaker euro, and to a lesser extent the British pound sterling, on UGI International net income was offset, in large part, by gains on foreign currency exchange contracts.

AmeriGas Propane	2015	2014	Decrease	
(Dollars in millions)				
Revenues	$ 2,885.3	$ 3,712.9	$ (827.6)	(22.3)%
Total margin (a)	$ 1,545.3	$ 1,605.8	$ (60.5)	(3.8)%
Operating and administrative expenses	$ 954.1	$ 964.1	$ (10.0)	(1.0)%
Partnership Adjusted EBITDA (b)	$ 619.2	$ 664.8	$ (45.6)	(6.9)%
Operating income	$ 427.6	$ 472.0	$ (44.4)	(9.4)%
Retail gallons sold (millions)	1,184.3	1,275.6	(91.3)	(7.2)%
Degree days – % (warmer) colder than normal (c)	(5.8)%	3.4%	—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for Fiscal 2015 and Fiscal 2014 excludes net pre-tax losses of $47.8 million and $9.5 million, respectively, on AmeriGas Propane commodity derivative instruments not associated with current-period transactions.

(b) Partnership Adjusted EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 22 to Consolidated Financial Statements).

(c) Deviation from average heating degree days for the 30-year period 1971-2000 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration (“NOAA”) for 335 airports in the United States, excluding Alaska.

AmeriGas Propane’s retail gallons sold during Fiscal 2015 decreased 7.2% compared with the prior year. The decline in retail gallons sold in Fiscal 2015 principally reflects average temperatures based upon heating degree days that were 5.8% warmer than normal and 8.9% warmer than in Fiscal 2014 principally reflecting significantly warmer than normal weather in the western U.S.

Retail propane revenues decreased $ 736.9 million during Fiscal 2015 reflecting lower average retail selling prices ($500.2 million), principally the result of the lower propane product costs, and the effects of lower retail volumes sold ($236.7 million). Wholesale propane revenues decreased $91.5 million during Fiscal 2015 reflecting the effects of lower wholesale volumes sold ($55.6 million) and lower wholesale selling prices ($35.9 million). Average daily wholesale propane commodity prices during Fiscal 2015 at Mont Belvieu, Texas were more than 50% lower than such prices during Fiscal 2014. Revenues from fee income and other ancillary sales and services in Fiscal 2015 were slightly higher than in Fiscal 2014. Total cost of sales decreased $767.1 million principally reflecting a decline in propane cost of sales. Total propane cost of sales during Fiscal 2015 decreased $771.8 million principally reflecting the effects of the significantly lower average propane product costs ($582.4 million) and the effects of the lower retail and wholesale volumes sold ($189.4 million) on propane cost of sales.

Total margin decreased $60.5 million in Fiscal 2015 principally reflecting lower retail propane total margin ($53.8 million) and, to a much lesser extent, lower margin from wholesale sales and ancillary sales and services. The decrease in retail propane total margin largely reflects the previously mentioned decline in retail gallons sold partially offset by higher average propane retail unit margins.

Partnership Adjusted EBITDA in Fiscal 2015 decreased $45.6 million principally reflecting the lower total margin ($60.5 million) offset in part by lower operating and administrative expenses and higher other operating income ($3.9 million) resulting, in large part, from sales of excess assets. The decrease in operating and administrative expenses reflects, among other things, lower vehicle expenses ($18.3 million), principally reflecting lower vehicle fuel expenses, and lower uncollectible accounts expense ($10.6 million) partially offset by, among other things, higher insured and self-insured casualty and liability expenses. AmeriGas Propane operating income decreased $44.4 million principally reflecting the lower Partnership Adjusted EBITDA ($45.6 million) partially offset by lower depreciation expense.

UGI International	2015	2014	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 1,808.5	$ 2,322.4	$ (513.9)	(22.1)%
Total margin (a)	$ 688.5	$ 664.4	$ 24.1	3.6 %
Operating and administrative expenses (b)	$ 493.7	$ 470.2	$ 23.5	5.0 %
Operating income	$ 112.8	$ 117.5	$ (4.7)	(4.0)%
Income before income taxes (c)	$ 76.4	$ 87.4	$ (11.0)	(12.6)%
Retail gallons sold (millions) (d)	697.0	631.1	65.9	10.4 %
UGI France degree days – % (warmer) than normal (e)	(11.0)%	(14.1)%	—	—
Flaga degree days – % (warmer) than normal (e)	(12.6)%	(15.7)%	—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for Fiscal 2015 excludes net pre-tax losses of $28.4 million on UGI International's commodity derivative instruments not associated with current-period transactions.

(b) Includes Finagaz transition and acquisition-related expenses in Fiscal 2015 and Fiscal 2014 of $22.6 million and $6.5 million, respectively.

(c) Fiscal 2015 income before income taxes is net of $10.3 million of incremental interest expense associated with an early extinguishment of debt at Antargaz.

(d) Excludes retail gallons from operations in China.

(e) Deviation from average heating degree days for the 30-year period 1981-2010 at locations in our UGI France and Flaga service territories.

UGI International results include the results of Finagaz subsequent to its acquisition on May 29, 2015. Based upon heating degree day data, temperatures during Fiscal 2015 in our UGI International European LPG territories were significantly warmer than normal but slightly colder than in Fiscal 2014. Total retail gallons sold during Fiscal 2015 were higher than Fiscal 2014 reflecting in large part incremental retail gallons from Finagaz for the period subsequent to its acquisition. During Fiscal 2015, average wholesale commodity prices for propane and butane in northwest Europe were more than 40% lower than in Fiscal 2014.

UGI International local currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro. During Fiscal 2015 and Fiscal 2014, the average un-weighted euro-to-U.S. dollar translation rates were approximately $1.15 and $1.36, respectively. The significantly lower euro-to-U.S. dollar translation rates and, to a lesser extent, the lower British pound sterling-to-U.S. dollar translation rates, reduced UGI International net income but this decrease was offset, in large part, by gains from foreign currency exchange contracts during Fiscal 2015.

UGI International revenues decreased $513.9 million during Fiscal 2015 principally reflecting the combined impact on revenues of the significantly weaker euro and, to a lesser extent, the British pound sterling ($298.2 million) and the effects of lower average LPG sales prices at each of our European LPG businesses. The lower average LPG sales prices reflect the previously mentioned significant decline in commodity LPG prices. These decreases in revenues were partially offset by the effects on revenues from the higher retail LPG volumes sold and higher revenues from increased natural gas marketing volumes at UGI France. UGI International cost of sales decreased $538.0 million during Fiscal 2015 principally reflecting the lower average LPG wholesale prices during Fiscal 2015 and the effects of the significantly weaker euro and, to a lesser extent, the British pound sterling ($177.2 million) partially offset by the effects on cost of sales from the higher UGI International retail LPG volumes sold and increased natural gas marketing volumes at UGI France.

UGI International total margin increased $24.1 million in Fiscal 2015 as incremental margin from Finagaz for the period subsequent to its acquisition on May 29, 2015, and slightly higher local currency total margin at AvantiGas and UGI France's legacy operations, was offset in large part by the translation effects on local currency total margin of the significantly weaker euro and, to a lesser extent, the British pound sterling. U.S. dollar-denominated total margin at UGI France increased $46.7 million principally reflecting incremental margin from Finagaz ($78.0 million) partially offset by the effects of the weaker euro on UGI France's legacy operations gross margin. Total U.S. dollar-denominated margin from AvantiGas increased $4.4 million from higher local currency margin while total U.S. dollar-denominated margin from Flaga declined principally reflecting the impact of the weaker euro in Fiscal 2015 and slightly lower average retail unit margins. Local currency average retail unit margins were higher at UGI France and AvantiGas principally reflecting the effects of the lower LPG commodity prices. Local currency retail unit margins at Flaga were slightly lower reflecting in part the negative effects from the time lag of supply in certain of Flaga's eastern European service territories caused by rapidly falling LPG prices early in Fiscal 2015, and the effects of the rapidly falling euro on U.S. dollar-denominated supply hedges.

The $4.7 million decrease in UGI International operating income reflects the $24.1 million increase in total margin offset by a $23.5 million increase in operating and administrative expenses and a $5.3 million increase in depreciation and amortization expense. The increase in these expenses principally reflects incremental Finagaz operating, administrative and depreciation expenses subsequent to its acquisition on May 29, 2015, and $22.6 million of Finagaz acquisition and transition expenses compared with $6.5 million of Finagaz acquisition-related expenses in Fiscal 2014. The effects of these increases in operating, administrative and depreciation expenses associated with Finagaz were partially offset by the translation effects of the weaker euro and British pound sterling on such expenses of our legacy European LPG operations.

UGI International income before income taxes decreased $11.0 million principally reflecting the $4.7 million decrease in operating income and a $5.2 million increase in interest expense. In May 2015, France SAS borrowed €600 million under its Senior Facilities Agreement with a consortium of banks (the "2015 Senior Facilities Agreement"), the proceeds of which were used to prepay €342 million principal amount, plus accrued interest, outstanding under Antargaz' 2011 Senior Facilities Agreement due March 2016 (the "2011 Senior Facilities Agreement") and to fund a portion of the cash purchase price of Finagaz. UGI International interest expense in Fiscal 2015 includes a $10.3 million pre-tax loss resulting from early extinguishments of term loan debt under the 2011 Senior Facilities Agreement. Excluding the effects of this pre-tax loss of $10.3 million, UGI International interest expense declined $5.1 million as incremental interest expense associated with the higher principal amount outstanding under the 2015 Senior Facilities Agreement was more than offset by the translation effects of the weaker euro and a lower effective interest rate on the 2015 Senior Facilities Agreement term loan compared with the 2011 Senior Facilities Agreement term loan.

Gas Utility	2015	2014	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 933.1	$ 977.3	$ (44.2)	(4.5)%
Total margin (a)	$ 484.5	$ 480.5	$ 4.0	0.8 %
Operating and administrative expenses	$ 196.9	$ 183.8	$ 13.1	7.1 %
Operating income	$ 226.5	$ 236.2	$ (9.7)	(4.1)%
Income before income taxes	$ 187.4	$ 199.6	$ (12.2)	(6.1)%
System throughput – billions of cubic feet ("bcf") -				
Core market	81.3	80.4	0.9	1.1 %
Total	213.5	208.8	4.7	2.3 %
Degree days – % colder than normal (b)	5.9%	10.0%	—	—

(a) Total margin represents total revenues less total cost of sales.

(b) Deviation from average heating degree days for the 15-year period 1995-2009 based upon weather statistics provided by NOAA for airports located within Gas Utility's service territory.

Temperatures in Gas Utility's service territory in Fiscal 2015 based upon heating degree days were 5.9% colder than normal but 3.7% warmer than in Fiscal 2014. Total distribution system throughput increased 4.7 bcf, notwithstanding the warmer weather, principally reflecting higher large firm delivery service volumes and slightly higher core market volumes reflecting, in large part, a 1.9% year-over-year increase in the number of core market customers. Gas Utility's core market customers comprise firm-residential, commercial and industrial ("retail core-market") customers who purchase their gas from Gas Utility and, to a much lesser extent, residential and small commercial customers who purchase their gas from alternate suppliers.

Gas Utility revenues decreased $44.2 million in Fiscal 2015 principally reflecting lower revenues from off-system sales ($31.8 million) and lower revenues from core market customers ($7.6 million). The decrease in core market revenues principally reflects the effects of lower average purchased gas cost ("PGC") rates during Fiscal 2015 partially offset by the slightly higher core market throughput. Increases or decreases in retail core-market revenues and cost of sales principally result from changes in retail core-market volumes and the level of gas costs collected through the PGC recovery mechanism. Under the PGC recovery mechanism, Gas Utility records the cost of gas associated with sales to retail core-market customers at amounts included in PGC rates. The difference between actual gas costs and the amounts included in rates is deferred on the balance sheet as a regulatory asset or liability and represents amounts to be collected from or refunded to customers in a future period. As a result of this PGC recovery mechanism, increases or decreases in the cost of gas associated with retail core-market customers have no direct effect on retail core-market margin. Gas Utility's cost of sales was $448.6 million in Fiscal 2015 compared with $496.8 million in Fiscal 2014 principally reflecting the effects of the lower off-system sales ($31.8 million) and the effects on retail core-market cost of sales of the lower average PGC rates partially offset by slightly higher core market throughput.

Fiscal 2015 Gas Utility total margin increased $4.0 million principally reflecting higher core market total margin ($4.3 million) on the higher core market sales and higher large firm delivery service total margin ($5.7 million). These increases were partially offset principally by lower margin from interruptible customers ($7.0 million).

Gas Utility operating income and income before income taxes during Fiscal 2015 decreased $9.7 million and $12.2 million, respectively. The $9.7 million decrease in Gas Utility operating income, notwithstanding the $4.0 million increase in total margin, principally reflects higher operating and administrative expenses and higher depreciation expense partially offset by an increase in other operating income. Fiscal 2015 operating and administrative expenses were higher than in Fiscal 2014 principally reflecting, among other things, higher Fiscal 2015 distribution system expenses ($4.8 million), and higher employee benefits, uncollectible accounts and other general administrative expenses. Gas Utility depreciation expense increased $4.1 million reflecting the effects of greater distribution system capital expenditures. Other operating income increased $3.4 million reflecting, among other things, incremental income from construction services. The $12.2 million decrease in Gas Utility income before income taxes reflects the lower operating income ($9.7 million) and higher long-term debt interest expense.

Midstream & Marketing	2015	2014	Increase (Decrease)	
(Dollars in millions)				
Revenues (a)	$ 1,104.6	$ 1,368.9	$ (264.3)	(19.3)%
Total margin (b)	$ 284.6	$ 292.2	$ (7.6)	(2.6)%
Operating and administrative expenses	$ 73.0	$ 70.6	$ 2.4	3.4 %
Operating income	$ 184.8	$ 198.6	$ (13.8)	(6.9)%
Income before income taxes	$ 182.7	$ 195.7	$ (13.0)	(6.6)%

(a) Amounts are net of intercompany revenues between Midstream & Marketing's Energy Services and Electric Generation segments.
(b) Total margin represents total revenues less total cost of sales. Amounts exclude net pre-tax losses on commodity derivative instruments not associated with current-period transactions of $42.9 million and $8.5 million during Fiscal 2015 and Fiscal 2014, respectively.

Midstream & Marketing Fiscal 2015 total revenues were $264.3 million lower than Fiscal 2014 principally reflecting lower natural gas ($202.0 million), retail power ($44.9 million), peaking ($12.2 million) and Electric Generation revenues partially offset by higher natural gas gathering revenues. The decrease in natural gas revenues principally reflects lower wholesale and retail natural gas prices during Fiscal 2015. The lower retail power revenues principally reflect lower sales volumes and, to a lesser extent, lower average prices. In addition, Fiscal 2015 total capacity management revenues were slightly below Fiscal 2014. Energy Services capacity management revenues continued to benefit from significant locational basis differences between Marcellus and non-Marcellus delivery points in Fiscal 2015 although not as extreme as those experienced during the volatile temperature conditions experienced in January and February 2014. Midstream & Marketing cost of sales decreased to $820.0 million in Fiscal 2015 compared to $1,076.7 million in Fiscal 2014 principally reflecting lower natural gas ($194.8 million), retail power ($52.4 million) and peaking ($7.7 million) cost of sales.

Midstream & Marketing total margin decreased $7.6 million in Fiscal 2015 principally reflecting lower natural gas marketing total margin ($7.1 million), lower peaking total margin ($4.4 million), lower capacity management total margin ($4.1 million) and slightly lower Electric Generation total margin. These declines were partially offset by higher total margin from retail power ($7.5 million) and higher natural gas gathering total margin ($3.5 million). The decline in natural gas marketing total margin principally reflects the effects of lower average unit margins. The lower peaking total margin principally reflects lower Fiscal 2015 natural gas prices. The higher retail power total margin reflects the effects of higher unit margins while the increase in natural gas gathering total margin reflects incremental margin from the expansion of our natural gas gathering system in the Marcellus shale region of northern Pennsylvania.

Midstream & Marketing operating income and income before income taxes during Fiscal 2015 decreased $13.8 million and $13.0 million, respectively, principally reflecting the previously mentioned decrease in total margin ($7.6 million), slightly higher operating and administrative costs and higher depreciation expense principally reflecting incremental depreciation associated with storage and natural gas gathering assets and higher depreciation associated with the Conemaugh generating unit.

Interest Expense. Our consolidated interest expense during Fiscal 2015 was $241.9 million, slightly higher than the $237.7 million of interest expense in Fiscal 2014. Interest expense in Fiscal 2015 includes a $10.3 million pre-tax loss principally comprising the settlement of interest rate swaps associated with an early extinguishment of debt at Antargaz. Excluding the effects of this pre-tax loss, interest expense decreased $6.1 million principally reflecting (1) the effects of the weaker euro on UGI International local currency interest expense and (2) slightly lower interest expense at AmeriGas Propane and Midstream & Marketing. These decreases were partially offset by higher long-term debt interest at UGI Utilities.

Income Taxes. Our effective income tax rate (excluding the effects on such rate of pre-tax income associated with noncontrolling interests not subject to federal income taxes) of 38.8% in Fiscal 2015 was lower than such rate in Fiscal 2014 of 41.1%. The decrease in the effective income tax rate reflects in large part a lower effective tax rate on UGI International pre-tax income. UGI International's effective tax rate in Fiscal 2014 was higher due, in part, to $5.7 million of income taxes associated with a change in tax laws in France that was retroactive to Fiscal 2013.

Fiscal 2014 Compared with Fiscal 2013
Consolidated Results

Net Income Attributable to UGI Corporation by Business Unit:

	2014		2013		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% Change
AmeriGas Propane	$ 63.0	18.7 %	$ 47.5	17.1%	$ 15.5	32.6 %
UGI International (a)	48.3	14.3 %	82.7	29.7%	(34.4)	(41.6)%
Gas Utility	118.8	35.2 %	94.3	33.9%	24.5	26.0 %
Midstream & Marketing	117.8	34.9 %	52.5	18.9%	65.3	124.4 %
Corporate & Other (b)	(10.7)	(3.1)%	1.1	0.4%	(11.8)	N.M.
Net income attributable to UGI Corporation	$ 337.2	100.0 %	$ 278.1	100.0%	$ 59.1	21.3 %

(a) Fiscal 2014 includes income tax expense of $5.7 million to reflect the retroactive effects of a change in tax laws in France and after-tax acquisition-related expenses associated with Finagaz of $4.3 million.
(b) Includes net after-tax gains (losses) on Midstream & Marketing's commodity derivative instruments not associated with current-period transactions, and net after-tax gains (losses) on AmeriGas Propane's unsettled commodity derivative instruments entered into beginning April 1, 2014, totaling $(6.6) million in Fiscal 2014 and $4.3 million in Fiscal 2013.
N.M. — Variance is not meaningful.

Fiscal 2014 Highlights

- Fiscal 2014 results reflect significantly colder and more volatile winter weather at Midstream & Marketing and significantly colder weather at Gas Utility and in AmeriGas Propane's service territory east of the Rocky Mountains.
- Midstream & Marketing's integrated assets portfolio in the Marcellus Shale in Pennsylvania provided it with the opportunity to take advantage of periods of extreme cold winter weather that resulted in heightened natural gas price volatility due to locational basis differentials and increased the demand for winter peaking services.
- Our UGI International operations in Europe experienced weather that was much warmer than normal which reduced retail volumes sold.
- Fiscal 2014 results reflect the retroactive effects of a change in tax laws in France which increased UGI International tax expense and reduced Fiscal 2014 net income by $(5.7) million (equal to $(0.03) per diluted share).
- Net income in Fiscal 2014 includes after-tax losses of $(6.6) million (equal to $(0.04) per diluted share) on commodity derivative instruments not associated with current-period transactions while net income in Fiscal 2013 includes after-tax gains of $4.3 million (equal to $0.02 per diluted share) on commodity derivative instruments not associated with current-period transactions.

AmeriGas Propane	2014	2013	Increase	
(Dollars in millions)				
Revenues	$ 3,712.9	$ 3,168.8	$ 544.1	17.2%
Total margin (a)	$ 1,605.8	$ 1,511.6	$ 94.2	6.2%
Operating and administrative expenses	$ 964.1	$ 945.1	$ 19.0	2.0%
Partnership Adjusted EBITDA (b)	$ 664.8	$ 596.5	$ 68.3	11.5%
Operating income	$ 472.0	$ 394.4	$ 77.6	19.7%
Retail gallons sold (millions)	1,275.6	1,245.2	30.4	2.4%
Degree days – % colder (warmer) than normal (c)	3.4%	(4.9)%	—	—

(a) Total margin represents total revenues less total cost of sales. Total margin in Fiscal 2014 excludes net pre-tax losses of $9.5 million on AmeriGas Propane unsettled commodity derivative instruments entered into beginning April 1, 2014, not associated with current-period transactions.

(b) Partnership Adjusted EBITDA (earnings before interest expense, income taxes and depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 22 to Consolidated Financial Statements). Partnership Adjusted EBITDA for Fiscal 2013 includes transition expenses of $26.5 million associated with the integration of Heritage Propane acquired in January 2012.

Deviation from average heating degree days for the 30-year period 1971-2000 based upon national weather statistics provided by NOAA for 335 airports in the United States, excluding Alaska.

The 2.4% increase in retail gallons sold in Fiscal 2014 reflects average temperatures based upon heating degree days that were 3.4% colder than normal and 8.8% colder than the prior year. The colder average weather reflects significantly colder winter weather in the eastern half of the United States partially offset by warmer weather in the western U.S. The effects of the colder winter weather on retail gallons sold, however, were muted by supply challenges in certain regions of the U.S. that experienced prolonged periods of unusually cold winter weather. In order to ensure that customers in these regions were adequately supplied during these extreme weather conditions, the Partnership instituted supply allocation measures in certain areas, which limited total retail volumes sold and increased distribution costs per gallon.

Retail propane revenues increased $529.7 million during Fiscal 2014 reflecting the effects of higher average retail selling prices ($461.9 million), largely the result of higher propane product costs, and the higher retail volumes sold ($67.8 million). Wholesale propane revenues increased $24.9 million during Fiscal 2014 reflecting the effects of higher wholesale selling prices ($33.8 million) partially offset by the effects of slightly lower wholesale volumes sold ($8.9 million). Average daily wholesale propane commodity prices during Fiscal 2014 at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 25% higher than such prices during Fiscal 2013. In addition, certain regions of the U.S. experienced an even greater increase in wholesale commodity prices due to supply constraints caused by industry-wide storage and transportation issues exacerbated by the unusually cold winter weather conditions. Partially offsetting the higher retail and wholesale revenues were slightly lower revenues from fee income and other ancillary sales and services. Total cost of sales during Fiscal 2014 increased $449.9 million principally reflecting the effects of the higher average propane product costs ($429.2 million) and, to a lesser extent, the effects of the greater retail and wholesale volumes sold ($27.1 million) partially offset by lower cost of sales from ancillary sales and services.

Total margin increased $94.2 million in Fiscal 2014 principally reflecting higher retail propane total margin ($97.4 million) partially offset by lower margin from ancillary sales and services. The increase in retail propane total margin reflects modestly higher average retail propane unit margins and, to a lesser extent, the previously mentioned increase in retail volumes sold.

Partnership Adjusted EBITDA in Fiscal 2014 increased $68.3 million principally reflecting the higher total margin ($94.2 million) partially offset by slightly higher operating and administrative expenses ($19.0 million) and lower other income. Partnership operating and administrative expenses in the prior fiscal year include $26.5 million of transition expenses associated with the integration of Heritage Propane acquired in January 2012 (see Note 4 to Consolidated Financial Statements). Excluding the effects of the Heritage Propane transition expenses in the prior year, Partnership operating and administrative expenses increased $45.5 million. The increase in operating and administrative expenses excluding the effects of the Heritage Propane transition expenses in the prior-year period reflects, among other things, higher distribution-related expenses associated with the higher retail volumes sold and higher distribution costs caused by the supply challenges in certain regions of the U.S. during the second quarter of Fiscal 2014. The increase in operating and administrative costs also reflects higher uncollectible accounts expense ($9.9 million) and higher casualty and general liability expenses ($6.3 million). Operating income increased $77.6 million in Fiscal 2014 principally reflecting the higher Partnership EBITDA ($68.3 million) and slightly lower depreciation expense.

UGI International	2014	2013	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 2,322.4	$ 2,179.2	$ 143.2	6.6 %
Total margin (a)	$ 664.4	$ 680.8	$ (16.4)	(2.4)%
Operating and administrative expenses	$ 470.2	$ 454.4	$ 15.8	3.5 %
Operating income	$ 117.5	$ 147.0	$ (29.5)	(20.1)%
Income before income taxes	$ 87.4	$ 116.2	$ (28.8)	(24.8)%
Retail gallons sold (millions) (b)	631.1	592.4	38.7	6.5 %
UGI France degree days – % (warmer) colder than normal (c)	(14.1)%	3.7%	—	—
Flaga degree days – % (warmer) colder than normal (c)	(15.7)%	0.9%	—	—

(a) Total margin represents total revenues less total cost of sales.

(b) Excludes retail gallons from operations in China.

(c) Deviation from average heating degree days for the 30-year period 1981-2010 at locations in our UGI France and Flaga service territories.

Based upon heating degree day data, temperatures during Fiscal 2014 at our UGI International European LPG territories were significantly warmer than normal compared to temperatures in Fiscal 2013 that were slightly colder than normal. Total retail gallons sold were slightly higher reflecting the effects of the significantly warmer Fiscal 2014 weather more than offset by incremental retail gallons associated with BP Poland's former LPG business in Poland acquired by Flaga in September 2013 ("BP Poland acquisition"). During Fiscal 2014, the average wholesale commodity price for propane in northwest Europe was approximately 9% lower than in the prior-year period while the average wholesale commodity price for butane was approximately 3% lower than the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro. During Fiscal 2014 and Fiscal 2013, the average un-weighted euro-to-dollar translation rate was approximately $1.36 and $1.31, respectively. The difference in euro to U.S. dollar translation rates and, to a lesser extent, the difference in the British pound sterling to the U.S. dollar translation rates, did not have a material impact on net income attributable to UGI.

UGI International revenues increased $143.2 million principally reflecting greater total revenues at Flaga ($178.3 million) including incremental retail and wholesale revenues resulting from the BP Poland acquisition, and, to a much lesser extent, the currency conversion effects of the slightly stronger euro and British pound sterling. This increase in revenues was partially offset by lower total revenues at UGI France ($27.1 million) and, to a lesser extent, at AvantiGas principally on lower LPG retail volumes sold partially offset by the currency conversion effects of the slightly stronger euro and British pound sterling. Cost of sales increased $159.6 million as greater cost of sales at Flaga ($172.1 million), primarily reflecting retail and wholesale gallons associated with the BP Poland acquisition and, to a lesser extent, the effects of the slightly stronger euro, were partially offset by lower cost of sales at UGI France and AvantiGas principally as a result of the lower retail LPG gallons sold partially offset by the currency conversion effects of the slightly stronger euro and British pound sterling.

Total UGI International margin decreased $16.4 million during Fiscal 2014 reflecting lower total margin at UGI France ($30.2 million) principally on the lower retail volumes partially offset by the effects of the slightly stronger euro. This decrease in margin was offset in part by slightly higher total margin at Flaga, due primarily to incremental margin associated with the BP Poland acquisition and the slightly stronger euro, and higher total margin at AvantiGas, principally the result of higher average retail unit margins and the slightly stronger British pound sterling.

UGI International operating income and income before income taxes decreased $29.5 million and $28.8 million, respectively. The decreases principally reflect the lower total margin ($16.4 million); increased operating, administrative and depreciation expenses at Flaga ($9.2 million) principally incremental expenses resulting from the BP Poland acquisition and to a lesser extent the currency conversion effects of the slightly stronger euro; and the currency conversion effects of the stronger euro and British pound sterling on UGI France and AvantiGas operating, administrative and depreciation expenses. Fiscal 2014 UGI International operating and administrative costs also include $6.5 million of incremental expenses associated with the proposed acquisition of Totalgaz.

Gas Utility	2014	2013	Increase	
(Dollars in millions)				
Revenues	$ 977.3	$ 839.0	$ 138.3	16.5%
Total margin (a)	$ 480.5	$ 431.8	$ 48.7	11.3%
Operating and administrative expenses	$ 183.8	$ 176.2	$ 7.6	4.3%
Operating income	$ 236.2	$ 196.5	$ 39.7	20.2%
Income before income taxes	$ 199.6	$ 159.1	$ 40.5	25.5%
System throughput – bcf				
Core market	80.4	70.6	9.8	13.9%
Total	208.8	192.1	16.7	8.7%
Degree days – % colder (warmer) than normal (b)	10.0%	(0.5)%	—	—

(a) Total margin represents total revenues less total cost of sales.

(b) Deviation from average heating degree days for the 15-year period 1995-2009 based upon weather statistics provided by NOAA for airports located within Gas Utility's service territory.

Temperatures in Gas Utility's service territory in Fiscal 2014 based upon heating degree days were 10.0% colder than normal and 10.6% colder than Fiscal 2013. Total distribution system throughput increased 16.7 bcf principally reflecting a 9.8 bcf (13.9%) increase in demand from Gas Utility's core market customers and, to a lesser extent, greater net large firm and interruptible delivery service volumes. Gas Utility system throughput to core market customers was higher than last year principally reflecting the effects of the significantly colder weather and, to a lesser extent, customer growth due principally to conversions from other fuels prompted by sustained lower natural gas prices relative to heating oil prices.

Gas Utility revenues increased $138.3 million during Fiscal 2014 principally reflecting higher revenues from core market customers ($83.6 million), higher revenues from off-system sales ($36.4 million) and, to a much lesser extent, higher revenues from large firm delivery service customers on higher throughput ($12.5 million). The increase in core market revenues principally reflects the effects of the higher core market throughput. Gas Utility's cost of sales was $496.8 million in Fiscal 2014 compared with $407.2 million in Fiscal 2013 principally reflecting the effects of the greater retail core-market volumes sold ($50.1 million) and the effects of the higher off-system sales ($36.4 million).

Fiscal 2014 Gas Utility total margin increased $48.7 million principally reflecting higher core market total margin ($33.8 million) and greater large firm delivery service total margin ($10.8 million). The higher core market and large firm delivery service total margin reflects the effects of the previously mentioned colder weather and customer growth.

Gas Utility operating income and income before income taxes during Fiscal 2014 increased $39.7 million and $40.5 million, respectively, over Fiscal 2013. The increase in Gas Utility operating income principally reflects the $48.7 million increase in total margin partially offset by higher operating and administrative expenses. Operating and administrative expenses in Fiscal 2014 were modestly higher than the prior year principally reflecting greater Fiscal 2014 distribution system maintenance expenses ($5.3 million), higher uncollectible accounts expense ($3.0 million) and greater incentive compensation expense partially offset by lower pension expense. The increase in Gas Utility income before income taxes reflects the greater operating income ($39.7 million) and slightly lower interest expense.

Midstream & Marketing	2014		2013		Increase		
(Dollars in millions)							
Revenues (a)	$	1,368.9	$	1,037.6	$	331.3	31.9%
Total margin (b)	$	292.2	$	164.0	$	128.2	78.2%
Operating and administrative expenses	$	70.6	$	57.0	$	13.6	23.9%
Operating income	$	198.6	$	90.0	$	108.6	120.7%
Income before income taxes	$	195.7	$	86.8	$	108.9	125.5%

(a) Amounts are net of intercompany revenues between Midstream & Marketing's Energy Services and Electric Generation segments.
(b) Total margin represents total revenues less total cost of sales. Amounts exclude net pre-tax (losses) gains on commodity derivative instruments not associated with current-period transactions of $(8.5) million and $7.4 million in Fiscal 2014 and Fiscal 2013, respectively.

Fiscal 2014 total revenues were $331.3 million higher than Fiscal 2013 principally reflecting higher natural gas revenues ($255.9 million) and, to a much lesser extent, higher capacity management ($61.6 million), peaking ($25.4 million) and natural gas gathering revenues ($12.9 million). The increase in natural gas revenues principally reflects higher wholesale and retail natural gas volumes sold and higher natural gas prices during Fiscal 2014. The greater capacity management and peaking service revenues principally reflect higher demand for natural gas pipeline capacity at significantly higher prices caused by periods of extreme cold weather in the Northeast and Mid-Atlantic regions primarily during the months of January and February 2014. Midstream & Marketing revenues were also higher due to incremental revenues from the Auburn pipeline extension which was placed in service during the first quarter of Fiscal 2014. Midstream & Marketing cost of sales increased to $1,076.7 million in Fiscal 2014 compared to $873.6 million in Fiscal 2013 principally reflecting the higher natural gas volumes and prices.

Midstream & Marketing total margin increased $128.2 million (78.2%) in Fiscal 2014 principally reflecting higher capacity management and peaking service total margin ($78.8 million), higher retail natural gas total margin ($24.5 million), higher Electric Generation total margin ($13.9 million) and increased natural gas gathering total margin ($12.9 million) primarily reflecting incremental margin from the previously mentioned Auburn pipeline extension. The significant increase in total margin from capacity management and peaking activities reflects the effects of periods of extreme cold winter weather primarily during January and February which resulted in heightened natural gas price volatility due to locational basis differentials and also increased the demand for, and the value of, winter peaking services. The greater total margin from Electric Generation principally reflects the impact of higher unit margins at the Hunlock natural gas-fired electricity generating facility due in large part to lower locally-sourced natural gas feedstock costs, greater electricity production, and higher Electric Generation capacity revenues. These increases in total margin were partially offset by lower total margin from retail power sales.

Midstream & Marketing operating income and income before income taxes during Fiscal 2014 increased $108.6 million and $108.9 million, respectively, over Fiscal 2013 reflecting the previously mentioned significant increase in total margin ($128.2 million) partially offset by higher operating and administrative expenses ($13.6 million) and depreciation expenses ($5.4 million). The higher operating, administrative and depreciation expenses include, among other things, increased operating and depreciation expenses associated with storage and natural gas gathering assets and higher incentive compensation costs. Electric Generation operating expenses in Fiscal 2014 were slightly higher primarily a result of the increased production activity at the Hunlock electricity generating facility offset, in part, by lower maintenance costs at the Conemaugh generating facility.

Interest Expense. Our consolidated interest expense during Fiscal 2014 was $237.7 million, approximately equal to the $240.3 million of interest expense recorded during Fiscal 2013.

Income Taxes. Our effective income tax rate (excluding the effects on such rate of pre-tax income associated with noncontrolling interests not subject to federal income taxes) of 41.1% in Fiscal 2014 was higher than such rate in Fiscal 2013 of 36.9%. The higher effective tax rate in Fiscal 2014 reflects, in large part, the effects of new tax legislation in France approved by the French Parliament in December 2013 and, to a lesser extent, a higher proportion of pretax earnings from higher tax rate domestic business units. The new tax legislation in France, among other things, limits UGI France's ability to deduct certain interest expense for income tax purposes and increases the corporate surtax rate for a period of two years. Based upon our review of the new tax legislation, provisions of the new tax legislation associated with the deductibility of certain interest expense at UGI France applies retroactively to Fiscal 2013. During the quarter ended December 31, 2013, the Company recorded additional income taxes of $5.7 million to reflect the retroactive effects of the new French tax legislation associated with the deductibility of certain interest expense.

Financial Condition and Liquidity

We depend on both internal and external sources of liquidity to provide funds for working capital and to fund capital requirements. Our short-term cash requirements not met by cash from operations are generally satisfied with borrowings under credit facilities and, in the case of Midstream & Marketing, also from an accounts receivable securitization facility. Long-term cash requirements not met by cash from operations are generally met through issuance of long-term debt or equity securities. We believe that each of our business units has sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and accounts receivable securitization facility borrowings; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt and equity securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

Our cash and cash equivalents totaled $369.7 million at September 30, 2015, compared with $419.5 million at September 30, 2014. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at September 30, 2015 and 2014, UGI had cash and cash equivalents of $77.2 million and $245.9 million, respectively, most of which are located in the U.S. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units.

AmeriGas Propane's ability to pay dividends to UGI is dependent upon distributions it receives from AmeriGas Partners. At September 30, 2015, our 27% effective ownership interest in the Partnership consisted of approximately 23.8 million Common Units and an aggregate 2% general partner interest. Approximately 45 days after the end of each fiscal quarter, the Partnership distributes all of its Available Cash (as defined in the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, as amended (the "Partnership Agreement")) relating to such fiscal quarter. AmeriGas Propane, as general partner of AmeriGas Partners, is entitled to receive incentive distributions when AmeriGas Partners' quarterly distribution exceeds $0.605 per limited partner unit. During Fiscal 2015, Fiscal 2014 and Fiscal 2013, the total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests in the Partnership totaled $39.3 million, $32.4 million and $27.4 million, respectively. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2015, Fiscal 2014 and Fiscal 2013 of $30.4 million, $23.9 million and $19.3 million, respectively (see Note 15 to Consolidated Financial Statements).

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, our principal business units paid cash dividends and made other cash payments to UGI and its subsidiaries as follows:

Year Ended September 30,	2015	2014	2013
(Millions of dollars)			
AmeriGas Propane	$ 97.3	$ 92.0	$ 96.2
UGI Utilities	65.6	77.4	59.0
UGI International	31.3	11.2	22.3
Total	$ 194.2	$ 180.6	$ 177.5

Dividends and Distributions

On April 28, 2015, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.2275 per Common Share, equal to $0.91 on an annualized basis. The dividend rate reflects an approximately 4.6% increase from the previous quarterly rate of $0.2175. The new quarterly dividend rate was effective with the dividend payable on July 1, 2015, to shareholders of record on June 15, 2015.

On April 27, 2015, the General Partner's Board of Directors approved an increase in the quarterly dividend rate on AmeriGas Partners Common Units to $0.92 per Common Unit, equal to $3.68 per Common Unit on an annualized basis. The distribution reflects a 4.5% increase from the previous quarterly rate of $0.88. The new quarterly rate was effective with the distribution payable on May 18, 2015, to unitholders of record on May 11, 2015.

Repurchase of Common Stock

In January 2014, the UGI Board of Directors authorized a share repurchase program for up to 15 million shares of UGI Corporation Common Stock. The authorization permits the execution of the share repurchase program over a four-year period. Pursuant to such authorization, during Fiscal 2015 and Fiscal 2014, the Company purchased on the open market 1.0 million and 1.2 million shares at a total purchase price of $34.1 million and $39.8 million, respectively.

Long-term Debt and Credit Facilities

The Company's debt outstanding at September 30, 2015, totaled $3,889.7 million (including current maturities of long-term debt of $258.0 million and short-term borrowings of $189.9 million) compared to debt outstanding at September 30, 2014, of $3,721.6 million (including current maturities of long-term debt of $77.2 million and short-term borrowings of $210.8 million). Total debt outstanding at September 30, 2015, consists of (1) $2,351.6 million of Partnership debt; (2) $783.4 million of UGI International debt; (3) $693.7 million of UGI Utilities debt; (4) $49.5 million of Energy Services debt; and (5) $11.5 million of other debt. For a detailed description of the Company's debt, see below and Notes 5 and 6 to the Consolidated Financial Statements.

AmeriGas Partners. AmeriGas Partners' total debt at September 30, 2015, includes $2,250.8 million of AmeriGas Partners' Senior Notes, $32.7 million of other long-term debt and $68.1 million of AmeriGas OLP short-term borrowings.

UGI International. UGI International's total debt at September 30, 2015, includes a $670.7 million (€600 million) term loan outstanding under France SAS's Senior Facilities Agreement, a $59.1 million U.S. dollar-denominated term loan at Flaga and a combined $51.2 million (€45.8 million) outstanding under Flaga's euro-denominated term loans. Total UGI International debt outstanding at September 30, 2015, also includes (1) $0.6 million (€0.5 million) of Flaga short-term borrowings, and (2) $1.8 million (€1.6 million) of other long-term debt.

For detailed information on the Company's short-term and long-term borrowings, see Notes 5 and 6 to Consolidated Financial Statements.

<u>UGI France</u>

On May 29, 2015, France SAS, an indirect wholly owned subsidiary of UGI, borrowed €600 million ($659.6 million) under the 2015 Senior Facilities Agreement. France SAS entered into the 2015 Senior Facilities Agreement on April 30, 2015, in anticipation of the Totalgaz Acquisition. The 2015 Senior Facilities Agreement consists of a €600 million variable-rate term loan and a €60 million revolving credit facility. Borrowings under the 2015 Senior Facilities Agreement €600 million term loan and the €60 million revolving credit facility bear interest at rates per annum comprising the aggregate of the applicable margin and the associated euribor rate, which euribor rate has a floor of zero. France SAS has entered into pay-fixed, receive-variable interest rate swaps through April 30, 2019, to generally fix the underlying euribor rate on the €600 million term loan. At September 30, 2015, the effective interest rate on the term loan was approximately 2.70%.The term loan proceeds were used (1) to fund a portion of the Totalgaz Acquisition, including related fees and expenses; (2) to make a capital contribution from France SAS to its wholly owned subsidiary, AGZ Holding, in order to prepay €342 million principal amount, plus accrued interest, outstanding under the 2011 Senior Facilities Agreement due March 2016; (3) to settle Antargaz' existing pay-fixed, receive-variable interest rate swaps associated with the 2011 Senior Facilities Agreement; and (4) for general corporate purposes.

As a result of prepaying the term loan outstanding under the 2011 Senior Facilities Agreement and concurrently settling the associated pay-fixed, receive-variable interest rate swaps, we recorded a pre-tax loss of $10.3 million comprising a $9.0 million loss on interest rate swaps and the write-off of $1.3 million of debt issuance costs. These amounts are included in interest expense on the Consolidated Statements of Income.

<u>Flaga</u>

In September 2015, Flaga terminated its then-existing $52 million U.S. dollar-denominated variable-rate term loan due September 2016 and concurrently entered into a $59.1 million U.S. dollar-denominated variable-rate term loan with the same bank. The $59.1 million term loan matures in September 2018. Also in September 2015, Flaga prepaid its €13.3 million ($14.9 million) euro-based term loan due September 2016. The $59.1 million term loan bears interest at the one-month LIBOR rate plus a margin of 1.125%. Flaga has effectively fixed the LIBOR component of the interest rate, and has effectively fixed the U.S. dollar value of the interest and principal payments under the $59.1 million term loan, by entering into a cross-currency swap arrangement with a bank. At September 30, 2015, the effective interest rate on the $59.1 million term loan was 0.87%%. At September 30, 2014, the effective interest rate on the $52 million term loan was 1.82%.

In October 2015, Flaga entered into the Flaga Credit Facility Agreement which includes, among other things, a €45.8 million variable-rate term loan facility. In October 2015, Flaga used proceeds from the issuance of the €45.8 million variable-rate term loan to refinance its €19.1 million ($21.4 million) term loan due October 2016, and its €26.7 million ($29.8 million) term loan due August 2016. The €45.8 million term loan matures in October 2020. The term loan under the Flaga Credit Facility Agreement bears interest at three-month euribor rates, plus a margin. The margin on such borrowings ranges from 0.40% to 1.80% and is based upon certain consolidated equity, return on assets and debt to EBITDA ratios, as defined. Flaga expects to enter into pay-fixed, receive-variable interest rate swaps that will effectively fix the underlying euribor rate on the term loan. Because the €26.7 million term loan due August 2016 was refinanced on a long-term basis in October 2015, we have classified this debt as long-term on the September 30, 2015 Consolidated Balance Sheet.

Prior to its refinancing in October 2015, the Flaga €19.1 million term loan bore interest at three-month euribor rates plus a margin. The margin on such borrowings ranged from 1.175% to 2.525% and was based upon certain consolidated equity, return on assets and debt to EBITDA ratios. Flaga had effectively fixed the euribor component of the interest rate on this term loan at 1.79% by entering into an interest rate swap agreement. The effective interest rates on this term loan at September 30, 2015 and 2014, were 3.40%.

Prior to their refinancings in October 2015 and September 2015, respectively, Flaga's €26.7 million and €13.3 million euro-based term loans bore interest at one- to twelve-month euribor rates (as chosen by Flaga from time to time) plus margins. The margins on such borrowings ranged from 1.125% to 2.55% and were based upon certain consolidated equity, return on assets and debt to EBITDA ratios. Flaga had effectively fixed the euribor component of the interest rates on these term loans through September 2016 at 2.68% by entering into interest rate swap agreements. The effective interest rates on these term loans outstanding as of September 30, 2015 and 2014 were 4.21% and 4.25%, respectively.

UGI Utilities. UGI Utilities' total debt at September 30, 2015, includes long-term debt comprising $450.0 million of Senior Notes, $172.0 million of Medium-Term Notes and $71.7 million of short-term borrowings. UGI Utilities expects to refinance $247 million of maturing long-term debt during Fiscal 2016.

Short-term Debt

Due to the seasonal nature of the Company's businesses, cash provided by operating activities is generally strongest during the second and third fiscal quarters when customers pay for natural gas, LPG, electricity and other energy products and services consumed during the peak heating season months. Conversely, cash from operating activities is generally at its lowest levels during the first and fourth fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest. AmeriGas Propane and UGI Utilities primarily use their credit facilities to satisfy their seasonal operating cash flow needs. Energy Services historically has used its Receivables Facility to satisfy its operating cash flow needs. Energy Services also has a $240 million credit facility, which it can use for working capital and general corporate purposes. Flaga principally uses borrowings under its credit agreements to satisfy its operating cash flow needs. During Fiscal 2015, Fiscal 2014 and Fiscal 2013, UGI France generally funded its operating cash flow needs without using its revolving credit facilities and AvantiGas has funded its operating cash flow needs from cash on hand. Borrowings under the credit facilities and under the Energy Services Accounts Receivable Securitization Facility are classified as short-term debt on the Consolidated Balance Sheets. See Note 5 to Consolidated Financial Statements for further information on the Company's short-term credit facilities.

AmeriGas Partners. AmeriGas OLP's Amended and Restated Credit Agreement ("AmeriGas Credit Agreement") with a group of banks provides for borrowings up to $525 million (including a sublimit of $125 million for letters of credit) and expires in June 2019. The AmeriGas 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, two-, three-, or six-month Eurodollar Rate, as defined in the AmeriGas Credit Agreement, plus a margin.

UGI International.

UGI France

As previously mentioned, France SAS entered into the 2015 Senior Facilities Agreement, which includes a €60 million revolving credit facility that expires in April 2020 ("UGI France Credit Facility"). Pursuant to the UGI France Credit Facility, each of France SAS's wholly owned operating subsidiaries, Antargaz and Finagaz, can draw on such facility for up to €30 million each. The UGI France Credit Facility replaces the €40 million credit facility that was available under the 2011 Senior Facilities Agreement ("Antargaz Credit Facility"). For further information on these credit facilities, see Note 5 to Consolidated Financial Statements.

Flaga

At September 30, 2015, Flaga had one principal working capital facility (the "Flaga Multi-Currency Working Capital Facility") and, prior to its expiration on September 30, 2015, also had a euro-denominated working capital facility (that provided for borrowings and issuances of guarantees totaling €12 million (the "Euro Working Capital Facility")).

The Flaga Multi-Currency Working Capital Facility comprises a €46 million multi-currency working capital facility which includes an uncommitted €6 million overdraft facility. There were no borrowings outstanding under the Flaga Multi-Currency Working Capital Facility at September 30, 2015, and no borrowings outstanding under either the Flaga Multi-Currency Working Capital facility or the Euro Working Capital Facility at September 30, 2014. Flaga also has certain in-country uncommitted overdraft facilities which it uses, from time to time, to fund short-term working capital needs. At September 30, 2015 and 2014, borrowings outstanding under these overdraft facilities totaled €0.5 million ($0.6 million) and €6.3 million ($8.0 million), respectively.

Borrowings under the Flaga Multi-Currency Working Capital Facility (prior to its termination in October 2015 as described below) and the Euro Working Capital Facility (prior to its expiration on September 30, 2015) generally bore interest at market rates (a daily euro-based rate or three-month euribor rates) plus margins. Issued and outstanding letters of credit, which reduce available borrowings under these agreements, totaled €19.9 million ($22.2 million) and €32.3 million ($40.8 million) at September 30, 2015 and 2014, respectively.

In October 2015, Flaga entered into a €100.8 million Credit Facility Agreement (the "Flaga Credit Facility Agreement") with a bank. The Flaga Credit Facility Agreement includes a €25 million multi-currency revolving credit facility, a €25 million guarantee facility, a €5 million overdraft facility and a €45.8 million term loan facility. Borrowings under the multi-currency revolving credit facility bear interest at market rates (generally one, three or six-month euribor rates) plus margins. The margins on revolving facility borrowings, which range from 1.45% to 3.65%, are based upon the actual currency borrowed and certain consolidated equity, return on assets and debt to EBITDA ratios, as defined in the Flaga Credit Facility Agreement. The Flaga Credit Facility Agreement terminates in October 2020. Concurrent with Flaga entering into the Flaga Credit Facility Agreement, the Flaga Multi-Currency Working Capital Facility was terminated.

UGI Utilities. On March 27, 2015, UGI Utilities entered into an unsecured revolving credit agreement (the "UGI Utilities 2015 Credit Agreement") with a group of banks providing for borrowings up to $300 million (including a $100 million sublimit for letters of credit). Concurrently with entering into the UGI Utilities 2015 Credit Agreement, UGI Utilities terminated its then-existing $300 million revolving credit agreement dated as of May 25, 2011. Under the UGI Utilities 2015 Credit Agreement, UGI Utilities may borrow at various prevailing market interest rates, including LIBOR and the banks' prime rate, plus a margin. The margin on such borrowings ranges from 0.0% to 1.75% and is based upon the credit ratings of certain indebtedness of UGI Utilities. The UGI Utilities 2015 Credit Agreement requires UGI Utilities not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.0. The UGI Utilities 2015 Credit Agreement is scheduled to expire in March 2020.

Midstream & Marketing. Energy Services has an unsecured credit agreement ("Energy Services Credit Agreement") with a group of lenders providing for borrowings up to $240 million (including a $50 million sublimit for letters of credit) that expires in June 2016 and is expected to be amended and extended during Fiscal 2016. The Energy Services Credit Agreement can be used for general corporate purposes of Energy Services and its subsidiaries and to fund dividend payments provided that, after giving effect to such dividend payments, Energy Services maintains a specified ratio of Consolidated Total Indebtedness to EBITDA, each as defined in the Energy Services Credit Agreement.

Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility which is discussed below) as of September 30, 2015 and 2014, is presented in the tables below.

(Millions of dollars or euros)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Capacity	Weighted Average Interest Rate - End of Year
September 30, 2015					
AmeriGas Credit Agreement	$525.0	$68.1	$64.7	$392.2	2.20%
UGI France Credit Facility	€60.0	€0.0	€0.0	€60.0	N.A.
Flaga Credit Agreements	€46.0	€0.0	€19.9	€26.1	N.A.
UGI Utilities Credit Agreement	$300.0	$71.7	$2.0	$226.3	1.07%
Energy Services Credit Agreement	$240.0	$30.0	$0.0	$210.0	2.75%
September 30, 2014					
AmeriGas Credit Agreement	$525.0	$109.0	$64.7	$351.3	2.16%
Antargaz Credit Facility	€40.0	€0.0	€0.0	€40.0	N.A.
Flaga Credit Agreements	€58.0	€0.0	€32.3	€25.7	N.A.
UGI Utilities Credit Agreement	$300.0	$86.3	$2.0	$211.7	1.03%
Energy Services Credit Agreement	$240.0	$0.0	$0.0	$240.0	N.A.

The average daily and peak short-term borrowings under the Company's principal credit agreements during Fiscal 2015 and Fiscal 2014 are as follows:

	2015		2014	
(Millions of dollars or euros)	Average	Peak	Average	Peak
AmeriGas Credit Agreement	$119.5	$349.0	$156.6	$320.0
Flaga Credit Agreements	€2.6	€3.6	€1.1	€3.6
UGI Utilities Credit Agreement	$61.7	$163.6	$29.9	$86.3
Energy Services Credit Agreement	$22.9	$97.5	$41.4	$114.0

Energy Services has an accounts receivable securitization facility ("Receivables Facility") with an issuer of receivables-backed commercial paper. On October 30, 2015, the expiration date of the Receivables Facility was extended to October 28, 2016. The Receivables Facility, as amended, provides Energy Services with the ability to borrow up to $150 million of eligible receivables during the period November through April, and up to $75 million of eligible receivables during the period May through October. Energy Services uses the Receivables Facility to fund working capital, margin calls under commodity futures contracts, capital expenditures, dividends and for general corporate purposes.

Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in some or all of the receivables to a major bank. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. Trade receivables sold to the bank remain on the Company's balance sheet and the Company reflects a liability equal to the amount advanced by the bank. The Company records interest expense on amounts owed to the bank.

At September 30, 2015, the outstanding balance of ESFC trade receivables was $44.1 million and there was $19.5 million that was sold to the bank and reflected as short-term borrowings on the Consolidated Balance Sheets. At September 30, 2014, the outstanding balance of ESFC trade receivables was $46.4 million of which $7.5 million was sold to a commercial paper conduit of the bank. During Fiscal 2015 and Fiscal 2014, peak sales of receivables were $67.5 million and $70.0 million, respectively, and average daily amounts sold were $19.4 million and $15.7 million, respectively.

Cash Flows

Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers pay for natural gas, LPG, electricity and other energy products and services consumed during the peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the fourth and first fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest.

Operating Activities:

Year Ended September 30,	2015	2014	2013
(Millions of dollars)			
Net cash provided by operating activities	$ 1,163.8	$ 1,005.4	$ 801.5

Year-to-year variations in our cash flow from operations can be significantly affected by changes in operating working capital especially during periods of significant changes in energy commodity prices. Cash flow from operating activities was higher in Fiscal 2015 compared to Fiscal 2014 reflecting greater cash flow from changes in operating working capital. Cash flow from operating activities before changes in operating working capital was $972.0 million in Fiscal 2015, $1,011.9 million in Fiscal 2014 and $845.6 million in Fiscal 2013. The decrease in Fiscal 2015 cash flow from operating activities before changes in operating working capital compared to such amount for Fiscal 2014 reflects, in large part, lower non-cash charges for deferred income taxes. The significant increase in Fiscal 2014 cash flow from operating activities before changes in operating working capital compared to such amount in Fiscal 2013 largely reflects the higher Fiscal 2014 operating results. Changes in operating working capital provided (used) operating cash flow of $191.8 million in Fiscal 2015, $(6.5) million in Fiscal 2014 and $(44.1) million in Fiscal 2013. The increase in cash flow from changes in operating working capital in Fiscal 2015 reflects, in large part, the impact on such cash flows from the previously mentioned significant decline in energy commodity costs which occurred during Fiscal 2015.The lower cash required to fund changes in working capital in Fiscal 2014 compared with Fiscal 2013 reflects, in large part, the greater net cash flow from changes in accounts receivable resulting from the significantly warmer weather at UGI International partially offset by cash used to fund Fiscal 2014 increases in propane inventories at AmeriGas Propane and natural gas inventories at UGI France.

Investing Activities:

Year Ended September 30,	2015	2014	2013
(Millions of dollars)			
Net cash used by investing activities	$ (976.3)	$ (487.6)	$ (553.3)

Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses; changes in restricted cash balances and net cash proceeds from sales of property, plant and equipment. Cash paid for acquisitions in Fiscal 2015 principally reflects the Totalgaz Acquisition consideration of approximately $496.6 million, net of cash acquired of $86.8 million, in addition to cash paid for acquisitions in Hungary and several Partnership acquisitions. Cash paid for acquisitions in Fiscal 2014 includes the acquisition by Midstream & Marketing of the retail natural gas marketing business of EQT Energy, LLC, and several Partnership acquisitions. Cash paid for acquisitions in Fiscal 2013 largely includes Flaga's acquisition of BP's LPG distribution business in Poland, Midstream & Marketing's acquisition of a non-operating working interest in natural gas acreage in the Marcellus Shale region of Pennsylvania, and several Partnership acquisitions. Cash expenditures for property, plant and equipment totaled $490.6 million in Fiscal 2015, $456.8 million in Fiscal 2014 and $486.0 million in Fiscal 2013. The increase in capital expenditures in Fiscal 2015 reflects, in large part, higher Gas Utility replacement and infrastructure improvement capital expenditures. Cash from changes in restricted cash, primarily cash in futures brokerage accounts, used cash of $52.8 million in Fiscal 2015, $8.3 million in Fiscal 2014 and $5.3 million in Fiscal 2013. The amount of restricted cash required in such accounts is generally the result of changes in underlying commodity prices.

Financing Activities:

Year Ended September 30,	2015	2014	2013
(Millions of dollars)			
Net cash used by financing activities	$ (217.1)	$ (475.7)	$ (186.1)

Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; short-term borrowings; dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units; and issuances or repurchases of equity instruments.

The increases in dividends on UGI Common Stock and distributions on AmeriGas Partners' publicly held Common Units during the three-year period principally reflects annual increases in quarterly dividend and distribution rates. Financing cash flows in Fiscal 2015 include net proceeds from the issuance of long-term debt under the 2015 Senior Facilities Agreement totaling $652.6 million, the proceeds of which were used principally to fund a portion of the Totalgaz Acquisition and to prepay term loans outstanding under the 2011 Senior Facilities Agreement. For further information on debt transactions see Note 6 to Consolidated Financial Statements.

Capital Expenditures

In the following table, we present capital expenditures (which exclude acquisitions but include capital leases) for Fiscal 2015, Fiscal 2014 and Fiscal 2013. We also provide amounts we expect to spend in Fiscal 2016. We expect to finance a substantial portion of our Fiscal 2016 capital expenditures from cash generated by operations, borrowings under credit facilities, cash on hand and, in the case of Gas Utility, also from cash proceeds from issuance of long-term debt expected to occur in Fiscal 2016.

Year Ended September 30,	2016	2015	2014	2013
(Millions of dollars)	(estimate)			
AmeriGas Propane	$ 110.0	$ 102.0	$ 113.9	$ 111.1
UGI International	99.9	87.5	73.2	70.8
Gas Utility	301.8	189.7	156.4	144.4
Midstream & Marketing	214.0	88.2	83.4	156.4
Other	13.0	8.0	9.5	6.4
Total	$ 738.7	$ 475.4	$ 436.4	$ 489.1

The higher levels of Midstream & Marketing's estimated capital expenditures in Fiscal 2016 reflect capital expenditures principally related to Marcellus Shale infrastructure projects. The higher levels of Gas Utility capital expenditures in Fiscal 2015, as well as those estimated for Fiscal 2016, reflect greater main replacement and system improvement capital expenditures, increases in new business capital expenditures and, in Fiscal 2016, expected investments in new information technology projects.

Contractual Cash Obligations and Commitments

The Company has contractual cash obligations that extend beyond Fiscal 2015. Such obligations include scheduled repayments of long-term debt, interest on long-term fixed-rate debt, operating lease payments, unconditional purchase obligations for pipeline capacity, pipeline transportation and natural gas storage services and commitments to purchase natural gas, LPG and electricity, capital expenditures and derivative instruments. The following table presents contractual cash obligations with non-affiliates under agreements existing as of September 30, 2015:

	Payments Due by Period				
(Millions of dollars)	Total	Fiscal 2016	Fiscal 2017 - 2018	Fiscal 2019 - 2020	Thereafter
Long-term debt (a)	$ 3,697.3	$ 287.4	$ 221.4	$ 1,614.8	$ 1,573.7
Interest on long-term-fixed rate debt (b)	1,431.6	209.2	386.4	337.8	498.2
Operating leases	338.7	73.4	102.6	73.1	89.6
AmeriGas Propane supply contracts	58.3	53.5	4.8	—	—
UGI International supply contracts	452.1	452.1	—	—	—
Midstream & Marketing supply contracts	332.7	165.9	134.2	32.6	—
UGI Utilities supply, storage and transportation contracts	323.0	122.0	97.0	43.5	60.5
Derivative instruments (c)	142.2	112.9	28.6	0.7	—
Total	$ 6,775.9	$ 1,476.4	$ 975.0	$ 2,102.5	$ 2,222.0

(a) Based upon stated maturity dates for debt outstanding at September 30, 2015. Amounts exclude the effects of Flaga's October 2015 debt refinancing transactions (see "Long-term Debt and Credit Facilities" above).
(b) Based upon stated interest rates adjusted for the effects of interest rate swaps.
(c) Represents the sum of amounts due from us if derivative instrument liabilities were settled at September 30, 2015, amounts reflected in the Consolidated Balance Sheet (but excluding amounts associated with interest rate swaps).

Other noncurrent liabilities included in our Consolidated Balance Sheet at September 30, 2015, principally comprise refundable tank and cylinder deposits (as further described in Note 2 to Consolidated Financial Statements under the caption "Refundable Tank and Cylinder Deposits"); litigation, property and casualty liabilities and obligations under environmental remediation agreements (see Note 16 to Consolidated Financial Statements); pension and other postretirement benefit liabilities recorded in accordance with accounting guidance relating to employee retirement plans (see Note 8 to Consolidated Financial Statements); and liabilities associated with executive compensation plans (see Note 14 to Consolidated Financial Statements). 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. Required minimum contributions to UGI Utilities' pension plan (as further described below under "U.S. Pension Plan") in Fiscal 2016 are not expected to be material. Required minimum contributions to the U.S. Pension Plan in years beyond Fiscal 2016 will depend, in large part, on the impact of future returns and interest rates on pension plan assets. 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, 2015, the maximum potential amount of future payments under lease guarantees assuming the leased equipment was deemed worthless was approximately $32.4 million.

Totalgaz Acquisition

On May 29, 2015, UGI, through its wholly owned indirect subsidiary, France SAS, completed the Totalgaz Acquisition for €451.8 million ($496.6 million) in cash, including €30.0 million ($33.0 million) for estimated working capital. In November 2015, France SAS received €1.1 million ($1.2 million) of cash as a result of the completion of the final working capital amount. After its acquisition, the Totalgaz business is referred to herein as Finagaz. The Totalgaz Acquisition nearly doubles our retail LPG distribution business in France and is consistent with our growth strategies, one of which is to grow our core business through acquisitions. The Totalgaz Acquisition was funded from existing cash balances and a portion of loan proceeds from France SAS's May 29, 2015, issuance of a €600 million term loan under its 2015 Senior Facilities Agreement (see Note 6 to Consolidated Financial Statements). For additional information on the Totalgaz Acquisition, see Note 4 to the Consolidated Financial Statements.

U.S. Pension Plan

In the U.S., we sponsor a defined benefit pension plan for employees hired prior to January 1, 2009, of UGI, UGI Utilities, PNG, CPG and certain of UGI's other domestic wholly owned subsidiaries ("U.S. Pension Plan"). The fair values of the U.S. Pension Plan's assets totaled $430.8 million and $442.4 million at September 30, 2015 and 2014, respectively. At September 30, 2015 and 2014, the underfunded positions of the U.S. Pension Plan, defined as the excess of the projected benefit obligation ("PBO") over the U.S. Pension Plan's assets, were $132.8 million and $97.3 million, respectively.

We believe we are in compliance with regulations governing defined benefit pension plans, including Employee Retirement Income Security Act of 1974 ("ERISA") rules and regulations. Required minimum contributions to the U.S. Pension Plan in Fiscal 2016 are not expected to be material. Pre-tax pension cost associated with the U.S. Pension Plan in Fiscal 2015 was $10.9 million. Pre-tax pension cost associated with the U.S. Pension Plan in Fiscal 2016 is expected to be approximately $12.8 million.

GAAP guidance associated with pension and other postretirement plans generally requires recognition of an asset or liability in the statement of financial position reflecting the funded status of pension and other postretirement benefit plans with current year changes recognized in shareholders' equity unless such amounts are subject to regulatory recovery. At September 30, 2015, we have recorded after-tax charges to UGI Corporation's stockholders' equity of $19.7 million and recorded regulatory assets totaling $140.8 million in order to reflect the funded status of our pension and other postretirement benefit plans. For a more detailed discussion of the U.S. Pension Plan and our other postretirement benefit plans, see Note 8 to Consolidated Financial Statements.

Related Party Transactions

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, we did not enter into any related-party transactions that had a material effect on our financial condition, results of operations or cash flows.

Off-Balance-Sheet Arrangements

UGI primarily enters into guarantee arrangements on behalf of its consolidated subsidiaries. These arrangements are not subject to the recognition and measurement guidance relating to guarantees under GAAP.

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

Utility Matters

Growth Extension Tariff. On February 20, 2014, the PUC entered an order approving a Growth Extension Tariff ("GET Gas") program under which UGI Gas, PNG and CPG may invest up to $5 million per year for five years to extend natural gas utility pipelines to provide service to unserved and underserved areas within their respective territories. Under the GET Gas program, customers utilizing the extended pipeline to receive natural gas will pay a monthly surcharge over a 10-year period to cover the cost of the extension. UGI Gas, PNG, and CPG began connecting customers under the GET Gas program in October 2014.

Distribution System Improvement Charge. On April 14, 2012, legislation became effective enabling gas and electric utilities in Pennsylvania, under certain circumstances, to recover the cost of eligible capital investment in distribution system infrastructure improvement projects between base rate cases. The charge enabled by the legislation is known as a distribution system improvement charge ("DSIC"). The primary benefit to a company from a DSIC charge is the elimination of regulatory lag, or delayed rate recognition, that occurs under traditional ratemaking relating to qualifying capital expenditures. To be eligible for a DSIC, a utility must have filed a general rate filing within five years of its petition seeking permission to include a DSIC in its tariff, and not exceed certain earnings tests. Absent PUC permission, the DSIC is capped at five percent of the amount billed to customers. PNG and CPG received PUC approval on a DSIC tariff, initially set at zero, in 2014, while UGI Gas has not had a general rate filing within the required time period to be eligible. Beginning on April 1, 2015, PNG was able to begin charging a DSIC at a rate other than zero. The impact of the DSIC charge at PNG did not have a material effect on Gas Utility results of operations.

Manufactured Gas Plants

CPG is party to a Consent Order and Agreement ("CPG-COA") with the Pennsylvania Department of Environmental Protection ("DEP") requiring CPG to perform a specified level of activities associated with environmental investigation and remediation work at certain properties in Pennsylvania on which manufactured gas plant ("MGP") related facilities were operated ("CPG MGP Properties") and to plug a minimum number of non-producing natural gas wells per year. In addition, PNG is a party to a Multi-Site Remediation Consent Order and Agreement ("PNG-COA") with the DEP. The PNG-COA requires PNG to perform annually a specified level of activities associated with environmental investigation and remediation work at certain properties on which MGP-related facilities were operated ("PNG MGP Properties"). Under these agreements, environmental expenditures relating to the CPG MGP Properties and the PNG MGP Properties are capped at $1.8 million and $1.1 million, respectively, in any calendar year. The CPG-COA is scheduled to terminate at the end of 2018. The PNG-COA terminates in 2019 but may be terminated by either party effective at the end of any two-year period beginning with the original effective date in March 2004. At September 30, 2015 and 2014, our accrued liabilities for environmental investigation and remediation costs related to the CPG-COA and the PNG-COA totaled $13.8 million and $10.7 million, respectively. In accordance with GAAP related to rate-regulated entities, we have recorded associated regulatory assets in equal amounts.

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, by the early 1950s UGI Utilities divested all of its utility operations other than certain Pennsylvania operations, including those which now constitute UGI Gas and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because (1) UGI Gas is currently permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred remediation costs and (2) CPG and PNG receive ratemaking recognition of environmental investigation and remediation costs associated with their environmental sites. This ratemaking recognition balances the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. At September 30, 2015, neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Gas was material.

From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by its former subsidiaries. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

Market Risk Disclosures

Our primary market risk exposures are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. 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 and our UGI International operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for LPG and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and UGI International may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of LPG market price risk, the Partnership uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements and over-the-counter derivative commodity instruments including price swap and option contracts. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of propane are generally settled at expiration of the contract. In addition, UGI France hedges a portion of its future U.S. dollar-denominated LPG product purchases through the use of forward foreign exchange contracts as further described below.

Gas Utility's tariffs contain clauses that permit recovery of all of the prudently incurred costs of natural gas it sells to its customers, including the cost of financial instruments used to hedge purchased gas costs. The recovery clauses provide for periodic adjustments for the difference between the total amounts actually collected from customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses derivative financial instruments, including natural gas futures and option contracts traded on the New York Mercantile Exchange ("NYMEX"), to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in Gas Utility's PGC recovery mechanism.

Electric Utility's default service ("DS") tariffs contain clauses which permit recovery of all prudently incurred power costs, including the cost of financial instruments used to hedge electricity costs, through the application of DS rates. Because of this ratemaking mechanism, there is limited power cost risk, including the cost of financial transmission rights ("FTRs") and forward electricity purchase contracts, associated with our Electric Utility operations.

In addition, Gas Utility and Electric Utility from time to time enter into exchange-traded gasoline futures and swap contracts for a portion of gasoline volumes expected to be used in their operations. These gasoline futures and swap contracts are recorded at fair value with changes in fair value reflected in other income or operating expenses.

In order to manage market price risk relating to substantially all of Midstream & Marketing's fixed-price sales contracts for natural gas and electricity, Midstream & Marketing enters into NYMEX, Intercontinental Exchange and over-the-counter natural gas and electricity futures and natural gas basis swap contracts or enters into fixed-price supply arrangements. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge a portion of its anticipated sales of electricity from its electricity generation facilities. Although Midstream & Marketing's fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas or electricity would adversely impact Midstream & Marketing's results. In order to reduce this risk of supplier nonperformance, Midstream & Marketing has diversified its purchases across a number of suppliers.

Midstream & Marketing purchases FTRs to economically hedge certain transmission costs that may be associated with its fixed-price electricity sales contracts. Midstream & Marketing from time to time also enters into New York Independent System Operator

("NYISO") capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid. Midstream & Marketing also uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later sale of natural gas or propane.

Midstream & Marketing has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, Midstream & Marketing would be required to purchase electricity on the spot market or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact Midstream & Marketing's results.

Interest Rate Risk

We have 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.

Our variable-rate debt comprises (1) short-term borrowings and (2) UGI France's and Flaga's variable-rate term loans. These debt agreements have interest rates that are generally indexed to short-term market interest rates. UGI France and Flaga, through the use of pay-fixed receive-variable interest rate swaps, have generally fixed the underlying euribor interest rates on their euro-denominated term loans through all, or a substantial portion of, the periods such debt is outstanding (assuming such underlying euribor rate is not less than zero). In addition, Flaga's U.S. dollar-denominated loans have been swapped from fixed-rate U.S. dollars to fixed-rate euro currency at issuance through cross currency swaps, removing interest rate risk and foreign currency exchange risk associated with the underlying interest and principal payments. At September 30, 2015, combined borrowings outstanding under variable-rate debt agreements, excluding UGI France's and Flaga's effectively fixed-rate term loans and Flaga's U.S. dollar-denominated loan, totaled $189.9 million. Based upon average borrowings outstanding under variable-rate borrowings (excluding UGI France's and Flaga's effectively fixed-rate term loan debt and Flaga's U.S. dollar-denominated loans), an increase in short-term interest rates of 100 basis points (1%) would have increased our Fiscal 2015 and Fiscal 2014 interest expense by approximately $2.0 million and $2.3 million, respectively. 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 $130.5 million and $143 million at September 30, 2015 and 2014, respectively. A 100 basis point decrease in market interest rates would result in increases in the fair value of this fixed-rate debt of approximately $121.8 million and $120 million at September 30, 2015 and 2014, respectively.

Long-term debt associated with our domestic businesses 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. In order to reduce interest rate risk associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements ("IRPAs").

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the U.S. dollar versus the euro. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries ("net investment hedges"). Gains or losses on net investment hedges remain in accumulated other comprehensive income until such foreign operations are liquidated. At September 30, 2015, there were no unsettled net investment hedges outstanding. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at September 30, 2015, by approximately $105 million, which amount would be reflected in other comprehensive income.

In addition, in order to reduce volatility, UGI France hedges a portion of its anticipated U.S. dollar-denominated LPG product purchases during the months of October through March through the use of forward foreign exchange contracts.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international 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 or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions as deemed appropriate.

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At September 30, 2015 and 2014, restricted cash in brokerage accounts totaled $54.9 million and $16.6 million, respectively. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at September 30, 2015. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At September 30, 2015, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

The following table summarizes the fair values of unsettled market risk sensitive derivative instrument assets (liabilities) held at September 30, 2015 and 2014. The table also includes the changes in fair values of derivative instruments that would result if there were (1) a 10% adverse change in the market prices of LPG, gasoline, natural gas, electricity and electricity transmission congestion charges; (2) a 50 basis point adverse change in the three-month and one-month euribor rates; and (3) a 10% change in the value of the euro versus the U.S. dollar. Gas Utility's and Electric Utility's derivative instruments other than gasoline futures and swap contracts are excluded from the table below because any associated net gains or losses are refundable to or recoverable from customers in accordance with Gas Utility and Electric Utility ratemaking.

	Asset (Liability)	
(Millions of dollars)	Fair Value	Change in Fair Value
September 30, 2015:		
Commodity price risk	$ (135.7)	$ (58.1)
Interest rate risk	$ (10.8)	$ (36.6)
Foreign currency exchange rate risk	$ 29.4	$ (26.0)
September 30, 2014:		
Commodity price risk	$ (23.2)	$ (64.7)
Interest rate risk	$ (20.9)	$ (3.7)
Foreign currency exchange rate risk	$ 14.8	$ (26.4)

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 Company'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 the significant accounting policies that we have selected from acceptable alternatives.

Litigation Accruals and Environmental Remediation Liabilities. We are involved in litigation regarding pending claims and legal actions that arise in the normal course of business. In addition, UGI Utilities and its former subsidiaries owned and operated a number of MGPs in Pennsylvania and elsewhere, and PNG and CPG owned and operated a number of MGP sites located in Pennsylvania, at which hazardous substances may be present. In accordance with GAAP, when a loss is considered probable and reasonably estimable, we record a liability in the amount of our best estimate for the ultimate loss. When there is a range of possible loss with equal likelihood, liabilities recorded are based upon the low end of such range. The likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a reasonable estimate of the loss or a range of possible loss may not be practicable based upon the information available and the potential effects of future events and decisions by third parties that will determine the ultimate resolution of the contingency. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received, and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

Accounting For Derivative Instruments At Fair Value. The Company enters into derivative instruments to economically hedge the risks associated with changes in commodity prices, interest rates and foreign currency rates. Accounting requirements for derivatives and related hedging activities are complex and may be subject to further clarification by standard-setting bodies. 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. Changes in the fair values of certain derivative instruments that qualify and are designated as cash flow hedges are recorded in accumulated other comprehensive income ("AOCI") or noncontrolling interests, both of which are components of equity, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. Changes in the fair values of derivative instruments that we do not designate as, or that do not qualify for, hedge accounting under GAAP, which currently comprises all of our commodity derivative instruments, are recognized in earnings on the Consolidated Statements of Income. The fair values of our derivative instruments are determined based upon actively-quoted market prices for identical assets and liabilities, indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. We maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Gains and losses associated with derivatives utilized by UGI Utilities to manage the price risk inherent in its natural gas and electricity purchasing activities are recoverable through PGC or Electric Utility DS mechanisms, subject to PUC approval. Accordingly, the offset to the changes in fair values of these derivatives for which the normal purchases and normal sales exception under GAAP does not apply are recorded as either a regulatory asset or liability on the Consolidated Balance Sheets. At September 30, 2015, the net fair value of our derivative assets totaled $39.6 million and the net fair value of our derivative liabilities totaled $153.0 million.

Regulatory Assets and Liabilities. Gas Utility and Electric Utility are subject to regulation by the PUC. In accordance with accounting guidance associated with rate-regulated entities, we record the effects of rate regulation in our financial statements as regulatory assets or regulatory liabilities. We continually assess whether the regulatory assets are probable of future recovery by evaluating the regulatory environment, recent rate orders and public statements issued by the PUC, and the status of any pending deregulation legislation. If future recovery of regulatory assets ceases to be probable, the elimination of those regulatory assets would adversely impact our results of operations and cash flows. As of September 30, 2015, our regulatory assets and regulatory liabilities totaled $304.2 million and $71.0 million, respectively. For additional information on regulatory assets and liabilities, see Notes 2 and 9 to Consolidated Financial Statements.

Depreciation and Amortization of Long-Lived Assets. We compute depreciation on utility property, plant and equipment on a straight-line basis over the average remaining lives of its various classes of depreciable property and on our non-utility property, plant and equipment on a straight-line basis over estimated useful lives generally ranging from 3 to 40 years. We also use amortization methods and determine asset values of intangible assets subject to amortization using reasonable assumptions and projections. Changes in the estimated useful lives of property, plant and equipment and changes in intangible asset amortization methods or values could have a material effect on our results of operations. As of September 30, 2015, our net property, plant and equipment totaled $4,994.1 million and we recorded depreciation expense of $313.2 million during Fiscal 2015. As of September 30, 2015, our net intangible assets subject to amortization totaled $478.7 million and we recorded amortization expense on intangible assets subject to amortization of $52.0 million during Fiscal 2015.

Purchase Price Allocations. From time to time, the Company enters 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 we may involve an independent third party to perform appraisals. Estimating fair values can be complex and subject to significant business judgment and most commonly impacts 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.

Impairment of Goodwill. We perform impairment tests on goodwill resulting from purchase business combinations at least annually 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 if they have similar economic characteristics. In accordance with GAAP, each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired. For certain of our reporting units, we 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. For our other reporting units with goodwill, we bypass the qualitative assessment and perform the first step of the two-step quantitative assessment by comparing the fair values of the reporting units with their carrying amounts, including goodwill. We determine fair values generally based on a weighting of income and market approaches. For purposes of the income approach, fair values are determined based upon the present value of the reporting unit's estimated future cash flows, including an estimate of the reporting unit's terminal value based upon these cash flows, discounted at appropriate risk-adjusted rates. 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 reviews of the long-term outlook for each reporting unit. 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 units. The market approach requires judgment to determine the appropriate valuation multiples. We are required to recognize an impairment charge under GAAP if the carrying amount of a reporting unit exceeds its fair value and the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill as determined in the same manner as goodwill is recognized in a business combination. As of September 30, 2015, our goodwill totaled $2,953.4 million. We did not record any impairments of goodwill in Fiscal 2015, Fiscal 2014 or Fiscal 2013.

Pension Plan Assumptions. Pension plan assumptions are significant inputs to the actuarial models that measure pension benefit obligations and pension expense. The cost of providing benefits under the U.S. Pension Plan is dependent on historical information such as employee age, length of service, level of compensation and the actual rate of return on plan assets. In addition, certain assumptions relating to the future are used to determine pension expense including mortality assumptions, the discount rate applied to benefit obligations, the expected rate of return on plan assets and the rate of compensation increase, among others. In October 2014, the Society of Actuaries developed an updated set of mortality assumptions presented in its RP-2014 Mortality Tables Report. During Fiscal 2015, we undertook a review of our U.S. Pension Plan mortality assumptions in light of the RP-2014 Mortality Tables Report. Based upon such review, we believe that the RP-2014 Mortality Table, adjusted for UGI's own experience and reflecting a blue-collar adjustment, with future improvements using the IRS scale BB-2D, represents the best estimate of future mortality improvement for the U.S. Pension Plan. The new mortality assumptions increased the September 30, 2015, U.S. Pension Plan PBO by less than 5%, and we expect the new mortality assumptions will have the effect of increasing U.S. Pension Plan expense in Fiscal 2016 by approximately $3.5 million. Assets of the U.S. Pension Plan are held in trust and consist principally of equity and fixed income mutual funds and common stock. Changes in plan assumptions as well as fluctuations in actual equity or fixed income market returns could have a material impact on future pension costs. We believe the two most critical assumptions are (1) the expected rate of return on plan assets and (2) the discount rate. A decrease in the expected rate of return on U.S. Pension Plan assets of 50 basis points to a rate of 7.05% would result in an increase in pre-tax pension cost of approximately $2.1 million in Fiscal 2016. A decrease in the discount rate of 50 basis points to a rate of 4.10% would result in an increase in pre-tax pension cost of approximately $3.7 million in Fiscal 2016. For additional information on our U.S. Pension Plan, see Note 8 to Consolidated Financial Statements.

Income Taxes. We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. Positions taken by an entity in its tax returns must satisfy a more-likely-than-not recognition threshold assuming the positions will be examined by tax authorities with full knowledge of relevant information. We use assumptions, judgments and estimates to determine our current provision for income taxes. We also use assumptions, judgments and estimates to determine our deferred tax assets and liabilities and any valuation allowance to be recorded against a deferred tax asset. Our assumptions, judgments and estimates relative to the current provision for income tax give consideration to current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or our interpretation thereof and the resolution of current and future tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements. Our assumptions, judgments and estimates relative to the amount of deferred income taxes take into account estimates of the amount of future taxable income. Actual taxable income or future estimates of taxable income could render our current assumptions, judgments and estimates inaccurate. Changes in the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ significantly from our estimates. As of September 30, 2015, our net deferred tax liabilities totaled $1,142.7 million.

Recently Issued Accounting Pronouncements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Quantitative and Qualitative Disclosures About Market Risk" are contained in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk Disclosures" and are incorporated 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

(a) The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company 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 Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company'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 Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of September 30, 2015, were effective at the reasonable assurance level.

(b) For "Management's Annual Report on Internal Control Over Financial Reporting" see Item 8 of this Report (which information is incorporated herein by reference).

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

ITEM 9B. OTHER INFORMATION

None.

PART III:

ITEMS 10 THROUGH 14.

In accordance with General Instruction G(3), and except as set forth below, the information required by Items 10, 11, 12, 13 and 14 is incorporated in this Report by reference to the following portions of UGI's Proxy Statement, which will be filed with the SEC by December 31, 2015.

	Information	Captions of Proxy Statement Incorporated by Reference
Item 10.	Directors, Executive Officers and Corporate Governance	Election of Directors - Nominees; Corporate Governance; Director Independence; Board Leadership Structure and Role in Risk Management; Board Meetings and Attendance; Board and Committee Structure; Communications with the Board; Securities Ownership of Directors and Executive Officers - Section 16(a) - Beneficial Ownership Reporting Compliance; Report of the Audit Committee of the Board of Directors
	The Code of Ethics for the Chief Executive Officer and Senior Financial Officers of UGI Corporation is available without charge on the Company's website, www.ugicorp.com, or by writing to Treasurer, UGI Corporation, P. O. Box 858, Valley Forge, PA 19482.	
Item 11.	Executive Compensation	Compensation of Directors; Report of the Compensation and Management Development Committee of the Board of Directors; Compensation Discussion and Analysis; Compensation of Executive Officers; Compensation Committee Interlocks and Insider Participation
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	Securities Ownership of Certain Beneficial Owners; Securities Ownership of Directors and Executive Officers
Item 13.	Certain Relationships and Related Transactions, and Director Independence	Election of Directors - Director Independence and Board and Committee Structure; Policy for Approval of Related Person Transactions
Item 14.	Principal Accounting Fees and Services	Our Independent Registered Public Accounting Firm

Equity Compensation Table

The following table sets forth information as of the end of Fiscal 2015 with respect to compensation plans under which our equity securities are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	9,255,377	(1)	$ 23.97		15,563,672	(2)
	1,136,251	(3)	$ 0			
Equity compensation plans not approved by security holders	0					
Total	10,391,628		$ 23.97	(4)		

(1) Represents 9,255,377 stock options under the UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 and the UGI Corporation 2013 Omnibus Incentive Compensation Plan.

(2) Represents 34,774 securities remaining for future issuance of stock options from the 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 and 15,528,898 of securities for issuance from the UGI Corporation 2013 Omnibus Incentive Compensation Plan. The UGI Corporation 2013 Omnibus Incentive Compensation Plan was approved by shareholders on January 24, 2013.

(3) Represents 1,136,251 phantom share units under the UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 and the UGI Corporation 2013 Omnibus Incentive Compensation Plan.

(4) Weighted-average exercise price of outstanding options; excludes phantom share units.

The information concerning the Company's executive officers required by Item 10 is set forth below.

EXECUTIVE OFFICERS

Name	Age	Position
John L. Walsh	60	President and Chief Executive Officer
Kirk R. Oliver	57	Chief Financial Officer
Davinder S. Athwal	48	Vice President - Accounting and Financial Control and Chief Risk Officer
Jerry E. Sheridan	50	President and Chief Executive Officer, AmeriGas Propane, Inc.
Robert F. Beard	50	President and Chief Executive Officer, UGI Utilities, Inc.
Monica M. Gaudiosi	53	Vice President, General Counsel and Secretary
Bradley C. Hall	62	Vice President - New Business Development

All officers are elected for a one-year term at the organizational meetings of the respective Boards of Directors held each year.

There are no family relationships between any of the officers or between any of the officers and any of the directors.

John L. Walsh

Mr. Walsh is a Director and President (since 2005) and Chief Executive Officer (since 2013) of UGI Corporation. In addition, Mr. Walsh serves as a Director and Vice Chairman of AmeriGas Propane, Inc. (since 2005) and UGI Utilities, Inc. (since 2005), both of which are subsidiaries of UGI Corporation. Previously, he also served as Chief Operating Officer of UGI Corporation (2005 to 2013) and as President and Chief Executive Officer of UGI Utilities, Inc. (2009 to 2011). 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 a Vice President and Director of the World LPG Association.

Kirk R. Oliver

Mr. Oliver is Chief Financial Officer of UGI Corporation (since October 2012). From December 2011 until September 2012, Mr. Oliver served as Senior Managing Director & Chief Operating Officer of InfraREIT Capital Partners, LLC, a partnership that invests in infrastructure assets, primarily electric transmission and gas pipeline assets. Prior to joining InfraREIT Capital, Mr. Oliver served as Senior Vice President and Chief Financial Officer of Allegheny Energy, Inc., an electric utility company (2008 to 2011) and as a Senior Executive at Hunt Power, LLC, a company that develops and invests in electric and gas utility projects (2007 to 2008). Mr. Oliver served in various positions at TXU Corp. (now Energy Future Holdings Corp.), an electricity distribution, generation and transmission company in Texas (1998 to 2006), including as Executive Vice President and Chief Financial Officer (2004 to 2006), Senior Vice President, Finance (2000 to 2003) and Vice President, Treasurer and Assistant Secretary (1998 to 1999). Prior to joining TXU Corp., Mr. Oliver spent eleven years as an investment banker in the Global Power and Energy Group at Lehman Brothers and six years at Motorola Inc.

Davinder S. Athwal

Mr. Athwal is Vice President - Accounting and Financial Control and Chief Risk Officer (since January 2009). He previously served as the Global Mergers & Acquisitions Controller of Nortel Networks, Inc., a global supplier of telecommunications equipment and solutions from 2007 through 2008. Mr. Athwal served as Director, Global Revenue Governance for Nortel Networks, Inc. from 2006 through 2007. Mr. Athwal previously served in both accounting and risk management roles for IBM Corporation, a globally integrated innovation and technology company (2003 to 2006).

Jerry E. Sheridan

Mr. Sheridan is President, Chief Executive Officer and a Director of AmeriGas Propane, Inc. (since March 2012). Previously, he served as Vice President - Operations and Chief Operating Officer (2011 to 2012) and as Vice President - Finance and Chief Financial Officer (2005 to 2011) of AmeriGas Propane, Inc. Mr. Sheridan served as President and Chief Executive Officer (2003 to 2005) of Potters Industries, Inc., a global manufacturer of engineered glass materials and a wholly-owned subsidiary of PQ Corporation, a global producer of inorganic specialty chemicals. In addition, Mr. Sheridan served as Executive Vice President (2003 to 2005) and as Vice President and Chief Financial Officer (1999 to 2003) of PQ Corporation. Mr. Sheridan also serves on the Management Board of CP Kelco (since 2013), a privately held company that provides innovative products and solutions through the use of nature-based chemistry.

Robert F. Beard

Mr. Beard is President and Chief Executive Officer and a Director of UGI Utilities, Inc. (since September 2011). He previously served as Vice President - Marketing, Rates and Gas Supply (2010 to 2011) and Vice President - Southern Region (2008 to 2010) of UGI Utilities, Inc. From 2006 until 2008, Mr. Beard served as Vice President - Operations and Engineering of PPL Gas Utilities Corporation and, from 2002 until 2006, he served as Director - Operations and Engineering of PPL Gas Utilities Corporation.

Monica M. Gaudiosi

Ms. Gaudiosi is the Vice President, General Counsel and Secretary of UGI Corporation and UGI Utilities, Inc. (since April 2012). She is also Vice President (since 2012), General Counsel (since July 2015) and Secretary (since 2012) of AmeriGas Propane, Inc. Prior to joining UGI Corporation, Ms. Gaudiosi served as 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).

Bradley C. Hall

Mr. Hall is Vice President - New Business Development (since October 1994). He also serves as President of UGI Enterprises, Inc. (since 1994) and UGI Energy Services, LLC (since 1995). He joined the Company in 1982 and held various positions in UGI Utilities, Inc., including Vice President - Marketing and Rates.

PART IV:

ITEM 15. EXHIBITS AND 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

Report of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP

Consolidated Balance Sheets as of September 30, 2015 and 2014

Consolidated Statements of Income for the years ended September 30, 2015, 2014 and 2013

Consolidated Statements of Comprehensive Income for the years ended September 30, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the years ended September 30, 2015, 2014 and 2013

Consolidated Statements of Changes in Equity for the years ended September 30, 2015, 2014 and 2013

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, 2015, 2014 and 2013

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 related notes.

(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

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
2.1	Contribution and Redemption Agreement, dated October 15, 2011, by and among AmeriGas Partners, L.P., Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P. and Heritage ETC, L.P	AmeriGas Partners, L.P.	Form 8-K (10/15/11)	2.1
2.2	Amendment No. 1, dated as of December 1, 2011, to the Contribution and Redemption Agreement, dated as of October 15, 2011, by and among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P.	AmeriGas Partners, L.P.	Form 8-K (12/1/11)	2.1
2.3	Amendment No. 2, dated as of January 11, 2012, to the Contribution and Redemption Agreement, dated as of October 15, 2012, by and among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P.	AmeriGas Partners, L.P.	Form 8-K (1/11/12)	2.1
2.4	Letter Agreement, dated as of January 11, 2012, by and among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P.	AmeriGas Partners, L.P.	Form 8-K (1/11/12)	2.1
2.5	Amendment to Contribution and Redemption Agreement, dated as of October 15, 2011, by and among Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., Heritage ETC, L.P. and AmeriGas Partners, L.P., dated as of March 20, 2013.	AmeriGas Partners, L.P.	Form 10-Q (3/31/13)	2.1
3.1	(Second) Amended and Restated Articles of Incorporation of the Company as amended through June 6, 2005.	UGI	Form 10-Q (6/30/05)	3.1
3.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of UGI Corporation.	UGI	Form 8-K (7/29/14)	3.1
3.3	Amended and Restated Bylaws of UGI Corporation.	UGI	Form 8-K (9/29/15)	3.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
4.1	Instruments defining the rights of security holders, including indentures. (The Company 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	The description of the Company's Common Stock contained in the Company's registration statement filed under the Securities Exchange Act of 1934, as amended.	UGI	Form 8-B/A (4/17/96)	3.(4)
4.3	UGI Corporation's (Second) Amended and Restated Articles of Incorporation and Bylaws referred to in 3.1 and 3.3 above.			
4.4	Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2009.	AmeriGas Partners, L.P.	Form 10-Q (6/30/09)	3.1
4.5	Amendment No. 1 to Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of March 13, 2012.	AmeriGas Partners, L.P.	Form 8-K (3/14/12)	3.1
4.6	Amendment No. 2 to Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2015.	AmeriGas Partners, L.P.	Form 8-K (7/27/15)	3.1
4.7	Indenture, dated as of January 20, 2011, by and among AmeriGas Partners, L.P., AmeriGas Finance Corp. and U.S. Bank National Association, as trustee.	AmeriGas Partners, L.P.	Form 10-Q (12/31/10)	4.1
4.8	First Supplemental Indenture, dated as of January 20, 2011, to Indenture dated as of January 20, 2011, by and among AmeriGas Partners, L.P., AmeriGas Finance Corp. and U.S. Bank National Association, as trustee.	AmeriGas Partners, L.P.	Form 8-K (1/19/11)	4.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
4.9	Second Supplemental Indenture, dated as of August 10, 2011, to Indenture dated as of January 20, 2011, by and among AmeriGas Partners, L.P., AmeriGas Finance Corp. and U.S. Bank National Association, as trustee.	AmeriGas Partners, L.P.	Form 8-K (8/10/11)	4.1
4.10	Indenture, dated as of August 1, 1993, by and between UGI Utilities, Inc., as Issuer, and U.S. Bank National Association, as successor trustee, incorporated by reference to the Registration Statement on Form S-3 filed on April 8, 1994.	Utilities	Registration Statement No. 33-77514 (4/8/94)	4(c)
4.11	Supplemental Indenture, dated as of September 15, 2006, by and between UGI Utilities, Inc., as Issuer, and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association.	Utilities	Form 8-K (9/12/06)	4.2
4.12	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.	AmeriGas Partners, L.P.	Form 8-K (1/12/12)	4.1
4.13	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.	AmeriGas Partners, L.P.	Form 8-K (1/12/12)	4.2
4.14	Form of Fixed Rate Medium-Term Note.	Utilities	Form 8-K (8/26/94)	4(i)
4.15	Form of Fixed Rate Series B Medium-Term Note.	Utilities	Form 8-K (8/1/96)	4(i)
4.16	Form of Floating Rate Series B Medium-Term Note.	Utilities	Form 8-K (8/1/96)	4(ii)
4.17	Officer's Certificate establishing Medium-Term Notes Series.	Utilities	Form 8-K (8/26/94)	4(iv)
4.18	Form of Officer's Certificate establishing Series B Medium-Term Notes under the Indenture.	Utilities	Form 8-K (8/1/96)	4(iv)

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
4.19	Form of Officers' Certificate establishing Series C Medium-Term Notes under the Indenture.	Utilities	Form 8-K (5/21/02)	4.2
4.20	Forms of Floating Rate and Fixed Rate Series C Medium-Term Notes.	Utilities	Form 8-K (5/21/02)	4.1
4.21	Form of Note Purchase Agreement dated October 30, 2013 between the Company and the purchasers listed as signatories thereto.	Utilities	Form 8-K (10/30/13)	4.1
10.1**	UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006.	UGI	Form 8-K (2/27/07)	10.1
10.2**	UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 - Terms and Conditions as amended and restated effective November, 2012.	UGI	Form 10-K (9/30/13)	10.2
10.3**	UGI Corporation 2013 Omnibus Incentive Compensation Plan, effective as of January 24, 2013.	UGI	Registration Statement No. 333-186178 (1/24/13)	99.1
10.4**	UGI Corporation Senior Executive Employee Severance Plan, as amended and restated as of November 16, 2012.	UGI	Form 10-Q (6/30/13)	10.1
10.5**	UGI Corporation Executive Employee Severance Plan, as amended and restated as of November 16, 2012.	UGI	Form 10-Q (6/30/13)	10.2
10.6**	UGI Corporation Executive Annual Bonus Plan effective as of October 1, 2006, as amended November 16, 2012.	UGI	Form 10-Q (3/31/13)	10.14
10.7**	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. effective July 30, 2010.	AmeriGas Partners, L.P.	Form 8-K (7/30/10)	10.2
10.8**	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. effective July 30, 2010 - Terms and Conditions.	AmeriGas Partners, L.P.	Form 10-K (9/30/10)	10.10

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.9**	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 21, 2015.	AmeriGas Partners, L.P.	Form 10-Q (3/31/15)	10.1
10.10**	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Directors, dated January 8, 2015.	AmeriGas Partners, L.P.	Form 10-Q (3/31/15)	10.2
10.11**	AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan, as Amended and Restated effective November 22, 2013.	AmeriGas Partners, L.P.	Form 10-Q (3/31/14)	10.4
10.12**	AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended and restated as of November 15, 2012.	AmeriGas Partners, L.P.	Form 10-Q (6/30/13)	10.1
10.13**	AmeriGas Propane, Inc. Executive Employee Severance Plan, as amended and restated as of November 15, 2012.	AmeriGas Partners, L.P.	Form 10-Q (6/30/13)	10.2
10.14**	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated effective November 22, 2013.	AmeriGas Partners, L.P.	Form 10-Q (3/31/14)	10.5
10.15**	AmeriGas Propane, Inc. Executive Annual Bonus Plan, effective as of October 1, 2006, as amended November 15, 2012.	AmeriGas Partners, L.P.	Form 10-Q (3/31/13)	10.9
10.16**	UGI Utilities, Inc. Senior Executive Employee Severance Plan, as amended and restated as of November 16, 2012.	Utilities	Form 10-Q (6/30/13)	10.1
10.17**	UGI Utilities, Inc. Executive Annual Bonus Plan, effective as of October 1, 2006, as amended as of November 16, 2012.	Utilities	Form 10-Q (3/31/13)	10.2
10.18**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Performance Unit Grant Letter for UGI Employees, dated January 1, 2015.	UGI	Form 10-Q (3/31/15)	10.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.19**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Stock Unit Grant Letter for Non Employee Directors, dated January 8, 2015.	UGI	Form 10-Q (3/31/15)	10.2
10.20**	Form of UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for Non Employee Directors, dated January 8, 2015.	UGI	Form 10-Q (3/31/15)	10.1
10.21**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Nonqualified Stock Option Grant Letter for UGI Employees, dated January 1, 2015.	UGI	Form 10-Q (3/31/15)	10.9
10.22**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Nonqualified Stock Option Grant Letter for AmeriGas Employees, dated January 21, 2015.	UGI	Form 10-Q (3/31/15)	10.30
10.23**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Nonqualified Stock Option Grant Letter for UGI Utilities Employees, dated January 1, 2015.	Utilities	Form 10-Q (3/31/15)	10.2
10.24**	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Performance Unit Grant Letter for UGI Utilities Employees, dated January 1, 2015.	Utilities	Form 10-Q (3/31/15)	10.1
10.25**	UGI Corporation 2009 Deferral Plan, as Amended and Restated effective January 24, 2014.	UGI	Form 10-Q (3/31/14)	10.5
*10.26**	Description of oral compensation arrangements for Messrs. Walsh, Hall, and Oliver and Ms. Gaudiosi.			
10.27**	Description of oral compensation arrangement for Mr. Sheridan.	AmeriGas Partners, L.P.	Form 10-K (9/30/15)	10.25
*10.28**	Summary of Director Compensation as of October 1, 2015.			

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.29**	Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc. for Mr. Sheridan.	AmeriGas Partners, L.P.	Form 10-K (9/30/09)	10.29
10.30**	Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Mr. Walsh.	UGI	Form 10-Q (6/30/08)	10.3
10.31**	Change in Control Agreement for Monica M. Gaudiosi dated as of April 23, 2012.	UGI	Form 10-Q (6/30/12)	10.1
10.32**	Change in Control Agreement for Kirk R. Oliver dated as of October 1, 2012.	UGI	Form 10-Q (12/31/12)	10.1
10.33**	Change in Control Agreement for Mr. Sheridan Amended and Restated as of March 3, 2012.	AmeriGas Partners, L.P.	Form 10-Q (3/31/12)	10.6
10.34**	UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan, as Amended and Restated effective November 22, 2013.	UGI	Form 10-Q (3/31/14)	10.3
10.35**	UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees, as Amended and Restated effective November 22, 2013.	UGI	Form 10-Q (3/31/14)	10.4
10.36	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	UGI	Form 10-K (9/30/10)	10.37
10.37	Trademark License Agreement, dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (12/31/10)	10.1
10.38	Release of Liens and Termination of Security Documents dated as of November 6, 2006 by and among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., AmeriGas Propane Parts & Service, Inc. and Wachovia Bank, National Association, as Collateral Agent for the Secured Creditors, pursuant to the Intercreditor and Agency Agreement dated as of April 19, 1995.	AmeriGas Partners, L.P.	Form 10-K (9/30/06)	10.3

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.39	Receivables Purchase Agreement, dated as of November 30, 2001, as amended through and including Amendment No. 8 thereto dated April 22, 2010 and Amendment No. 9 thereto dated August 26, 2010, by and among UGI Energy Services, Inc., as servicer, Energy Services Funding Corporation, as seller, Market Street Funding, LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 10-K (9/30/11)	10.47
10.40	Amendment No. 10, dated as of April 21, 2011 to Receivables Purchase Agreement, dated as of November 30, 2001(as amended, supplemented or modified from time to time), by and among UGI Energy Services, Inc. as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 8-K (4/21/11)	10.1
10.41	Amendment No. 11, dated as of April 19, 2012, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented or modified from time to time), by and among UGI Energy Services, Inc., as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 8-K (4/19/12)	10.1
10.42	Amendment No. 12, dated as of April 18, 2013, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented, or modified from time to time), by and among UGI Energy Services, Inc., as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 8-K (4/18/13)	10.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.43	Amendment No. 13, dated as of October 1, 2013, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented, or modified from time to time), by and among UGI Energy Services, LLC, as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 10-K (9/30/13)	10.72
10.44	Amendment No. 14, dated as of November 1, 2013, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented, or modified from time to time), by and among UGI Energy Services, LLC, as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 10-K (9/30/13)	10.74
10.45	Amendment No. 15, dated as of October 31, 2014, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented, or modified from time to time), by and among UGI Energy Services, LLC, as servicer, Energy Services Funding Corporation, as seller, Market Street Funding LLC, as issuer, and PNC Bank, National Association, as administrator.	UGI	Form 8-K (10/31/14)	10.1
10.46	Amendment No. 16, dated as of October 30, 2015, to Receivables Purchase Agreement, dated as of November 30, 2001 (as amended, supplemented, or modified from time to time), by and among UGI Energy Services, LLC, as servicer, Energy Services Funding Corporation, as seller, and PNC Bank, National Association, as issuer and administrator.	UGI	Form 8-K (10/30/15)	10.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.47	Purchase and Sale Agreement, dated as of November 30, 2001, as amended through and including Amendment No. 3 thereto dated August 26, 2010, by and between UGI Energy Services, Inc. and Energy Services Funding Corporation.	UGI	Form 10-K (9/30/10)	10.47
10.48	Amendment No. 4 dated as of October 1, 2013 to Purchase and Sale Agreement dated as of November 30, 2001 by and between UGI Energy Services, LLC and Energy Services Funding Corporation.	UGI	Form 10-K (9/30/13)	10.73
10.49	Amended and Restated Credit Agreement, dated as of December 18, 2012, among UGI Energy Services, Inc., as borrower, and JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, National Association, as syndication agent, and Wells Fargo Bank, National Association, as documentation agent.	UGI	Form 8-K (12/18/12)	10.1
10.50	Amendment No. 1, dated as of March 15, 2013, to Amended and Restated Credit Agreement, dated as of December 18, 2012, among UGI Energy Services, Inc., as borrower, and JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, National Association, as syndication agent, and Wells Fargo Bank, National Association, as documentation agent.	UGI	Form 10-Q (3/31/13)	10.1
10.51	FSS Service Agreement No. 79028 effective as of December 1, 2014 by and between Columbia Gas Transmission, LLC and UGI Utilities, Inc.	Utilities	Form 10-K (9/30/14)	10.16
10.52	SST Service Agreement No. 79133 effective as of December 1, 2014 by and between Columbia Gas Transmission, LLC and UGI Utilities, Inc.	Utilities	Form 10-K (9/30/14)	10.19
10.53	Gas Supply and Delivery Service Agreement between UGI Energy Services, LLC and UGI Penn Natural Gas, Inc., effective November 1, 2015.	Utilities	Form 10-K (9/30/15)	10.18

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.54	Contingent Residual Support Agreement dated as of January 12, 2012, among Energy Transfer Partners, L.P., AmeriGas Finance LLC, AmeriGas Finance Corp., AmeriGas Partners, L.P., and for certain limited purposes only, UGI Corporation.	AmeriGas Partners, L.P.	Form 8-K (1/11/12)	10.1
10.55	Amendment to Contingent Residual Support Agreement dated as of January 12, 2012, among Energy Transfer Partners, L.P., AmeriGas Finance LLC, AmeriGas Finance Corp., AmeriGas Partners, L.P., and for certain limited purposes only, UGI Corporation, dated as of March 20, 2013.	AmeriGas Partners, L.P.	Form 10-Q (3/31/13)	10.1
10.56	Unitholder Agreement, dated as of January 12, 2012, by and among Heritage ETC, L.P., AmeriGas Partners, L.P., and, for limited purposes, Energy Transfer Partners, L.P., Energy Transfer Partners GP, L.P., and Energy Transfer Equity, L.P.	AmeriGas Partners, L.P.	Form 8-K (1/11/12)	10.2
10.57	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.	AmeriGas	Form 8-K (6/18/14)	10.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.58	Credit Agreement, dated as of March 27, 2015 among UGI Utilities, Inc., as borrower, PNC Bank, National Association, as administrative agent, Citizens Bank of Pennsylvania, as syndication agent, PNC Capital Markets LLC and Citizens Bank, N.A., as joint lead arrangers and joint bookrunners, and PNC Bank, National Association, Citizens Bank of Pennsylvania, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association, The Bank of New York Mellon, Bank of America, N.A., and the other financial institutions from time to time parties thereto.	Utilities	Form 8-K (3/27/15)	10.1
10.59	Senior Facilities Agreement dated April 30, 2015 by and among UGI France, as Borrower, Guarantor and Security Grantor, Natixis, as Facility Agent and Security Agent, Barclays Bank PLC, BNP Paribas, Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile de France, Crédit Lyonnais SA, ING Bank N.V. (acting through its French branch), Société Générale Corporate & Investment Banking, and Natixis, as Mandated Lead Arrangers, Underwriters and Bookrunners, and HSBC France, as Senior Mandated Lead Arranger.	UGI	Form 10-Q (6/30/15)	10.1
10.60	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.	AmeriGas Partners, L.P.	Form 10-K (9/30/15)	10.40
14	Code of Ethics for principal executive, financial and accounting officers.	UGI	Form 10-K (9/30/03)	14
*21	Subsidiaries of the Registrant.			
*23.1	Consent of Ernst & Young LLP			

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
*23.2	Consent of PricewaterhouseCoopers LLP			
*31.1	Certification by the Chief Executive Officer relating to the Registrant’s Report on Form 10-K for the fiscal year ended September 30, 2015 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
*31.2	Certification by the Chief Financial Officer relating to the Registrant’s Report on Form 10-K for the fiscal year ended September 30, 2015 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
*32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant’s Report on Form 10-K for the fiscal year ended September 30, 2015, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
*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.

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.

UGI CORPORATION

Date: November 30, 2015

By: /s/ Kirk R. Oliver

Kirk R. Oliver
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on November 30, 2015, by the following persons on behalf of the Registrant in the capacities indicated.

Signature	Title
/s/ John L. Walsh John L. Walsh	President and Chief Executive Officer (Principal Executive Officer) and Director
/s/ Kirk R. Oliver Kirk R. Oliver	Chief Financial Officer (Principal Financial Officer)
/s/ Davinder S. Athwal Davinder S. Athwal	Vice President - Accounting and Financial Control, Chief Risk Officer (Principal Accounting Officer)
/s/ Lon R. Greenberg Lon R. Greenberg	Chairman and Director
/s/ M. Shawn Bort M. Shawn Bort	Director
/s/ Richard W. Gochnauer Richard W. Gochnauer	Director
/s/ Frank S. Hermance Frank S. Hermance	Director
/s/ Ernest E. Jones Ernest E. Jones	Director
/s/ Anne Pol Anne Pol	Director
/s/ Marvin O. Schlanger Marvin O. Schlanger	Director
/s/ James B. Stallings, Jr. James B. Stallings, Jr.	Director
/s/ Roger B. Vincent Roger B. Vincent	Director

UGI CORPORATION AND SUBSIDIARIES

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 2015

UGI CORPORATION
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

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.

Reports of Management

Financial Statements

The Company's consolidated financial statements and other financial information contained in this Annual Report were prepared by management, 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 is composed of three members, each of whom is independent and a non-employee director of the Company. The Committee is responsible for monitoring and overseeing the financial reporting process, the adequacy of internal accounting controls, the independence and performance of the Company's independent registered accounting firm and internal auditors. The Committee meets regularly, with and without management present, with the independent registered 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 Company, 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 Company's internal control over financial reporting as of September 30, 2015, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework"). The scope of that assessment excluded the Finagaz business acquired on May 29, 2015, by UGI France SAS (a Société par actions simplifiée) (formerly UGI Bordeaux Holding), a wholly owned indirect subsidiary of UGI Corporation. Finagaz' total assets represented approximately 8% of the Company's consolidated total assets at September 30, 2015 and approximately 2% of its consolidated revenues for the year then ended. Such exclusion is permitted based upon current guidance of the U.S. Securities & Exchange Commission.

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 our Chief Financial Officer, and effected by the Company's 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 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 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 Company's internal control over financial reporting was effective as of September 30, 2015, based on the COSO 2013 Framework. Ernst & Young LLP, our independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of September 30, 2015, as stated in their report, which appears herein.

/s/ John L. Walsh
Chief Executive Officer

/s/ Kirk R. Oliver
Chief Financial Officer

/s/ Davinder S. Athwal
Chief Accounting Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of UGI Corporation.

We have audited UGI Corporation's internal control over financial reporting as of September 30, 2015, 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). UGI Corporation'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 Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing 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.

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.

As indicated in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Finagaz, which is included in the fiscal year 2015 consolidated financial statements of UGI Corporation and constituted approximately 8% of total assets as of September 30, 2015 and approximately 2% of consolidated revenues for the year then ended. Our audit of internal control over financial reporting of UGI Corporation also did not include an evaluation of the internal control over financial reporting of Finagaz.

In our opinion, UGI Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of UGI Corporation, as of September 30, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended of UGI Corporation and our report dated November 30, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Philadelphia, Pennsylvania
November 30, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of UGI Corporation

We have audited the accompanying consolidated balance sheet of UGI Corporation as of September 30, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended. Our audit also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of UGI Corporation at September 30, 2015, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), UGI Corporation's internal control over financial reporting as of September 30, 2015, 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 30, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Philadelphia, Pennsylvania
November 30, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of UGI Corporation:

In our opinion, the consolidated balance sheet as of September 30, 2014 and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for each of the two years in the period ended September 30, 2014 present fairly, in all material respects, the financial position of UGI Corporation and its subsidiaries at September 30, 2014, and the results of their operations and their cash flows for each of the two years in the period ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules for each of the two years in the period ended September 30, 2014 present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
November 28, 2014

UGI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of dollars)

	September 30, 2015	September 30, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 369.7	$ 419.5
Restricted cash	69.3	16.6
Accounts receivable (less allowances for doubtful accounts of $29.7 and $39.1, respectively)	619.7	684.7
Accrued utility revenues	12.1	14.3
Inventories	239.9	423.0
Deferred income taxes	7.8	10.1
Utility regulatory assets	4.1	13.2
Derivative instruments	23.3	14.5
Prepaid expenses and other current assets	113.9	67.1
Total current assets	1,459.8	1,663.0
Property, plant and equipment		
Non-utility	5,075.6	4,608.2
Utilities	2,753.5	2,568.5
	7,829.1	7,176.7
Accumulated depreciation and amortization	(2,835.0)	(2,633.0)
Net property, plant, and equipment	4,994.1	4,543.7
Goodwill	2,953.4	2,833.4
Intangible assets, net	610.1	576.4
Utility regulatory assets	300.1	255.0
Derivative instruments	16.3	12.5
Other assets	212.8	209.0
Total assets	$ 10,546.6	$ 10,093.0
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 258.0	$ 77.2
Short-term borrowings	189.9	210.8
Accounts payable	392.9	459.8
Employee compensation and benefits accrued	133.4	106.5
Deposits and advances	242.0	211.5
Derivative instruments	121.8	40.2
Accrued interest	57.4	57.9
Other current liabilities	283.5	267.0
Total current liabilities	1,678.9	1,430.9
Debt and other liabilities		
Long-term debt	3,441.8	3,433.6
Deferred income taxes	1,134.0	1,005.1
Deferred investment tax credits	3.6	3.9
Derivative instruments	31.2	16.6
Other noncurrent liabilities	684.7	539.7
Total liabilities	6,974.2	6,429.8
Commitments and contingencies (Note 16)		
Equity:		
UGI Corporation stockholders' equity:		
UGI Common Stock, without par value (authorized - 450,000,000 shares; issued - 173,806,991 and 173,770,641 shares, respectively)	1,214.6	1,215.6
Retained earnings	1,636.9	1,509.4
Accumulated other comprehensive loss	(114.6)	(21.2)
Treasury stock, at cost	(44.9)	(44.7)
Total UGI Corporation stockholders' equity	2,692.0	2,659.1
Noncontrolling interests, principally in AmeriGas Partners	880.4	1,004.1
Total equity	3,572.4	3,663.2
Total liabilities and equity	$ 10,546.6	$ 10,093.0

See accompanying Notes to Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of dollars, except per share amounts)

	Year Ended September 30, 2015	2014	2013
Revenues			
Non-utility	$ 5,650.4	$ 7,191.9	$ 6,255.7
Utility	1,040.7	1,085.4	939.0
	6,691.1	8,277.3	7,194.7
Costs and Expenses			
Cost of sales (excluding depreciation shown below):			
Non-utility	3,225.7	4,612.8	3,858.4
Utility	510.8	562.9	466.0
Operating and administrative expenses	1,773.9	1,752.6	1,692.0
Utility taxes other than income taxes	16.1	16.6	16.9
Depreciation	313.2	305.7	301.4
Amortization	60.9	57.2	61.7
Other income, net	(44.4)	(36.1)	(32.8)
	5,856.2	7,271.7	6,363.6
Operating income	834.9	1,005.6	831.1
Loss from equity investees	(1.2)	(0.1)	(0.4)
Interest expense	(241.9)	(237.7)	(240.3)
Income before income taxes	591.8	767.8	590.4
Income taxes	(177.8)	(235.2)	(162.8)
Net income including noncontrolling interests	414.0	532.6	427.6
Deduct net income attributable to noncontrolling interests, principally in AmeriGas Partners	(133.0)	(195.4)	(149.5)
Net income attributable to UGI Corporation	$ 281.0	$ 337.2	$ 278.1
Earnings per common share attributable to UGI Corporation stockholders:			
Basic	$ 1.62	$ 1.95	$ 1.63
Diluted	$ 1.60	$ 1.92	$ 1.60
Weighted-average common shares outstanding (thousands):			
Basic	173,115	172,733	170,885
Diluted	175,667	175,231	173,282

See accompanying Notes to Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Millions of dollars)

	Year Ended September 30,		
	2015	2014	2013
Net income including noncontrolling interests	$ 414.0	$ 532.6	$ 427.6
Net gains (losses) on derivative instruments (net of tax of $(8.0), $(12.2) and $(7.2), respectively)	16.8	54.0	14.4
Reclassifications of net losses (gains) on derivative instruments (net of tax of $(2.8), $2.0 and $(10.3), respectively)	1.6	(45.2)	53.5
Foreign currency translation adjustments (net of tax of $(1.0), $13.8 and $(6.6), respectively)	(63.5)	(23.2)	28.8
Foreign currency (losses) gains on long-term intra-company transactions (net of tax of $(6.7), $10.6 and $(0.8), respectively)	(50.6)	(19.8)	3.2
Benefit plans (net of tax of $1.4, $2.6 and $(3.8), respectively)	(1.2)	(5.2)	5.3
Reclassifications of benefit plans actuarial losses and prior service costs (net of tax of $(0.8), $(0.6) and $(0.8), respectively)	1.4	1.0	1.2
Other comprehensive (loss) income	(95.5)	(38.4)	106.4
Comprehensive income including noncontrolling interests	318.5	494.2	534.0
Deduct comprehensive income attributable to noncontrolling interests, principally in AmeriGas Partners	(130.9)	(186.6)	(192.3)
Comprehensive income attributable to UGI Corporation	$ 187.6	$ 307.6	$ 341.7

See accompanying Notes to Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interests	$ 414.0	$ 532.6	$ 427.6
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	374.1	362.9	363.1
Deferred income taxes, net	13.7	66.7	48.7
Provision for uncollectible accounts	31.6	43.5	30.2
Unrealized losses (gains) on derivative instruments	119.1	18.6	(0.2)
Equity-based compensation expense	29.2	25.8	17.6
Other, net	(9.7)	(38.2)	(41.4)
Net change in:			
Accounts receivable and accrued utility revenues	163.3	18.1	(110.8)
Inventories	181.4	(65.1)	4.6
Utility deferred fuel costs, net of changes in unsettled derivatives	51.8	(17.6)	9.3
Accounts payable	(134.9)	3.7	38.7
Other current assets	(25.6)	(1.2)	36.3
Other current liabilities	(44.2)	55.6	(22.2)
Net cash provided by operating activities	1,163.8	1,005.4	801.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(490.6)	(456.8)	(486.0)
Acquisitions of businesses, net of cash acquired	(447.5)	(37.1)	(78.9)
Increase in restricted cash	(52.8)	(8.3)	(5.3)
Other, net	14.6	14.6	16.9
Net cash used by investing activities	(976.3)	(487.6)	(553.3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends on UGI Common Stock	(153.5)	(136.1)	(125.8)
Distributions on AmeriGas Partners publicly held Common Units	(248.9)	(237.7)	(226.5)
Issuances of debt	660.3	174.5	227.1
Repayments of debt	(429.4)	(242.6)	(168.7)
Receivables Facility net borrowings (repayments)	12.0	(22.5)	30.0
(Decrease) increase in short-term borrowings	(31.9)	5.8	32.3
Issuances of UGI Common Stock	11.9	10.9	36.4
Repurchases of UGI Common Stock	(34.1)	(39.8)	—
Other	(3.5)	11.8	9.1
Net cash used by financing activities	(217.1)	(475.7)	(186.1)
Effect of exchange rate changes on cash and cash equivalents	(20.2)	(11.9)	7.3
Cash and cash equivalents (decrease) increase	$ (49.8)	$ 30.2	$ 69.4
CASH AND CASH EQUIVALENTS			
End of year	$ 369.7	$ 419.5	$ 389.3
Beginning of year	419.5	389.3	319.9
(Decrease) increase	$ (49.8)	$ 30.2	$ 69.4
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for:			
Interest	$ 227.0	$ 228.3	$ 243.6
Income taxes	$ 173.1	$ 141.6	$ 60.0

See accompanying Notes to Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Millions of dollars, except per share amounts)

	Year Ended September 30, 2015	2014	2013
Common stock, without par value			
Balance, beginning of year	$ 1,215.6	$ 1,208.1	$ 1,157.7
Common stock issued:			
Employee and director plans (including (losses) gains on treasury stock transactions), net of tax withheld	(22.1)	(16.4)	29.7
Dividend reinvestment plan	—	—	1.4
Excess tax benefits realized on equity-based compensation	8.3	12.5	9.4
Equity-based compensation expense	13.2	11.4	9.9
Loss from acquisition of noncontrolling interests through business combination	(0.4)	—	—
Balance, end of year	$ 1,214.6	$ 1,215.6	$ 1,208.1
Retained earnings			
Balance, beginning of year	$ 1,509.4	$ 1,308.3	$ 1,156.0
Net income attributable to UGI Corporation	281.0	337.2	278.1
Cash dividends on common stock ($0.890, $0.791 and $0.737 per share, respectively)	(153.5)	(136.1)	(125.8)
Balance, end of year	$ 1,636.9	$ 1,509.4	$ 1,308.3
Accumulated other comprehensive income (loss)			
Balance, beginning of year	$ (21.2)	$ 8.4	$ (55.2)
Net gains on derivative instruments, net of tax	16.8	21.6	9.8
Reclassification of net losses (gains) on derivative instruments, net of tax	3.7	(4.0)	15.3
Benefit plans, principally actuarial (losses) gains, net of tax	(1.2)	(5.2)	5.3
Reclassification of benefit plans actuarial losses and prior service costs, net of tax	1.4	1.0	1.2
Foreign currency (losses) gains on long-term intra-company transactions, net of tax	(50.6)	(19.8)	3.2
Foreign currency translation adjustments, net of tax	(63.5)	(23.2)	28.8
Balance, end of year	$ (114.6)	$ (21.2)	$ 8.4
Treasury stock			
Balance, beginning of year	$ (44.7)	$ (32.3)	$ (28.7)
Common stock issued:			
Employee and director plans	40.5	65.8	35.2
Dividend reinvestment plan	—	—	0.8
Repurchases of common stock	(34.1)	(39.8)	—
Reacquired common stock - employee and director plans	(6.6)	(38.4)	(39.6)
Balance, end of year	$ (44.9)	$ (44.7)	$ (32.3)
Total UGI Corporation stockholders' equity	$ 2,692.0	$ 2,659.1	$ 2,492.5
Noncontrolling interests			
Balance, beginning of year	$ 1,004.1	$ 1,055.4	$ 1,085.6
Net income attributable to noncontrolling interests, principally in AmeriGas Partners	133.0	195.4	149.5
Net gains on derivative instruments	—	32.4	4.6
Reclassification of net (gains) losses on derivative instruments	(2.1)	(41.2)	38.2
Dividends and distributions	(249.4)	(238.0)	(226.7)
Change in noncontrolling interests as a result of business combination	(5.2)	—	—
Other	—	0.1	4.2
Balance, end of year	$ 880.4	$ 1,004.1	$ 1,055.4
Total equity	$ 3,572.4	$ 3,663.2	$ 3,547.9

See accompanying Notes to Consolidated Financial Statements.

UGI Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Index to Notes

Note 1 — Nature of Operations

UGI Corporation ("UGI") is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In the United States, we (1) are the general partner and own limited partner interests in a retail propane marketing and distribution business; (2) own and operate natural gas and electric distribution utilities; (3) own all or a portion of electricity generation facilities; and (4) own and operate an energy marketing, midstream infrastructure, storage, natural gas gathering, natural gas production and energy services business. Internationally, we market and distribute propane and other liquefied petroleum gases ("LPG") in Europe and China. We refer to UGI and its consolidated subsidiaries collectively as "the Company," "we" or "us."

We conduct a domestic propane marketing and distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners"). 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"), which is referred to herein as the "Operating Partnership." AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and AmeriGas OLP. We refer to AmeriGas Partners and its subsidiaries together as the "Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane." At September 30, 2015, the General Partner held a 1% general partner interest and 25.3% limited partner interest in AmeriGas Partners, and held an effective 27.1% ownership interest in AmeriGas OLP. Our limited partnership interest in AmeriGas Partners comprises 23,756,882 AmeriGas Partners Common Units ("Common Units"). The remaining 73.7% interest in AmeriGas Partners comprises 69,133,098 Common Units held by the public. The General Partner also holds incentive distribution rights that entitle it to receive distributions from AmeriGas Partners in excess of its 1% general partner interest under certain circumstances (see Note 15).

Our wholly owned subsidiary, UGI Enterprises, Inc. ("Enterprises"), through subsidiaries, conducts (1) an LPG distribution business in France, Belgium, the Netherlands and Luxembourg ("UGI France"); (2) an LPG distribution business in central, northern and eastern Europe ("Flaga"); (3) an LPG distribution business in the United Kingdom ("AvantiGas"); and (4) an LPG distribution business in the Nantong region of China. We refer to our foreign LPG operations collectively as "UGI International." On May 29, 2015, UGI France SAS *(a Société par actions simplifiée)* ("France SAS") (formerly UGI Bordeaux Holding) , an indirect wholly owned subsidiary of UGI, purchased all of the outstanding shares of Totalgaz SAS (the "Totalgaz Acquisition"), a retail distributor of LPG in France. The retail LPG distribution business of Totalgaz SAS and its subsidiaries is referred to herein as "Finagaz" and is included in our UGI France reportable segment (see Notes 4 and 22). The LPG retail distribution business of UGI France prior to the Totalgaz Acquisition is also referred to herein as "Antargaz."

Enterprises, through UGI Energy Services, LLC and its subsidiaries, conducts an energy marketing, midstream infrastructure, storage, natural gas gathering, natural gas production and energy services business primarily in the Mid-Atlantic and Northeast U.S. In addition, UGI Energy Services, LLC's wholly owned subsidiary, UGI Development Company ("UGID"), owns all or a portion of electricity generation facilities principally located in Pennsylvania. These businesses are referred to herein collectively as "Midstream & Marketing." UGI Energy Services, LLC is referred to herein as "Energy Services." Enterprises also conducts heating, ventilation, air-conditioning, refrigeration and electrical contracting businesses in the Mid-Atlantic region through first-tier subsidiaries.

Our natural gas distribution utility business ("Gas Utility") is conducted through our wholly owned subsidiary, UGI Utilities, Inc. ("UGI Utilities"), and its subsidiaries UGI Penn Natural Gas, Inc. ("PNG") and UGI Central Penn Gas, Inc. ("CPG"). UGI Utilities, PNG and CPG own and operate natural gas distribution utilities in eastern, northeastern and central Pennsylvania and in a portion of one Maryland county. UGI Utilities also owns and operates an electric distribution utility in northeastern Pennsylvania ("Electric Utility"). UGI Utilities' natural gas distribution utility is referred to as "UGI Gas." Gas Utility is subject to regulation by the Pennsylvania Public Utility Commission ("PUC") and, with respect to a small service territory in one Maryland county, the Maryland Public Service Commission. Electric Utility is subject to regulation by the PUC. Gas Utility and Electric Utility are collectively referred to as "Utilities."

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated 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.

Principles of Consolidation

The consolidated financial statements include the accounts of UGI and its controlled subsidiary companies which, except for the Partnership, are majority owned. We report the public's interests in the Partnership, and outside ownership interests in other consolidated but less than 100%-owned subsidiaries, as noncontrolling interests. We eliminate all significant intercompany accounts and transactions when we consolidate. Entities in which we do not have control but have significant influence over operating and financial policies are accounted for by the equity method. Undistributed net earnings of our equity investees included in consolidated retained earnings were not material at September 30, 2015 and 2014. Investments in business entities that are not publicly traded and in which we hold less than 20% of voting rights are accounted for using the cost method. Such investments are recorded in other assets and totaled \$70.8 and \$77.8 at September 30, 2015 and 2014, respectively (including \$17.9 and \$17.4, respectively, associated with our approximate 3.5% interest in a private equity partnership that invests in renewable energy companies). Undivided interests in natural gas production assets and an electricity generation facility are consolidated on a proportionate basis.

Effects of Regulation

UGI Utilities accounts for the financial effects of regulation in accordance with the Financial Accounting Standards Board's ("FASB's") guidance in Accounting Standards Codification ("ASC") 980 "Regulated Operations." In accordance with this guidance, incurred costs and estimated future expenditures that would otherwise be charged to expense are capitalized and recorded as regulatory assets when it is probable that the incurred costs or estimated future expenditures will be recovered in rates in the future. Similarly, we recognize regulatory liabilities when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have not yet been incurred. Regulatory assets and liabilities are classified as current if, upon initial recognition, the entire amount related to that item will be recovered or refunded within a year of the balance sheet date. Generally, regulatory assets are amortized into expense and regulatory liabilities are amortized into income over the period authorized by the regulator. For additional information regarding the effects of rate regulation on our utility operations, see Note 9.

Fair Value Measurements

The Company applies fair value measurements on a recurring and, as otherwise required under GAAP, also on a nonrecurring basis. Fair value measurements performed on a recurring basis principally relate to derivative instruments and investments held in supplemental executive retirement plan grantor trusts.

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 in the Consolidated Balance Sheets at their fair values, unless the derivative instruments qualify for the normal purchase and normal sale (“NPNS”) exception under GAAP. 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.

Certain of our derivative instruments are designated and qualify as cash flow hedges or net investment hedges. For cash flow hedges, changes in the fair values of the derivative instruments are recorded in accumulated other comprehensive income (“AOCI”) or noncontrolling interests, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if the occurrence of the forecasted transaction is determined to be no longer probable. Hedge accounting is also discontinued for derivatives that cease to be highly effective. Gains and losses on net investment hedges which relate to our foreign operations are included in AOCI until such foreign net investment is sold or liquidated. Unrealized gains and losses on substantially all of the commodity derivative instruments used by Gas Utility and Electric Utility are included in regulatory assets or liabilities because it is probable such gains or losses will be recoverable from, or refundable to, customers.

Effective October 1, 2014, UGI International determined on a prospective basis that it would not elect cash flow hedge accounting for its commodity derivative transactions and also de-designated its then-existing commodity derivative instruments accounted for as cash flow hedges. Also effective October 1, 2014, AmeriGas Propane de-designated its remaining commodity derivative instruments accounted for as cash flow hedges. Previously, AmeriGas Propane had discontinued cash flow hedge accounting for all commodity derivative instruments entered into beginning April 1, 2014. Midstream & Marketing has not applied cash flow hedge accounting for its commodity derivative instruments during any of the periods presented. Substantially all realized and unrealized gains and losses on commodity derivative instruments are recorded in cost of sales or revenues, as appropriate, on the Consolidated Statements of Income.

Cash flows from derivative instruments, other than net investment hedges and certain cross-currency swaps, if any, are included in cash flows from operating activities on the Consolidated Statements of Cash Flows. Cash flows from net investment hedges are included in cash flows from investing activities on the Consolidated Statements of Cash Flows. Cash flows from the interest portion of our cross-currency hedges are included in cash flow from operating activities while cash flows from the currency portion of such hedges are included in the cash flow from financing 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 18.

Foreign Currency Translation

Balance sheets of international subsidiaries are translated into U.S. dollars using the exchange rate at the balance sheet date. Income statements and equity investee results are translated into U.S. dollars using an average exchange rate for each reporting period. Where the local currency is the functional currency, translation adjustments are recorded in other comprehensive income.

Revenue Recognition

Revenues from the sale of LPG are recognized principally upon delivery. Midstream & Marketing records revenues when energy products are delivered or services are provided to customers. 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.

UGI Utilities' regulated revenues are recognized as natural gas and electricity are delivered and include estimated amounts for distribution service and commodities rendered but not billed at the end of each month. We reflect the impact of Gas Utility and Electric Utility rate increases or decreases at the time they become effective.

We present revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, on a net basis. Electric Utility gross receipts taxes are included in utility taxes other than income taxes on the Consolidated Statements of Income.

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.

LPG Delivery Expenses

Expenses associated with the delivery of LPG to customers of the Partnership and our UGI International operations (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 Income. Depreciation expense associated with the Partnership and UGI International delivery vehicles is classified in depreciation on the Consolidated Statements of Income.

Income Taxes

AmeriGas Partners and the Operating Partnership are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to the individual partners. We record income taxes on (1) our share of the Partnership's current taxable income or loss and (2) the differences between the book and tax basis of our investment in the Partnership. The Operating Partnership has subsidiaries which operate in corporate form and are directly subject to federal and state income taxes. Legislation in certain states allows for taxation of partnership income and the accompanying financial statements reflect state income taxes resulting from such legislation.

Gas Utility and Electric Utility record deferred income taxes in the Consolidated Statements of Income resulting from the use of accelerated tax depreciation methods based upon amounts recognized for ratemaking purposes. They also record a deferred income tax liability for tax benefits, principally the result of accelerated tax depreciation for state income tax purposes, that are flowed through to ratepayers when temporary differences originate and record a regulatory income tax asset for the probable increase in future revenues that will result when the temporary differences reverse.

We are amortizing deferred investment tax credits related to UGI Utilities' plant additions over the service lives of the related property. UGI Utilities reduces its deferred income tax liability for the future tax benefits that will occur when investment tax credits, which are not taxable, are amortized. We also reduce the regulatory income tax asset for the probable reduction in future revenues that will result when such deferred investment tax credits amortize. Investment tax credits associated with Midstream &

Marketing's qualifying solar energy property under the Emergency Economic Stabilization Act of 2008 are reflected in income taxes for assets placed in service after Fiscal 2011 and are amortized over the estimated useful life of the property for assets placed in service prior to Fiscal 2012.

We record interest on tax deficiencies and income tax penalties in income taxes on the Consolidated Statements of Income. For Fiscal 2015, Fiscal 2014 and Fiscal 2013, interest income or expense recognized in income taxes on the Consolidated Statements of Income was not material.

Earnings Per Common Share

Basic earnings per share attributable to UGI Corporation stockholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share include the effects of dilutive stock options and common stock awards. In the following table, we present shares used in computing basic and diluted earnings per share for Fiscal 2015, Fiscal 2014 and Fiscal 2013:

(Thousands of shares)	2015	2014	2013
Weighted-average common shares outstanding for basic computation	173,115	172,733	170,885
Incremental shares issuable for stock options and common stock awards (a)	2,552	2,498	2,397
Weighted-average common shares outstanding for diluted computation	175,667	175,231	173,282

(a) For Fiscal 2015, Fiscal 2014 and Fiscal 2013, there were 1,274 shares, 0 shares and 132 shares, respectively, associated with outstanding stock option awards that were not included in the computation of diluted earnings per share above because their effect was antidilutive.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less when purchased are classified as cash equivalents.

Restricted Cash

Restricted cash principally represents those cash balances in our commodity futures brokerage accounts that are restricted from withdrawal. At September 30, 2015, restricted cash also includes $14.3 associated with a construction escrow agreement.

Inventories

At September 30, 2015, our inventories are stated at the lower of cost or net realizable value and, prior to September 30, 2015, the lower of cost or market. We determine cost using an average cost method for LPG, specific identification for appliances and the first-in, first-out ("FIFO") method for all other inventories. During the fourth quarter of Fiscal 2015, the Company adopted new accounting guidance regarding the measurement of inventory which simplified the determination of market value. The adoption of the new guidance did not impact the valuation of our inventories (see Note 3).

Property, Plant and Equipment and Related Depreciation

We record property, plant and equipment at original cost. The amounts assigned to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition.

We record depreciation expense on non-utility plant and equipment on a straight-line basis over estimated economic useful lives ranging from 10 to 40 years for buildings and improvements; 6 to 40 years for storage and customer tanks and cylinders; 25 to 40 years for electricity generation facilities; 25 to 40 years for pipeline and related assets, and 3 to 12 years for vehicles, equipment and office furniture and fixtures. Costs to install Partnership and UGI France-owned tanks, net of amounts billed to customers, are capitalized and amortized over the estimated period of benefit not exceeding 10 years.

We record depreciation expense for Utilities' plant and equipment on a straight-line basis over the estimated average remaining lives of the various classes of its depreciable property. The composite annual rate for depreciable property at our Gas Utility was 2.2% in Fiscal 2015, 2.3% in Fiscal 2014 and 2.3% in Fiscal 2013. The composite annual rate for depreciable property at our Electric Utility was 2.5% in Fiscal 2015, 2.5% in Fiscal 2014 and 2.4% in Fiscal 2013. When Utilities retires depreciable utility plant and equipment, we charge the original cost to accumulated depreciation for financial accounting purposes. Costs incurred to retire utility plant and equipment, net of salvage, are recorded in regulatory assets.

We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our businesses. We amortize computer software costs on a straight-line basis over expected periods of benefit generally not exceeding 10 years once the installed software is ready for its intended use.

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

Goodwill and Intangible Assets

In accordance with GAAP relating to intangible assets, we amortize intangible assets over their estimated useful lives unless we determine their lives to be indefinite. No amortization expense of intangible assets is included in cost of sales in the Consolidated Statements of Income (see Note 12). Estimated useful lives of definite-lived intangible assets, primarily consisting of customer relationships, certain tradenames and noncompete agreements, 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. Intangible assets with indefinite lives are not amortized but are tested annually (and more frequently if events or changes in circumstances between annual tests indicate that it is more likely than not that they are impaired) for impairment and written down to fair value, if impaired.

We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an 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. In accordance with GAAP, each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired. For certain of our reporting units with goodwill, we 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.

For our other reporting units with goodwill, we bypass the qualitative assessment and perform the first step of the two-step quantitative assessment by comparing the fair values of the reporting units with their carrying amounts, including goodwill. We determine fair values generally based on a weighting of income and market approaches. For purposes of the income approach, fair values are determined based upon the present value of the reporting unit's estimated future cash flows, including an estimate of the reporting unit's terminal value based upon these cash flows, discounted at appropriate risk-adjusted rates. 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 reviews of the long-term outlook for each reporting unit. 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 units. The market approach requires judgment to determine the appropriate valuation multiples. If the carrying amount of a reporting unit exceeds its fair value, the implied fair value of goodwill is determined in the same manner as goodwill is recognized in a business combination. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to such excess.

There were no accumulated impairment losses at September 30, 2015 and 2014, and no provisions for goodwill or other intangible asset impairments were recorded during Fiscal 2015, Fiscal 2014 or Fiscal 2013.

Impairment of Long-Lived Assets and Cost Basis Investments

We evaluate the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We evaluate recoverability based upon undiscounted future cash flows expected to be generated by such assets. No material provisions for impairments were recorded during Fiscal 2015, Fiscal 2014 or Fiscal 2013.

We reduce the carrying values of our cost basis investments when we determine that a decline in fair value is other than temporary. During Fiscal 2013, we recorded a pre-tax loss of $6.3 associated with an other-than-temporary impairment of an investment in a private equity partnership. No other-than-temporary impairment losses were recognized in Fiscal 2015 or Fiscal 2014.

Deferred Debt Issuance Costs

Included in other assets on our Consolidated Balance Sheets are net deferred debt issuance costs of $36.3 and $36.7 at September 30, 2015 and 2014, respectively. We are amortizing these costs over the terms of the related debt.

Refundable Tank and Cylinder Deposits

Included in other noncurrent liabilities on our Consolidated Balance Sheets are customer paid deposits primarily on UGI France owned tanks and cylinders of $273.4 and $200.0 at September 30, 2015 and 2014, respectively. Deposits are refundable to customers when the tanks or cylinders are returned in accordance with contract terms.

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 reasonably be estimated. Amounts recorded as environmental liabilities on the 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. In those instances for which the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, we discount such liabilities to reflect the time value of money. We intend to pursue recovery of incurred costs through all appropriate means, including regulatory relief. UGI Gas is permitted to amortize as removal costs site-specific environmental investigation and remediation costs, net of related third-party payments, associated with Pennsylvania sites. UGI Gas is currently permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred remediation costs, and CPG and PNG receive ratemaking recognition of environmental investigation and remediation costs associated with their environmental sites. This ratemaking recognition balances the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. For further information, see Note 16.

Employee Retirement Plans

We use a market-related value of plan assets and an expected long-term rate of return to determine the expected return on assets of our pension and other postretirement plans. The market-related value of plan assets, other than equity investments, is based upon fair values. The market-related value of equity investments is calculated by rolling forward the prior-year's market-related value with contributions, disbursements and the expected return on plan assets. One third of the difference between the expected and the actual value is then added to or subtracted from the expected value to determine the new market-related value (see Note 8).

Equity-Based Compensation

All of our equity-based compensation, principally comprising UGI stock options, grants of UGI stock-based equity instruments and grants of AmeriGas Partners equity instruments (together with UGI stock-based equity instruments, "Units"), are measured at fair value on the grant date, date of modification or end of the period, as applicable. Compensation expense is recognized on a straight-line basis 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 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 Unit awards classified as liabilities are measured based upon their estimated fair value at the grant date and remeasured as of the end of each period.

We have calculated a tax windfall pool using the shortcut method. We record deferred tax assets for awards that we expect will result in deductions on our income tax returns based on the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which we will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax benefit received on the income tax return are recorded in Common Stock (if the tax benefit exceeds the deferred tax asset) or in the Consolidated Statements of Income (if the deferred tax asset exceeds the tax benefit and no tax windfall pool exists from previous awards).

For additional information on our equity-based compensation plans and related disclosures, see Note 14.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Correction of Prior Period Error in Other Comprehensive Income

During Fiscal 2015, the Company recorded a $10.7 decrease to other comprehensive income related to prior periods by reducing the amount of net deferred tax assets that had been previously recognized for (1) foreign currency adjustments related to foreign subsidiaries whose undistributed earnings are considered indefinitely reinvested, and (2) foreign currency adjustments related to intercompany loans between a U.S. domiciled entity and its foreign branch that is considered disregarded for tax purposes and for which income taxes will not be payable. ASC 740, "Income Taxes," provides an exception to recording deferred tax attributes associated with these components of comprehensive income. Previously, the Company had incorrectly recorded deferred taxes on these foreign currency adjustments. The Company has evaluated the effects of the errors, both qualitatively and quantitatively, and concluded that they did not have a material impact on any previously issued financial statements or the full year results for Fiscal 2015.

The impact to other comprehensive income for the year ended September 30, 2015 resulting from the correction of these errors is as follows:

Reported other comprehensive loss	$ (95.5)
Correction of error in deferred taxes related to prior periods	10.7
Other comprehensive loss excluding impact of correction	$ (84.8)

Note 3 — Accounting Changes

Adoption of New Accounting Standards

Measurement of Inventory. During the fourth quarter of Fiscal 2015, the Company adopted new accounting guidance regarding the measurement of inventory. The new guidance amends existing guidance and requires inventory be measured at the lower of cost or net realizable value. Net realizable value is generally defined as estimated selling prices in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. We applied this guidance prospectively and the adoption of this guidance did not impact our results of operations, cash flows or financial position for Fiscal 2015.

Business Combinations. During the fourth quarter of Fiscal 2015, the Company adopted new accounting guidance regarding accounting for measurement period adjustments associated with prior business combinations. The new guidance requires that an acquirer recognize adjustments to provisional amounts in the reporting period in which the adjustments are determined and record, in the same period's financial statements, the effects on earnings of changes in depreciation, amortization and other income effects, if any, as a result of such adjustments. The new guidance also requires certain disclosures regarding amounts recorded in the current period that would have been recorded in previous reporting periods if such adjustments had been recognized as of the acquisition date. We applied this guidance prospectively and the adoption of this guidance did not have a material impact on our results of operations, cash flows or financial position for Fiscal 2015.

Accounting Standards Not Yet Adopted

Presentation of Deferred Taxes. In November 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-17, "Balance Sheet Classification of Deferred Taxes." This ASU amends existing guidance to require that deferred income tax liabilities and assets be classified as noncurrent in a classified balance sheet, and eliminates the prior guidance which required an entity to separate deferred tax liabilities and assets into a current amount and a noncurrent amount in a classified balance sheet. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016 (Fiscal 2018), and interim periods within those annual periods. Earlier application is permitted as of the beginning of an interim or annual period. Additionally, the new guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We have not yet selected an adoption method and are currently evaluating the impact of adopting this guidance on our consolidated financial statements.

Debt Issuance Costs. In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This ASU amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of a deferred charge. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. Entities will apply the new guidance retrospectively to all periods presented. The Company expects to adopt the new guidance in Fiscal 2016. The adoption of the new guidance is not expected to have a material impact on the Company's financial statements.

Consolidation. In February 2015, the FASB issued ASU No. 2015-02, "Amendments to the Consolidation Analysis." This ASU provides new guidance regarding whether a reporting entity should consolidate certain types of legal entities. Among other things, the new guidance modifies the evaluation of whether limited partnerships and similar entities are variable interest entities ("VIEs") or voting interest entities, and also eliminates the presumption that a general partner should consolidate a limited partnership. The new guidance also affects the consolidation analysis of reporting entities that are involved with VIEs including those that have fee arrangements and related party relationships. The new guidance is effective for the Company beginning in Fiscal 2017. Early adoption is permitted. The Company is in the process of assessing the impact on its financial statements, if any, from the adoption of the new guidance.

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This ASU supersedes the revenue recognition requirements in ASC 605, "Revenue Recognition," and most industry-specific guidance included in the ASC. The standard 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. This standard is effective for the Company for interim and annual periods beginning October 1, 2018 (Fiscal 2019) and allows for either full retrospective adoption or modified retrospective adoption. We have not yet selected a transition method and are currently evaluating the impact of adopting this guidance on our consolidated financial statements.

Note 4 — Acquisitions

Acquisition of Totalgaz

On May 29, 2015 (the "Acquisition Date"), UGI, through its wholly owned indirect subsidiary, France SAS, completed the acquisition of all of the outstanding shares of Totalgaz SAS, a retail distributor of LPG in France, for €451.8 ($496.6) in cash (the "Totalgaz Acquisition"), including €30.0 ($33.0) for estimated Acquisition Date working capital. In November 2015, France SAS received €1.1 ($1.2) of cash as a result of the completion of the final working capital amount. The Totalgaz Acquisition was consummated pursuant to the terms of a Share Purchase Agreement dated November 11, 2014, between Total Marketing Services, a subsidiary of global energy company Total, and France SAS. The Totalgaz Acquisition nearly doubles our retail LPG distribution business in France and is consistent with our growth strategies, one of which is to grow our core business through acquisitions. The Totalgaz Acquisition was funded from existing cash balances and a portion of loan proceeds from France SAS's May 29, 2015, issuance of a €600 term loan under its 2015 Senior Facilities Agreement (see Note 6).

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The Company has accounted for the Totalgaz Acquisition using the acquisition method. At September 30, 2015, the allocation of the purchase price is substantially complete except for the valuation of certain liabilities associated with cylinder deposits and amounts related to deferred income tax assets and liabilities. These amounts are preliminary pending the obtaining of additional information. The Company expects to obtain additional information during the measurement period under GAAP of up to one year from the Acquisition Date as necessary to determine the final allocation of the purchase price. Accordingly, the fair value estimates presented below relating to these items are subject to change.

The components of the Finagaz purchase price allocation are as follows:

Assets acquired:		
Cash	$	86.8
Accounts receivable (a)		170.3
Prepaid expenses and other current assets		11.0
Property, plant and equipment		375.6
Intangible assets (b)		91.3
Other assets		21.4
Total assets acquired	$	756.4
Liabilities assumed:		
Accounts payable		109.2
Other current liabilities		103.5
Deferred income taxes		115.8
Other noncurrent liabilities		117.5
Total liabilities assumed	$	446.0
Goodwill		186.2
Net consideration transferred (including working capital adjustments)	$	496.6

(a) Approximates the gross contractual amounts of receivables acquired.
(b) Represents $79.3 of customer relationships and $12.0 of tradenames ($8.3 of which is subject to amortization), having average amortization periods of 15 years.

We allocated the purchase price of the acquisition to identifiable intangible assets and property, plant and equipment based on estimated fair values as follows:

- Customer relationships were valued using a multi-period, excess earnings method. Key assumptions used in this method include discount rates, growth rates and cash flow projections. These assumptions are most sensitive and susceptible to change as they require significant management judgment;

- Tradenames were valued using the relief from royalty method, which estimates our theoretical royalty savings from ownership of the tradenames. Key assumptions used in this method include discount rates, royalty rates, growth rates and sale projections. These assumptions are most sensitive and susceptible to change as they require significant management judgment; and

- Property, plant and equipment were valued based on estimated fair values primarily using depreciated replacement cost and market value methods.

The excess of the purchase price for the Totalgaz Acquisition over the preliminary fair values of the assets acquired and liabilities assumed has been reflected as goodwill, assigned to the UGI France reportable segment, and results principally from anticipated synergies and value creation resulting from the Company's combined LPG businesses in France. The goodwill is not deductible for income tax purposes.

The Company recognized $16.1 of direct transaction-related costs associated with the Totalgaz Acquisition during Fiscal 2015, which costs are reflected primarily in operating and administrative expenses on the Consolidated Statements of Income. The acquisition of Finagaz did not have a material impact on the Company's revenues or net income attributable to UGI for the year ended September 30, 2015.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The following table presents unaudited pro forma revenues, net income attributable to UGI Corporation and earnings per share data for Fiscal 2015 and Fiscal 2014 as if the Totalgaz Acquisition had occurred on October 1, 2013. The unaudited pro forma consolidated information reflects the historical results of Totalgaz SAS and its subsidiaries after giving effect to adjustments directly attributable to the transaction, including depreciation, amortization, interest expense, intercompany eliminations and related income tax effects. The unaudited pro forma net income also reflects the effects of the issuance of the €600 term loan under the 2015 Senior Facilities Agreement and the associated repayment of the term loan outstanding under the 2011 Senior Facilities Agreement as if such transactions had occurred on October 1, 2013. Amounts in the table below exclude the loss associated with the early extinguishment of debt under the 2011 Senior Facilities Agreement (see Note 6):

	2015	2014
Revenues	$ 7,065.8	$ 8,999.6
Net income attributable to UGI Corporation	$ 341.2	$ 385.5
Earnings per common share attributable to UGI Corporation shareholders:		
Basic	$ 1.97	$ 2.23
Diluted	$ 1.94	$ 2.20

The unaudited pro forma consolidated information is not necessarily indicative of the results that would have occurred had the Totalgaz Acquisition occurred on the date indicated nor are they necessarily indicative of future operating results.

In connection with the Totalgaz Acquisition, the Company agreed with the French Competition Authority (the "FCA") to divest certain assets and investments of Totalgaz SAS and certain assets of Antargaz located in France no later than 15 months subsequent to the Acquisition Date. Following the closing of the Totalgaz Acquisition, two competitors in the French LPG distribution market challenged the decision of the FCA. The competitors' request for interim measures suspending the effectiveness of the agreed remedies was denied by the supreme administrative court (conseil d'etat). Proceedings on the merits are continuing. While UGI cannot predict the final outcome of these proceedings at this time, we believe the FCA and the Company have strong defenses to the claims and intend to vigorously defend against them.

Other Acquisitions

During Fiscal 2015, Flaga acquired Total's LPG distribution business in Hungary for total cash consideration of $17.6 and AmeriGas OLP acquired several retail propane distribution businesses for $20.8 in cash.

During Fiscal 2014, Energy Services acquired a retail natural gas marketing business located principally in western Pennsylvania from EQT Energy, LLC, an affiliate of EQT Corporation, for total cash consideration of $20 and AmeriGas OLP acquired several retail propane distribution businesses for $15.7 in cash.

During Fiscal 2013, Flaga acquired BP's LPG distribution business in Poland for total cash consideration of $36 which Flaga financed with cash proceeds from the issuance of long-term debt; AmeriGas OLP acquired two domestic retail propane distribution businesses for total cash consideration of $20; and Energy Services acquired a non-operating working interest in natural gas acreage in the Marcellus Shale region of Pennsylvania for $23 in cash.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 5 — Short-term Borrowings

Short-term borrowings comprise the following at September 30:

	2015	2014
Credit Agreements:		
AmeriGas Propane	$ 68.1	$ 109.0
UGI International	0.6	8.0
UGI Utilities	71.7	86.3
Energy Services	30.0	—
Energy Services Receivables Facility	19.5	7.5
Total short-term borrowings	$ 189.9	$ 210.8

AmeriGas Propane

In June 2014, AmeriGas OLP entered into an Amended and Restated Credit Agreement ("AmeriGas Credit Agreement") with a group of banks which provides for borrowings up to $525 (including a sublimit of $125 for letters of credit) and expires in June 2019. The AmeriGas 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 Credit Agreement, plus a margin. Under the AmeriGas Credit Agreement, the applicable margin on base rate borrowings ranges from 0.50% to 1.50%; the applicable margin on Eurodollar Rate borrowings ranges from 1.50% to 2.50%; and the facility fee ranges from 0.30% to 0.45%. The aforementioned margins and facility fees are dependent upon AmeriGas Partners' ratio of debt to earnings before interest expense, income taxes, depreciation and amortization (each as defined in the AmeriGas Credit Agreement).

The weighted-average interest rates on AmeriGas OLP borrowings under the AmeriGas Credit Agreement and a prior credit agreement at September 30, 2015 and 2014, were 2.20% and 2.16%, respectively. At September 30, 2015 and 2014, issued and outstanding letters of credit, which reduce available borrowings under these credit agreements, totaled $64.7 and $64.7, respectively.

Restrictive Covenants. The AmeriGas 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 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.

UGI International

UGI France

On May 29, 2015, France SAS entered into a new five-year Senior Facilities Agreement with a consortium of banks ("2015 Senior Facilities Agreement"), consisting of a €600 variable-rate term loan and a €60 revolving credit facility ("2015 Senior Facilities Agreement"). The 2015 Senior Facilities Agreement revolving credit facility can be used by each of France SAS's wholly owned subsidiaries, Antargaz and Finagaz, for up to €30 each. Borrowings under the revolving credit facility bear interest at market rates (one-, two-, three-, or six-month euribor) plus a margin. Such margin is 2.35% through March 31, 2016 and thereafter at a margin that ranges from 1.45% to 2.55% based upon France SAS's ratio of net debt to EBITDA, as defined in the 2015 Senior Facilities Agreement. Refer to Note 6 for further discussion on the terms of the 2015 Senior Facilities Agreement.

Flaga

At September 30, 2015, Flaga had one principal working capital facility (the "Flaga Multi-Currency Working Capital Facility") and, prior to its expiration on September 30, 2015, also had a euro-denominated working capital facility that provided for borrowings and issuances of guarantees totaling €12 (the "Euro Working Capital Facility"). The Flaga Multi-Currency Working Capital Facility comprises a €46 multi-currency working capital facility which includes an uncommitted €6 overdraft facility. There were no borrowings outstanding under the Flaga Multi-Currency Working Capital Facility at September 30, 2015, and no borrowings outstanding under either facility at September 30, 2014. Flaga also has certain in-country uncommitted overdraft facilities which it uses, from time to time, to fund short-term working capital needs. At September 30, 2015 and 2014, borrowings outstanding under these overdraft facilities totaled €0.5 ($0.6) and €6.3 ($8.0), respectively.

Borrowings under the Flaga Multi-Currency Working Capital Facility (prior to its termination in October 2015 as described below) and the Euro Working Capital Facility (prior to its expiration on September 30, 2015) generally bore interest at market rates (a daily euro-based rate or three-month euribor rates) plus margins. Issued and outstanding letters of credit, which reduce available borrowings under these agreements, totaled €19.9 ($22.2) and €32.3 ($40.8) at September 30, 2015 and 2014, respectively.

In October 2015, Flaga entered into a €100.8 Credit Facility Agreement ("Flaga Credit Facility Agreement") with a bank. The Flaga Credit Facility Agreement includes a €25 multi-currency revolving credit facility, a €5 overdraft facility, a €25 guarantee facility and a €45.8 term loan facility. The Flaga Credit Facility Agreement revolving credit facility borrowings bear interest at market rates (generally one, three or six-month euribor rates) plus margins. The margins on revolving facility borrowings, which range from 1.45% to 3.65%, are based upon the actual currency borrowed and certain consolidated equity, return on assets and debt to EBITDA ratios, as defined in the Flaga Credit Facility Agreement. Facility fees on the unused amount of the revolving credit facility are 30% of the lowest applicable margin. The Flaga Credit Facility Agreement terminates in October 2020. Concurrent with Flaga entering into the Flaga Credit Facility Agreement, the Flaga Multi-Currency Working Capital Facility was terminated.

Restrictive Covenants and Guarantees. The 2015 Senior Facilities Agreement restricts the ability of France SAS and its subsidiaries to, among other things, incur additional indebtedness, make investments, incur liens, and effect mergers, consolidations and sales of assets. Refer to Note 6 for further discussion on the restrictions of the 2015 Senior Facilities Agreement.

Borrowings under the Flaga revolving credit facilities are guaranteed by UGI. In addition, under certain conditions regarding changes in certain financial ratios of UGI, the lending banks may accelerate repayment of the debt.

UGI Utilities

On March 27, 2015, UGI Utilities entered into an unsecured revolving credit agreement (the "2015 UGI Utilities Credit Agreement") with a group of banks providing for borrowings up to $300 (including a $100 sublimit for letters of credit). Concurrently with entering into the 2015 UGI Utilities Credit Agreement, UGI Utilities terminated its then-existing $300 revolving credit agreement dated as of May 25, 2011. Under the 2015 UGI Utilities Credit Agreement, UGI Utilities may borrow at various prevailing market interest rates, including LIBOR and the banks' prime rate, plus a margin. The margin on such borrowings ranges from 0.0% to 1.75% and is based upon the credit ratings of certain indebtedness of UGI Utilities. The 2015 UGI Utilities Credit Agreement is scheduled to expire in March 2020.

Issued and outstanding letters of credit, which reduce available borrowings under the 2015 UGI Utilities Credit Agreement, totaled $2.0 at September 30, 2015. At September 30, 2014, issued and outstanding letters of credit under the predecessor credit agreement totaled $2.0. The weighted average interest rate on borrowings under the 2015 UGI Utilities Credit Agreement at September 30, 2015, was 1.07%.

Restrictive Covenants. The 2015 UGI Utilities Credit Agreement requires UGI Utilities not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00.

Energy Services

Credit Agreement. Energy Services has an unsecured credit agreement ("Energy Services Credit Agreement") with a group of lenders providing for borrowings of up to $240 (including a $50 sublimit for letters of credit) which expires in June 2016. The Energy Services Credit Agreement can be used for general corporate purposes of Energy Services and its subsidiaries. Energy Services may not pay a dividend unless, after giving effect to such dividend payment, the ratio of Consolidated Total Indebtedness to EBITDA, each as defined in the Energy Services Credit Agreement, does not exceed 2.25 to 1.00.

Borrowings under the Energy Services Credit Agreement bear interest at either (i) a rate derived from LIBOR (the "LIBO Rate") plus 2.5% or (ii) the Alternate Base Rate plus 1.5%. The Alternate Base Rate (as defined in the Energy Services Credit Agreement) is generally the greater of (a) the Agent Bank's prime rate, (b) the federal funds rate plus 0.50% and (c) the one-month LIBO Rate plus 1.0%. The weighted-average interest rate on Energy Services Credit Agreement borrowings at September 30, 2015 was 2.75%. The Energy Services Credit Agreement is guaranteed by certain subsidiaries of Energy Services.

Restrictive Covenants. The Energy Services Credit Agreement restricts the ability of Energy Services to dispose of assets, effect certain consolidations or mergers, incur indebtedness and guaranty obligations, create liens, make acquisitions or investments, make certain dividend or other distributions and make any material changes to the nature of its businesses. In addition, the Energy Services Credit Agreement requires Energy Services to not exceed a ratio of Consolidated Total Indebtedness, as defined, to Consolidated EBITDA, as defined; a minimum ratio of Consolidated EBITDA to Consolidated Interest Expense, as defined; a maximum ratio of Consolidated Total Indebtedness to Consolidated Total Capitalization, as defined, at any time when Consolidated Total Indebtedness is greater than $250; and a minimum Consolidated Net Worth, as defined, of $200.

Accounts Receivable Securitization Facility. Energy Services has a receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2016. The Receivables Facility, as amended, provides Energy Services with the ability to borrow up to $150 of eligible receivables during the period November to April, and up to $75 of eligible receivables during the period May to October. Energy Services uses the Receivables Facility to fund working capital, margin calls under commodity futures contracts, capital expenditures, dividends and for general corporate purposes.

Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold and, subject to certain conditions, may from time to time sell, an undivided interest in some or all of the receivables to a major bank and, prior to October 1, 2013, a commercial paper conduit of the bank. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. Trade receivables sold to the bank or, prior to October 1, 2013, the commercial paper conduit, remain on the Company's balance sheet and the Company reflects a liability equal to the amount advanced by the bank or the commercial paper conduit. The Company records interest expense on amounts owed to the bank or the commercial paper conduit. Energy Services continues to service, administer and collect trade receivables on behalf of the bank.

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, Energy Services transferred trade receivables totaling $1,037.8, $1,260.6 and $975.3, respectively, to ESFC. During Fiscal 2015, Fiscal 2014 and Fiscal 2013, ESFC sold an aggregate $306.5, $354.0 and $291.0, respectively, of undivided interests in its trade receivables to the bank or the commercial paper conduit. At September 30, 2015, the outstanding balance of ESFC trade receivables was $44.1 of which $19.5 was sold to the bank. At September 30, 2014, the outstanding balance of ESFC trade receivables was $46.4 of which $7.5 amount was sold to the bank. Losses on sales of receivables to the bank or the commercial paper conduit during Fiscal 2015, Fiscal 2014 and Fiscal 2013, which amounts are included in interest expense on the Consolidated Statements of Income, totaled $0.6, $0.6 and $0.7, respectively.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 6 — Long-term Debt

Long-term debt comprises the following at September 30:

	2015	2014
AmeriGas Propane:		
AmeriGas Partners Senior Notes:		
7.00%, due May 2022	$ 980.8	$ 980.8
6.75%, due May 2020	550.0	550.0
6.50%, due May 2021	270.0	270.0
6.25%, due August 2019	450.0	450.0
HOLP Senior Secured Notes	21.0	26.5
Other	11.7	14.4
Total AmeriGas Propane	2,283.5	2,291.7
UGI International:		
France SAS Senior Facilities term loan, due through April 2020	670.7	—
Antargaz Senior Facilities term loan	—	432.0
Flaga term loan, due September 2018	59.1	—
Flaga term loan	—	52.0
Flaga term loan, due through August 2016	29.8	50.5
Flaga term loan, due October 2016	21.4	24.1
Other	1.8	6.4
Total UGI International	782.8	565.0
UGI Utilities:		
Senior Notes:		
5.75%, due September 2016	175.0	175.0
4.98%, due March 2044	175.0	175.0
6.21%, due September 2036	100.0	100.0
Medium-Term Notes:		
5.16%, due May 2015	—	20.0
7.37%, due October 2015	22.0	22.0
5.64%, due December 2015	50.0	50.0
6.17%, due June 2017	20.0	20.0
7.25%, due November 2017	20.0	20.0
5.67%, due January 2018	20.0	20.0
6.50%, due August 2033	20.0	20.0
6.13%, due October 2034	20.0	20.0
Total UGI Utilities	622.0	642.0
Other	11.5	12.1
Total long-term debt	3,699.8	3,510.8
Less: current maturities	(258.0)	(77.2)
Total long-term debt due after one year	$ 3,441.8	$ 3,433.6

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Scheduled principal repayments of long-term debt due in fiscal years 2016 to 2020 follow.

	2016	2017	2018	2019	2020
AmeriGas Propane	$ 9.2	$ 6.1	$ 5.3	$ 455.0	$ 554.3
UGI Utilities	247.0	20.0	40.0	—	—
UGI International (a)	30.5	21.8	126.7	67.2	536.6
Other	0.7	0.7	0.8	0.8	0.9
Total	$ 287.4	$ 48.6	$ 172.8	$ 523.0	$ 1,091.8

(a) Amounts relating to Flaga's €26.7 ($29.8) term loan due August 2016 and €19.1 ($21.4) term loan due in October 2016, both of which were refinanced on a long-term basis in October 2015, are included in the table above (see UGI International - Flaga below).

AmeriGas Propane

In order to finance the cash portion of AmeriGas Partners' January 2012 acquisition of Energy Transfer Partner, L.P.'s ("ETP") retail propane distribution business ("the Heritage Acquisition"), AmeriGas Finance Corp. and AmeriGas Finance LLC, wholly owned finance subsidiaries of AmeriGas Partners (the "Issuers"), issued $550 principal amount of 6.75% Notes due May 2020 and $1,000 principal amount of 7.00% Notes due May 2022. The 6.75% Notes and the 7.00% Notes are fully and unconditionally guaranteed on a senior unsecured basis by AmeriGas Partners. The Issuers have the right to redeem the 6.75% Notes, in whole or in part, at any time on or after May 20, 2016, and to redeem the 7.00% Notes, in whole or in part, at any time on or after May 20, 2017, subject to certain restrictions. A premium applies to redemptions of the 6.75% Notes and 7.00% Notes through May 2018 and May 2020, respectively. The 6.75% Notes and the 7.00% Notes and the guarantees rank equal in right of payment with all of AmeriGas Partners' existing Senior Notes. In connection with the Heritage Acquisition, AmeriGas Partners, AmeriGas Finance Corp., AmeriGas Finance LLC and UGI entered into a Contingent Residual Support Agreement ("CRSA") with ETP pursuant to which ETP will provide contingent, residual support of $1,500 of debt ("Supported Debt" as defined in the CRSA).

The Partnership's total long-term debt at September 30, 2015 and 2014, includes $21.0 and $26.5, respectively, of HOLP Senior Secured Notes including unamortized premium of $2.5 and $3.1, respectively. The face interest rates on the HOLP Notes ranged from 7.89% to 8.87% with an effective interest rate of 6.75%. The HOLP Senior Secured Notes are collateralized by AmeriGas OLP's receivables, contracts, equipment, inventory, general intangibles and cash.

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 AmeriGas Partners 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. At September 30, 2015, these restrictions did not limit the amount of Available Cash. See Note 15 for the definition of Available Cash included in the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. ("Partnership Agreement").

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).

UGI International

UGI France

As previously mentioned in Note 5, on May 29, 2015, France SAS borrowed €600 ($659.6) under its Senior Facilities Agreement with a consortium of banks (the "2015 Senior Facilities Agreement"). France SAS entered into the 2015 Senior Facilities Agreement on April 30, 2015, in anticipation of its then-pending acquisition of Totalgaz, which was consummated on May 29, 2015 (see Note 4). The 2015 Senior Facilities Agreement consists of a €600 variable-rate term loan and a €60 revolving credit facility. The term loan proceeds were used (1) to fund a portion of the Totalgaz Acquisition, including related fees and expenses; (2) to make a capital contribution from France SAS to its wholly owned subsidiary, AGZ Holding, to prepay €342 principal amount, plus accrued interest, outstanding under Antargaz' 2011 Senior Facilities Agreement due March 2016 (the "2011 Senior Facilities Agreement"); (3) to settle Antargaz' existing pay-fixed, receive-variable interest rate swaps associated with the 2011 Senior Facilities Agreement; and (4) for general corporate purposes. Principal amounts outstanding under the 2015 Senior Facilities Agreement term loan are due as follows: €60 due April 30, 2018; €60 due April 30, 2019; and €480 due April 30, 2020. As a result of prepaying the term loan outstanding under the 2011 Senior Facilities Agreement and concurrently settling the associated pay-fixed, receive-variable interest rate swaps, we recorded a pre-tax loss of $10.3 comprising a $9.0 loss on interest rate swaps and the write-off of $1.3 of debt issuance costs. These amounts are included in interest expense on the Consolidated Statements of Income.

Borrowings under the 2015 Senior Facilities Agreement €600 term loan and the €60 revolving credit facility bear interest at rates per annum comprising the aggregate of the applicable margin and the associated euribor rate, which euribor rate has a floor of zero. The margin on such borrowings (which ranges from 1.60% to 2.70% for the term loan) are dependent upon the ratio of France SAS's consolidated total net debt to EBITDA, each as defined in the 2015 Senior Facilities Agreement. Through March 31, 2016, the margin has been set at 2.50%. France SAS has entered into pay-fixed, receive-variable interest rate swaps through April 30, 2019, to generally fix the underlying euribor rate at 0.18% (assuming such underlying euribor rate is not less than zero). At September 30, 2015, the effective interest rate on the 2015 Senior Facilities Agreement term loan was approximately 2.70%.

<u>Flaga</u>

In September 2015, Flaga terminated its then-existing $52 U.S. dollar-denominated variable-rate term loan due September 2016 and concurrently entered into a $59.1 U.S. dollar-denominated variable-rate term loan with the same bank. The $59.1 term loan matures in September 2018. Because the cash flows from the termination of the $52 term loan and the concurrent issuance of the $59.1 term loan were with the same bank, such cash flows have been reflected "net" in the financing activities section of the Fiscal 2015 Consolidated Statement of Cash Flows. Also in September 2015, Flaga prepaid its €13.3 ($14.9) euro-based term loan due September 2016. The $59.1 term loan bears interest at a one-month LIBOR rate plus a margin of 1.125%. Flaga has effectively fixed the LIBOR component of the interest rate, and has effectively fixed the U.S. dollar value of the interest and principal payments payable under the $59.1 term loan, by entering into a cross-currency swap arrangement with a bank. At September 30, 2015, the effective interest rate on the $59.1 term loan was 0.87%. At September 30, 2014, the effective interest rate on the $52 term loan was 1.82%.

Prior to its refinancing in October 2015, at September 30, 2015, Flaga had a €19.1 ($21.4) euro-based variable-rate term loan scheduled to mature in October 2016. The €19.1 term loan bore interest at three-month euribor rates plus a margin. The margin on such borrowings ranged from 1.175% to 2.525% and was based upon certain consolidated equity, return on assets and debt to EBITDA ratios, as defined. Flaga had effectively fixed the euribor component of the interest rate on this term loan at 1.79% by entering into an interest rate swap agreement. The effective interest rates on this term loan at September 30, 2015 and 2014, were 3.40% and 3.40%, respectively.

Prior to its refinancing in October 2015, at September 30, 2015, Flaga also had a €26.7 ($29.8) euro-based variable-rate term loan scheduled to mature in August 2016, and prior to its refinancing in September 2015, also had a €13.3 euro-based variable-rate term loan due September 2016. These term loans bore interest at one- to twelve-month euribor rates (as chosen by Flaga from time to time) plus margins. The margins on such borrowings ranged from 1.125% to 2.275% and were based upon certain consolidated equity, return on assets and debt to EBITDA ratios, as defined. Flaga had effectively fixed the euribor component of the interest rates on these term loans through September 2016 at 2.68% by entering into interest rate swap agreements. The effective interest rates on these term loans outstanding at September 30, 2015 and 2014, were 4.21% and 4.25%, respectively. Because the €26.7 term loan was refinanced on a long-term basis in October 2015, we have classified this debt as long-term on the September 30, 2015, Consolidated Balance Sheet.

As previously mentioned in Note 5, in October 2015 Flaga entered into the Flaga Credit Facility Agreement which includes, among other things, a €45.8 variable-rate term loan facility. In October 2015, Flaga used proceeds from the issuance of the €45.8 term loan to refinance the previously mentioned €19.1 ($21.4) term loan due October 2016, and the previously mentioned €26.7 ($29.8) term loan due August 2016. The €45.8 term loan matures in October 2020. The €45.8 term bears interest at three-month euribor rates, plus a margin. The margin on such borrowings ranges from 0.40% to 1.80% and is based upon certain consolidated equity, return on assets and debt to EBITDA ratios, as defined. Flaga expects to enter into pay-fixed, receive-variable interest rate swaps that will effectively fix the underlying euribor rate on the term loan borrowings.

Restrictive Covenants and Guarantees. The 2015 Senior Facilities Agreement restricts the ability of France SAS to, among other things, incur additional indebtedness, make investments, incur liens, and effect mergers, consolidations and sales of assets, and requires France SAS and its consolidated subsidiaries to maintain a ratio of total net debt to EBITDA, each as defined in the 2015

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Senior Facilities Agreement, that shall not exceed (a) 3.75 to 1.00 from the closing date of the Totalgaz Acquisition to September 30, 2015, and (b) 3.50 to 1.00 thereafter, as determined semiannually. France SAS will generally be permitted to make restricted payments, such as dividends, if no event of default exists or would exist upon payment of such dividend.

The Flaga term loans and associated interest rate and cross-currency swap agreements are guaranteed by UGI. In addition, under certain conditions regarding changes in certain financial ratios of UGI, the lending banks may accelerate repayment of the debt.

UGI Utilities

In March 2014, UGI Utilities issued in a private placement $175 of 4.98% Senior Notes due March 2044 ("4.98% Senior Notes"). The 4.98% Senior Notes were issued pursuant to a Note Purchase Agreement dated October 30, 2013, between UGI Utilities and certain note purchasers. The 4.98% Senior Notes are unsecured and rank equally with UGI Utilities' existing outstanding senior debt. The net proceeds from the sale of the 4.98% Senior Notes were used to repay $175 of borrowings under UGI Utilities' then-existing 364-day Term Loan Credit Agreement.

Restrictive Covenants. The 4.98% Senior Notes include the usual and customary covenants for similar type notes including, among others, maintenance of existence, payment of taxes when due, compliance with laws and maintenance of insurance. The 4.98% Senior Notes also contain restrictive and financial covenants including a requirement that UGI Utilities not exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00.

Restricted Net Assets

At September 30, 2015, the amount of net assets of UGI's consolidated subsidiaries that was restricted from transfer to UGI under debt agreements, subsidiary partnership agreements and regulatory requirements under foreign laws totaled approximately $1,700.

Note 7 — Income Taxes

Income before income taxes comprises the following:

	2015	2014	2013
Domestic	$ 552.3	$ 699.2	$ 494.1
Foreign	39.5	68.6	96.3
Total income before income taxes	$ 591.8	$ 767.8	$ 590.4

The provisions for income taxes consist of the following:

	2015	2014	2013
Current expense (benefit):			
Federal	$ 97.1	$ 102.4	$ 53.3
State	32.2	30.7	25.1
Foreign	36.0	37.0	37.3
Investment tax credit	(1.2)	(1.6)	(1.6)
Total current expense	164.1	168.5	114.1
Deferred expense (benefit):			
Federal	28.1	61.9	54.6
State	2.9	7.8	(0.7)
Foreign	(17.0)	(2.7)	(4.9)
Investment tax credit amortization	(0.3)	(0.3)	(0.3)
Total deferred expense	13.7	66.7	48.7
Total income tax expense	$ 177.8	$ 235.2	$ 162.8

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Federal income taxes for Fiscal 2015, Fiscal 2014 and Fiscal 2013 are net of foreign tax credits of $63.0, $12.1 and $34.9, respectively.

A reconciliation from the U.S. federal statutory tax rate to our effective tax rate is as follows:

	2015	2014	2013
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Difference in tax rate due to:			
Noncontrolling interests not subject to tax	(7.9)	(9.0)	(8.7)
State income taxes, net of federal benefit	3.3	3.4	3.4
Valuation allowance adjustments	0.8	—	(0.5)
Effects of foreign operations	0.2	1.0	(1.8)
Other, net	(1.4)	0.2	0.2
Effective tax rate	30.0%	30.6%	27.6%

In December 2013, the French Parliament approved the Finance Bill for 2014 and amended the Finance Bill for 2013 (collectively, the “Finance Bills”). Among other things, the Finance Bills limit UGI France’s ability to deduct certain interest expense for income tax purposes and temporarily increases the corporate surtax rate for a period of two years. Based upon our review of the Finance Bills and interpretive guidance, provisions of the Finance Bills associated with the deductibility of certain interest expense at UGI France apply retroactively to such interest expense incurred during Fiscal 2013. In December 2013, the Company recorded additional income taxes of $5.7 to reflect the effects of the retroactive provisions of the Finance Bills and is included in effects of foreign operations in the effective tax rate table above.

Earnings of the Company’s foreign subsidiaries are generally subject to U.S. taxation upon repatriation to the U.S. and the Company’s tax provision reflects the related incremental U.S. tax except for certain foreign subsidiaries whose unremitted earnings are considered to be indefinitely reinvested. At September 30, 2015, unremitted earnings of foreign subsidiaries of approximately $50.8 were deemed to be indefinitely reinvested. No deferred tax liability has been recognized with regard to the remittance of such earnings. Because of the availability of U.S. foreign tax credits, it is likely no U.S. tax would be due if such earnings were repatriated.

Pennsylvania utility ratemaking practice permits the flow through to ratepayers of state tax benefits resulting from accelerated tax depreciation. For Fiscal 2015, Fiscal 2014 and Fiscal 2013, the beneficial effects of state tax flow through of accelerated depreciation reduced income tax expense by $1.5, $2.0 and $1.5, respectively.

Deferred tax liabilities (assets) comprise the following at September 30:

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

	2015	2014
Excess book basis over tax basis of property, plant and equipment	$ 798.4	$ 675.7
Investment in AmeriGas Partners	321.4	325.1
Intangible assets and goodwill	87.1	53.0
Utility regulatory assets	117.4	110.0
Foreign currency translation adjustment	0.1	—
Other	8.8	3.5
Gross deferred tax liabilities	1,333.2	1,167.3
Pension plan liabilities	(59.1)	(40.6)
Employee-related benefits	(57.6)	(48.8)
Operating loss carryforwards	(32.5)	(27.9)
Foreign tax credit carryforwards	(113.8)	(47.8)
Utility regulatory liabilities	(24.0)	(14.8)
Foreign currency translation adjustment	—	(14.1)
Derivative instruments	(11.4)	(11.0)
Other	(23.4)	(13.0)
Gross deferred tax assets	(321.8)	(218.0)
Deferred tax assets valuation allowance	131.3	59.2
Net deferred tax liabilities	$ 1,142.7	$ 1,008.5

At September 30, 2015, foreign net operating loss carryforwards principally relating to Flaga and certain operations of UGI France totaled $59.4 and $23.4, respectively, with no expiration dates. We have state net operating loss carryforwards primarily relating to certain subsidiaries which approximate $158.5 and expire through 2035. We also have operating loss carryforwards of $12.1 for certain operations of AmeriGas Propane that expire through 2034. At September 30, 2015, deferred tax assets relating to operating loss carryforwards include $13.0 for Flaga, $8.0 for UGI France, $0.6 for UGI International Holdings BV, $4.7 for AmeriGas Propane and $8.7 for certain other subsidiaries. A valuation allowance of $15.6 has been provided for deferred tax assets related to state net operating loss carryforwards and other state deferred tax assets of certain subsidiaries because, on a state reportable basis, it is more likely than not that these assets will expire unused. A valuation allowance of $11.0 was also provided for deferred tax assets related to certain operations of UGI France, Flaga and UGI International Holdings BV. Operating activities and tax deductions related to the exercise of non-qualified stock options contributed to the state net operating losses disclosed above. We first recognize the utilization of state net operating losses from operations (which exclude the impact of tax deductions for exercises of non-qualified stock options) to reduce income tax expense. Then, to the extent state net operating loss carryforwards, if realized, relate to non-qualified stock option deductions, the resulting benefits will be credited to UGI Corporation stockholders' equity. The table of deferred tax assets and liabilities do not include $6.5 for Fiscal 2015 and $6.7 for Fiscal 2014 of deferred tax assets and associated valuation allowance for unrealized state tax benefits for equity compensation deductions.

We have foreign tax credit carryforwards of approximately $113.7 expiring through 2025 resulting from the actual and planned repatriation of UGI France's accumulated earnings since acquisition which are includable in U.S. taxable income. Because we expect that these credits will expire unused, a valuation allowance has been provided for the entire foreign tax credit carryforward amount. The valuation allowance for all deferred tax assets increased by $72.1 in Fiscal 2015 due to increases in unusable foreign tax credits of $66.0 and foreign operating loss carryforwards of $8.0, partially offset by decreases in unusable state operating loss tax benefits of $1.9.

We conduct business and file tax returns in the U.S., numerous states, local jurisdictions and in France and certain other European countries. Our U.S. federal income tax returns are settled through the 2011 tax year, our French tax returns are settled through the 2011 tax year, our Austrian tax returns are settled through 2012 and our other European tax returns are effectively settled for various years from 2006 to 2013. State and other income tax returns in the U.S. are generally subject to examination for a period of three to five years after the filing of the respective returns.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

As of September 30, 2015, we have unrecognized income tax benefits totaling $3.2 including related accrued interest of $0.1. If these unrecognized tax benefits were subsequently recognized, $3.2 would be recorded as a benefit to income taxes on the Consolidated Statement of Income and, therefore, would impact the reported effective tax rate. Generally, a net reduction in unrecognized tax benefits could occur because of the expiration of the statute of limitations in certain jurisdictions or as a result of settlements with tax authorities. There is no material change expected in unrecognized tax benefits and related interest in the next twelve months.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	2015	2014	2013
Unrecognized tax benefits - beginning of year	$ 2.4	$ 3.4	$ 2.9
Additions for tax positions of the current year	0.9	0.7	0.7
Additions for tax positions taken in prior years	0.5	—	—
Settlements with tax authorities	(0.6)	(1.7)	(0.2)
Unrecognized tax benefits - end of year	$ 3.2	$ 2.4	$ 3.4

Note 8 — Employee Retirement Plans

Defined Benefit Pension and Other Postretirement Plans

In the U.S., we sponsor a defined benefit pension plan for employees hired prior to January 1, 2009, of UGI, UGI Utilities, PNG, CPG and certain of UGI's other domestic wholly owned subsidiaries ("U.S. Pension Plan"). U.S. Pension Plan benefits are based on years of service, age and employee compensation.

We also provide postretirement health care benefits to certain retirees and active employees and postretirement life insurance benefits to nearly all U.S. active and retired employees. In addition, UGI France employees are covered by certain defined benefit pension and postretirement plans. Although the disclosures in the tables below include amounts related to the UGI France plans, such amounts are not material.

The following table provides a reconciliation of the projected benefit obligations ("PBOs") of the U.S. Pension Plan and the UGI France pension plans, the accumulated benefit obligations ("ABOs") of our other postretirement benefit plans, plan assets, and the funded status of pension and other postretirement plans as of September 30, 2015 and 2014. ABO is the present value of benefits earned to date with benefits based upon current compensation levels. PBO is ABO increased to reflect estimated future compensation.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Change in benefit obligations:				
Benefit obligations — beginning of year	$ 573.6	$ 516.5	$ 21.3	$ 19.7
Service cost	10.0	9.4	0.7	0.5
Interest cost	25.5	26.1	0.8	0.9
Actuarial loss (gain)	14.4	46.8	(2.7)	1.3
Plan amendments	(0.6)	—	—	—
Curtailment	(0.8)	—	—	—
Totalgaz acquisition	21.3	—	6.8	—
Foreign currency	(4.4)	(2.4)	(0.7)	(0.3)
Benefits paid	(24.3)	(22.8)	(0.8)	(0.8)
Benefit obligations — end of year	$ 614.7	$ 573.6	$ 25.4	$ 21.3
Change in plan assets:				
Fair value of plan assets — beginning of year	$ 459.4	$ 415.3	$ 12.8	$ 11.7
Actual gain (loss) on plan assets	1.1	47.9	(0.1)	1.4
Foreign currency	(0.4)	(1.2)	—	—
Employer contributions	11.9	20.2	0.6	0.5
Totalgaz acquisition	6.1	—	—	—
Benefits paid	(24.3)	(22.8)	(0.8)	(0.8)
Fair value of plan assets — end of year	$ 453.8	$ 459.4	$ 12.5	$ 12.8
Funded status of the plans — end of year	$ (160.9)	$ (114.2)	$ (12.9)	$ (8.5)
Assets (liabilities) recorded in the balance sheet:				
Assets in excess of liabilities — included in other noncurrent assets	$ —	$ —	$ 4.0	$ 4.0
Unfunded liabilities — included in other current liabilities	—	(1.1)	—	(0.1)
Unfunded liabilities — included in other noncurrent liabilities	(160.9)	(113.1)	(16.9)	(12.4)
Net amount recognized	$ (160.9)	$ (114.2)	$ (12.9)	$ (8.5)
Amounts recorded in UGI Corporation stockholders' equity (pre-tax):				
Prior service credit	$ (0.6)	$ (0.1)	$ (0.1)	$ (0.1)
Net actuarial loss	22.5	20.8	0.7	0.8
Total	$ 21.9	$ 20.7	$ 0.6	$ 0.7
Amounts recorded in regulatory assets and liabilities (pre-tax):				
Prior service cost (credit)	$ 1.6	$ 1.9	$ (2.9)	$ (3.6)
Net actuarial loss	138.4	107.4	2.3	2.6
Total	$ 140.0	$ 109.3	$ (0.6)	$ (1.0)

In Fiscal 2016, we estimate that we will amortize approximately $11.0 of net actuarial losses, primarily associated with the U.S. Pension Plan, and $0.2 of net prior service credits from UGI stockholders' equity and regulatory assets into retiree benefit cost.

Actuarial assumptions for our U.S. plans are described below. Assumptions for the UGI France plans are based upon market conditions in France, Belgium and the Netherlands. The discount rate assumption was determined by selecting a hypothetical portfolio of high quality corporate bonds appropriate to provide for the projected benefit payments of the plans. The discount rate was then developed as the single rate that equates the market value of the bonds purchased to the discounted value of the plans' benefit payments. The expected rate of return on assets assumption is based on current and expected asset allocations as well as historical and expected returns on various categories of plan assets (as further described below).

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

	Pension Plan			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Weighted-average assumptions:						
Discount rate - benefit obligations	4.60%	4.60%	5.20%	4.70%	4.60%	5.10% - 5.40%
Discount rate - benefit cost	4.60%	5.20%	4.20%	4.60%	5.10% - 5.40%	4.10% - 4.30%
Expected return on plan assets	7.75%	7.75%	7.75%	5.00%	5.00%	5.00%
Rate of increase in salary levels	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%

The ABOs for the U.S. Pension Plan were $523.7 and $499.1 as of September 30, 2015 and 2014, respectively.

Net periodic pension expense and other postretirement benefit cost includes the following components:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Service cost	$ 10.0	$ 9.4	$ 11.3	$ 0.7	$ 0.5	$ 0.6
Interest cost	25.5	26.1	23.8	0.8	0.9	0.9
Expected return on assets	(32.2)	(29.7)	(27.8)	(0.6)	(0.6)	(0.5)
Curtailment gain	(0.8)	—	—	—	—	—
Amortization of:						
Prior service cost (benefit)	0.3	0.3	0.3	(0.5)	(0.5)	(0.3)
Actuarial loss	10.0	7.7	15.1	0.1	—	0.4
Net benefit cost	12.8	13.8	22.7	0.5	0.3	1.1
Change in associated regulatory liabilities	—	—	—	3.7	3.7	3.3
Net benefit cost after change in regulatory liabilities	$ 12.8	$ 13.8	$ 22.7	$ 4.2	$ 4.0	$ 4.4

The U.S. Pension Plan's assets are held in trust and consist principally of publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, smallcap common stocks and UGI Common Stock. It is our general policy to fund amounts for U.S. Pension Plan benefits equal to at least the minimum required contribution set forth in applicable employee benefit laws. From time to time we may, at our discretion, contribute additional amounts. During Fiscal 2015, Fiscal 2014 and Fiscal 2013, we made cash contributions to the U.S. Pension Plan of $11.1, $19.2 and $22.4 respectively. The minimum required contributions in Fiscal 2016 are not expected to be material.

UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs, if any, determined under GAAP. The difference between such amount and amounts included in UGI Gas' and Electric Utility's rates is deferred for future recovery from, or refund to, ratepayers. The required contributions to the VEBA during Fiscal 2016, if any, are not expected to be material.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Expected payments for pension and other postretirement welfare benefits are as follows:

	Pension Benefits	Other Postretirement Benefits
Fiscal 2016	$ 27.5	$ 1.2
Fiscal 2017	$ 28.1	$ 1.1
Fiscal 2018	$ 29.2	$ 1.1
Fiscal 2019	$ 32.3	$ 1.1
Fiscal 2020	$ 36.1	$ 1.1
Fiscal 2021 - 2025	$ 183.1	$ 5.5

The assumed domestic health care cost trend rates at September 30 are as follows:

	2015	2014
Health care cost trend rate assumed for next year	7.5%	7.0%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.0%	5.0%
Fiscal year that the rate reaches the ultimate trend rate	2026	2019

A one percentage point change in the assumed health care cost trend rate would not have a material impact on the Fiscal 2014 other postretirement benefit cost or September 30, 2015, other postretirement benefit ABO.

We also sponsor unfunded and non-qualified supplemental executive retirement plans ("Supplemental Defined Benefit Plans"). At September 30, 2015 and 2014, the PBOs of these plans, including obligations for amounts held in grantor trusts, were $40.1 and $38.4, respectively. We recorded pre-tax costs for these plans of $2.3 in Fiscal 2015, $2.6 in Fiscal 2014 and $3.0 in Fiscal 2013. These costs are not included in the tables above. Amounts recorded in UGI's stockholders' equity for these plans include pre-tax losses of $10.1 and $10.2 at September 30, 2015 and 2014, respectively, principally representing unrecognized actuarial losses. We expect to amortize approximately $1.0 of such pre-tax actuarial losses into retiree benefit cost in Fiscal 2016. During Fiscal 2014 and Fiscal 2013, the Company made payments with respect to the Supplemental Defined Benefit Plans totaling $0.3 and $21.6, respectively, including $21.0 in Fiscal 2013 to fund self-directed grantor trusts established by the Company for participants who chose to defer their Supplemental Defined Benefit Plan payment upon retirement. There were no such payments made in Fiscal 2015. The total fair value of the grantor trust investment assets associated with the Supplemental Defined Benefit Plans, which are included in other assets on the Consolidated Balance Sheets, totaled $26.1 and $26.6 at September 30, 2015 and 2014, respectively.

U.S. Pension Plan and VEBA Assets

The assets of the U.S. Pension Plan and the VEBA are held in trust. The investment policies and asset allocation strategies for the assets in these trusts are determined by an investment committee comprising officers of UGI and UGI Utilities. The overall investment objective of the U.S. Pension Plan and the VEBA is to achieve the best long-term rates of return within prudent and reasonable levels of risk. To achieve the stated objective, investments are made principally in publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, smallcap common stocks and UGI Common Stock. Assets associated with the UGI France plans are excluded from the disclosures in the tables below as such assets are not material.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The targets, target ranges and actual allocations for the U.S. Pension Plan and VEBA trust assets at September 30 are as follows:

U.S. Pension Plan

	Actual		Target Asset Allocation	Permitted Range
	2015	2014		
Equity investments:				
Domestic	56.2%	55.6%	52.5%	40.0% - 65.0%
International	10.2%	11.3%	12.5%	7.5% - 17.5%
Total	66.4%	66.9%	65.0%	60.0% - 70.0%
Fixed income funds & cash equivalents	33.6%	33.1%	35.0%	30.0% - 40.0%
Total	100.0%	100.0%	100.0%	

VEBA

	Actual		Target Asset Allocation	Permitted Range
	2015	2014		
Domestic equity investments	67.4%	67.9%	65.0%	60.0% - 70.0%
Fixed income funds & cash equivalents	32.6%	32.1%	35.0%	30.0% - 40.0%
Total	100.0%	100.0%	100.0%	

Domestic equity investments include investments in large-cap mutual funds indexed to the S&P 500, actively managed mid- and small-cap mutual funds, and a self-directed portfolio of smallcap common stocks. Investments in international equity mutual funds seek to track performance of companies primarily in developed markets. The fixed income investments comprise investments designed to match the performance and duration of the Barclays U.S. Aggregate Index. According to statute, the aggregate holdings of all qualifying employer securities may not exceed 10% of the fair value of trust assets at the time of purchase. UGI Common Stock represented 10.1% and 9.6% of U.S. Pension Plan assets at September 30, 2015 and 2014, respectively.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The fair values of U.S. Pension Plan and VEBA trust assets are derived from quoted market prices as substantially all of these instruments have active markets. Cash equivalents are valued at the fund's unit net asset value as reported by the trustee. The fair values of the U.S. Pension Plan and VEBA trust assets by asset class and level within the fair value hierarchy, as described in Note 2, as of September 30, 2015 and 2014 are as follows:

	U.S. Pension Plan			
	Level 1	Level 2	Level 3	Total
September 30, 2015:				
Domestic equity investments:				
S&P 500 Index equity mutual funds	$ 147.3	$ —	$ —	$ 147.3
Small and midcap equity mutual funds	40.6	—	—	40.6
Smallcap common stocks	10.7	—	—	10.7
UGI Corporation Common Stock	43.4	—	—	43.4
Total domestic equity investments	242.0	—	—	242.0
International index equity mutual funds	43.9	—	—	43.9
Fixed income investments:				
Bond index mutual funds	140.8	—	—	140.8
Cash equivalents	—	4.1	—	4.1
Total fixed income investments	140.8	4.1	—	144.9
Total	$ 426.7	$ 4.1	$ —	$ 430.8
September 30, 2014:				
Domestic equity investments:				
S&P 500 Index equity mutual funds	$ 152.6	$ —	$ —	$ 152.6
Small and midcap equity mutual funds	41.4	—	—	41.4
Smallcap common stocks	9.3	—	—	9.3
UGI Corporation Common Stock	42.5	—	—	42.5
Total domestic equity investments	245.8	—	—	245.8
International index equity mutual funds	49.9	—	—	49.9
Fixed income investments:				
Bond index mutual funds	141.0	—	—	141.0
Cash equivalents	—	5.7	—	5.7
Total fixed income investments	141.0	5.7	—	146.7
Total	$ 436.7	$ 5.7	$ —	$ 442.4

	VEBA			
	Level 1	Level 2	Level 3	Total
September 30, 2015:				
S&P 500 Index equity mutual fund	$ 8.4	$ —	$ —	$ 8.4
Bond index mutual fund	3.8	—	—	3.8
Cash equivalents	—	0.3	—	0.3
Total	$ 12.2	$ 0.3	$ —	$ 12.5
September 30, 2014:				
S&P 500 Index equity mutual fund	$ 8.7	$ —	$ —	$ 8.7
Bond index mutual fund	3.7	—	—	3.7
Cash equivalents	—	0.4	—	0.4
Total	$ 12.4	$ 0.4	$ —	$ 12.8

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The expected long-term rates of return on U.S. Pension Plan and VEBA trust assets have been developed using a best estimate of expected returns, volatilities and correlations for each asset class. The estimates are based on historical capital market performance data and future expectations provided by independent consultants. Future expectations are determined by using simulations that provide a wide range of scenarios of future market performance. The market conditions in these simulations consider the long-term relationships between equities and fixed income as well as current market conditions at the start of the simulation. The expected rate begins with a risk-free rate of return with other factors being added such as inflation, duration, credit spreads and equity risk premiums. The rates of return derived from this process are applied to our target asset allocation to develop a reasonable return assumption.

Defined Contribution Plans

We sponsor 401(k) savings plans for eligible employees of UGI and certain of UGI's domestic subsidiaries. Generally, participants in these plans may contribute a portion of their compensation on either a before-tax basis, or on both a before-tax and after-tax basis. These plans also provide for employer matching contributions at various rates. The cost of benefits under the savings plans totaled $15.2 in Fiscal 2015, $14.7 in Fiscal 2014 and $14.0 in Fiscal 2013. The Company also sponsors certain nonqualified supplemental defined contribution executive retirement plans. These plans generally provide supplemental benefits to certain executives that would otherwise be provided under retirement plans but are prohibited due to limitations imposed by the Internal Revenue Code. The Company makes payments to self-directed grantor trusts with respect to these supplemental defined contribution plans. Such payments during Fiscal 2015, Fiscal 2014 or Fiscal 2013 were not material. At September 30, 2015 and 2014, the total fair values of the grantor trust investment assets, which amounts are included in other noncurrent assets on the Consolidated Balance Sheets, was $4.2 and $3.4, respectively.

Note 9 — Utility Regulatory Assets and Liabilities and Regulatory Matters

The following regulatory assets and liabilities associated with Utilities are included in our accompanying Consolidated Balance Sheets at September 30:

	2015	2014
Regulatory assets:		
Income taxes recoverable	$ 115.9	$ 110.7
Underfunded pension and postretirement plans	140.8	110.1
Environmental costs	20.0	14.6
Deferred fuel and power costs	—	11.8
Removal costs, net	21.2	16.8
Other	6.3	4.2
Total regulatory assets	$ 304.2	$ 268.2
Regulatory liabilities (a):		
Postretirement benefits	$ 20.0	$ 18.6
Environmental overcollections	—	0.3
Deferred fuel and power refunds	36.6	0.3
State tax benefits — distribution system repairs	13.3	10.1
Other	1.1	3.2
Total regulatory liabilities	$ 71.0	$ 32.5

(a) Regulatory liabilities are recorded in other current and other noncurrent liabilities in the Consolidated Balance Sheets.

Income taxes recoverable. This regulatory asset is the result of recording deferred tax liabilities pertaining to temporary tax differences principally as a result of the pass through to ratepayers of the tax benefit on accelerated tax depreciation for state income tax purposes, and the flow through of accelerated tax depreciation for federal income tax purposes for certain years prior to 1981. These deferred taxes have been reduced by deferred tax assets pertaining to utility deferred investment tax credits. Utilities has recorded regulatory income tax assets related to these deferred tax liabilities representing future revenues recoverable through the ratemaking process over the average remaining depreciable lives of the associated property ranging from 1 to approximately 65 years.

Underfunded pension and other postretirement plans. This regulatory asset represents the portion of prior service cost and net actuarial losses associated with pension and other postretirement benefits which are probable of being recovered through future rates based upon established regulatory practices. These regulatory assets are adjusted annually or more frequently under certain circumstances when the funded status of the plans is recorded in accordance with GAAP. These costs are amortized over the average remaining future service lives of plan participants.

Environmental costs. Environmental costs represent amounts actually spent by UGI Gas to clean up sites in Pennsylvania as well as the portion of estimated probable future environmental remediation and investigation costs principally at manufactured gas plant ("MGP") sites that CPG and PNG expect to incur in conjunction with remediation consent orders and agreements with the Pennsylvania Department of Environmental Protection (see Note 16). Consistent with prior ratemaking treatment, UGI Gas anticipates it will recover in rates, through future base rate proceedings, a five-year average of prudently incurred remediation costs at Pennsylvania sites and UGI Gas is currently amortizing such costs over a five-year period. PNG and CPG are currently recovering and expect to continue to recover environmental remediation and investigation costs in base rate revenues. At September 30, 2015, the period over which PNG and CPG expect to recover these costs will depend upon future remediation activity.

Deferred fuel and power — costs and refunds. Gas Utility's and Electric Utility's tariffs contain clauses which permit recovery of all prudently incurred purchased gas and power costs through the application of purchased gas cost ("PGC") rates in the case of Gas Utility and default service ("DS") tariffs in the case of Electric Utility. The clauses provide for periodic adjustments to PGC and DS rates for differences between the total amount of purchased gas and electric generation supply costs collected from customers and recoverable costs incurred. Net undercollected costs are classified as a regulatory asset and net overcollections are classified as a regulatory liability.

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for firm- residential, commercial and industrial ("retail core-market") customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel costs or refunds. Net unrealized losses on such contracts at September 30, 2015 and 2014 were $3.3 and $1.4, respectively.

Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. Prior to March 1, 2015, we did not designate these purchase contracts as NPNS under GAAP. Therefore, we recognized the fair value of these contracts on the balance sheet with an associated adjustment to regulatory assets or liabilities because Electric Utility is entitled to fully recover its prudently incurred DS costs. At September 30, 2015 and 2014, the fair values of Electric Utility's electricity supply contracts were (losses) gains of $(0.5) and $0.3, respectively. These amounts are reflected in current and noncurrent derivative assets and current and noncurrent derivative liabilities on the Consolidated Balance Sheets with equal and offsetting amounts reflected in deferred fuel and power costs and refunds in the table above. Effective with Electric Utility forward electricity purchase contracts entered into beginning March 1, 2015, Electric Utility has elected the NPNS exception under GAAP and, as a result, the fair values of such contracts are not recognized on the balance sheet (see Note 18).

In order to reduce volatility associated with a substantial portion of its electric transmission congestion costs, Electric Utility obtains financial transmission rights ("FTRs"). FTRs are derivative instruments that entitle the holder to receive compensation for electricity transmission congestion charges when there is insufficient electricity transmission capacity on the electric transmission grid. Because Electric Utility is entitled to fully recover its DS costs, realized and unrealized gains or losses on FTRs are included in deferred fuel and power costs or deferred fuel and power refunds. Unrealized gains or losses on FTRs at September 30, 2015 and 2014, were not material.

Removal costs, net. This regulatory asset represents costs incurred, net of salvage, associated with the retirement of depreciable utility plant. Consistent with prior ratemaking treatment, UGI Utilities expects to recover these costs over 5 years.

Postretirement benefits. Gas Utility and Electric Utility are recovering ongoing postretirement benefit costs at amounts permitted by the PUC in prior base rate proceedings. With respect to UGI Gas and Electric Utility, the difference between the amounts recovered through rates and the actual costs incurred in accordance with accounting for postretirement benefits are being deferred for future refund to or recovery from ratepayers. Such amounts are reflected in regulatory liabilities in the table above. In addition, this regulatory liability includes the portion of prior service credits and net actuarial gains associated with certain other postretirement benefit plans.

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Environmental overcollections. This regulatory liability represents the difference between amounts recovered in rates and actual costs incurred (net of insurance proceeds) associated with the terms of a consent order agreement between CPG and the Pennsylvania Department of Environmental Protection ("DEP") to remediate certain gas plant sites.

State income tax benefits — distribution system repairs. This regulatory liability represents Pennsylvania state income tax benefits, net of federal income tax expense, resulting from the deduction for income tax purposes of repair and maintenance costs associated with Gas Utility or Electric Utility assets which are capitalized for regulatory and GAAP reporting. The tax benefits associated with these repair and maintenance deductions will be reflected as a reduction to income tax expense over the remaining tax lives of the related book assets.

Other. Other regulatory assets comprise a number of items including, among others, deferred postretirement costs, deferred asset retirement costs, deferred rate case expenses and customer choice implementation costs. At September 30, 2015, UGI Utilities expects to recover these costs over periods of approximately 1 to 20 years.

UGI Utilities does not recover a rate of return on its regulatory assets.

Other Regulatory Matters

Distribution System Improvement Charge. On April 14, 2012, legislation became effective enabling gas and electric utilities in Pennsylvania, under certain circumstances, to recover the cost of eligible capital investment in distribution system infrastructure improvement projects between base rate cases. The charge enabled by the legislation is known as a distribution system improvement charge ("DSIC"). The primary benefit to a company from a DSIC charge is the elimination of regulatory lag, or delayed rate recognition, that occurs under traditional ratemaking relating to qualifying capital expenditures. To be eligible for a DSIC, a utility must have filed a general rate filing within five years of its petition seeking permission to include a DSIC in its tariff, and not exceed certain earnings tests. Absent PUC permission, the DSIC is capped at five percent of the amount billed to customers. PNG and CPG received PUC approval on a DSIC tariff, initially set at zero, in 2014, while UGI Gas has not had a general rate filing within the required time period to be eligible. Beginning on April 1, 2015, PNG was able to begin charging a DSIC at a rate other than zero. The impact of the DSIC charge at PNG did not have a material effect on Gas Utility results of operations.

Note 10 — Inventories

Inventories comprise the following at September 30:

	2015	2014
Non-utility LPG and natural gas	$ 140.7	$ 283.6
Gas Utility natural gas	37.5	82.7
Materials, supplies and other	61.7	56.7
Total inventories	$ 239.9	$ 423.0

At September 30, 2015, UGI Utilities is a party to three principal storage contract administrative agreements ("SCAAs") having terms of three years. Pursuant to SCAAs, UGI Utilities has, among other things, released certain storage and transportation contracts for the terms of the SCAAs. UGI Utilities also transferred certain associated storage inventories upon commencement of the SCAAs, will receive a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the terms of the SCAAs. The historical cost of natural gas storage inventories released under the SCAAs, which represents a portion of Gas Utility's total natural gas storage inventories, and any exchange receivable (representing amounts of natural gas inventories used by the other parties to the agreement but not yet replenished), are included in the caption "Gas Utility natural gas" in the table above.

As of September 30, 2015, UGI Utilities has SCAAs with Energy Services and a non-affiliate. The carrying value of gas storage inventories released under the SCAAs with non-affiliates at September 30, 2015 and 2014, comprising 4.0 billion cubic feet ("bcf") and 3.9 bcf of natural gas, was $9.8 and $16.8, respectively.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 11 — Property, Plant and Equipment

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

	2015	2014
Utilities:		
Distribution	$ 2,458.1	$ 2,294.6
Transmission	90.0	88.2
General and other, including work in process	205.4	185.7
Total Utilities	2,753.5	2,568.5
Non-utility:		
Land	174.9	170.2
Buildings and improvements	391.4	317.4
Transportation equipment	327.9	288.4
Equipment, primarily cylinders and tanks	3,268.1	3,042.7
Electric generation	305.7	273.4
Pipeline and related assets	233.5	162.3
Other, including work in process	374.1	353.8
Total non-utility	5,075.6	4,608.2
Total property, plant and equipment	$ 7,829.1	$ 7,176.7

Note 12 — Goodwill and Intangible Assets

Changes in the carrying amount of goodwill by reportable segment are as follows:

				UGI International			
	AmeriGas Propane	Gas Utility	Energy Services	UGI France	Flaga & Other	Corporate & Other	Total
Balance September 30, 2013	$ 1,941.0	$ 182.1	$ 2.8	$ 643.7	$ 97.1	$ 7.0	$ 2,873.7
Acquisitions	6.8	—	2.8	—	—	—	9.6
Purchase accounting adjustments	(2.7)	—	—	—	0.9	—	(1.8)
Foreign currency translation	—	—	—	(42.5)	(5.6)	—	(48.1)
Balance September 30, 2014	1,945.1	182.1	5.6	601.2	92.4	7.0	2,833.4
Acquisitions	10.9	—	—	186.2	2.9	—	200.0
Dispositions	—	—	—	—	—	(1.0)	(1.0)
Foreign currency translation	—	—	—	(66.0)	(13.0)	—	(79.0)
Balance September 30, 2015	$ 1,956.0	$ 182.1	$ 5.6	$ 721.4	$ 82.3	$ 6.0	$ 2,953.4

Intangible assets comprise the following at September 30:

	2015	2014
Customer relationships, noncompete agreements and other	$ 761.1	$ 712.0
Trademarks and tradenames (not subject to amortization)	131.4	128.2
Gross carrying amount	892.5	840.2
Accumulated amortization	(282.4)	(263.8)
Intangible assets, net	$ 610.1	$ 576.4

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Amortization expense of intangible assets was $52.0, $48.2 and $52.8 for Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2016 — $51.4; Fiscal 2017 — $45.1; Fiscal 2018 — $43.5; Fiscal 2019 — $41.9; Fiscal 2020 — $40.5.

Note 13 — Series Preferred Stock

UGI has 10,000,000 shares of UGI Series Preferred Stock authorized for issuance, including both series subject to and series not subject to mandatory redemption. We had no shares of UGI Series Preferred Stock outstanding at September 30, 2015 or 2014.

UGI Utilities has 2,000,000 shares of UGI Utilities Series Preferred Stock authorized for issuance, including both series subject to and series not subject to mandatory redemption. At September 30, 2015 and 2014, there were no shares of UGI Utilities Series Preferred Stock outstanding.

Note 14 — Common Stock and Equity-Based Compensation

Common Stock

On January 30, 2014, the Company's Board of Directors authorized the repurchase of up to 15,000,000 shares of UGI Corporation Common Stock over a four-year period. Pursuant to such authorization, during Fiscal 2015 and Fiscal 2014, the Company purchased and placed in treasury stock 1,000,000 and 1,227,654 shares at a total cost of $34.1 and $39.8, respectively.

UGI Common Stock share activity for Fiscal 2013, Fiscal 2014 and Fiscal 2015 follows:

	Issued	Treasury	Outstanding
Balance, September 30, 2012	173,436,891	(4,506,259)	168,930,632
Issued:			
Employee and director plans	238,800	3,933,507	4,172,307
Dividend reinvestment plan	—	93,253	93,253
Shares reacquired - employee and director plans	—	(1,552,905)	(1,552,905)
Balance, September 30, 2013	173,675,691	(2,032,404)	171,643,287
Issued:			
Employee and director plans	94,950	2,928,140	3,023,090
Repurchases of Common Stock	—	(1,227,654)	(1,227,654)
Shares reacquired - employee and director plans	—	(1,164,942)	(1,164,942)
Balance, September 30, 2014	173,770,641	(1,496,860)	172,273,781
Issued:			
Employee and director plans	36,350	1,155,376	1,191,726
Repurchases of Common Stock	—	(1,000,000)	(1,000,000)
Shares reacquired - employee and director plans	—	(77,004)	(77,004)
Balance, September 30, 2015	173,806,991	(1,418,488)	172,388,503

Equity-Based Compensation

The Company grants equity-based awards to employees and non-employee directors comprising UGI stock options, UGI Common stock-based equity instruments and AmeriGas Partners Common Unit-based equity instruments as further described below. We recognized total pre-tax equity-based compensation expense of $29.2 ($18.9 after-tax), $25.8 ($16.6 after-tax) and $17.6 ($11.4 after-tax) in Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively.

UGI Equity-Based Compensation Plans and Awards. On January 24, 2013, the Company's shareholders approved the UGI Corporation 2013 Omnibus Incentive Compensation Plan (the "2013 OICP"). The 2013 OICP succeeds the UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 (the "2004 OECP") for awards granted on or after January 24, 2013. The 2004 OECP will continue in effect but all future grants issued pursuant to it will be solely in the form of options to acquire Common Stock. Under the 2013 OICP, we may grant options to acquire shares of UGI Common Stock,

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stock appreciation rights ("SARs"), UGI Units (comprising "Stock Units" and "UGI Performance Units"), other equity-based awards and cash to employees and non-employee directors. The exercise price for options may not be less than the fair market value on the grant date. Awards granted under the 2013 OICP may vest immediately or ratably over a period of years, and stock options can be exercised no later than ten years from the grant date. In addition, the 2013 OICP provides that awards of UGI Units may also provide for the crediting of dividend equivalents to participants' accounts. 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 the 2004 OECP, we could grant options to acquire shares of UGI Common Stock, UGI Units and other equity-based awards to employees and non-employee directors through January 23, 2013 (except with respect to the granting of stock option awards as previously mentioned). Under the 2004 OECP, the exercise price for stock options could not be less than the fair market value on the grant date. Awards granted under the 2004 OECP could vest immediately or ratably over a period of years, and stock options could be exercised no later than ten years from the date of grant. In addition, the 2004 OECP provided that the awards of UGI Units could include the crediting of dividend equivalents to participants' accounts.

Under the 2013 OICP, awards representing up to 21,750,000 shares of UGI Common Stock may be granted. Dividend equivalents on UGI Unit awards to employees will be paid in cash. Dividend equivalents on non-employee director awards are accumulated in additional Stock Units. UGI Unit awards granted to employees and non-employee directors are settled in shares of Common Stock and cash. Substantially all UGI Unit awards granted to UGI France employees are settled in shares of Common Stock and do not accrue dividend equivalents. With respect to UGI Performance Unit awards, the actual number of shares (or their cash equivalent) ultimately issued, and the actual amount of dividend equivalents paid, is generally dependent upon the achievement of market performance goals and service conditions. It is currently our practice to issue treasury shares to satisfy substantially all option exercises and UGI Unit awards. Stock options may be net exercised whereby shares equal to the option price and the grantee's minimum applicable payroll tax withholding are withheld from the number of shares payable ("net exercise"). We record shares withheld pursuant to a net exercise as shares reacquired.

UGI Stock Option Awards. Stock option transactions under equity-based compensation plans during Fiscal 2013, Fiscal 2014 and Fiscal 2015 follow:

	Shares	Weighted Average Option Price	Total Intrinsic Value	Weighted Average Contract Term (Years)
Shares under option — September 30, 2012	12,086,658	$ 17.75	$ 41.4	6.1
Granted	2,275,350	$ 22.38		
Canceled	(134,754)	$ 20.34		
Exercised	(4,033,302)	$ 16.39	$ 35.4	
Shares under option — September 30, 2013	10,193,952	$ 19.28	$ 69.6	6.8
Granted	1,665,600	$ 27.93		
Canceled	(86,707)	$ 22.76		
Exercised	(2,815,555)	$ 17.44	$ 37.4	
Shares under option — September 30, 2014	8,957,290	$ 21.44	$ 113.3	7.0
Granted	1,336,985	$ 37.70		
Canceled	(85,365)	$ 30.45		
Exercised	(953,533)	$ 19.10	$ 15.4	
Shares under option — September 30, 2015	9,255,377	$ 23.97	$ 104.5	6.6
Options exercisable — September 30, 2013	5,871,091	$ 17.95		
Options exercisable — September 30, 2014	5,073,347	$ 19.45		
Options exercisable — September 30, 2015	6,050,946	$ 20.74	$ 85.4	5.8
Options not exercisable — September 30, 2015	3,204,431	$ 30.05	$ 19.1	8.3

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Cash received from stock option exercises and associated tax benefits were $16.2 and $5.8, $22.2 and $13.0, and $30.8 and $12.1 in Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively. As of September 30, 2015, there was $5.2 of unrecognized compensation cost associated with unvested stock options that is expected to be recognized over a weighted-average period of 1.9 years.

The following table presents additional information relating to stock options outstanding and exercisable at September 30, 2015:

	Range of exercise prices			
	Under $20.00	$20.01 - $25.00	$25.01 - $30.00	Over $30.00
Options outstanding at September 30, 2015:				
Number of options	2,956,873	3,178,416	1,713,903	1,406,185
Weighted average remaining contractual life (in years)	4.9	6.3	8.1	9.2
Weighted average exercise price	$ 18.21	$ 21.47	$ 27.46	$ 37.45
Options exercisable at September 30, 2015:				
Number of options	2,835,673	2,475,420	634,602	105,251
Weighted average exercise price	$ 18.15	$ 21.38	$ 27.29	$ 35.93

UGI Stock Option Fair Value Information. The per share weighted-average fair value of stock options granted under our option plans was $5.47 in Fiscal 2015, $4.97 in Fiscal 2014 and $3.29 in Fiscal 2013. These amounts were determined using a Black-Scholes option pricing model which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments and the risk-free interest rate over the expected life of the option. The expected life of option awards represents the period of time during which option grants are expected to be outstanding and is derived from historical exercise patterns. Expected volatility is based on historical volatility of the price of UGI's Common Stock. Expected dividend yield is based on historical UGI dividend rates. The risk free interest rate is based on U.S. Treasury bonds with terms comparable to the options in effect on the date of grant.

The assumptions we used for valuing option grants during Fiscal 2015, Fiscal 2014 and Fiscal 2013 are as follows:

	2015	2014	2013
Expected life of option	5.75 years	5.75 years	5.75 years
Weighted average volatility	19.5%	24.3%	24.9%
Weighted average dividend yield	2.5%	2.9%	3.6%
Expected volatility	19.1% -19.5%	23.7% - 24.4%	24.4% - 24.9%
Expected dividend yield	2.5%	2.7% - 2.9%	3.2% - 3.7%
Risk free rate	1.5% - 1.8%	1.8% - 2.0%	0.8% - 1.7%

UGI Unit Awards. UGI Stock Unit and UGI Performance Unit awards entitle the grantee to shares of UGI Common Stock or cash once the service condition is met and, with respect to UGI Performance Unit awards, subject to market performance conditions. UGI Performance Unit grant recipients are awarded a target number of Performance Units. The number of UGI Performance Units ultimately paid at the end of the performance period (generally three years) may be higher or lower than the target amount, or even zero, based on UGI's Total Shareholder Return ("TSR") percentile rank relative to (i) companies in the Standard & Poor's Utilities Index for grants prior to January 1, 2011 and (ii) the Russell Midcap Utility Index, excluding telecommunication companies, for grants on or after January 1, 2011 (each a respective "UGI comparator group"). For grants issued on or after January 1, 2013, grantees may receive 0% to 200% of the target award granted. For such grants, if UGI's TSR ranks below the 25th percentile compared to the UGI comparator group, the employee 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%; and at the 90th percentile and above, 200%. For grants issued prior to January 1, 2013, grantees may receive 0% to 200% of the target award granted. For such grants, if UGI's TSR ranks below the 40th percentile compared to the UGI comparator group, the employee will not be paid. At the 40th percentile, the employee will be paid an award equal to 50% of the target award; at the 50th percentile, 100%; and at the 100th percentile, 200%. The actual amount of the award is interpolated between these percentile rankings. Dividend equivalents are paid in cash only on UGI Performance Units that eventually vest.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

The fair value of UGI Stock Units on the grant date is equal to the market price of UGI Stock on the grant date plus the fair value of dividend equivalents if applicable. Under GAAP, UGI Performance Units are equity awards with a market-based condition which, if settled in shares, results in the recognition of compensation cost over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair values of UGI Performance Units are estimated using a Monte Carlo valuation model. The fair value associated with the target award is accounted for as equity and the fair value of the award over the target, as well as all dividend equivalents, is accounted for as a liability. The expected term of the UGI Performance Unit awards is three years based on the performance period. Expected volatility is based on the historical volatility of UGI Common Stock over a three-year period. The risk-free interest rate is based on the yields on U.S. Treasury bonds at the time of grant. Volatility for all companies in the UGI comparator groups is based on historical volatility.

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

	Grants Awarded in Fiscal		
	2015	2014	2013
Risk free rate	1.1%	0.8%	0.4%
Expected life	3 years	3 years	3 years
Expected volatility	15.9%	20.3%	21.1%
Dividend yield	2.3%	2.7%	3.3%

The weighted-average grant date fair value of UGI Performance Unit awards was estimated to be $38.43 for Units granted in Fiscal 2015, $32.32 for Units granted in Fiscal 2014 and $25.31 for Units granted in Fiscal 2013.

The following table summarizes UGI Unit award activity for Fiscal 2015:

	Total		Vested		Non-Vested	
	Number of UGI Units	Weighted Average Grant Date Fair Value (per Unit)	Number of UGI Units	Weighted Average Grant Date Fair Value (per Unit)	Number of UGI Units	Weighted Average Grant Date Fair Value (per Unit)
September 30, 2014	1,306,181	$ 20.58	781,231	$ 16.60	524,950	$ 26.51
UGI Performance Units:						
Granted	140,923	$ 38.43	22,942	$ 38.51	117,981	$ 38.41
Forfeited	(18,144)	$ 30.16	—	$ —	(18,144)	$ 30.16
Vested	—	$ —	290,678	$ 24.60	(290,678)	$ 24.60
Unit awards paid	(263,966)	$ 19.10	(263,966)	$ 19.10	—	$ —
UGI Stock Units:						
Granted (a)	39,801	$ 37.39	38,101	$ 37.37	1,700	$ 37.75
Forfeited	(1,125)	$ 29.84	—	$ —	(1,125)	$ 29.84
Vested	—	$ —	2,250	$ 22.86	(2,250)	$ 22.86
Unit awards paid	(67,419)	$ 17.04	(67,419)	$ 17.04	—	$ —
September 30, 2015	1,136,251	$ 23.78	803,817	$ 20.19	332,434	$ 32.28

(a) Generally, shares granted under UGI Stock Unit awards are paid approximately 70% in shares. UGI Stock Unit awards granted in Fiscal 2014 and Fiscal 2013 were 44,814 and 51,038, respectively.

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, the Company paid UGI Performance Unit and UGI Stock Unit awards in shares and cash as follows:

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

	2015	2014	2013
UGI Performance Unit awards:			
Number of original awards granted	294,300	331,038	328,025
Fiscal year granted	2012	2011	2010
Payment of awards:			
Shares of UGI Common Stock issued	188,418	174,168	97,622
Cash paid	$ 13.3	$ 3.1	$ 1.6
UGI Stock Unit awards:			
Number of original awards granted	67,419	34,639	54,269
Payment of awards:			
Shares of UGI Common Stock issued	44,034	22,604	35,274
Cash paid	$ 0.8	$ 0.4	$ 0.5

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, we granted UGI Unit awards representing 180,724, 234,264 and 381,900 shares, respectively, having weighted-average grant date fair values per Unit of $38.20, $31.38 and $24.87, respectively.

As of September 30, 2015, there was a total of approximately $6.9 of unrecognized compensation cost associated with 1,136,251 UGI Unit awards outstanding that is expected to be recognized over a weighted-average period of 1.7 years. The total fair values of UGI Units that vested during Fiscal 2015, Fiscal 2014 and Fiscal 2013 were $15.3, $8.7 and $6.0, respectively. As of September 30, 2015 and 2014, total liabilities of $19.9 and $18.5, respectively, associated with UGI Unit awards are reflected in employee compensation and benefits accrued and other noncurrent liabilities in the Consolidated Balance Sheets.

At September 30, 2015, 15,528,898 shares of Common Stock were available for future grants under the 2013 OICP, and up to 34,774 shares of Common Stock were available for future grants of stock options under the 2004 OECP.

AmeriGas Partners Equity-Based Compensation Plans and Awards. Under the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. ("2010 Propane Plan"), the General Partner may award to employees and non-employee directors grants of AmeriGas Partners 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 Propane 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 Propane 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 Propane 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 in January 2015, actual net customer acquisition and retention performance. Recipients of AmeriGas Performance Unit awards 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 Unit awards granted beginning 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 in January 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 grants issued before January 1, 2013, grantees of AmeriGas Performance Units will not be paid if AmeriGas Partners' TUR is below the 40th percentile of the Alerian MLP Group. At the 40th percentile, the grantee will be paid an award equal to 50% of the target award; at the 50th percentile, 100%; at the 60th percentile, 125%; at the 75th percentile, 150%; at the 90th percentile, 175%; and at the 100th percentile, 200%. The actual amount of the award is interpolated between these percentile rankings. 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%. For such grants issued in January 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 will receive 150% of the target award if AmeriGas Partners' TUR exceeds the TUR of all the other members in the Propane MLP Group. Otherwise there will be no payout of such AmeriGas Performance Units. 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 pursuant to the January 2014 grant, and the amount of distribution equivalents to be paid, will 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. For those performance awards granted in January 2015 that are subject to the MLP Modifier, if an MLP Event were to occur during the performance period such MLP Modifier would be based upon AmeriGas Partners' TUR rank as determined in (1),(2) or (3) above, as appropriate.

With respect to AmeriGas Performance Unit awards granted in January 2015 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 annual actual net customer gain and retention performance as adjusted for the net customer gain and retention performance over the three-year performance period.

Any Common Unit distribution equivalents earned are paid in cash. Generally, except in the event of retirement, death or disability, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. There are certain change of control and retirement eligibility conditions that, if met, generally result in accelerated vesting or elimination of further service requirements.

Under GAAP, AmeriGas Performance Units awards that are subject to market-based conditions are equity awards which, if settled in Common Units, results in the recognition of compensation cost over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair values of AmeriGas Performance Units 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.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

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		
	2015	2014	2013
Risk-free rate	0.9%	0.8%	0.4%
Expected life	3 years	3 years	3 years
Expected volatility	19.2%	21.1%	20.7%
Dividend yield	6.8%	7.5%	8.2%

The General Partner granted awards under the 2010 Propane Plan representing 80,336, 86,458 and 65,136 Common Units in Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively, having weighted-average grant date fair values per Common Unit subject to award of $61.00, $43.34 and $42.58, respectively. At September 30, 2015, 2,416,473 Common Units were available for future award grants under the 2010 Propane Plan.

The following table summarizes AmeriGas Common Unit-based award activity for Fiscal 2015:

	Total		Vested		Non-Vested	
	Number of AmeriGas Partners Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)	Number of AmeriGas Partners Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)	Number of AmeriGas Partners Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)
September 30, 2014	200,235	$ 44.82	37,207	$ 44.27	163,028	$ 44.95
AmeriGas Performance Units:						
Granted	65,525	$ 64.02	3,290	$ 64.85	62,235	$ 63.97
Forfeited	(12,110)	$ 55.09	—	$ —	(12,110)	$ 55.09
Vested	—	$ —	39,516	$ 46.39	(39,516)	$ 46.39
Performance criteria not met	(37,981)	$ 48.24	(37,981)	$ 48.24	—	$ —
AmeriGas Stock Units:						
Granted	14,811	$ 47.65	8,011	$ 48.93	6,800	$ 46.13
Forfeited	(4,177)	$ 50.89	—	$ —	(4,177)	$ 50.89
Vested	—	$ —	30,577	$ 47.57	(30,577)	$ 47.57
Awards paid	(33,720)	$ 47.65	(33,720)	$ 47.65	—	$ —
September 30, 2015	192,583	$ 49.70	46,900	$ 44.97	145,683	$ 51.22

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, the Partnership paid AmeriGas Performance Unit and AmeriGas Stock Unit awards in Common Units and cash as follows:

	2015	2014	2013
AmeriGas Performance Unit awards:			
Number of Common Units subject to original awards granted	55,750	41,251	48,150
Fiscal year granted	2012	2011	2010
Payment of awards:			
AmeriGas Partners Common Units issued	—	—	—
Cash paid	$ —	$ —	$ —
AmeriGas Stock Unit awards:			
Number of Common Units subject to original awards granted	42,532	72,023	35,934
Payment of awards:			
AmeriGas Partners Common Units issued	21,509	40,842	23,192
Cash paid	$ 0.8	$ 1.4	$ 0.6

As of September 30, 2015, there was a total of approximately $2.7 of unrecognized compensation cost associated with 192,583 Common Units subject to award that is expected to be recognized over a weighted-average period of 1.6 years. The total fair values of Common Unit-based awards that vested during Fiscal 2015, Fiscal 2014 and Fiscal 2013 were $2.6, $4.1 and $2.8, respectively. As of September 30, 2015 and 2014, total liabilities of $3.3 and $1.5 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.

Note 15 — 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 Partnership Agreement) for such quarter. Available Cash generally means:

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

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters.

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner (representing a 1% General Partner interest in AmeriGas Partners and 1.01% interest in AmeriGas OLP) 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.

During Fiscal 2015, Fiscal 2014 and Fiscal 2013, the Partnership made quarterly distributions to Common Unitholders in excess of $0.605 per limited partner unit. As a result, the General Partner has received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. During Fiscal 2015, Fiscal 2014 and Fiscal 2013, the total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled $39.3, $32.4 and $27.4, respectively. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2015, Fiscal 2014 and Fiscal 2013 of $30.4, $23.9 and $19.3, respectively.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 16 — Commitments and Contingencies

Commitments

We lease various buildings and other facilities and vehicles, computer and office equipment under operating leases. Certain of our leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was $86.1 in Fiscal 2015, $79.7 in Fiscal 2014 and $82.5 in Fiscal 2013.

Minimum future payments under operating leases with non-affiliates that have initial or remaining noncancelable terms in excess of one year are as follows:

	2016	2017	2018	2019	2020	After 2020
AmeriGas Propane	$ 55.3	$ 46.3	$ 41.1	$ 35.4	$ 33.7	$ 88.7
UGI Utilities	6.4	4.8	3.9	1.6	0.6	0.5
UGI International	9.8	2.7	1.3	0.6	0.3	0.4
Other	1.9	1.6	0.9	0.5	0.4	—
Total	$ 73.4	$ 55.4	$ 47.2	$ 38.1	$ 35.0	$ 89.6

Our businesses enter into contracts of varying lengths and terms to meet their supply, pipeline transportation, storage, capacity and energy needs. Gas Utility currently has gas supply agreements with producers and marketers with terms not exceeding 16 months. Gas Utility also has agreements for firm pipeline transportation and natural gas storage services, which Gas Utility may terminate at various dates through Fiscal 2030. Gas Utility's costs associated with transportation and storage capacity agreements are included in its annual PGC filings with the PUC and are recoverable through PGC rates. In addition, Gas Utility has short-term gas supply agreements which permit it to purchase certain of its gas supply needs on a firm or interruptible basis at spot-market prices. Electric Utility purchases its electricity needs under contracts with various suppliers and on the spot market. Contracts with producers for energy needs expire at various dates through Fiscal 2016. Midstream & Marketing enters into fixed-price contracts with suppliers to purchase natural gas and electricity to meet its sales commitments. Generally, these contracts have terms of less than two years. The Partnership enters into fixed-price and variable-price contracts to purchase a portion of its supply requirements. These contracts currently have terms that do not exceed three years. UGI International enters into fixed-price and variable-priced contracts to purchase a portion of its supply requirements that currently do not exceed three years.

The following table presents contractual obligations with non-affiliates under Gas Utility, Electric Utility, Midstream & Marketing, AmeriGas Propane and UGI International supply, storage and service contracts existing at September 30, 2015:

	2016	2017	2018	2019	2020	After 2020
UGI Utilities supply, storage and transportation contracts	$ 122.0	$ 59.6	$ 37.4	$ 27.3	$ 16.2	$ 60.5
Midstream & Marketing supply contracts	165.9	83.2	51.0	30.0	2.6	—
AmeriGas Propane supply contracts	53.5	4.8	—	—	—	—
UGI International supply contracts	452.1	—	—	—	—	—
Total	$ 793.5	$ 147.6	$ 88.4	$ 57.3	$ 18.8	$ 60.5

The Partnership and UGI International also enter into other contracts to purchase LPG to meet supply requirements. Generally, these contracts are one- to three-year agreements subject to annual price and quantity adjustments.

Contingencies

Environmental Matters

UGI Utilities

CPG is party to a Consent Order and Agreement ("CPG-COA") with the DEP requiring CPG to perform a specified level of activities associated with environmental investigation and remediation work at certain properties in Pennsylvania on which MGP related facilities were operated ("CPG MGP Properties") and to plug a minimum number of non-producing natural gas wells per year. In addition, PNG is a party to a Multi-Site Remediation Consent Order and Agreement ("PNG-COA") with the DEP. The PNG-COA requires PNG to perform annually a specified level of activities associated with environmental investigation and remediation work at certain properties on which MGP-related facilities were operated ("PNG MGP Properties"). Under these agreements, environmental expenditures relating to the CPG MGP Properties and the PNG MGP Properties are capped at $1.8 and $1.1, respectively, in any calendar year. The CPG-COA is scheduled to terminate at the end of 2018. The PNG-COA terminates in 2019 but may be terminated by either party effective at the end of any two-year period beginning with the original effective date in March 2004. At September 30, 2015 and 2014, our accrued liabilities for environmental investigation and remediation costs related to the CPG-COA and the PNG-COA totaled $13.8 and $10.7, respectively. We have recorded associated regulatory assets for these costs because recovery of these costs from customers is probable.

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, by the early 1950s UGI Utilities divested all of its utility operations other than certain Pennsylvania operations, including those which now constitute UGI Gas and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because (1) UGI Gas is currently permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred remediation costs and (2) CPG and PNG receive ratemaking recognition of environmental investigation and remediation costs associated with their environmental sites. This ratemaking recognition balances the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. At September 30, 2015, neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Gas was material.

From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by its former subsidiaries. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

Other Matters

Purported Class Action Lawsuits. Between May and October 2014, more than 35 purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI Corporation 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 its 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. In July 2015, the Court dismissed all claims brought by direct customers and all claims other than those for injunctive relief brought by indirect customers. The direct customers have filed an appeal with the United States Court of Appeals for the Eighth Circuit. The indirect customers have filed an amended complaint claiming injunctive relief and state law claims under Wisconsin, Maine, and Vermont law. 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.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

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 position, results of operations or cash flows.

Note 17 — Fair Value Measurements

The following table presents, on a gross basis, our financial 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, 2015 and 2014:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
September 30, 2015:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 17.4	$ 11.6	$ —	$ 29.0
Foreign currency contracts	$ —	$ 29.1	$ —	$ 29.1
Cross-currency swaps	$ —	$ 0.4	$ —	$ 0.4
Interest rate contracts	$ —	$ —	$ —	$ —
Liabilities:				
Commodity contracts	$ (70.0)	$ (99.0)	$ —	$ (169.0)
Foreign currency contracts	$ —	$ (0.1)	$ —	$ (0.1)
Interest rate contracts	$ —	$ (10.8)	$ —	$ (10.8)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 30.3	$ —	$ —	$ 30.3
September 30, 2014				
Derivative instruments:				
Assets:				
Commodity contracts	$ 10.6	$ 19.8	$ —	$ 30.4
Foreign currency contracts	$ —	$ 12.8	$ —	$ 12.8
Cross-currency swaps	$ —	$ 2.1	$ —	$ 2.1
Interest rate contracts	$ —	$ 0.1	$ —	$ 0.1
Liabilities:				
Commodity contracts	$ (21.2)	$ (32.9)	$ —	$ (54.1)
Foreign currency contracts	$ —	$ (0.1)	$ —	$ (0.1)
Interest rate contracts	$ —	$ (21.0)	$ —	$ (21.0)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 30.0	$ —	$ —	$ 30.0

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans (see Note 8).

The fair values of our Level 1 exchange-traded commodity futures and option contracts and non exchange-traded commodity futures and forward contracts are based upon actively-quoted market prices for identical assets and liabilities. The remainder of our derivative instruments are designated as Level 2. The fair values of certain non-exchange traded commodity derivatives designated as Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts designated as Level 2 which are not traded on an exchange, we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The fair values of our Level 2 interest rate contracts and foreign currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets. There were no transfers between Level 1 and Level 2 during the periods presented.

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. At September 30, 2015, the carrying amount and estimated fair value of our long-term debt (including current maturities) were \$3,699.8 and \$3,803.1, respectively. At September 30, 2014, the carrying amount and estimated fair value of our long-term debt (including current maturities) were \$3,510.8 and \$3,686.1, respectively. 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).

Financial instruments other than derivative instruments, such as our short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit our credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk from trade accounts receivable is limited because we have a large customer base which extends across many different U.S. markets and several foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 18. Our investment in a private equity partnership is measured at fair value on a non-recurring basis. Generally this measurement uses Level 3 fair value inputs because the investment does not have a readily available market value.

Note 18 — Derivative Instruments and Hedging Activities

We are exposed to certain market risks related to our ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risks managed by derivative instruments are (1) commodity price risk, (2) interest rate risk and (3) foreign currency exchange rate 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 we can use, counterparty credit limits and contract authorization limits. For information on the accounting for our derivative instruments, see Note 2.

Commodity Price Risk

In order to manage market price risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, certain other domestic business units and our UGI International operations also use over-the-counter price swap and option contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases. The Partnership from time to time enters into price swap and put option agreements to reduce the effects of short-term commodity price volatility. At September 30, 2015 and 2014, total volumes associated with LPG commodity derivative instruments totaled 516.3 million gallons and 344.5 million gallons, respectively. The maximum period over which we are economically hedging our exposure to LPG commodity price risk is 39 months.

Gas Utility's tariffs contain clauses that permit recovery of all of the prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PUC pursuant to Gas Utility's annual PGC filings, Gas Utility currently uses New York Mercantile Exchange ("NYMEX") natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. At September 30, 2015 and 2014, the volumes of natural gas associated with Gas Utility's unsettled NYMEX natural gas futures and option contracts totaled 18.9 million dekatherms and 16.9 million dekatherms, respectively. At September 30, 2015, the maximum period over which Gas Utility is economically hedging natural gas market price risk is 12 months. Gains and losses on natural gas futures contracts and any gains on natural gas option contracts are recorded in regulatory assets or liabilities on the Consolidated Balance Sheets because it is probable such gains or losses will be recoverable from, or refundable to customers through the PGC recovery mechanism (see Note 9).

Electric Utility's DS tariffs permit the recovery of all prudently incurred costs of electricity it sells to DS customers, including the cost of financial instruments used to hedge electricity costs. Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. For such contracts entered into by Electric Utility prior to March 1, 2015, Electric Utility chose not to elect the NPNS exception under GAAP, related to these derivatives instruments and the fair values of these contracts are reflected in current and noncurrent derivative instrument assets and liabilities in the accompanying Consolidated Balance Sheets. Associated gains and losses on these forward contracts are recorded in regulatory assets and liabilities on the Consolidated Balance Sheets in accordance with GAAP because it is probable such gains or losses will be recoverable from, or refundable to, customers through the DS mechanism (see Note 9). Effective with Electric Utility forward electricity purchase contracts entered into beginning March 1, 2015, Electric Utility has elected the NPNS exception under GAAP and, as a result, the fair values of such contracts are not recognized on the balance sheet. At September 30, 2015 and 2014, the volumes of Electric Utility's forward electricity purchase contracts were 331.0 million kilowatt hours and 237.0 million kilowatt hours, respectively. At September 30, 2015, the maximum period over which these contracts extend is 8 months.

In order to reduce volatility associated with a substantial portion of its electricity transmission congestion costs, Electric Utility obtains FTRs through an annual allocation process. Midstream & Marketing purchases FTRs to economically hedge electricity transmission congestion costs associated with its fixed-price electricity sales contracts and from time to time also enters into New York Independent System Operator ("NYISO") capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid. Gains and losses on Electric Utility FTRs are recorded in regulatory assets or liabilities in accordance with GAAP because it is probable such gains or losses will be recoverable from, or refundable to, customers through the DS mechanism (see Note 9). At September 30, 2015 and 2014, the total volumes associated with FTRs and NYISO capacity contracts totaled 359.1 million kilowatt hours and 232.1 million kilowatt hours, respectively. At September 30, 2015, the maximum period over which we are economically hedging electricity congestion and locational basis differences is 8 months.

In order to manage market price risk relating to fixed-price sales contracts for natural gas and electricity, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures contracts, Intercontinental Exchange ("ICE") natural gas basis swap contracts, and electricity futures contracts. Midstream & Marketing also uses NYMEX and over the counter electricity futures contracts to hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. In addition, Midstream & Marketing uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of natural gas or propane. Because it could no longer assert the NPNS exception under GAAP for new contracts entered into for the forward purchase of natural gas and pipeline transportation, beginning in the second quarter of Fiscal 2014 Energy Services began recording these contracts at fair value with changes in fair value reflected in cost of sales.

At September 30, 2015 and 2014, total volumes associated with Midstream & Marketing's natural gas futures, forward and pipeline contracts totaled 110.2 million dekatherms and 113.7 million dekatherms, respectively. At September 30, 2015, the maximum period over which we are hedging our exposure to the variability in cash flows associated with natural gas commodity price risk is 39 months. At September 30, 2015 and 2014, total volumes associated with Midstream & Marketing's electricity call contracts and electricity put contracts totaled 474.3 million kilowatt hours and 297.9 million kilowatt hours, and 394.4 million kilowatt hours and 206.6 million kilowatt hours, respectively. At September 30, 2015, the maximum period over which we are hedging our exposure to the variability in cash flows associated with electricity commodity price risk (excluding Electric Utility) is 39 months for electricity call contracts and 24 months for electricity put contracts. At September 30, 2015, the volumes associated with Midstream & Marketing's natural gas storage and propane storage NYMEX contracts totaled 1.9 million dekatherms and 2.0 million gallons, respectively. At September 30, 2014, the volumes associated with Midstream & Marketing's natural gas storage and propane storage NYMEX contracts totaled 3.9 million dekatherms and 1.3 million gallons, respectively.

At September 30, 2015, there were no amounts remaining in AOCI related to commodity derivative hedges.

Interest Rate Risk

UGI France's and Flaga's long-term debt agreements have interest rates that are generally indexed to short-term market interest rates. Antargaz and Flaga have each entered into pay-fixed, receive-variable interest rate swap agreements to hedge the underlying euribor rate of interest on their variable-rate term loans through the respective scheduled maturity dates. As of September 30, 2015 and 2014, the total notional amounts of variable-rate debt subject to interest rate swap agreements (excluding Flaga's cross-currency swap as described below) were €645.8 and €401.1, respectively.

Our domestic businesses' long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements ("IRPAs"). At September 30, 2015, the total notional amount of unsettled IRPAs was $250. At September 30, 2014, we had no unsettled IRPAs. Our September 30, 2015, unsettled IRPA contracts hedge forecasted interest payments expected to occur over ten- and thirty-year periods beginning in Fiscal 2016.

We account for interest rate swaps and IRPAs as cash flow hedges. At September 30, 2015, the amount of net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is $2.5.

Foreign Currency Exchange Rate Risk

In order to reduce volatility, UGI France hedges a portion of its anticipated U.S. dollar-denominated LPG product purchases during the heating-season months of October through March through the use of forward foreign currency exchange contracts. At September 30, 2015 and 2014, we were hedging a total of $227.9 and $219.8 of U.S. dollar-denominated LPG purchases, respectively. At September 30, 2015, the maximum period over which we are hedging our exposure to the variability in cash flows associated with U.S. dollar-denominated purchases of LPG is 30 months. From time to time we also enter into forward foreign currency exchange contracts to reduce the volatility of the U.S. dollar value on a portion of our International Propane euro-denominated net investments. At September 30, 2015 and 2014, we had no euro-denominated net investment hedges.

We account for foreign currency exchange contracts associated with anticipated purchases of U.S. dollar-denominated LPG as cash flow hedges. At September 30, 2015, the amount of net gains associated with currency rate risk (other than net investment hedges) expected to be reclassified into earnings during the next twelve months based upon current fair values is $16.0.

Cross-Currency Swaps

From time to time, Flaga enters into cross-currency swaps to hedge its exposure to the variability in expected future cash flows associated with foreign currency and interest rate risk. These cross-currency hedges include initial and final exchanges of principal from a fixed euro denomination to a fixed U.S. dollar-denominated amount, to be exchanged at a specified rate, which was determined by the market spot rate on the date of issuance. These cross-currency swaps also include interest rate swaps of a fixed foreign-denominated interest rate to a fixed U.S. dollar-denominated interest rate. We designate these cross-currency swaps as cash flow hedges. At September 30, 2015 and 2014, cross-currency swaps were hedging foreign currency risk associated with interest and principal payments on $59.1 and $52.0 of Flaga U.S. dollar-denominated debt, respectively.

At September 30, 2015, the amount of net gains associated with this cross-currency swaps expected to be reclassified into earnings over the next twelve months is not material.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international 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 or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the form of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At September 30, 2015 and 2014, restricted cash in brokerage accounts totaled $54.9 and $16.6, respectively. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at September 30, 2015. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At September 30, 2015, 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 our Consolidated Balance Sheets if the right of offset exists. Our derivative instruments include both those that are executed on an exchange through brokers and centrally cleared and over-the-counter transactions. Exchange contracts utilize a financial intermediary, exchange, or clearinghouse to enter, execute, or clear the transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter and exchange contracts contain contractual rights of offset through master netting arrangements, derivative clearing agreements, 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 and all exchange contracts 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 our 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.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Fair Value of Derivative Instruments

The following table presents the Company's derivative assets and liabilities, as well as the effects of offsetting, as of September 30, 2015 and 2014:

	2015	2014
Derivative assets:		
Derivatives designated as hedging instruments:		
Commodity contracts	$ —	$ 2.8
Foreign currency contracts	29.1	12.8
Cross-currency contracts	0.4	2.1
Interest rate contracts	—	0.1
	29.5	17.8
Derivatives subject to PGC and DS mechanisms:		
Commodity contracts	1.3	1.7
Derivatives not designated as hedging instruments:		
Commodity contracts	27.7	25.9
Total derivative assets - gross	58.5	45.4
Gross amounts offset in the balance sheet	(18.9)	(18.4)
Total derivative assets - net	$ 39.6	$ 27.0
Derivative liabilities:		
Derivatives designated as hedging instruments:		
Commodity contracts	$ —	$ (5.3)
Foreign currency contracts	(0.1)	(0.1)
Cross-currency contracts	—	—
Interest rate contracts	(10.8)	(21.0)
	(10.9)	(26.4)
Derivatives subject to PGC and DS mechanisms:		
Commodity contracts	(5.6)	(2.2)
Derivatives not designated as hedging instruments:		
Commodity contracts	(163.4)	(46.6)
Total derivative liabilities - gross	(179.9)	(75.2)
Gross amounts offset in the balance sheet	18.9	18.4
Cash collateral pledged	8.0	—
Total derivative liabilities - net	$ (153.0)	$ (56.8)

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Effect of Derivative Instruments

The following tables provide information on the effects of derivative instruments in the Consolidated Statements of Income and changes in AOCI and noncontrolling interests for Fiscal 2015, Fiscal 2014 and Fiscal 2013:

	Gain or (Loss) Recognized in AOCI and Noncontrolling Interests			Gain or (Loss) Reclassified from AOCI and Noncontrolling Interests into Income			Location of Gain or (Loss) Reclassified from AOCI and Noncontrolling Interests into Income
	2015	2014	2013	2015	2014	2013	
Cash Flow Hedges:							
Commodity contracts	$ —	$ 50.8	$ 8.3	$ (2.2)	$ 67.0	$ (49.5)	Cost of sales
Foreign currency contracts	26.0	15.3	(8.3)	9.7	(3.7)	(0.1)	Cost of sales
Cross-currency contracts	5.4	3.1	(1.2)	8.5	(0.1)	—	Interest expense
Interest rate contracts	(6.6)	(3.1)	22.9	(20.4)	(15.9)	(14.2)	Interest expense /other income, net
Total	$ 24.8	$ 66.1	$ 21.7	$ (4.4)	$ 47.3	$ (63.8)	

	Gain or (Loss) Recognized in Income			Location of Gain or (Loss) Recognized in Income
	2015	2014	2013	
Derivatives Not Designated as Hedging Instruments:				
Commodity contracts	$ (375.8)	$ (36.3)	$ 9.3	Cost of sales
Commodity contracts	0.3	—	—	Revenues
Commodity contracts	(0.8)	—	—	Operating and administrative expenses / other income, net
Foreign currency contracts	—	—	(0.4)	Other income, net
Total	$ (376.3)	$ (36.3)	$ 8.9	

The amounts of derivative gains or losses representing ineffectiveness, and the amounts of gains or losses recognized in income as a result of excluding derivatives from ineffectiveness testing, were not material for Fiscal 2015, Fiscal 2014 and Fiscal 2013.

In May 2015, the Company prepaid term loans outstanding under the 2011 Senior Facilities Agreement. In conjunction with the prepayment, the Company also settled its associated pay-fixed, receive-variable interest rate swaps, and discontinued cash flow hedge accounting treatment for such swaps. During Fiscal 2015, the Company recorded a pre-tax loss of $9.0 associated with the discontinuance of cash flow hedge accounting for the swaps, which amount is included in interest expense on the Consolidated Statements of Income (see Note 6).

We are also a party to a number of other contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery, or sale, of energy products, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments. Although many of these contracts have the requisite elements of a derivative instrument, certain of these contracts qualify for NPNS exception 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 19 — Accumulated Other Comprehensive Income

Other comprehensive income (loss) principally comprises (1) gains and losses on derivative instruments qualifying as cash flow hedges, net of reclassifications to net income; (2) actuarial gains and losses on postretirement benefit plans, net of associated amortization; and (3) foreign currency translation and intracompany transaction adjustments.

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Changes in AOCI during Fiscal 2015 and Fiscal 2014 are as follows:

	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency (a)	Total
AOCI - September 30, 2013	$ (16.4)	$ (26.9)	$ 51.7	$ 8.4
Other comprehensive (loss) income before reclassification adjustments (after-tax)	(5.2)	54.0	(43.0)	5.8
Amounts reclassified from AOCI and noncontrolling interests:				
Reclassification adjustments (pre-tax)	1.6	(47.2)	—	(45.6)
Reclassification adjustments tax (expense) benefit	(0.6)	2.0	—	1.4
Reclassification adjustments (after-tax)	1.0	(45.2)	—	(44.2)
Other comprehensive (loss) income	(4.2)	8.8	(43.0)	(38.4)
Add comprehensive loss attributable to noncontrolling interests, principally in AmeriGas Partners	—	8.8	—	8.8
Other comprehensive (loss) income attributable to UGI	(4.2)	17.6	(43.0)	(29.6)
AOCI - September 30, 2014	$ (20.6)	$ (9.3)	$ 8.7	$ (21.2)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	(1.2)	16.8	(114.1)	(98.5)
Amounts reclassified from AOCI and noncontrolling interests:				
Reclassification adjustments (pre-tax)	2.2	4.4	—	6.6
Reclassification adjustments tax (expense)	(0.8)	(2.8)	—	(3.6)
Reclassification adjustments (after-tax)	1.4	1.6	—	3.0
Other comprehensive income (loss)	0.2	18.4	(114.1)	(95.5)
Add comprehensive loss attributable to noncontrolling interests, principally in AmeriGas Partners	—	2.1	—	2.1
Other comprehensive income (loss) attributable to UGI	0.2	20.5	(114.1)	(93.4)
AOCI - September 30, 2015	$ (20.4)	$ 11.2	$ (105.4)	$ (114.6)

(a) See Note 2 relating to correction of prior period error in comprehensive income.

For additional information on amounts reclassified from AOCI relating to derivative instruments, see Note 18.

Note 20 — Other Income, Net

Other income, net, comprises the following:

	2015	2014	2013
Interest and interest-related income	$ 0.8	$ 3.6	$ 2.2
Utility non-tariff service income	4.8	2.7	2.8
Finance charges	12.7	17.5	21.4
Gains on sales of fixed assets	11.1	5.4	1.4
Loss on private equity partnership investment	—	—	(6.3)
Other, net	15.0	6.9	11.3
Total other income, net	$ 44.4	$ 36.1	$ 32.8

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Note 21 — Quarterly Data (unaudited)

The following unaudited quarterly data includes 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 because of the seasonal nature of our businesses.

	December 31,		March 31,		June 30,		September 30,	
	2014	2013(a)	2015	2014	2015(b)	2014	2015	2014
Revenues	$ 2,004.6	$ 2,315.9	$ 2,455.6	$ 3,163.3	$ 1,148.1	$ 1,486.7	$ 1,082.8	$ 1,311.4
Operating income (loss)	$ 83.3	$ 363.7	$ 702.1	$ 588.6	$ 56.1	$ 62.7	$ (6.6)	$ (9.4)
Net income (loss) including noncontrolling interests	$ 0.2	$ 217.5	$ 482.2	$ 387.8	$ (15.9)	$ (12.7)	$ (52.5)	$ (60.0)
Net income (loss) attributable to UGI Corporation	$ 34.1	$ 122.0	$ 246.5	$ 214.4	$ 9.6	$ 20.6	$ (9.2)	$ (19.8)
Earnings (loss) per common share attributable to UGI Corporation stockholders:								
Basic	$ 0.20	$ 0.71	$ 1.42	$ 1.24	$ 0.06	$ 0.12	$ (0.05)	$ (0.11)
Diluted	$ 0.19	$ 0.70	$ 1.40	$ 1.22	$ 0.05	$ 0.12	$ (0.05)	$ (0.11)

(a) Includes income tax expense of $5.7 to reflect the retroactive effects to Fiscal 2013 of new tax legislation in France regarding the deductibility of certain interest expense which decreased net income attributable to UGI Corporation by $5.7 or $0.03 per diluted share (see Note 7).

(b) Includes loss on early extinguishment of debt at Antargaz which decreased net income attributable to UGI Corporation by $4.6 or $0.03 per diluted share (see Note 6)

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Note 22 — Segment Information

Our operations comprise six reportable segments generally based upon products sold, geographic location and regulatory environment. Our reportable segments comprise: (1) AmeriGas Propane; (2) an international LPG segment comprising UGI France (3) an international LPG segment principally comprising Flaga and AvantiGas; (4) Gas Utility; (5) Energy Services; and (6) Electric Generation. We refer to both international segments together as "UGI International" and Energy Services and Electric Generation together as "Midstream & Marketing."

AmeriGas Propane derives its revenues principally from the sale of propane and related equipment and supplies to retail customers in all 50 states. UGI France derives its revenues principally from the distribution of LPG to retail customers in France and, to a lesser extent, the sale of LPG to retail customers in Belgium, the Netherlands and Luxembourg, and the marketing of natural gas in France and Belgium. Flaga & Other revenues are derived principally from the distribution of LPG to customers in northern, central and eastern Europe and the United Kingdom. Gas Utility's revenues are derived principally from the sale and distribution of natural gas to customers in eastern, northeastern and central Pennsylvania. Energy Services revenues are derived from the sale of natural gas and, to a lesser extent, electricity, LPG and fuel oil as well as revenues and fees from storage, pipeline transportation, natural gas production and other energy services provided to customers located primarily in the Mid-Atlantic region of the United States. Electric Generation revenues are derived principally from the sale of electricity through PJM, a regional electricity transmission organization in the eastern U.S.

The accounting policies of our reportable segments are the same as those described in Note 2. We evaluate AmeriGas Propane's performance principally based upon the Partnership's earnings before interest expense, income taxes, depreciation and amortization as adjusted for net gains and losses on commodity derivative instruments not associated with current-period transactions ("Partnership Adjusted EBITDA"). Although we use Partnership Adjusted EBITDA to evaluate AmeriGas Propane's profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under GAAP. Our definition of Partnership Adjusted EBITDA may be different from that used by other companies.

We evaluate the performance of our other reportable segments principally based upon their income before income taxes as adjusted for gains and losses on commodity derivative instruments not associated with current-period transactions. Net gains and losses on commodity derivative instruments not associated with current-period transactions are reflected in Corporate & Other because the Company's chief operating decision maker does not consider such items when evaluating the financial performance of our reportable segments.

No single customer represents more than ten percent of our consolidated revenues. In addition, all of our reportable segments' revenues, other than those of UGI International, are derived from sources within the United States, and all of our reportable segments' long-lived assets, other than those of UGI International, are located in the United States.

					Midstream & Marketing		UGI International		
	Total	Eliminations	AmeriGas Propane	Gas Utility	Energy Services	Electric Generation	UGI France	Flaga & Other	Corporate & Other (b)
2015									
Revenues	$ 6,691.1	$ (232.6) (c)	$ 2,885.3	$ 933.1	$ 1,041.8	$ 75.9	$ 1,122.2	$ 686.3	$ 179.1
Cost of sales	$ 3,736.5	$ (228.8) (c)	$ 1,340.0	$ 448.6	$ 800.9	$ 32.2	$ 628.0	$ 492.0	$ 223.6
Operating income (loss)	$ 834.9	$ (0.9)	$ 427.6	$ 226.5	$ 171.8	$ 13.0	$ 75.9	$ 36.9	$ (115.9)
Loss from equity investees	(1.2)	—	—	—	—	—	(1.2)	—	—
Interest expense	(241.9)	—	(162.8)	(39.1)	(2.1)	—	(31.6) (d)	(3.6)	(2.7)
Income (loss) before income taxes	$ 591.8	$ (0.9)	$ 264.8	$ 187.4	$ 169.7	$ 13.0	$ 43.1	$ 33.3	$ (118.6)
Net income (loss) attributable to UGI	$ 281.0	$ (0.6)	$ 61.0	$ 115.8	$ 99.3	$ 9.6	$ 27.5	$ 25.2	$ (56.8)
Depreciation and amortization	$ 374.1	$ —	$ 194.9	$ 59.0	$ 14.6	$ 12.5	$ 63.7	$ 23.2	$ 6.2
Noncontrolling interests' net income (loss)	$ 133.0	$ —	$ 167.9	$ —	$ —	$ —	$ —	$ (0.1)	$ (34.8)
Partnership Adjusted EBITDA (a)			$ 619.2						

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	Total	Eliminations	AmeriGas Propane	Gas Utility	Midstream & Marketing: Energy Services	Midstream & Marketing: Electric Generation	UGI International: UGI France	UGI International: Flaga & Other	Corporate & Other (b)
Total assets	$10,546.6	$ (90.4)	$ 4,150.0	$2,362.4	$ 664.3	$ 282.0	$ 2,340.4	$ 529.1	$ 308.8
Short-term borrowings	$ 189.9	$ —	$ 68.1	$ 71.7	$ 49.5	$ —	$ 0.1	$ 0.5	$ —
Capital expenditures	$ 475.4	$ —	$ 102.0	$ 189.7	$ 71.5	$ 16.7	$ 65.0	$ 22.5	$ 8.0
Investments in equity investees	$ 16.2	$ —	$ —	$ —	$ 6.4	$ —	$ 6.0	$ 3.8	$ —
Goodwill	$ 2,953.4	$ —	$ 1,956.0	$ 182.1	$ 5.6	$ —	$ 721.4	$ 82.3	$ 6.0
2014									
Revenues	$ 8,277.3	$ (321.3) (c)	$ 3,712.9	$ 977.3	$ 1,305.5	$ 85.1	$ 1,295.5	$ 1,026.9	$ 195.4
Cost of sales	$ 5,175.7	$ (317.7) (c)	$ 2,107.1	$ 496.8	$ 1,058.8	$ 39.6	$ 848.1	$ 809.9	$ 133.1
Operating income (loss)	$ 1,005.6	$ 0.2	$ 472.0	$ 236.2	$ 180.5	$ 18.1	$ 79.1	$ 38.4	$ (18.9)
Loss from equity investees	(0.1)	—	—	—	—	—	(0.1)	—	—
Interest expense	(237.7)	—	(165.6)	(36.6)	(2.9)	—	(25.1)	(4.9)	(2.6)
Income (loss) before income taxes	767.8	0.2	306.4	199.6	177.6	18.1	53.9	33.5	(21.5)
Net income (loss) attributable to UGI	$ 337.2	$ —	$ 63.0	$ 118.8	$ 105.2	$ 12.6	$ 20.6	$ 27.7	$ (10.7)
Depreciation and amortization	$ 362.9	$ —	$ 197.2	$ 54.8	$ 12.3	$ 10.7	$ 54.5	$ 27.1	$ 6.3
Noncontrolling interests' net income (loss)	$ 195.4	$ —	$ 195.8	$ —	$ —	$ —	$ (0.4)	$ —	$ —
Partnership Adjusted EBITDA (a)			$ 664.8						
Total assets	$10,093.0	$ (86.5)	$ 4,377.0	$2,214.1	$ 569.0	$ 277.7	$ 1,659.1	$ 643.6	$ 439.0
Short-term borrowings	$ 210.8	$ —	$ 109.0	$ 86.3	$ 7.5	$ —	$ —	$ 8.0	$ —
Capital expenditures	$ 436.4	$ —	$ 113.9	$ 156.4	$ 67.8	$ 15.6	$ 50.2	$ 23.0	$ 9.5
Investments in equity investees	$ 0.6	$ —	$ —	$ —	$ —	$ —	$ —	$ 0.6	$ —
Goodwill	$ 2,833.4	$ —	$ 1,945.1	$ 182.1	$ 5.6	$ —	$ 601.2	$ 92.4	$ 7.0
2013									
Revenues	$ 7,194.7	$ (223.8) (c)	$ 3,168.8	$ 839.0	$ 969.4	$ 71.4	$ 1,322.6	$ 856.6	$ 190.7
Cost of sales	$ 4,324.4	$ (217.5) (c)	$ 1,657.2	$ 407.2	$ 836.9	$ 39.9	$ 845.0	$ 653.4	$ 102.3
Operating income	$ 831.1	$ (1.1)	$ 394.4	$ 196.5	$ 82.5	$ 7.5	$ 111.4	$ 35.6	$ 4.3
Loss from equity investees	(0.4)	—	—	—	—	—	(0.4)	—	—
Interest expense	(240.3)	—	(166.6)	(37.4)	(3.2)	—	(25.3)	(5.1)	(2.7)
Income before income taxes	$ 590.4	$ (1.1)	$ 227.8	$ 159.1	$ 79.3	$ 7.5	$ 85.7	$ 30.5	$ 1.6
Net income attributable to UGI	$ 278.1	$ (0.6)	$ 47.5	$ 94.3	$ 46.3	$ 6.2	$ 57.2	$ 25.5	$ 1.7
Depreciation and amortization	$ 363.1	$ —	$ 205.9	$ 51.7	$ 7.6	$ 10.0	$ 57.6	$ 24.1	$ 6.2
Noncontrolling interests' net income (loss)	$ 149.5	$ —	$ 149.6	$ —	$ —	$ —	$ (0.2)	$ 0.1	$ —
Partnership Adjusted EBITDA (a)			$ 596.5						
Total assets	$10,008.8	$ (100.3)	$ 4,429.3	$2,069.0	$ 501.2	$ 269.7	$ 1,784.4	$ 667.1	$ 388.4
Short-term borrowings	$ 227.9	$ —	$ 116.9	$ 17.5	$ 87.0	$ —	$ —	$ 6.5	$ —
Capital expenditures	$ 488.0	$ (1.1)	$ 111.1	$ 144.4	$ 133.8	$ 22.6	$ 53.4	$ 17.4	$ 6.4
Investments in equity investees	$ 0.3	$ —	$ —	$ —	$ —	$ —	$ —	$ 0.3	$ —
Goodwill	$ 2,873.7	$ —	$ 1,941.0	$ 182.1	$ 2.8	$ —	$ 643.7	$ 97.1	$ 7.0

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

(a) The following table provides a reconciliation of Partnership Adjusted EBITDA to AmeriGas Propane operating income:

	2015	2014	2013
Partnership Adjusted EBITDA	$ 619.2	$ 664.8	$ 596.5
Depreciation and amortization	(194.9)	(197.2)	(205.9)
Noncontrolling interests (i)	3.3	4.4	3.8
Operating income	$ 427.6	$ 472.0	$ 394.4

(i) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

(b) Corporate & Other results principally comprise (1) Electric Utility, (2) Enterprises' heating, ventilation, air-conditioning, refrigeration and electrical contracting businesses ("HVAC"), (3) net expenses of UGI's captive general liability insurance company, and (4) UGI Corporation's unallocated corporate and general expenses and interest income. In addition, Corporate & Other results also include the effects of net pre-tax gains and (losses) on commodity derivative instruments not associated with current-period transactions totaling $(119.1), $(18.0) and $7.4 in Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively. Corporate & Other assets principally comprise cash, short-term investments, the assets of Electric Utility and HVAC. Through March 2014, Corporate & Other also had an intercompany loan. The intercompany loan interest is removed in the segment presentation.

(c) Represents the elimination of intersegment transactions principally among Midstream & Marketing, Gas Utility and AmeriGas Propane.

(d) Includes pre-tax loss of $10.3 associated with an early extinguishment of debt (see Note 6).

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

BALANCE SHEETS
(Millions of dollars)

	September 30, 2015	September 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1.9	$ 0.8
Accounts receivable - related parties	3.3	3.9
Deferred income taxes	0.4	0.4
Prepaid expenses and other current assets	4.3	0.3
Total current assets	9.9	5.4
Investments in subsidiaries	2,689.7	2,663.9
Other assets	58.7	55.5
Total assets	$ 2,758.3	$ 2,724.8
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and notes payable	$ 10.9	$ 11.8
Accrued liabilities	5.0	6.0
Total current liabilities	15.9	17.8
Noncurrent liabilities	50.4	47.9
Commitments and contingencies (Note 1)		
Common stockholders' equity:		
Common Stock, without par value (authorized - 450,000,000 shares; issued - 173,806,991 and 173,770,641 shares, respectively)	1,214.6	1,215.6
Retained earnings	1,636.9	1,509.4
Accumulated other comprehensive loss	(114.6)	(21.2)
Treasury stock, at cost	(44.9)	(44.7)
Total common stockholders' equity	2,692.0	2,659.1
Total liabilities and common stockholders' equity	$ 2,758.3	$ 2,724.8

Note 1 — Commitments and Contingencies:

In addition to the guarantees of Flaga's debt as described in Notes 5 and 6 to Consolidated Financial Statements, at September 30, 2015, UGI Corporation had agreed to indemnify the issuers of $71.1 of surety bonds issued on behalf of certain UGI subsidiaries. UGI Corporation is authorized to guarantee up to $500.0 of obligations to suppliers and customers of Energy Services and subsidiaries of which $445.3 of such obligations were outstanding as of September 30, 2015. UGI Corporation has guaranteed the floating to fixed rate interest rate swaps at Flaga, which obligations totaled $1.2 at September 30, 2015.

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF INCOME
(Millions of dollars, except per share amounts)

	Year Ended September 30, 2015	2014	2013
Revenues	$ —	$ —	$ —
Costs and expenses:			
Operating and administrative expenses	48.7	44.5	36.9
Other income, net (a)	(48.5)	(44.2)	(36.7)
	0.2	0.3	0.2
Operating loss	(0.2)	(0.3)	(0.2)
Intercompany interest income	0.1	0.2	0.2
Loss before income taxes	(0.1)	(0.1)	—
Income tax expense	1.9	2.4	3.1
Loss before equity in income of unconsolidated subsidiaries	(2.0)	(2.5)	(3.1)
Equity in income of unconsolidated subsidiaries	283.0	339.7	281.2
Net income attributable to UGI Corporation	$ 281.0	$ 337.2	$ 278.1
Other comprehensive income (loss)	0.1	(0.7)	1.1
Equity in other comprehensive (loss) income of unconsolidated subsidiaries	(93.5)	(28.9)	62.5
Comprehensive income attributable to UGI Corporation	$ 187.6	$ 307.6	$ 341.7
Earnings per common share:			
Basic	$ 1.62	$ 1.95	$ 1.63
Diluted	$ 1.60	$ 1.92	$ 1.60
Average common shares outstanding (thousands):			
Basic	173,115	172,733	170,885
Diluted	175,667	175,231	173,282

(a) UGI provides certain financial and administrative services to certain of its subsidiaries. UGI bills these subsidiaries monthly for all direct expenses incurred by UGI on behalf of its subsidiaries as well as allocated shares of indirect corporate expense incurred or paid with respect to services provided by UGI. The allocation of indirect UGI corporate expenses to certain of its subsidiaries utilizes a weighted, three-component formula comprising revenues, operating expenses, and net assets employed and considers the relative percentage of such items for each subsidiary to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. Management believes that this allocation method is reasonable and equitable to its subsidiaries. These billed expenses are classified as “Other income, net” in the Statements of Income above.

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2015	2014	2013
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	$ 277.2	$ 199.7	$ 139.4
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net investments in unconsolidated subsidiaries	(104.8)	(47.3)	(59.1)
Net cash used by investing activities	(104.8)	(47.3)	(59.1)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividends on Common Stock	(153.5)	(136.1)	(125.8)
Purchases of UGI Common Stock	(34.1)	(39.8)	—
Issuances of Common Stock	16.8	23.4	44.5
Other	(0.5)	—	—
Net cash used by financing activities	(171.3)	(152.5)	(81.3)
Cash and cash equivalents increase (decrease)	$ 1.1	$ (0.1)	$ (1.0)
Cash and cash equivalents:			
End of year	$ 1.9	$ 0.8	$ 0.9
Beginning of year	0.8	0.9	1.9
Increase (decrease)	$ 1.1	$ (0.1)	$ (1.0)

(a) Includes dividends received from unconsolidated subsidiaries of $271.6, $186.4 and $155.2 for the years ended September 30, 2015, 2014 and 2013, respectively.

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

	Balance at beginning of year	Charged (credited) to costs and expenses	Other	Balance at end of year
Year Ended September 30, 2015				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 39.1	$ 31.6	$ (39.6) (1)	$ 29.7
			(1.4) (2)	
Other reserves:				
Deferred tax assets valuation allowance	$ 59.2	$ 5.1	$ 66.1 (3)	$ 131.3
			(2.6) (4)	
			3.5 (5)	
Year Ended September 30, 2014				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 39.5	$ 43.5	$ (43.0) (1)	$ 39.1
			(0.9) (2)	
Other reserves:				
Deferred tax assets valuation allowance	$ 97.6	$ 0.4	(34.0) (3)	$ 59.2
			(4.8) (4)	
Year Ended September 30, 2013				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 36.1	$ 30.2	$ (27.4) (1)	$ 39.5
			0.6 (2)	
Other reserves:				
Deferred tax assets valuation allowance	$ 77.0	$ (5.7)	$ 26.3 (3)	$ 97.6

(1) Uncollectible accounts written off, net of recoveries.
(2) Effects of currency exchange.
(3) Foreign tax credit valuation allowance adjustment.
(4) Decrease in unusable foreign operating loss carryforwards.
(5) Acquisitions

EXHIBIT INDEX

Exhibit No.	Description
10.26	Description of oral compensation arrangements for Messrs. Walsh, Hall, and Oliver and Ms. Gaudiosi.
10.28	Summary of Director Compensation as of October 1, 2015.
21	Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP
23.2	Consent of PricewaterhouseCoopers LLP
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2015 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2015 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2015, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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

EXHIBIT 31.1

CERTIFICATION

I, John L. Walsh, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2015

/s/ John L. Walsh

John L. Walsh

President and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

CERTIFICATION

I, Kirk R. Oliver, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2015

/s/ Kirk R. Oliver

Kirk R. Oliver
Chief Financial Officer of UGI Corporation

EXHIBIT 32

**Certification by the Chief Executive Officer and Chief Financial Officer
Relating to a Periodic Report Containing Financial Statements**

I, John L. Walsh, Chief Executive Officer, and I, Kirk R. Oliver, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

(1) The Company's annual report on Form 10-K for the period ended September 30, 2015 (the "Form 10-K") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

✶✶✶

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
/s/ John L. Walsh	/s/ Kirk R. Oliver
John L. Walsh	Kirk R. Oliver
Date: November 30, 2015	Date: November 30, 2015

UGI Corporation

Estimate Change

BUY

Nice 2Q14 beat; Marcellus backlog grows

Equity | United States | Natural Gas-Local Distribution Companies
09 May 2014

Bank of America Merrill Lynch

Gabe Moreen +1 646 855 1967
Research Analyst
MLPF&S
gabriel.moreen@baml.com

Brian Brazinski, CFA +1 646 855 4861
Research Analyst
MLPF&S
brian.brazinski@baml.com

Derek Walker +1 646 855 3715
Research Analyst
MLPF&S
derek.b.walker@baml.com

Kathleen Morris +1 646 855 1861
Research Analyst
MLPF&S
kate.morris@baml.com

Ray Fu +1 646 855 1968
Research Analyst
MLPF&S
ray.fu@baml.com

US weather drives FY2Q14 EPS beat and guidance raise

UGI reported FY2Q14 adjusted EPS of $1.90, above the BofAML/consensus estimates of $1.66/1.58 per share, respectively. The beat was mostly due to favorable US weather, which drove strong results for UGI Utilities as well as the Midstream and Marketing segment, which also benefitted from increased natural gas volatility. FY2Q14 results were partially offset by unfavorable weather in Europe, as Antargaz/Flaga experienced weather that was 17/18% warmer than normal, respectively. Due to strong FY1H14 results, UGI raised FY2014 EPS guidance to $2.95-3.05 (from $2.60-2.70), which compares to the prior BofAML/consensus estimates of $2.80/2.72, respectively. UGI previously declared a FY2Q14 dividend of $0.295 per share, which represents a 4.4/4.4% increase over FY1Q14/2Q13 levels, respectively, modestly below the BofAML estimate of $0.30 per share.

Auburn expansion doubles identifiable UGIES backlog

During the FY2Q14 earnings call, management discussed its recently announced expansion plans for the Auburn natural gas pipeline, for which UGI signed long-term contracts with Cabot Oil & Gas Corporation (COG). UGI expects to spend $80mn+ to develop: 1) the Auburn Loop, a 24” pipeline that will parallel Auburn I and expand capacity by 200Mdth/d (to 470Mdth/d) with an expected in-service date of fall 2015 and 2) the Union Dale Lateral, a 12” pipeline that will deliver up to 100Mdth/d of natural gas to a subsidiary of UGI Utilities with an expected in-service date of fall 2014. We view this announcement positively given cash flows from midstream assets are more stable and carry a lower business-risk profile than marketing operations that are also housed in UGI’s Midstream and Marketing segment. Furthermore, this announcement doubles the identifiable backlog at UGI Energy Services (UGIES) and provides transparency to UGI’s organic growth potential.

Reiterate Buy and $53 PO

We reiterate our Buy rating on UGI as its focus on growing its midstream assets and its location in the Marcellus Shale should drive above peer average EPS growth, in our view. Our $53 PO is based on a SOTP analysis (see page 3).

Estimates (Sep)

(US$)	2012A	2013A	2014E	2015E	2016E
EPS	1.76	2.41	3.00	2.95	3.15
GAAP EPS	1.76	2.41	2.92	2.95	3.15
EPS Change (YoY)	-15.4%	36.9%	24.5%	-1.7%	6.8%
Consensus EPS (Bloomberg)			2.72	2.86	2.96
DPS	1.07	1.12	1.17	1.25	1.33

Valuation (Sep)

	2012A	2013A	2014E	2015E	2016E
P/E	26.6x	19.4x	15.6x	15.9x	14.9x
GAAP P/E	26.6x	19.4x	16.0x	15.9x	14.9x
Dividend Yield	2.3%	2.4%	2.5%	2.7%	2.8%
EV / EBITDA*	13.6x	9.5x	8.1x	8.5x	8.2x
Free Cash Flow Yield*	6.8%	5.8%	9.5%	8.6%	11.4%

* For full definitions of *iQmethod* SM measures, see page 7.

Stock Data

Price	US$46.78
Price Objective	US$53.00
Date Established	10-Apr-2014
Investment Opinion	B-1-7
Volatility Risk	MEDIUM
52-Week Range	US$36.43-48.35
Mrkt Val / Shares Out (mn)	US$5,448 / 116.5
BofAML Ticker / Exchange	UGI / NYS
Bloomberg / Reuters	UGI US / UGI.N
ROE (2014E)	12.9%
Total Dbt to Cap (Dec-2013A)	64.8%
Est. 5-Yr EPS / DPS Growth	8.0% / 6.0%

Key Changes

(US$)	Previous	Current
2014E EPS	2.80	3.00
2015E EPS	2.90	2.95
2016E EPS	3.10	3.15
2014E EBITDA (m)	1,311.4	1,398.8
2015E EBITDA (m)	1,332.7	1,342.2
2016E EBITDA (m)	1,377.9	1,386.0
2014E DPS	1.18	1.17

Refer to important disclosures on page 8 to 10. Analyst Certification on Page 5. Price Objective Basis/Risk on page 5. Link to Definitions on page 5. 11387356

iQprofile SM UGI Corporation

iQmethod SM – Bus Performance*

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Return on Capital Employed	4.7%	6.9%	8.2%	7.1%	7.3%
Return on Equity	8.9%	11.2%	12.9%	12.1%	12.2%
Operating Margin	8.0%	11.6%	12.3%	11.8%	12.1%
Free Cash Flow	368	316	520	470	623

iQmethod SM – Quality of Earnings*

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Cash Realization Ratio	3.5x	2.9x	2.7x	2.8x	2.7x
Asset Replacement Ratio	1.1x	1.3x	1.2x	1.3x	1.0x
Tax Rate	34.8%	27.6%	27.2%	30.0%	30.0%
Net Debt-to-Equity Ratio	101.2%	97.2%	86.1%	79.3%	69.6%
Interest Cover	2.4x	3.5x	4.2x	3.9x	4.1x

Income Statement Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Sales	6,519	7,195	8,310	8,143	8,311
% Change	7.0%	10.4%	15.5%	-2.0%	2.1%
Gross Profit	2,408	2,870	3,037	3,079	3,151
% Change	15.7%	19.2%	5.8%	1.4%	2.3%
EBITDA	837	1,194	1,399	1,342	1,386
% Change	-0.8%	42.6%	17.1%	-4.0%	3.3%
Net Interest & Other Income	(235)	(241)	(242)	(246)	(246)
Net Income (Adjusted)	199	278	350	347	372
% Change	-14.4%	39.5%	25.8%	-0.9%	7.2%

Free Cash Flow Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Net Income from Cont Operations (GAAP)	199	278	341	347	372
Depreciation & Amortization	316	363	366	379	377
Change in Working Capital	85	(44)	37	100	100
Deferred Taxation Charge	83	49	(20)	0	0
Other Adjustments, Net	24	156	233	155	162
Capital Expenditure	(339)	(486)	(437)	(511)	(388)
Free Cash Flow	368	316	520	470	623
% Change	89.8%	-14.3%	64.7%	-9.6%	32.6%

Balance Sheet Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Cash & Equivalents	320	389	748	879	1,143
Trade Receivables	633	746	944	844	744
Other Current Assets	552	492	605	605	605
Property, Plant & Equipment	4,233	4,480	4,549	4,681	4,691
Other Non-Current Assets	3,972	3,901	3,919	3,919	3,919
Total Assets	9,710	10,009	10,765	10,929	11,102
Short-Term Debt	332	295	489	489	489
Other Current Liabilities	1,155	1,130	1,391	1,391	1,391
Long-Term Debt	3,348	3,542	3,549	3,549	3,549
Other Non-Current Liabilities	1,556	1,494	1,516	1,516	1,516
Total Liabilities	6,391	6,461	6,945	6,945	6,945
Total Equity	3,319	3,548	3,820	3,984	4,158
Total Equity & Liabilities	9,710	10,009	10,765	10,929	11,102

* For full definitions of *iQmethod* SM measures, see page 7.

Company Description

UGI Corporation (UGI) is a natural gas transmission and energy distribution company headquartered in King of Prussia, PA. Operations are divided between four business units: Domestic Propane - AmeriGas Partners, LP (NYSE: APU), UGI International Propane, UGI Utilities and Midstream and Marketing. APU distributes propane to more than 2mn customers while UGI Utilities serves more than 600,000 customers in PA and MD.

Investment Thesis

We see UGI as attractively valued given its above peer average EPS growth potential and ample FCF generation that gives UGI flexibility on capital return and reinvestment, high customer growth potential at UGI Utilities, an attractive outlook for UGIES, its strong balance sheet, potential relief from APU's overhang of the ETP stake sale, and management's posture of remaining conservative with prospective acquisitions.

Stock Data

Average Daily Volume	620,589

Quarterly Earnings Estimates

	2013	2014
Q1	0.90A	1.06A
Q2	1.49A	1.90A
Q3	0.13A	0.15E
Q4	-0.10A	NA

Midstream and Marketing flexes its muscle in FY2Q14

Although we noted the potential for UGIES to deliver upside to the consensus forecast in our prior research (see: Strength through diversity; Initiate UGI at Buy), we were surprised by the magnitude. Midstream and Marketing FY2Q14 EBT of $121mn was above our estimate of $65mn, propelling the overall UGI EPS beat. During the FY2Q14 earnings call, management discussed their views of the pipeline infrastructure network in the US, stating natural gas capacity will continue to be constrained going forward and natural gas price volatility levels may stay elevated compared to prior years (but conceded the magnitude may not match levels seen this winter). We see UGIES as well positioned to benefit from what management terms “the infrastructure gap” in the long-term, and commentary regarding pursuing larger projects in UGIES is a positive, in our view.

AmeriGas beat and raise driven by colder weather

AmeriGas Partners, LP (APU) reported FY2Q14 adjusted EBITDA of $331mn, above the BofAML and consensus forecasts of $287/306mn, respectively. Additionally, APU raised FY2014 EBITDA guidance (see: Cold weather prompts beat and guidance raise; PO to $45). We view this positively given UGI’s sizeable APU LP unit stake and general partner (GP) ownership. Given the better than expected FY2Q14 APU distribution of $0.88 per LP unit, APU is less than 3% below the highest incentive distribution right (IDR) tier and we forecast the partnership will enter the highest tier during FY2Q16. We view this positively for UGI given IDR payments tend to hit an inflection point around the time the top IDR tier is reached. We could see upside to our estimates if APU grows its distribution at its target 5% growth rate, which compares to our forecasted FY2014/15/16 distribution growth rates of 5/3/2% for APU.

UGI Utilities benefits from weather; GET Gas approved

UGI Utilities realized a record send-out of natural gas this January, beating its prior record by 12%. During the FY2Q14 earnings call, management stated the same infrastructure gap that constrains natural gas transmission extends into the distribution network to some extent, as the demand for heating customers has to be balanced with the growing demand for power generation.

Additionally, UGI Utilities recently received approval for its Growth Extension Tariff (GET Gas) rider. The program will be initially funded with $75mn, which can be used to help consumers finance new connections to the gas main. We view this positively given new customer growth is a way to drive rate base growth within regulated utilities. During the FY2Q14 earnings call, management stated the initial response to the program has been strong with the first extensions expected to be constructed soon. We look for further updates on this program.

Adjusting estimates; reiterate $53 PO

We adjust our estimates to incorporate FY2Q14 results, management commentary, and contributions from the recently announced Auburn expansion projects. Our revised FY2014/15/16 EPS estimates of $3.00/2.95/3.15 compare to the consensus estimates of $2.72/2.86/2.96, respectively. Our revised FY2014 EPS estimate of $3.00 is in-line with the midpoint of UGI’s guidance.

Our $53 PO is based on a sum of the parts (SOTP) valuation. We assign each of UGI’s subsidiaries a target 2016 EPS multiple except for APU, which we separate into its limited partner (LP) and general partner (GP) components. We assign a 17x multiple for the forecasted GP payments from APU and value UGI’s 26.3%

LP unit stake in APU with a mark-to-market valuation. A 17x IDR payment multiple equates to a ~5.9% target distribution rate, which is towards the high end of the publicly traded general partners (GPs) that we cover.

We assign a 15.5x multiple to UGI Utilities, a 14x multiple to UGI's International Propane business, a 15x multiple to Midstream and Marketing, and a 14x multiple to the Corporate/Other segments.

Table 1: SOTP analysis for UGI

(all forecasts in $mns except per share data)	Earnings Multiple	2016E Net Income	Value ($mn)
APU GP- IDR payments	16.5x	35	581
APU LP unit stake at market value			1,094
International Propane	14.0x	114	1,595
UGI Utilities	15.5x	122	1,890
Midstream & Marketing	15.0x	65	971
Corporate/ Other	14.0x	4	51
	Equity Value		6,182
	Diluted Shares outstanding		116
	Value per share		53

Source: BofA Merrill Lynch Global Research analysis

*APU IDR payments are not net income

APU price as of the close 8 May 2014

Table 2: LDC comparables

							EPS				P/E				Total Return		
Ticker	Name	BofAML Rating*	Current Price	Distribution Rate (%)	Market Value (mns)	Enterprise Value	2013	2014E	2015E	2016E	2013	2014E	2015E	2016E	1-YR	3-YR	5-YR
GAS	AGL Resources Inc.*	A-3-7	53.25	3.7	6,258	10,504	2.67	4.35	3.10	3.20	19.9	12.2	17.2	16.6	27.6	48.3	116.1
ATO	Atmos Energy Corp*	A-1-7	50.48	2.9	5,048	7,367	2.56	2.87	2.95	3.15	19.7	17.6	17.1	16.0	21.5	64.8	146.5
TEG	Integrys Energy Group Inc.**	N/A	58.94	4.7	4,656	8,030	3.53	3.61	3.87	4.08	16.7	16.3	15.2	14.5	5.4	36.2	179.3
LG	Laclede Group Inc.*	A-1-7	46.60	3.8	1,531	2,389	2.90	3.21	3.22	3.43	16.1	14.5	14.5	13.6	6.3	38.9	64.0
NJR	New Jersey Resources Corp.*	A-3-7	49.16	3.4	2,084	3,166	2.72	4.30	3.05	3.20	18.1	11.4	16.1	15.4	12.5	25.2	77.1
NI	Nisource Inc.**	N/A	36.54	2.8	11,348	20,292	1.58	1.69	1.80	1.94	23.1	21.7	20.3	18.8	24.6	111.7	311.4
NWN	Northwest Natural Gas Co.*	A-3-7	43.66	4.2	1,192	1,948	2.24	2.20	2.35	2.45	19.5	19.8	18.6	17.8	6.6	8.0	28.9
PNY	Piedmont Natural Gas Co.*	B-3-7	34.66	3.7	2,695	4,424	1.78	1.89	1.90	1.99	19.5	18.3	18.2	17.4	9.6	25.2	76.1
OGS	ONE Gas**	N/A	35.67	N/A	1,871	3,342	2.01	1.94	2.07	2.20	17.7	18.4	17.2	16.2	N/A	N/A	N/A
STR	Questar Corp*	A-3-7	23.72	3.1	4,107	5,544	1.21	1.32	1.35	1.40	19.6	18.0	17.6	16.9	-0.6	50.9	176.0
SRE	Sempra Energy *	C-1-7	99.63	2.7	24,256	37,142	4.18	4.60	4.95	5.30	23.8	21.7	20.1	18.8	23.7	98.2	147.9
SJI	South Jersey Industries Inc.**	N/A	56.21	3.4	1,838	2,910	3.03	3.43	3.54	N/A	18.6	16.4	15.9	NA	-1.4	9.1	90.4
SWX	Southwest Gas Corp.*	A-2-7	54.35	2.7	2,488	3,780	3.11	2.95	3.25	3.40	17.5	18.4	16.7	16.0	12.7	48.8	212.5
UGI	UGI Corporation*	B-1-7	46.78	2.5	5,367	10,096	2.41	2.80	2.90	3.10	19.4	16.7	16.1	15.1	19.6	55.9	134.6
VVC	Vectren Corp.*	A-3-7	40.16	3.6	3,289	5,143	2.11	2.20	2.30	2.45	19.0	18.3	17.5	16.4	14.4	63.0	133.4
WGL	WGL Holdings Inc.*	A-3-7	38.87	4.5	2,009	3,105	2.31	2.49	2.40	2.55	16.8	15.6	16.2	15.2	-7.7	12.5	54.7
Average:				3.4							19.1	17.2	17.2	16.3	11.7	46.4	129.9

Source: Company reports, FactSet, Bloomberg for uncovered companies, BofA Merrill Lynch Global Research analysis

Priced as of 8 May 2014

Note 1: * indicates BofA Merrill Lynch Global Research estimates

Note 2: ** indicates consensus estimates

Price objective basis & risk

UGI Corporation (UGI)

Our $53 PO is based on a sum of the parts analysis. We assign each of UGI's subsidiaries a target 2016 EPS multiple except for APU, which we separate into its LP and GP components. We assign a 16.5x multiple for the forecasted GP payments from APU and value UGI's 26.3% LP unit stake in APU with a mark-to-market valuation. We assign a 15.5x multiple to UGI Utilities, a 14x multiple for UGI's International Propane business, a 15x multiple to Midstream and Marketing, and a 14x multiple to the Corporate/Other segments. UGI offers an attractive EPS growth story that should be driven by accelerated recovery on its regulated investments, attractive earnings growth at UGIES, and a high earnings retention ratio, which allows UGI to reinvest in its businesses while diminishing its potential financing overhang.

Risks to our PO include: unfavorable weather, propane logistics issues and shortages domestically or in Europe, reduced conversion rates or slower new home construction within PA, and the potential inability to find new infrastructure projects through UGIES now that Auburn II is in-service. Macroeconomic concerns include rising interest rates, volatile and rising natural gas prices, and a general economic slowdown.

Link to Definitions

Energy

Click here for definitions of commonly used terms.

Analyst Certification

I, Gabe Moreen, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Natural Gas Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Access Midstream Partners LP	ACMP	ACMP US	Gabe Moreen
	Atlas Pipeline Partners, L.P.	APL	APL US	Derek Walker
	Atmos Energy	ATO	ATO US	Gabe Moreen
	Buckeye Partners	BPL	BPL US	Gabe Moreen
	CorEnergy Infrastructure Trust, Inc	CORR	CORR US	Gabe Moreen
	Crestwood Equity Partners LP	CEQP	CEQP US	Gabe Moreen
	Crestwood Midstream Partners, LP	CMLP	CMLP US	Gabe Moreen
	DCP Midstream	DPM	DPM US	Gabe Moreen
	Delek Logistics	DKL	DKL US	Gabe Moreen
	Energy Trans	ETE	ETE US	Gabe Moreen
	Energy Transfer	ETP	ETP US	Gabe Moreen
	EnLink Midstream Partners, LP	ENLK	ENLK US	Gabe Moreen
	Enterprise L.P.	EPD	EPD US	Gabe Moreen
	EQT Midstream Partners LP	EQM	EQM US	Gabe Moreen
	Exterran	EXLP	EXLP US	Gabe Moreen
	Genesis Energy, L.P.	GEL	GEL US	Gabe Moreen
	Global Partners LP	GLP	GLP US	Gabe Moreen
	Kinder Morgan	KMR	KMR US	Gabe Moreen
	Kinder Morgan LP	KMP	KMP US	Gabe Moreen
	KNOT Offshore Partners, LP	KNOP	KNOP US	Gabe Moreen

US - Natural Gas Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
	Markwest Energy Partners L.P.	MWE	MWE US	Gabe Moreen
	Martin Midstream Partners, LP	MMLP	MMLP US	Gabe Moreen
	NGL Energy Partners, LP	NGL	NGL US	Gabe Moreen
	ONEOK Partners	OKS	OKS US	Gabe Moreen
	Plains AA	PAA	PAA US	Gabe Moreen
	Regency Energy Partners LP	RGP	RGP US	Gabe Moreen
	Sempra Energy	SRE	SRE US	Gabe Moreen
	Spectra Energy	SE	SE US	Gabe Moreen
	Sprague Resources, L.P.	SRLP	SRLP US	Gabe Moreen
	Summit Midstream Partners, LP	SMLP	SMLP US	Gabe Moreen
	Tallgrass Energy Partners, L.P.	TEP	TEP US	Gabe Moreen
	Targa Resources	NGLS	NGLS US	Gabe Moreen
	Tesoro Logistics LP	TLLP	TLLP US	Gabe Moreen
	The Laclede Group, Inc.	LG	LG US	Gabe Moreen
	TransMontaigne Partners L.P.	TLP	TLP US	Gabe Moreen
	UGI Corporation	UGI	UGI US	Gabe Moreen
	Western Refining Logistics, L.P.	WNRL	WNRL US	Brian Brazinski, CFA
	World Point Terminals, L.P.	WPT	WPT US	Gabe Moreen
NEUTRAL				
	American Midstream LP	AMID	AMID US	Gabe Moreen
	Boardwalk Pipeline	BWP	BWP US	Gabe Moreen
	Eagle Rock Energy Partners, L.P.	EROC	EROC US	Gabe Moreen
	El Paso Pipeline Partners, L.P.	EPB	EPB US	Gabe Moreen
	EnLink Midstream, LLC	ENLC	ENLC US	Gabe Moreen
	Kayne Anderson Energy Development Co.	KED	KED US	Gabe Moreen
	Kinder Morgan, Inc.	KMI	KMI US	Gabe Moreen
	Magellan Mid	MMP	MMP US	Gabe Moreen
	Midcoast Energy Partners, LP	MEP	MEP US	Gabe Moreen
	Phillips 66 Partners LP	PSXP	PSXP US	Gabe Moreen
	Plains GP Holdings, LP	PAGP	PAGP US	Gabe Moreen
	Southwest Gas	SWX	SWX US	Gabe Moreen
	Suburban Propane Partners L.P.	SPH	SPH US	Gabe Moreen
	Sunoco Logistics	SXL	SXL US	Gabe Moreen
	Targa Resources Corp.	TRGP	TRGP US	Gabe Moreen
	Teekay Offshore	TOO	TOO US	Gabe Moreen
	Western Gas Partners, LP	WES	WES US	Gabe Moreen
	Williams Partner	WPZ	WPZ US	Gabe Moreen
UNDERPERFORM				
	AGL Resources Inc.	GAS	GAS US	Gabe Moreen
	AmeriGas Partners L.P.	APU	APU US	Gabe Moreen
	Enbridge Energy	EEP	EEP US	Gabe Moreen
	Enbridge Energy	EEQ	EEQ US	Gabe Moreen
	Ferrellgas Partners L.P.	FGP	FGP US	Gabe Moreen
	Holly Energy Par	HEP	HEP US	Gabe Moreen
	MPLX LP	MPLX	MPLX US	Gabe Moreen
	New Jersey Resources Corporation	NJR	NJR US	Gabe Moreen
	Northwest Natural Gas Co.	NWN	NWN US	Gabe Moreen
	Nustar Energy LP	NS	NS US	Gabe Moreen
	Nustar GP	NSH	NSH US	Gabe Moreen
	Oiltanking Partners LP	OILT	OILT US	Gabe Moreen
	Piedmont Natural Gas	PNY	PNY US	Gabe Moreen
	Questar Corp	STR	STR US	Gabe Moreen
	Spectra Energy	SEP	SEP US	Gabe Moreen
	TC PipeLines LP	TCP	TCP US	Gabe Moreen
	Vectren Corp	VVC	VVC US	Gabe Moreen
	WGL Holdings, Inc.	WGL	WGL US	Gabe Moreen
RSTR				
	Susser Petroleum Partners LP	SUSP	SUSP US	Gabe Moreen

iQmethod SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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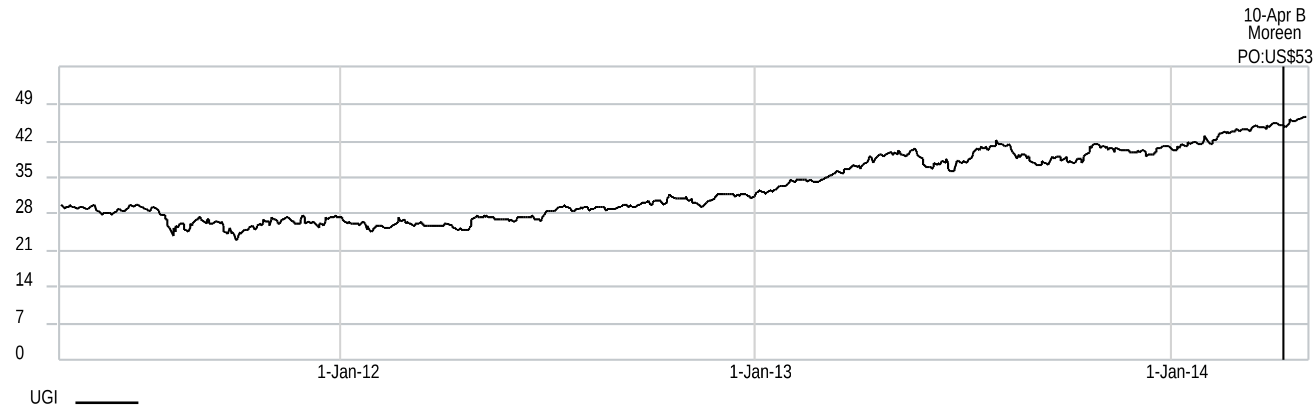
Important Disclosures

UGI Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR:No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of April 30, 2014 or such later date as indicated.

Investment Rating Distribution: Energy Group (as of 31 Mar 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	146	55.73%	Buy	123	84.25%
Neutral	59	22.52%	Neutral	47	79.66%
Sell	57	21.76%	Sell	42	73.68%

Investment Rating Distribution: Global Group (as of 31 Mar 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1702	50.59%	Buy	1254	73.68%
Neutral	844	25.09%	Neutral	613	72.63%
Sell	818	24.32%	Sell	530	64.79%

* Companies that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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UGI Corporation

Price Objective Change

BUY

Equity | United States | Natural Gas-Local Distribution Companies
02 July 2014

Vive le LPGs! PO to $56

Bank of America Merrill Lynch

Gabe Moreen +1 646 855 1967
Research Analyst
MLPF&S
gabriel.moreen@baml.com

Ray Fu +1 646 855 1968
Research Analyst
MLPF&S
ray.fu@baml.com

Derek Walker +1 646 855 3715
Research Analyst
MLPF&S
derek.b.walker@baml.com

Kathleen Morris +1 646 855 1861
Research Analyst
MLPF&S
kate.morris@baml.com

UGI to purchase Totalgaz

This morning, UGI announced it has reached an agreement in principle to acquire Total's liquefied petroleum gas (LPG) distribution business in France (Totalgaz) for approximately €400-450mn ($500-615mn). Management expects the deal to be accretive to EPS in the first full year after closing, which is anticipated during 1H15. We view the deal favorably as the transaction multiple looks attractive (we estimate 5-6x EBITDA pre-synergies depending on weather, margins etc) – and we think synergies could be material given overlapping operations between Totalgaz and UGI's existing LPG distribution business in France (Antargaz).

EBITDA multiple of ~5-6x attractive

Totalgaz distributed over 265mn gallons of LPG during 2013 and generates close to €1bn in annual revenue. Using these metrics, Totalgaz seems to be comparable in scale to Antargaz (250mn gallons of LPG and $1.37mn during FY13). Antargaz generated ~$155mn in EBITDA during FY13 and likely has a relatively higher margin since its retail volumes are comprised of a higher percentage of cylinder/small bulk sales. After taking into account the somewhat favorable European weather conditions during FY13, we estimate Totalgaz generates $110-130mn in EBITDA, which implies an upfront pre-synergy transaction multiple of ~5x EBITDA. Potential synergies between Totalgaz and Antargaz could add further value to the deal, in our opinion. The two businesses have significant geographic overlay according the UGI management.

$0.30-0.40 accretive to EPS pre-synergies

UGI is likely to finance the transaction with debt and cash, in our opinion. UGI had $494mn of cash on its balance sheet and a net debt to EBITDA ratio of <3.0x as of 31 March 2014. We anticipate leverage to increase slightly but remain in the ~3x range. With these financing assumptions, we expect the transaction to be $0.30-0.40 accretive to annual EPS (our current UGI 2014E EPS stands at $3.00).

PO to $56; reiterate Buy

We increase our PO to $56 (from $53) based on anticipated EPS accretion from the Totalgaz transaction. However, we await further progress on the deal and management commentary before changing our official estimates. Pushback on the deal includes lack of disclosed details around financial metrics, investor views that M&A domestically may be more appreciated than international M&A, and the apparent low multiple paid for Totalgaz perhaps indicative of a lower valuation for UGI's International Propane assets. We reiterate our Buy rating on UGI as its focus on growing its midstream assets, diversified business operations, underappreciated GP interest in AmeriGas (APU) and exposure to the Marcellus Shale should drive above peer average EPS growth, in our view.

Stock Data

Price	US$50.37
Price Objective	US$53.00 to US$56.00
Date Established	2-Jul-2014
Investment Opinion	B-1-7
Volatility Risk	MEDIUM
BofAML Ticker / Exchange	UGI / NYS
Bloomberg / Reuters	UGI US / UGI.N

Refer to important disclosures on page 3 to 5. Analyst Certification on Page 2. Price Objective Basis/Risk on page 2. Link to Definitions on page 2. 11402833

Price objective basis & risk

UGI Corporation (UGI)

Our $56 PO is based on a SOP analysis. We assign each of UGI's subsidiaries a target 2016 EPS multiple except for APU, which we separate into its LP and GP components. We assign a 16.5x multiple for the forecasted GP payments from APU and value UGI's 26.3% LP unit stake in APU with a mark-to-market valuation. We assign a 15.5x mult. to UGI Utilities based on trading mult. to peers, a 12.0x multiple for UGI's International Propane business (inclusive of $0.30 EPS accretion from the pending Totalgaz transaction) which we feel is warranted given the utility-like nature of UGI's propane dist. operations, but also higher business risk due susceptibility to weather and margins, a 15x mult. to Midstream and Marketing as high growth Midstream operations are offset by lower mult. and more volatile Marketing earnings, and a 14x multiple to the Corporate/Other segments. We assign a $3 premium give the announced acquisition of Totalgaz. Downside risks to our PO are: unfavorable weather, propane logistics issues and shortages domestically or in Europe, reduced conversion rates or slower new home construction within PA, and the potential inability to find new infrastructure projects through UGIES now that Auburn II is in-service.

Link to Definitions

Energy

Click here for definitions of commonly used terms.

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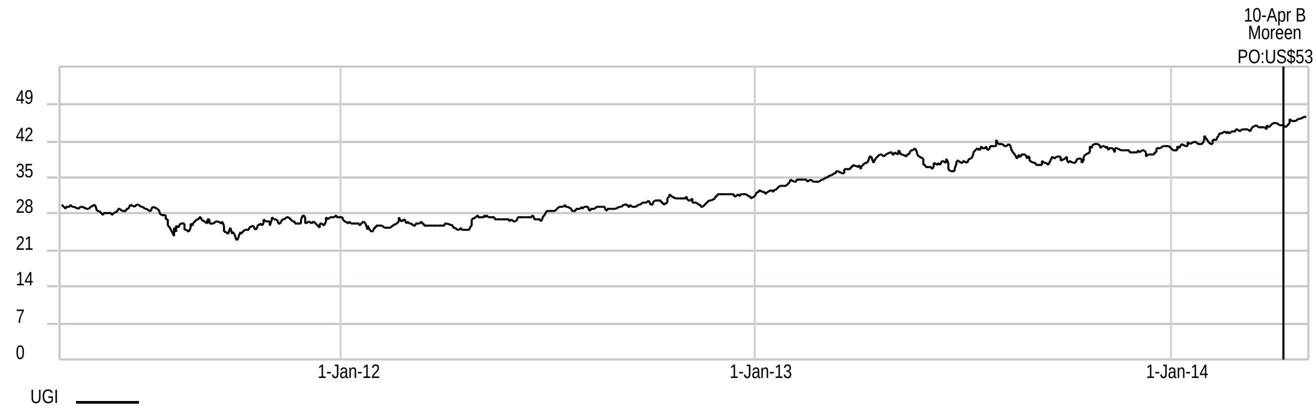
UGI Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR:No Rating

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Investment Rating Distribution: Energy Group (as of 30 Jun 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	133	51.55%	Buy	111	83.46%
Neutral	71	27.52%	Neutral	62	87.32%
Sell	54	20.93%	Sell	39	72.22%

Investment Rating Distribution: Global Group (as of 30 Jun 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1696	51.39%	Buy	1275	75.18%
Neutral	837	25.36%	Neutral	619	73.95%
Sell	767	23.24%	Sell	489	63.75%

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Underperform	N/A	≥ 20%

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UGI Corporation

Price Objective Change BUY

Some initial guidance on Totalgaz

Equity | United States | Natural Gas-Local Distribution Companies
18 May 2015

Bank of America Merrill Lynch

Gabe Moreen +1 646 855 1967
Research Analyst
MLPF&S
gabriel.moreen@baml.com

Ray Fu +1 646 855 1968
Research Analyst
MLPF&S
ray.fu@baml.com

Derek Walker +1 646 855 3715
Research Analyst
MLPF&S
derek.b.walker@baml.com

Meng Ge +1 646 855 4861
Research Analyst
MLPF&S
meng.ge@baml.com

Ben Gottesdiener +1 646 855 1966
Research Analyst
MLPF&S
benjamin.gottesdiener@baml.com

Totalgaz to totally close shortly

Last Friday, UGI announced it had received the final approval from the French Competition Authority to complete its previously announced acquisition of Total's liquefied petroleum gas (LPG) distribution business in France. During our meeting with UGI at the AGA Financial Forum, management reiterated that it expects the acquisition to close during May 2015 for EUR 400-450mn (still no exact purchase price due to Total's reluctance to disclose).

Initial accretion/dilution guidance

Management expects the acquisition to be dilutive to FY15 EPS and accretive to FY16 and beyond. Totalgaz will be $0.14-0.18 dilutive to FY15 EPS due to: (1) Totalgaz contributing to only the second half of FY15 (April – September 2015), when LPG distribution is seasonably weak, and (2) certain transaction costs. The exact EPS accretion was not disclosed for FY16 and beyond and management commentary indicates Totalgaz could have an unlevered earnings return profile of 8-10%, which we view positively. Assuming a 50/50% debt/equity financing mix, today's Euro exchange rate and the midpoint of the purchase price range, the annual EPS accretion corresponds roughly to our prior estimate of $0.15-0.20.

Market underestimates Totalgaz

The market continues to underappreciate the EPS accretion as a result of the Totalgaz transaction, in our opinion, which is excluded from both our estimates and UGI's long-term EPS growth guidance of 6-10%. We reiterate our Buy rating on UGI for its focus on growing its midstream assets, diversified business operations, underappreciated GP interest in AmeriGas (APU), exposure to the Marcellus Shale and the Totalgaz acquisition. We increase our PO to $40 (from $39) based on a 17.5 target P/E on our FY17 EPS estimate of $2.24.

Stock Data

Price	US$37.17
Price Objective	US$39.00 to US$40.00
Date Established	18-May-2015
Investment Opinion	B-1-7
Volatility Risk	MEDIUM
BofAML Ticker / Exchange	UGI / NYS
Bloomberg / Reuters	UGI US / UGI.N

Refer to important disclosures on page 3 to 5. Analyst Certification on Page 2. Price Objective Basis/Risk on page 2.

Price objective basis & risk

UGI Corporation (UGI)

Our $40 PO is based on a 17.5x target P/E on our FY17 EPS estimate of $2.24. UGI offers an attractive EPS growth growth that should be driven by accelerated recovery on its regulated investments, attractive earnings growth at UGIES, and a high earnings retention ratio, which allows UGI to reinvest in its businesses while diminishing its potential financing overhang. However, UGI has a sizable exposure to the propane distribution business, which is more seasonal, volatile, and competitive than regulated utilities, in our opinion. Risks to our PO include: unfavorable weather, propane logistics issues and shortages domestically or in Europe, reduced conversion rates or slower new home construction within PA, the potential inability to find new infrastructure projects through UGIES now that Auburn II is in-service, and unfavorable currency exchange rates. Macroeconomic concerns include rising interest rates, volatile and rising natural gas prices, and a general economic slowdown.

Analyst Certification

I, Gabe Moreen, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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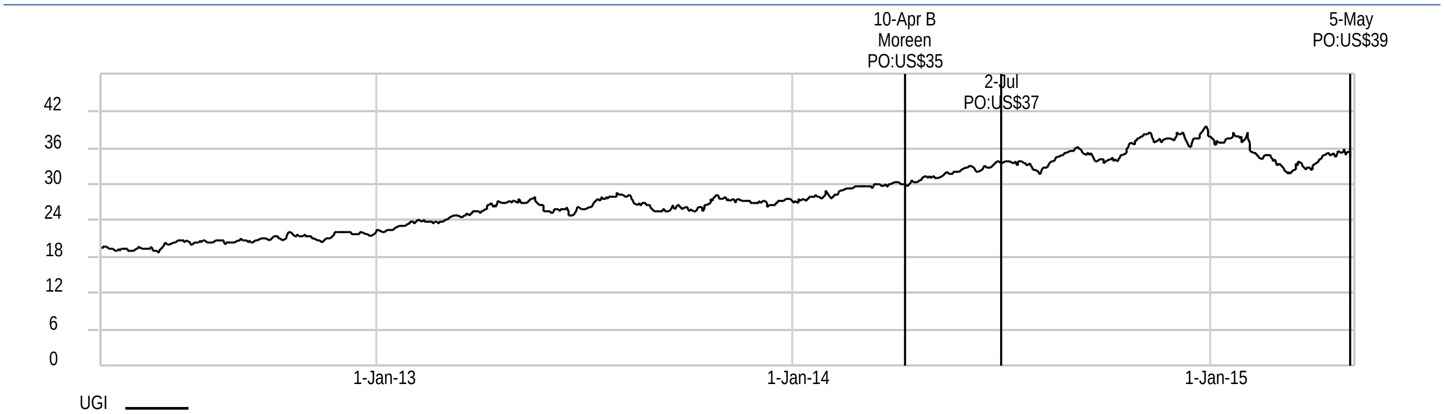
UGI Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR:No Rating

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Investment Rating Distribution: Energy Group (as of 31 Mar 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	129	51.81%	Buy	110	85.27%
Neutral	60	24.10%	Neutral	45	75.00%
Sell	60	24.10%	Sell	45	75.00%

Investment Rating Distribution: Global Group (as of 31 Mar 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1696	50.89%	Buy	1258	74.17%
Neutral	805	24.15%	Neutral	586	72.80%
Sell	832	24.96%	Sell	539	64.78%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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Bank of America Merrill Lynch

UGI Corporation

FY4Q15 beat and FY16 guidance robust; reiterate Buy

Reiterate Rating: BUY | PO: 40.00 USD | Price: 34.06 USD

Equity | 12 November 2015

FY4Q15 beat

Earlier this week, UGI reported FY4Q15 adjusted diluted EPS of $0.01 versus the BofAML/consensus estimates of $(0.05)/(0.04). The beat was largely attributable to a lower than expected income tax expense during the quarter offsetting a slight APU miss (see: FY4Q15 miss on weather; FY16 guidance robust). Note due to the seasonal nature of UGI's business, FY3Q and FY4Q typically generate <20% of annual gross margin.

FY16 guidance robust

UGI introduced weather-normalized FY16 EPS guidance of $2.15-2.30, above the prior BofAML/consensus estimates of $2.17/2.15. We recognize some risk of warmer than normal weather given an unusually warm October 2015 and a high probability of El Nino negatively impacting the number of heating degree days (HDDs) during the 2015-16 heating season. However, the robust weather-normalized guidance likely also reflects contribution from recently completed organic growth projects (including Auburn III and Temple Liquefaction). Further, management quantified the expected EPS accretion from Finagaz (rebranded Totalgaz) to be $0.15 during FY16, which compares to our prior expectation of $0.10-15 (see: Incorporating Totalgaz; $0.10-0.15 accretive to FY16 EPS).

Visible growth through FY17

UGI's growth through FY17 will be largely driven by its midstream investments (PennEast and Sunbury), supplemented by its Manning LNG project. Management anticipates growth capex in FY16 to increase YoY from FY15 (an already robust $470mn). We also see upside from an expected rate case for UGI's utility during FY16 (the first in 20 years) and potential synergies from the integration of Finagaz (an incremental $0.08-0.12 to EPS though realized gradually over the next 36-48 months).

Reiterate Buy and $40 PO

We are somewhat surprised by UGI's underperformance before and after the earnings announcement (down 7% MTD versus 2% for utilities). We reiterate our Buy rating on UGI for its focus on growing its midstream assets, diversified business operations, underappreciated GP interest in AmeriGas (APU) and exposure to the Marcellus Shale. Our $40 PO is based on a 17 target P/E on our FY17 EPS estimate of $2.38.

Estimates (Sep)

(US$)	2014A	2015A	2016E	2017E	2018E
EPS	2.00	2.01	2.19	2.38	2.54
GAAP EPS	1.92	1.60	2.19	2.38	2.54
EPS Change (YoY)	25.0%	0.5%	9.0%	8.7%	6.7%
Consensus EPS (Bloomberg)			2.15	2.26	NA
DPS	0.82	0.90	0.96	1.02	1.08

Valuation (Sep)

	2014A	2015A	2016E	2017E	2018E
P/E	17.0x	16.9x	15.6x	14.3x	13.4x
GAAP P/E	17.7x	21.3x	15.6x	14.3x	13.4x
Dividend Yield	2.4%	2.6%	2.8%	3.0%	3.2%
EV / EBITDA*	8.6x	9.5x	8.3x	7.9x	7.7x
Free Cash Flow Yield*	9.2%	14.0%	9.2%	12.0%	12.7%

* For full definitions of *iQmethod*SM measures, see page 5.

Key Changes

(US$)	Previous	Current
2016E EPS	2.15	2.19
2017E EPS	2.35	2.38
2018E EPS	NA	2.54
2016E EBITDA (m)	1,429.3	1,437.1
2017E EBITDA (m)	1,507.8	1,511.5
2018E EBITDA (m)	NA	1,550.8

Gabe Moreen
Research Analyst
MLPF&S
+1 646 855 1967
gabriel.moreen@baml.com

Ray Fu
Research Analyst
MLPF&S
+1 646 855 1968
ray.fu@baml.com

Derek Walker
Research Analyst
MLPF&S
+1 646 855 3715
derek.b.walker@baml.com

Meng Ge
Research Analyst
MLPF&S
+1 646 855 4861
meng.ge@baml.com

Ben Gottesdiener
Research Analyst
MLPF&S
+1 646 855 1966
benjamin.gottesdiener@baml.com

Katherine Carpenter
Research Analyst
MLPF&S
+1 646 855 1861
kcarpenter@baml.com

Stock Data

Price	34.06 USD
Price Objective	40.00 USD
Date Established	18-May-2015
Investment Opinion	B-1-7
52-Week Range	31.54 USD - 39.75 USD
Mrkt Val (mn) / Shares Out (mn)	5,950 USD / 174.7
Average Daily Value (mn)	25.13 USD
BofAML Ticker / Exchange	UGI / NYS
Bloomberg / Reuters	UGI US / UGI.N
ROE (2016E)	14.4%
Net Dbt to Eqty (Sep-2015A)	92.2%

Refer to important disclosures on page 6 to 8. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

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iQprofile SM UGI Corporation

Company Sector

Natural Gas-Local Distribution Companies

Company Description

UGI Corporation (UGI) is a natural gas transmission and energy distribution company headquartered in King of Prussia, PA. Operations are divided between four business units: Domestic Propane - AmeriGas Partners, LP (NYSE: APU), UGI International Propane, UGI Utilities and Midstream and Marketing. APU distributes propane to more than 2mn customers while UGI Utilities serves more than 600,000 customers in PA and MD.

Investment Rationale

We see UGI as attractively valued given its above peer average EPS growth potential and ample FCF generation that gives UGI flexibility on capital return and reinvestment, high customer growth potential at UGI Utilities, an attractive outlook for UGIES, its strong balance sheet and management's posture of remaining conservative with prospective acquisitions.

iQmethod SM – Bus Performance*

(US$ Millions)	2014A	2015A	2016E	2017E	2018E
Return on Capital Employed	7.8%	6.4%	7.9%	8.6%	8.9%
Return on Equity	13.6%	13.5%	14.4%	14.7%	14.7%
Operating Margin	12.1%	8.1%	11.7%	12.4%	12.6%
Free Cash Flow	549	834	549	715	756

iQmethod SM – Quality of Earnings*

(US$ Millions)	2014A	2015A	2016E	2017E	2018E
Cash Realization Ratio	2.9x	3.7x	2.8x	2.7x	2.6x
Asset Replacement Ratio	1.3x	1.3x	1.3x	1.0x	1.0x
Tax Rate	30.6%	30.0%	30.0%	30.0%	30.0%
Net Debt-to-Equity Ratio	90.1%	92.2%	85.0%	74.0%	63.1%
Interest Cover	4.2x	3.5x	4.9x	5.0x	5.7x

Income Statement Data (Sep)

(US$ Millions)	2014A	2015A	2016E	2017E	2018E
Sales	8,277	6,691	8,795	8,912	9,053
% Change	15.0%	-19.2%	31.5%	1.3%	1.6%
Gross Profit	3,102	2,668	3,326	3,428	3,495
% Change	8.1%	-14.0%	24.6%	3.1%	1.9%
EBITDA	1,381	1,257	1,437	1,512	1,551
% Change	15.6%	-9.0%	14.3%	5.2%	2.6%
Net Interest & Other Income	(238)	(243)	(211)	(220)	(201)
Net Income (Adjusted)	**350**	**354**	**385**	**417**	**445**
% Change	**25.7%**	**1.2%**	**8.8%**	**8.2%**	**6.9%**

Free Cash Flow Data (Sep)

(US$ Millions)	2014A	2015A	2016E	2017E	2018E
Net Income from Cont Operations (GAAP)	337	281	385	417	445
Depreciation & Amortization	363	371	407	407	407
Change in Working Capital	(6)	408	100	100	100
Deferred Taxation Charge	67	(40)	0	0	0
Other Adjustments, Net	245	295	188	203	215
Capital Expenditure	(457)	(481)	(532)	(412)	(412)
Free Cash Flow	**549**	**834**	**549**	**715**	**756**
% Change	**73.9%**	**52.0%**	**-34.2%**	**30.2%**	**5.7%**

Balance Sheet Data (Sep)

(US$ Millions)	2014A	2015A	2016E	2017E	2018E
Cash & Equivalents	420	479	308	383	381
Trade Receivables	685	428	328	228	128
Other Current Assets	559	444	444	444	444
Property, Plant & Equipment	4,544	4,975	5,099	5,104	5,108
Other Non-Current Assets	3,886	4,038	4,038	4,038	4,038
Total Assets	**10,093**	**10,365**	**10,218**	**10,198**	**10,100**
Short-Term Debt	288	151	151	151	151
Other Current Liabilities	1,143	1,188	1,188	1,188	1,188
Long-Term Debt	3,434	3,628	3,328	3,128	2,828
Other Non-Current Liabilities	1,565	1,817	1,817	1,817	1,817
Total Liabilities	**6,430**	**6,784**	**6,484**	**6,284**	**5,984**
Total Equity	**3,663**	**3,580**	**3,733**	**3,913**	**4,116**
Total Equity & Liabilities	**10,093**	**10,365**	**10,218**	**10,198**	**10,100**

* For full definitions of *iQmethod* SM measures, see page 5.

Stock Data

Average Daily Volume	737,915

Quarterly Earnings Estimates

	2015	2016
Q1	0.66A	0.85E
Q2	1.23A	1.20E
Q3	0.03A	0.19E
Q4	0.01A	-0.05E

Share buyback could supplement dividend payout

UGI repurchased ~1mn shares outstanding during FY15 versus ~1.3mn during FY14. Although the share buyback program remains a more modest means of returning capital to investors in relation to UGI's dividend payout (amount spent on share buyback being <30% of dividends paid), we view the program positively. It may increase in size particularly as UGI's capex deployment potentially decelerates beyond FY18, in our view. UGI's payout ratio (40-50%) is towards the lower end of LDC peers. Our model does not incorporate significant share buyback going forward.

Finagaz synergies could provide upside

Due Finagaz's more labor-friendly operating base in France, we had not anticipated meaningful synergies in the foreseeable future. Management's $0.08-0.12 potential synergy number within 36 to 48 months could provide upside to our estimates. Finagaz was acquired earlier this year for €423mn (then $461mn) (see: Incorporating Totalgaz; $0.10-0.15 accretive to FY16 EPS)

Adjusting estimates

We adjust our estimates to incorporate FY4Q15 results and FY16 guidance. Our FY16 EPS increases modestly but remain at the lower end of the guidance range ($2.19 versus guidance of $2.15-2.30) as we account for potentially warmer than normal weather. We also introduce our FY18 estimates, implying 7/6% DPS growth over FY17, which compares to UGI's long-term guidance of 6-10% EPS/DPS growth. Our FY16/17/18 EPS estimates of $2.19/2.38/2.54 compare to consensus estimates of $2.15/2.26, respectively.

Table 1: BofAML LDC comp table

Ticker	Name	BofAML rating		Current Price ($)	Current Dividend Rate (%)	2014-17 DPS CAGR (%)*	Market Cap ($mns)	EV ($mns)	P/E* 2015E	P/E* 2016E	P/E* 2017E	S&P credit rating	Moody's credit rating
GAS	AGL Resources Inc			61.74	3.3	3.9	7,424	11,823	20.9	20.4	19.6	BBB+	N/A
ATO	Atmos Energy Corp	A-1-7	Buy	60.58	2.8	6.7	6,149	8,789	19.6	18.6	17.6	A-	A2
LG	Laclede Group Inc/The	A-1-7	Buy	56.21	3.3	4.3	2,435	4,277	17.3	16.4	15.7	A-	Baa2
NJR	New Jersey Resources Corp	A-3-7	Underperform	29.82	3.2	6.7	2,550	3,142	17.2	18.1	17.1	N/A	N/A
NWN	Northwest Natural Gas Co	A-3-7	Underperform	46.14	4.1	5.6	1,263	2,092	20.9	20.1	19.3	A+	(P)A3
OGS	ONE Gas Inc	A-2-7	Neutral	47.02	2.6	6.7	2,452	3,512	21.4	20.0	18.8	A-	A2
PNY	Piedmont Natural Gas Co Inc	-6-	No Rating	57.53	2.3	3.1	4,557	4,794	19.9	28.8	27.0	A *-	A2
STR	Questar Corp	B-3-7	Underperform	18.65	4.5	6.5	3,261	4,983	14.3	14.2	13.3	A	A2
SWX	Southwest Gas Corp	A-1-7	Buy	55.28	2.9	8.0	2,619	4,302	19.1	16.3	15.4	BBB+	A3
UGI	UGI Corp	B-1-7	Buy	34.06	2.7	7.6	5,885	10,288	16.9	15.5	14.3	N/A	N/A
VVC	Vectren Corp	A-3-7	Underperform	41.32	3.9	5.2	3,417	4,840	18.0	16.9	15.9	A-	N/A
WGL	WGL Holdings Inc	A-3-7	Underperform	59.22	3.1	5.0	2,945	3,813	18.4	19.4	18.2	A+	A3
NI	NiSource Inc			19.14	3.2	7.7	6,099	12,531	13.6	17.8	16.7	BBB+	(P)Ba1
SJI	South Jersey Industries Inc			23.74	4.2		1,645	2,967	15.3	14.6	13.7	BBB+	N/A
Average					**3.3**	**5.9**			**19.0**	**18.4**	**17.3**		

Source: Bloomberg, BofA Merrill Lynch Global Research
Data as of 12 November 2015
*2014-17 DPS CAGR is pro-rated for those names that IPOed during or after 2014 and used consensus DPS estimates when BofAML estimates are unavailable
*P/E ratios assume consensus EPS when BofAML estimates are unavailable

Price objective basis & risk

UGI Corporation (UGI)

Our $40 PO is based on a 17x target P/E on our FY17 EPS estimate of $2.38. UGI offers an attractive EPS growth growth that should be driven by accelerated recovery on its regulated investments, attractive earnings growth at UGIES, and a high earnings retention ratio, which allows UGI to reinvest in its businesses while diminishing its potential financing overhang. However, UGI has a sizable exposure to the propane distribution business, which is more seasonal, volatile, and competitive than regulated utilities, in our opinion. Risks to our PO include: unfavorable weather, propane logistics issues and shortages domestically or in Europe, reduced conversion rates or slower new home construction within PA, the potential inability to find new infrastructure projects through UGIES now that Auburn II is in-service, and unfavorable currency exchange rates. Macroeconomic concerns include rising interest rates, volatile and rising natural gas prices, and a general economic slowdown.

Analyst Certification

I, Gabe Moreen, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Natural Gas Utilities Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Atmos Energy	ATO	ATO US	Gabe Moreen
	Southwest Gas	SWX	SWX US	Gabe Moreen
	The Laclede Group, Inc.	LG	LG US	Gabe Moreen
	UGI Corporation	UGI	UGI US	Gabe Moreen
NEUTRAL				
	ONE Gas, Inc.	OGS	OGS US	Gabe Moreen
UNDERPERFORM				
	New Jersey Resources Corporation	NJR	NJR US	Gabe Moreen
	Northwest Natural Gas Co.	NWN	NWN US	Gabe Moreen
	Questar Corp	STR	STR US	Gabe Moreen
	Vectren Corp	VVC	VVC US	Gabe Moreen
	WGL Holdings, Inc.	WGL	WGL US	Gabe Moreen
RSTR				
	Sempra Energy	SRE	SRE US	Gabe Moreen

iQmethod SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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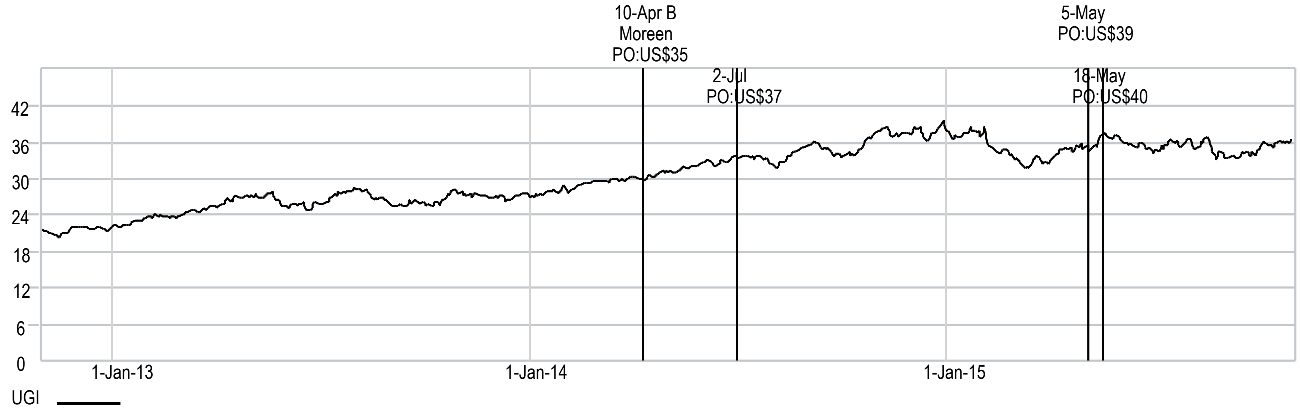
Disclosures

Important Disclosures

UGI Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR:No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of October 31, 2015 or such later date as indicated.

Equity Investment Rating Distribution: Energy Group (as of 30 Sep 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	116	50.66%	Buy	101	87.07%
Hold	50	21.83%	Hold	39	78.00%
Sell	63	27.51%	Sell	49	77.78%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1732	51.79%	Buy	1301	75.12%
Hold	773	23.12%	Hold	550	71.15%
Sell	839	25.09%	Sell	515	61.38%

* Companies that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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UGI Corporation

Estimate Change

BUY

Surprise dividend growth frames a strong quarter

Equity | United States | Natural Gas-Local Distribution Companies
30 July 2014

Bank of America Merrill Lynch

Gabe Moreen +1 646 855 1967
Research Analyst
MLPF&S
gabriel.moreen@baml.com

Ray Fu +1 646 855 1968
Research Analyst
MLPF&S
ray.fu@baml.com

Derek Walker +1 646 855 3715
Research Analyst
MLPF&S
derek.b.walker@baml.com

Kathleen Morris +1 646 855 1861
Research Analyst
MLPF&S
kate.morris@baml.com

FY3Q14 in-line; midstream offsets warmer weather drag

UGI reported FY3Q14 adjusted EPS of $0.15, in-line with the BofAML/consensus estimates of $0.15/0.15, respectively. Better than expected results at the Midstream & Marketing segment offset weaker than anticipated performance of AmeriGas Propane and UGI International. The midstream segment benefitted from elevated natural gas volatility and increased demand for midstream energy infrastructure in the Northeast and Mid-Atlantic regions. UGI's propane distribution experienced warmer than normal weather domestically (9% warmer than normal) and in Europe (20/16% warmer for AntarGaz/Flaga, respectively).

Unexpected dividend increase; growth outlook unchanged

UGI declared a FY3Q14 dividend of $0.3263 per share, which represents an 11/16% increase over FY2Q14/3Q13 levels, respectively, above the BofAML estimate of $0.295 per share. The increase was unexpected as UGI has historically increased its dividend only once per year and FY2Q14 already saw a 5% QoQ increase. Despite the unexpected step-up, management maintained its annual growth guidance of 4% and its payout ratio target of 35-45%. We increase our dividend forecasts and view the prospective dividend guidance as conservative.

Still waiting on Total

On 2 July 2014, UGI announced it will acquire Total's LPG distribution business in France for €400-450mn (see: Vive le LPGs! PO to $56). We view the potential deal positively and think the transaction multiple of 5-6x EBITDA pre-synergies seems attractive. On UGI's FY3Q earnings call, management stated it is making progress towards regulatory approval and continues to anticipate a closing date during 2H15.

Reiterate Buy and $56 PO

We reiterate our Buy rating on UGI for its focus on growing its midstream assets, diversified business operations, underappreciated GP interest in AmeriGas (APU) and exposure to the Marcellus Shale. We maintain our PO of $56 based on our SOTP analysis (page 4) and anticipated EPS accretion from the Totalgaz transaction. However, we await further progress on the deal and management commentary before changing our estimates.

Estimates (Sep)

(US$)	2012A	2013A	2014E	2015E	2016E
EPS	1.76	2.41	3.03	3.00	3.22
GAAP EPS	1.76	2.41	2.98	3.00	3.22
EPS Change (YoY)	-15.4%	36.9%	25.7%	-1.0%	7.3%
Consensus EPS (Bloomberg)			3.01	2.94	3.10
DPS	1.07	1.12	1.23	1.35	1.44

Valuation (Sep)

	2012A	2013A	2014E	2015E	2016E
P/E	28.0x	20.5x	16.3x	16.4x	15.3x
GAAP P/E	28.0x	20.5x	16.5x	16.4x	15.3x
Dividend Yield	2.2%	2.3%	2.5%	2.7%	2.9%
EV / EBITDA*	14.0x	9.8x	8.4x	8.7x	8.4x
Free Cash Flow Yield*	6.4%	5.5%	9.4%	8.3%	11.0%

* For full definitions of *iQmethod*SM measures, see page 7.

Stock Data

Price	US$49.31
Price Objective	US$56.00
Date Established	2-Jul-2014
Investment Opinion	B-1-7
Volatility Risk	MEDIUM
52-Week Range	US$37.88-51.14
Mrkt Val / Shares Out (mn)	US$5,743 / 116.5
BofAML Ticker / Exchange	UGI / NYS
Bloomberg / Reuters	UGI US / UGI.N
ROE (2014E)	13.8%
Total Dbt to Cap (Dec-2013A)	64.8%
Est. 5-Yr EPS / DPS Growth	8.0% / 6.0%

Key Changes

(US$)	Previous	Current
2014E EPS	3.00	3.03
2015E EPS	2.95	3.00
2016E EPS	3.15	3.22
2014E EBITDA (m)	1,398.8	1,397.1
2015E EBITDA (m)	1,342.2	1,343.8
2016E EBITDA (m)	1,386.0	1,391.8
2014E DPS	1.17	1.23

Refer to important disclosures on page 8 to 10. Analyst Certification on Page 5. Price Objective Basis/Risk on page 5. Link to Definitions on page 5. 11413774

*iQprofile*SM UGI Corporation

*iQmethod*SM – Bus Performance*

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Return on Capital Employed	4.7%	6.9%	8.1%	7.3%	7.5%
Return on Equity	8.9%	11.2%	13.8%	13.0%	13.2%
Operating Margin	8.0%	11.6%	12.4%	11.6%	12.0%
Free Cash Flow	368	316	538	478	634

*iQmethod*SM – Quality of Earnings*

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Cash Realization Ratio	3.5x	2.9x	2.8x	2.8x	2.7x
Asset Replacement Ratio	1.1x	1.3x	1.2x	1.3x	1.0x
Tax Rate	34.8%	27.6%	29.1%	30.0%	30.0%
Net Debt-to-Equity Ratio	101.2%	97.2%	86.5%	79.8%	70.1%
Interest Cover	2.4x	3.5x	4.3x	4.1x	4.3x

Income Statement Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Sales	6,519	7,195	8,298	8,308	8,471
% Change	7.0%	10.4%	15.3%	0.1%	2.0%
Gross Profit	2,408	2,870	3,150	3,091	3,167
% Change	15.7%	19.2%	9.8%	-1.9%	2.5%
EBITDA	837	1,194	1,397	1,344	1,392
% Change	-0.8%	42.6%	17.0%	-3.8%	3.6%
Net Interest & Other Income	(235)	(241)	(238)	(236)	(236)
Net Income (Adjusted)	**199**	**278**	**355**	**355**	**383**
% Change	**-14.4%**	**39.5%**	**27.6%**	**0%**	**7.9%**

Free Cash Flow Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Net Income from Cont Operations (GAAP)	199	278	349	355	383
Depreciation & Amortization	316	363	365	379	377
Change in Working Capital	85	(44)	10	100	100
Deferred Taxation Charge	83	49	13	0	0
Other Adjustments, Net	24	156	243	155	162
Capital Expenditure	(339)	(486)	(442)	(511)	(388)
Free Cash Flow	**368**	**316**	**538**	**478**	**634**
% Change	**89.8%**	**-14.3%**	**70.5%**	**-11.2%**	**32.7%**

Balance Sheet Data (Sep)

(US$ Millions)	2012A	2013A	2014E	2015E	2016E
Cash & Equivalents	320	389	602	727	989
Trade Receivables	633	746	963	863	763
Other Current Assets	552	492	464	464	464
Property, Plant & Equipment	4,233	4,480	4,554	4,686	4,696
Other Non-Current Assets	3,972	3,901	3,920	3,920	3,920
Total Assets	**9,710**	**10,009**	**10,503**	**10,661**	**10,833**
Short-Term Debt	332	295	325	325	325
Other Current Liabilities	1,155	1,130	1,330	1,330	1,330
Long-Term Debt	3,348	3,542	3,549	3,549	3,549
Other Non-Current Liabilities	1,556	1,494	1,515	1,515	1,515
Total Liabilities	**6,391**	**6,461**	**6,718**	**6,718**	**6,718**
Total Equity	**3,319**	**3,548**	**3,785**	**3,942**	**4,114**
Total Equity & Liabilities	**9,710**	**10,009**	**10,503**	**10,661**	**10,833**

* For full definitions of *iQmethod*SM measures, see page 7.

Company Description

UGI Corporation (UGI) is a natural gas transmission and energy distribution company headquartered in King of Prussia, PA. Operations are divided between four business units: Domestic Propane - AmeriGas Partners, LP (NYSE: APU), UGI International Propane, UGI Utilities and Midstream and Marketing. APU distributes propane to more than 2mn customers while UGI Utilities serves more than 600,000 customers in PA and MD.

Investment Thesis

We see UGI as attractively valued given its above peer average EPS growth potential and ample FCF generation that gives UGI flexibility on capital return and reinvestment, high customer growth potential at UGI Utilities, an attractive outlook for UGIES, its strong balance sheet, potential relief from APU's overhang of the ETP stake sale, and management's posture of remaining conservative with prospective acquisitions.

Stock Data

Average Daily Volume	593,553

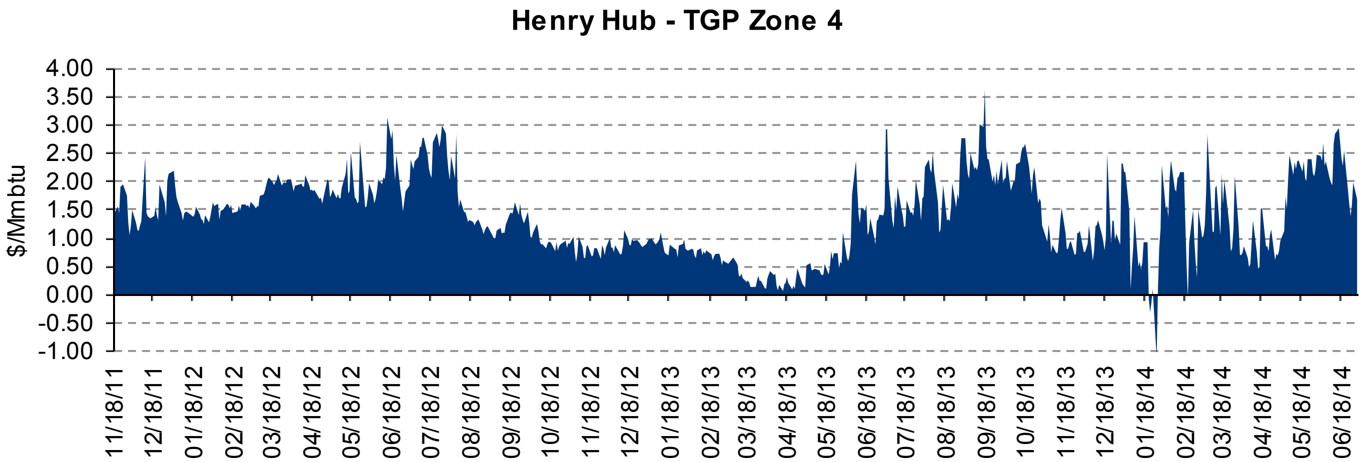
Quarterly Earnings Estimates

	2013	2014
Q1	0.90A	1.06A
Q2	1.49A	1.90A
Q3	0.13A	0.15A
Q4	-0.10A	-0.07E

Midstream assets outperform

UGI's FY3Q14 midstream segment margin of $49mn was materially above our estimate of $28mn. The segment benefitted from elevated natural gas volatility and increased demand for midstream energy infrastructure in the Northeast and Mid-Atlantic regions. During FY3Q14, Marcellus natural gas basis differentials were elevated due to infrastructure constraints. We do not anticipate the midstream segment to maintain its outperformance in the long-term given a number of pipeline projects that are coming online to provide takeaway capacity from the Marcellus/Utica. However, neither do we expect basis differentials to drop back down to 1H13 lows.

Chart 1: Marcellus basis differentials widened



Source: Bloomberg, BofA Merrill Lynch Global Research

AmeriGas beat and raise driven by colder weather

AmeriGas Partners, LP (APU) reported FY3Q14 adjusted EBITDA of $55mn, below the BofAML/consensus forecasts of $66/62mn, respectively (see: FY3Q14 slight miss; FY14 guidance reiterated). APU is less than 3% below the highest incentive distribution right (IDR) tier and we forecast the partnership will enter the highest tier during FY2Q16. We view this positively for UGI given IDR payments tend to hit an inflection point around the time the top IDR tier is reached. We could see upside to our estimates if APU grows its distribution at its target 5% growth rate, which compares to our forecasted FY2014/15/16 distribution growth rates of 5/3/2%.

Adjusting estimates; reiterate $56 PO

We adjust our estimates to incorporate FY2Q14 results and management commentary. Our revised FY2014/15/16 EPS of $3.03/3.00/3.22 (from $3.00/2.95/3.15) compare to the consensus estimates of $3.01/2.94/3.10, respectively. Our revised FY2014 EPS estimate of $3.03 is towards the high end of guidance. We also increase our dividend per share estimates to $1.23/1.35/1.44 (from $1.17/1.25/1.33) due to the unexpected increase.

Our $56 PO is based on a sum of the parts (SOTP) valuation. We assign each of UGI's subsidiaries a target 2016 EPS multiple except for APU, which we separate into its limited partner (LP) and general partner (GP) components. We assign a

16.5x multiple for the forecasted GP payments from APU and value UGI's 26.3% LP unit stake in APU with a mark-to-market valuation. A 16.5x IDR payment multiple equates to a ~6.1% target distribution rate, which is towards the high end of the publicly traded general partners (GPs) that we cover.

We assign a 15.5x multiple to UGI Utilities, a 12x multiple to UGI's International Propane business, a 15x multiple to Midstream and Marketing, and a 10x multiple to the expected accretion from the Totalgaz transaction ($0.30-0.40 to EPS).

Table 1: SOTP analysis for UGI

(all forecasts in $mns except per share data)	Earnings Multiple	2016E Net Income	Value ($mn)
APU GP- IDR payments	16.5x	35	581
APU LP unit stake at market value			1,129
International Propane	12.0x	107	1,279
UGI Utilities	15.5x	127	1,963
Midstream & Marketing	15.0x	80	1,201
Expected Totalgas accretion	10.0x	41	408
	Equity Value		**6,560**
	Diluted Shares outstanding		116
	Value per share		**56**

Source: BofA Merrill Lynch Global Research analysis

*APU IDR payments are not net income

APU price as of the close 30 July 2014

Table 2: LDC comp table

Ticker	Name	BofAML Rating*	Current Price	Distribution Rate (%)	Market Value (mns)	Enterprise Value	EPS 2013	EPS 2014E	EPS 2015E	EPS 2016E	P/E 2013	P/E 2014E	P/E 2015E	P/E 2016E	Total Return 1-YR	Total Return 3-YR	Total Return 5-YR
GAS	AGL Resources Inc.*	A-3-7	52.17	3.8	6,233	10,143	2.67	4.48	3.10	3.20	19.5	11.9	16.8	16.3	17.6	45.9	93.7
ATO	Atmos Energy Corp*	A-1-7	49.28	3.0	4,937	7,256	2.56	2.87	2.95	3.15	19.3	17.2	16.7	15.6	14.5	64.8	122.1
LG	Laclede Group Inc.*	A-1-7	48.11	3.7	2,075	2,933	2.90	3.21	3.22	3.43	16.6	15.0	14.9	14.0	8.2	45.7	74.0
NJR	New Jersey Resources Corp.*	A-3-7	52.63	3.2	2,218	2,921	2.72	4.30	3.05	3.20	19.3	12.2	17.3	16.4	21.2	34.1	57.8
NI	Nisource Inc.**	N/A	38.51	2.7	12,126	21,069	1.58	1.70	1.82	1.94	24.4	22.7	21.1	19.9	28.5	111.8	267.0
NWN	Northwest Natural Gas Co.*	A-3-7	44.09	4.2	1,196	1,953	2.24	2.20	2.35	2.45	19.7	20.0	18.8	18.0	4.6	11.4	17.9
PNY	Piedmont Natural Gas Co.*	B-3-7	35.51	3.6	2,775	4,306	1.78	1.92	1.91	2.00	19.9	18.5	18.6	17.8	6.0	36.1	72.1
OGS	ONE Gas*	A-3-7	36.86	N/A	1,916	2,938	2.01	1.95	2.05	2.15	18.3	18.9	18.0	17.1	N/A	N/A	N/A
STR	Questar Corp*	A-3-7	23.02	3.3	4,032	5,469	1.21	1.32	1.35	1.40	19.0	17.4	17.1	16.4	0.5	37.5	143.3
SRE	Sempra Energy *	C-1-7	101.41	2.6	24,889	37,775	4.18	4.60	4.95	5.30	24.3	22.0	20.5	19.1	19.6	120.7	127.0
SJI	South Jersey Industries Inc.**	N/A	54.53	3.5	1,798	2,866	3.03	3.38	3.54	3.88	18.0	16.1	15.4	14.1	-7.7	18.8	71.0
SWX	Southwest Gas Corp.*	A-2-7	50.33	2.9	2,341	3,633	3.11	2.95	3.25	3.40	16.2	17.1	15.5	14.8	3.5	46.3	134.6
UGI	**UGI Corporation***	**B-1-7**	**49.31**	**1.8**	**5,675**	**10,262**	**2.41**	**3.03**	**3.00**	**3.22**	**20.5**	**16.3**	**16.4**	**15.3**	**21.2**	**79.0**	**117.4**
VVC	Vectren Corp.*	A-3-7	38.77	3.7	3,197	4,974	2.11	2.15	2.30	2.45	18.4	18.0	16.9	15.8	9.9	67.9	99.2
WGL	WGL Holdings Inc.*	A-3-7	39.82	4.4	2,067	2,777	2.31	2.49	2.40	2.55	17.2	16.0	16.6	15.6	-9.8	15.8	46.1
Average:				**3.4**							**19.4**	**17.4**	**17.4**	**16.5**	**10.0**	**52.8**	**106.8**

Source: Bloomberg, Company reports, BofA Merrill Lynch Global Research analysis

Prices as of 30 July 2014

**Forward EPS for non-covered companies represents consensus estimates.

Price objective basis & risk

UGI Corporation (UGI)

Our $56 PO is based on a sum of the parts analysis. We assign each of UGI's subsidiaries a target 2016 EPS multiple except for APU, which we separate into its LP and GP components. We assign a 16.5x multiple for the forecasted GP payments from APU and value UGI's 26.3% LP unit stake in APU with a mark-to-market valuation. We assign a 15.5x multiple to UGI Utilities, a 12x multiple for UGI's International Propane business, a 15x multiple to Midstream and Marketing, and a 10x multiple to the expected Totalgaz accretion. UGI offers an attractive EPS growth story that should be driven by accelerated recovery on its regulated investments, attractive earnings growth at UGIES, and a high earnings retention ratio, which allows UGI to reinvest in its businesses while diminishing its potential financing overhang.

Risks to our PO include: unfavorable weather, propane logistics issues and shortages domestically or in Europe, reduced conversion rates or slower new home construction within PA, and the potential inability to find new infrastructure projects through UGIES now that Auburn II is in-service. Macroeconomic concerns include rising interest rates, volatile and rising natural gas prices, and a general economic slowdown.

Link to Definitions

Energy

Click here for definitions of commonly used terms.

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US - Natural Gas Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Atlas Pipeline Partners, L.P.	APL	APL US	Derek Walker
	Atmos Energy	ATO	ATO US	Gabe Moreen
	Buckeye Partners	BPL	BPL US	Gabe Moreen
	CorEnergy Infrastructure Trust, Inc	CORR	CORR US	Gabe Moreen
	Crestwood Equity Partners LP	CEQP	CEQP US	Gabe Moreen
	Crestwood Midstream Partners, LP	CMLP	CMLP US	Gabe Moreen
	DCP Midstream	DPM	DPM US	Gabe Moreen
	Delek Logistics	DKL	DKL US	Gabe Moreen
	Energy Trans	ETE	ETE US	Gabe Moreen
	Energy Transfer	ETP	ETP US	Gabe Moreen
	EnLink Midstream Partners, LP	ENLK	ENLK US	Gabe Moreen
	Enterprise L.P.	EPD	EPD US	Gabe Moreen
	EQT Midstream Partners LP	EQM	EQM US	Gabe Moreen
	Exterran	EXLP	EXLP US	Gabe Moreen
	Genesis Energy, L.P.	GEL	GEL US	Gabe Moreen
	Global Partners LP	GLP	GLP US	Gabe Moreen
	Kinder Morgan	KMR	KMR US	Gabe Moreen
	Kinder Morgan LP	KMP	KMP US	Gabe Moreen
	KNOT Offshore Partners, LP	KNOP	KNOP US	Gabe Moreen
	Markwest Energy Partners L.P.	MWE	MWE US	Gabe Moreen

US - Natural Gas Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
	Martin Midstream Partners, LP	MMLP	MMLP US	Gabe Moreen
	NGL Energy Partners, LP	NGL	NGL US	Gabe Moreen
	ONEOK Partners	OKS	OKS US	Gabe Moreen
	Plains AA	PAA	PAA US	Gabe Moreen
	Regency Energy Partners LP	RGP	RGP US	Gabe Moreen
	Sempra Energy	SRE	SRE US	Gabe Moreen
	Spectra Energy	SE	SE US	Gabe Moreen
	Sprague Resources, L.P.	SRLP	SRLP US	Gabe Moreen
	Summit Midstream Partners, LP	SMLP	SMLP US	Gabe Moreen
	Tallgrass Energy Partners, L.P.	TEP	TEP US	Gabe Moreen
	Targa Resources	NGLS	NGLS US	Gabe Moreen
	Tesoro Logistics LP	TLLP	TLLP US	Gabe Moreen
	The Laclede Group, Inc.	LG	LG US	Gabe Moreen
	UGI Corporation	UGI	UGI US	Gabe Moreen
	Western Refining Logistics, L.P.	WNRL	WNRL US	Gabe Moreen
	World Point Terminals, L.P.	WPT	WPT US	Gabe Moreen
NEUTRAL				
	Access Midstream Partners LP	ACMP	ACMP US	Gabe Moreen
	American Midstream LP	AMID	AMID US	Gabe Moreen
	Boardwalk Pipeline	BWP	BWP US	Gabe Moreen
	El Paso Pipeline Partners, L.P.	EPB	EPB US	Gabe Moreen
	Enable Midstream Partners, LP	ENBL	ENBL US	Gabe Moreen
	EnLink Midstream, LLC	ENLC	ENLC US	Gabe Moreen
	Kayne Anderson Energy Development Co.	KED	KED US	Gabe Moreen
	Kinder Morgan, Inc.	KMI	KMI US	Gabe Moreen
	Magellan Mid	MMP	MMP US	Gabe Moreen
	Midcoast Energy Partners, LP	MEP	MEP US	Gabe Moreen
	Phillips 66 Partners LP	PSXP	PSXP US	Gabe Moreen
	Plains GP Holdings, LP	PAGP	PAGP US	Gabe Moreen
	Southwest Gas	SWX	SWX US	Gabe Moreen
	Suburban Propane Partners L.P.	SPH	SPH US	Gabe Moreen
	Sunoco Logistics	SXL	SXL US	Gabe Moreen
	Targa Resources Corp.	TRGP	TRGP US	Gabe Moreen
	Teekay Offshore	TOO	TOO US	Gabe Moreen
	Western Gas Partners, LP	WES	WES US	Gabe Moreen
UNDERPERFORM				
	AGL Resources Inc.	GAS	GAS US	Gabe Moreen
	AmeriGas Partners L.P.	APU	APU US	Gabe Moreen
	Enbridge Energy	EEP	EEP US	Gabe Moreen
	Enbridge Energy	EEQ	EEQ US	Gabe Moreen
	Ferrellgas Partners L.P.	FGP	FGP US	Gabe Moreen
	Holly Energy Par	HEP	HEP US	Gabe Moreen
	MPLX LP	MPLX	MPLX US	Gabe Moreen
	New Jersey Resources Corporation	NJR	NJR US	Gabe Moreen
	Northwest Natural Gas Co.	NWN	NWN US	Gabe Moreen
	Nustar Energy LP	NS	NS US	Gabe Moreen
	Nustar GP	NSH	NSH US	Gabe Moreen
	Oiltanking Partners LP	OILT	OILT US	Gabe Moreen
	ONE Gas, Inc.	OGS	OGS US	Gabe Moreen
	Piedmont Natural Gas	PNY	PNY US	Gabe Moreen
	Questar Corp	STR	STR US	Gabe Moreen
	Spectra Energy	SEP	SEP US	Gabe Moreen
	TC PipeLines LP	TCP	TCP US	Gabe Moreen
	Vectren Corp	VVC	VVC US	Gabe Moreen
	WGL Holdings, Inc.	WGL	WGL US	Gabe Moreen
RSTR				
	Susser Petroleum Partners LP	SUSP	SUSP US	Gabe Moreen
	Williams Partner	WPZ	WPZ US	Gabe Moreen

iQmethod SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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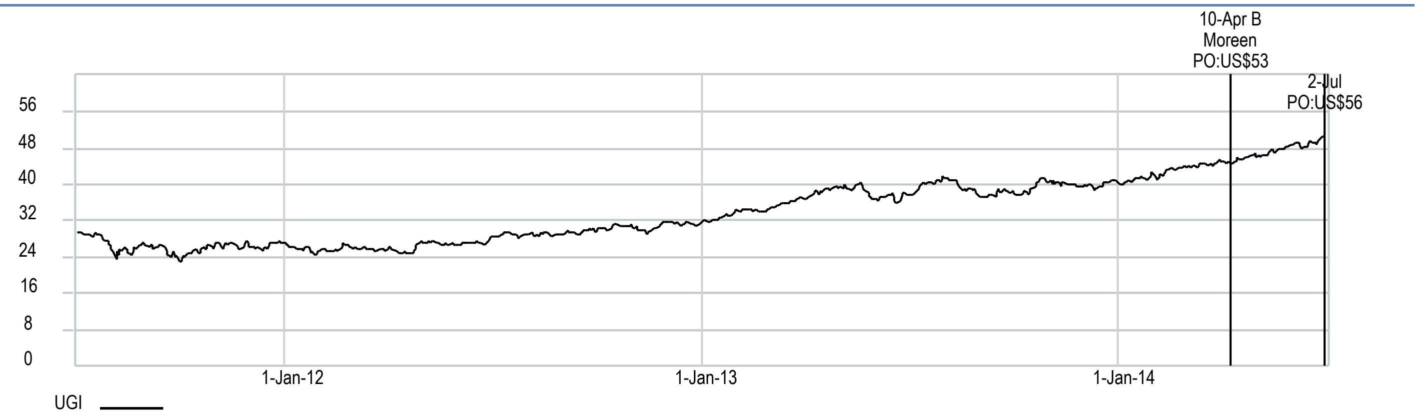
UGI Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR:No Rating

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Investment Rating Distribution: Energy Group (as of 30 Jun 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	133	51.55%	Buy	111	83.46%
Neutral	71	27.52%	Neutral	62	87.32%
Sell	54	20.93%	Sell	39	72.22%

Investment Rating Distribution: Global Group (as of 30 Jun 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1696	51.39%	Buy	1275	75.18%
Neutral	837	25.36%	Neutral	619	73.95%
Sell	767	23.24%	Sell	489	63.75%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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Equity Research

Energy | U.S. Diversified Natural Gas
23 April 2014

UGI Corp.

Initiate at EW; $47 Price Target

We are initiating coverage of UGI Corporation with an Equal Weight rating and a $47 price target. UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. UGI offers a variety of investment strengths including ongoing customer growth at its Gas Utility segment, a leading market position in the domestic propane distribution industry, opportunities to capitalize on growing natural gas production in the Marcellus shale, and geographic diversification.

UGI has a demonstrated track record of generating excess cash flow. Each of UGI's individual businesses has consistently generated excess cash flow, providing management with a wide range of capital allocation opportunities that include reinvestment in its businesses, M&A, and the return of cash to shareholders. The company aims to allocate approximately half of its free cash flow to growth initiatives, which in recent years has included the build-out of midstream infrastructure in the Marcellus, the purchase of two large European liquefied petroleum gas (LPG) distribution businesses, and its acquisition of the third largest domestic propane distributor in 2011. UGI returns the other half of its free cash flow to investors in the form of dividends and also recently announced a share repurchase program.

We think UGI can deliver mid-single digit EPS growth over the long run. From 2013-2018, we estimate that UGI will grow earnings at a CAGR of ~6.0%. Among the factors we see contributing to EPS growth are UGI's continued success in growing the Gas Utility segment's customer base through conversions to natural gas service and increased earnings from APU's IDRs when the company reaches the highest splits, which we estimate will occur in FY15. Not included in our numbers are any potential large scale organic investments at the Midstream segment or M&A activity, both of which could drive UGI's actual growth rate above our estimate.

UGI: Quarterly and Annual EPS (USD)

	2013	2014			2015			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.90A	N/A	1.06A	1.06A	N/A	N/A	N/A	18%	N/A
Q2	1.49A	N/A	1.61E	1.57E	N/A	N/A	N/A	8%	N/A
Q3	0.13A	N/A	0.16E	0.17E	N/A	N/A	N/A	23%	N/A
Q4	-0.10A	N/A	-0.09E	-0.08E	N/A	N/A	N/A	10%	N/A
Year	2.41A	N/A	2.73E	2.71E	N/A	2.83E	2.87E	13%	4%
P/E	19.2		16.9			16.3			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	EQUAL WEIGHT	from N/A
Industry View	NEUTRAL	Unchanged
Price Target	USD 47.00	from N/A

Price (22-Apr-2014)	USD 46.17
Potential Upside/Downside	+2%
Tickers	UGI

Market Cap (USD mn)	5298
Shares Outstanding (mn)	114.76
Free Float (%)	99.24
52 Wk Avg Daily Volume (mn)	0.6
Dividend Yield (%)	2.5
Return on Equity TTM (%)	12.03
Current BVPS (USD)	22.54

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 46.35-36.43

Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

U.S. Diversified Natural Gas | **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,192	1,319	1,333	1,362	4.5%
EBIT (adj)	832	949	951	967	5.1%
Pre-tax income (adj)	590	611	511	545	-2.6%
Net income (adj)	428	413	331	352	-6.3%
EPS (adj) ($)	2.41	2.73	2.83	2.98	7.4%
Diluted shares (mn)	115.5	116.3	116.9	117.9	0.7%
DPS ($)	1.11	1.15	1.19	1.24	3.9%

Growth rates					Average
EBITDA (adj) growth (%)	43.5	10.6	1.1	2.1	14.3
EBIT (adj) growth (%)	61.7	14.1	0.2	1.7	19.4
Net income (adj) growth (%)	129.2	-3.5	-19.9	6.3	28.0
EPS (adj) growth (%)	36.9	13.3	3.7	5.4	14.9
DPS growth (%)	4.2	3.6	4.0	4.0	4.0

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,480	4,612	4,751	4,887	2.9%
Cash and equivalents	389	446	447	236	-15.4%
Short and long-term debt	3,837	4,036	3,944	3,623	-1.9%
Total liabilities	10,009	0	0	0	-100.0%
Net debt/(funds)	3,448	3,589	3,497	3,387	-0.6%
Shareholders' equity	3,548	3,734	3,926	4,132	5.2%
Change in working capital	-53	-227	0	0	N/A
Cash flow from operations	802	424	547	576	-10.4%
Capital expenditure	489	400	415	420	-5.0%
Free cash flow	312	24	132	156	-20.7%

Valuation and leverage metrics				
P/E (adj) (x)	19.2	16.9	16.3	15.5
EV/EBITDA (x)	N/A	N/A	N/A	N/A
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.4	2.5	2.6	2.7
Total debt/capital (%)	28.6	28.1	25.8	20.2

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil prices ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base ($m)	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	42.5	-18.2	3.7	1.2

Price (22-Apr-2014)	**USD 46.17**
Price Target	**USD 47.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

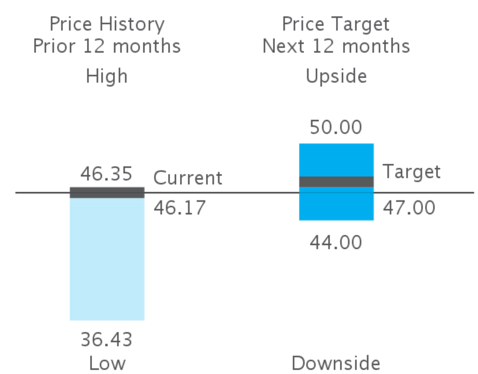
Upside case **USD 50.00**

Our upside case is predicated on shares trading at 17.5x our FY15 EPS estimate of $2.83. Shares could trade at this level if UGI delivers on the higher end of its EPS growth target and earnings are generally free of any weather-related volatility.

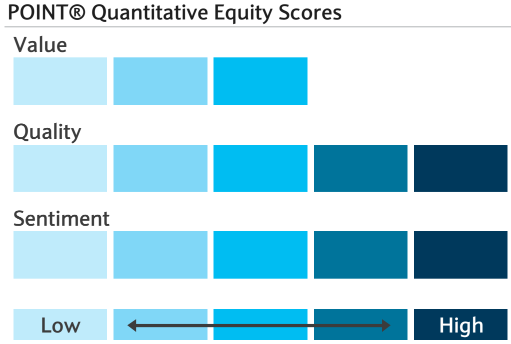
Downside case **USD 44.00**

Our downside case is predicated on shares trading at 16.5x our FY15 EPS estimate of $2.83, if UGI is unable to capitalize on growth opportunities across its business portfolio or if unfavorable weather conditions drive volatility in reported results.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Sep

Investment Thesis

Valuation Discussion

We are initiating coverage of UGI with a $47 price target and an Equal Weight/Neutral rating. UGI generates its earnings and cash flows from a diverse set of businesses, with its Gas Utility segment accounting for the largest portion of net income at ~35%. With this as the most sizeable component, we looked to the natural gas LDCs in our coverage universe for the basis of our valuation analysis, although we acknowledge that the group is not a perfect comp for UGI due to differences in business mix. As exhibited below, UGI has historically traded at a discount to the LDC group, a factor which we attribute to the smaller relative share of earnings and cash flow generated by regulated operations at UGI.

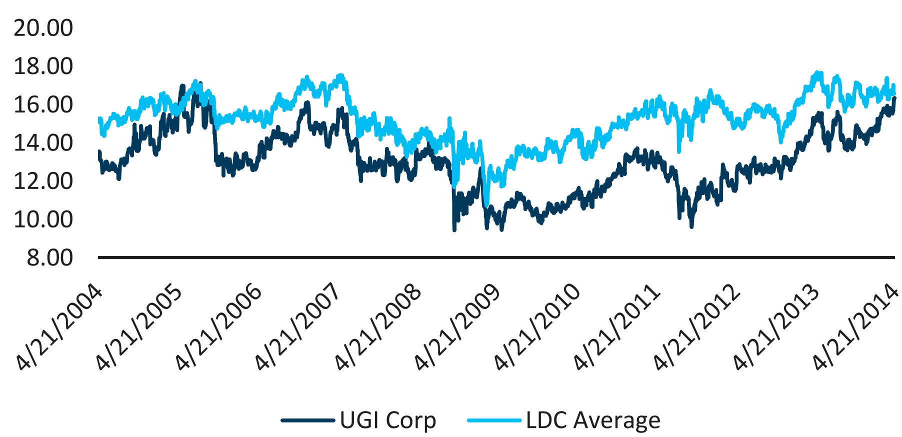
Conversely, the LDCs generate a majority of their earnings from regulated operations, and in many cases also benefit from weather normalization mechanisms, which together lend to a higher degree of earnings stability. We also think UGI's persistent valuation discount owes in part to investor pessimism regarding headwinds facing the broader propane and butane distribution industries to which UGI has a large exposure. Domestically, residential propane consumption has been declining over the past couple of years at a rate of approximately 2%-3% per year, spurred by both structural changes in consumption patterns as well as by economic considerations. UGI's International Propane business faces similar challenges.

Given these factors, we do not anticipate UGI's multiple will expand from its current level to fully close the gap with the LDC peer group, which is trading over ~17.0x. Our $47 price target is predicated on UGI shares trading at 16.5x our FY15 EPS estimate of $2.83.

As a supplement, we also provide a sum-of-the-parts valuation which we think offers a sanity check to our analysis while also offering some flexibility to capture differences in the financial and operating characteristics of UGI's segments. This analysis implies a price of $51.

FIGURE 1

10 Year Historical P/E Ratio



Source: Thomson Reuters, Barclays Research
Note: LDC Average includes NJR, GAS, ATO, PNY, SWX, and WGL

FIGURE 2
UGI Comps

	Ticker	Price 4/22/2014	Current Dividend	Current Yield	P/E 2015e	P/E 2016e	Payout Ratio 2015e	Payout Ratio 2016e
UGI Corp.	UGI	$46.17	$1.13	2.4%	16.3x	15.5x	42.1%	41.5%
AGL Resources	GAS	$51.63	$1.88	3.6%	17.3x	17.1x	66.3%	66.3%
Atmos Energy	ATO	$50.04	$1.48	3.0%	17.3x	16.2x	51.8%	49.1%
New Jersey Resources	NJR	$48.71	$1.68	3.4%	16.4x	16.3x	61.3%	64.8%
Piedmont Natural Gas	PNY	$35.93	$1.24	3.5%	18.8x	17.9x	69.6%	69.7%
Southwest Gas	SWX	$54.59	$1.32	2.4%	18.1x	18.6x	50.5%	53.4%
WGL Holdings	WGL	$39.47	$1.68	4.3%	16.0x	15.0x	73.7%	71.6%
Average				3.4%	17.3x	16.9x	62.2%	62.5%

Source: Thomson Reuters, Barclays Research Estimates.

FIGURE 3
UGI Sum of the Parts Valuation Analysis

Sum of the Parts Analysis	
AmeriGas Partners LP	
2015 LP Distribution	$3.63
Target Yield	8.0%
Target Price	$45.3
APU Units Held (million)	23.76
LP Equity Value	**$1,076.6**
Ameriga Propane, Inc. (General Partner)	
2015 GP Cash Flow	$37.2
Multiple	20.0x
GP Equity Value	**$743.5**
Gas Utility	
2015 EBITDA	$270.7
Multiple	8.0x
Asset Value	**$2,166.0**
International Propane	
2015 EBITDA	$250.7
Multiple	8.0x
Asset Value	**$2,006.0**
Midstream & Marketing	
2015 EBITDA	$140.7
Multiple	7.0x
Asset Value	**$985.1**
Corporate and Other	
2015 EBITDA	$12.6
Multiple	5.0x
Asset Value	**$63.2**
Total Assset Value	**$7,040.4**
Debt (excluding APU)	$1,530.1
-Cash (excluding APU)	$387.8
Net Debt	**$1,142.3**
Equity Value	$5,898.1
Share Count	116.5
Equity Value per Share	**$50.6**

Source: Barclays Research estimates

Diverse Business Portfolio Carries Multiple Strengths

UGI is an energy holding company that through its subsidiaries is involved in the distribution, storage, transportation, and marketing of energy products including natural gas, propane, butane, and electricity. UGI offers a variety of investment strengths including continued customer growth at its Gas Utility segment, a leading market position in the domestic propane distribution industry, opportunities to capitalize on growing natural gas production in the Marcellus shale, geographic diversification, and healthy cash flow generation with multiple capital allocation options.

UGI Utilities Continues to Benefit from Customer Conversions

UGI's Gas Utility segment—the company's largest—has delivered 2% customer growth in recent years and we think the company should be able to sustain this pace going forward. Management has successfully shifted the business's growth strategy from a historical reliance on new housing starts to one that focuses on converting customers from oil and other fuels to natural gas. There are more than 250,000 potential customers within 100 feet of the company's existing gas main, making them prime candidates for conversion to natural gas service. We think customers will also continue to be receptive to the change, primarily as a result of the cost advantage afforded by natural gas.

Leading Domestic Propane Distributor with Additional Benefits from IDRs

UGI owns and operates the nation's largest retail propane distributor, AmeriGas Propane LP, or APU. The company holds an effective ownership interest of 26%, accounted for by its 24% interest in the LP units and its 2% general partner interest. APU serves more than 2 million customers across all 50 states and distributed approximately 1.4 billion gallons of propane in FY13. While the segment is operating against a challenging industry backdrop that includes declining retail propane consumption, a fragmented and highly competitive marketplace, and the threat of customer losses from conversion to natural gas, APU's scale, geographic diversity, and pursuit of growth opportunities continue to serve the business well.

As the owner of APU's GP interest and all of its IDRs, UGI is also poised to benefit from a growing stream of cash flows when the partnership reaches the top distribution tier. Our estimates indicate that the partnership will initially reach the high splits in FY15. Our estimates for APU are predicated on an assumed 4% distribution growth rate (below the company's 5% target) and do not include any benefits associated with organic investments or M&A. We see there being upside to our numbers if APU delivers on its long term distribution growth target or if distributions benefit from accretive M&A transactions.

Marcellus Exposure Could Offer Additional Midstream Growth Opportunities

UGI holds a portfolio of midstream assets including a natural gas liquefaction, storage, and vaporization facility in Pennsylvania, propane storage, propane-air mixing stations, rail transshipment terminals, and 15 million dekatherms of underground natural gas storage. The company has also sought to capitalize on opportunities provided by growth in the Marcellus Shale, including with its Auburn I and II pipeline system that offered a total of 320,000 dth/d of gathering capacity to shippers including Citrus and UGI PNG. The system is poised to expand in coming years, with a third-party shipper recently announcing an agreement to take an additional 150,000 dth/d of capacity. Elsewhere in the Marcellus, UGI has entered into an agreement to construct and operate 20 miles of gathering pipeline and related gas processing and compression facilities for wells that Tenaska intends to drill in Potter County, PA. We think this segment could prove the most fruitful in terms of growth investments for the company going forward.

International Presence Reduces Earnings, Cash Flow Risk

Since first entering the international LPG distribution market in 1995, UGI has continued to grow its international presence and now has operations in 16 European countries. Today, the International Propane business accounts for ~30% of UGI's net income. The expanded geographic diversity has reduced the company's exposure to earnings and cash flow volatility caused by weather patterns in the U.S. We cite FY12 as an example, when weather across the territories served by APU and the Gas Utility segments was 18.6% and 16.3% warmer than normal, respectively. While Antargaz and Flaga also faced unfavorable weather conditions that year as well, temperatures deviated from the norm to a far lesser degree at 7.1% and 6.4% above average, respectively. Absent the contribution from the International Propane segment, UGI's earnings and cash flow would be more prone to exhibiting annual volatility.

Generation of Excess Cash Flow with Multiple Capital Allocation Options

UGI has a demonstrated track record of generating excess cash flow that it can reinvest among its diverse business portfolio. As illustrated in Figure 4 below, each of UGI's individual businesses has consistently generated excess cash flow after accounting for debt service and maintenance capital expenditures. This provides management with a wide range of capital allocation opportunities that include reinvestment in its businesses, M&A, and the return of cash to shareholders. On the growth front, UGI has been very active in recent years, including its build-out of midstream infrastructure in the Marcellus, its purchase of two large European LPG distribution businesses, and its acquisition of the third largest domestic propane distributor in 2011.

UGI currently pays an annualized dividend of $1.13 and has committed to growing it at a rate of 4% per year. The company also recently announced a share repurchase program of up to 10 million shares over a four year time horizon. Collectively, the company is targeting long term EPS growth of 6%-10%, comprised of base business earnings growth of 3%-4%, supplemented by an additional 3%-6% from organic investments and M&A activity.

FIGURE 4

Estimated Free Cash Flow by Segment

Business Segment	2013	2012	2011	2010	2009
Gas Utility					
EBITDA	248.2	223.1	248.0	224.8	200.7
- Interest Expense	(37.4)	(40.1)	(40.4)	(40.5)	(42.2)
- Implied Taxes	(64.8)	(52.4)	(59.9)	(51.7)	(41.0)
- Maintenance CapEx (est. 70% of Total CapEx)	(101.1)	(76.3)	(63.9)	(51.5)	(51.7)
Levered Free Cash Flow	**44.9**	**54.3**	**83.8**	**81.2**	**65.8**
Midstream & Marketing					
EBITDA	107.6	77.0	88.8	127.7	73.3
- Interest Expense	(3.2)	(4.8)	(2.7)	(0.2)	0.0
- Implied Taxes	(34.3)	(34.8)	(33.7)	(51.6)	(26.7)
- Maintenance CapEx (est. 20% of Total CapEx)	(31.3)	(12.1)	(22.6)	(23.3)	(13.2)
Levered Free Cash Flow	**38.8**	**25.3**	**29.8**	**52.6**	**33.4**
UGI International					
EBITDA	228.7	191.1	156.7	177.4	207.9
- Interest Expense	(30.4)	(30.9)	(28.2)	(25.4)	(26.6)
- Implied Taxes	(33.5)	(15.5)	(16.0)	(30.7)	(43.4)
- Maintenance CapEx (est. 80% of Total CapEx)	(56.6)	(51.4)	(52.3)	(47.2)	(61.0)
Levered Free Cash Flow	**108.2**	**93.3**	**60.2**	**74.1**	**76.9**
APU (Distributable Cash Flow)					
EBITDA	617.7	384.3	335.2	340.2	341.5
- Interest Expense	(165.4)	(142.6)	(63.5)	(65.1)	(70.3)
- Maintenance CapEx (as reported)	(51.5)	(49.4)	(38.2)	(41.1)	(37.5)
- Other	(26.5)	(42.5)	0.0	0.0	0.0
Distributable Cash Flow	**374.3**	**149.7**	**233.5**	**234.0**	**233.6**
APU Cash Distributions Received by UGI					
LP Units	79.0	75.3	72.2	68.8	65.5
GP Units	27.4	19.7	9.0	6.9	8.5
Total	**106.4**	**95.0**	**81.2**	**75.7**	**74.0**

Source: Company Filings, Barclays Research Estimates

UGI Utilities

Gas Utility

UGI operates three natural gas distribution companies which together comprise the Gas Utility segment. The businesses include UGI Gas, which is the company's original natural gas distribution entity, Penn Natural Gas ("PNG", acquired in 2006) and Central Penn Gas ("CPG", acquired in 2008). Collectively, the Gas Utility segment operates 12,000 miles of gas main and serves more than 600,000 customers in the state of Pennsylvania as well as several hundred in one Maryland county. Most of the company's customers use natural gas for heating purposes. As a result, ~65% of FY13 sales volume and more than 85% of the segment's operating income was generated during the peak heating season between October and March.

In nearly all of its service territories, Gas Utility is the only regulated gas distribution company with the right, as granted by the Pennsylvania Public Utility Commission (PUC), to provide gas distribution service. While the company operates as the sole gas distribution company in most of its service territories, customers do have a choice as to who they purchase their gas from. In FY13, total system throughput was approximately 192.1 bcf, of which 29% was "system sales," which are deliveries made to customers who have bought their gas from UGI. The remaining 71% of throughput was accounted for by customers whose gas was transported through UGI's system but was purchased from other parties.

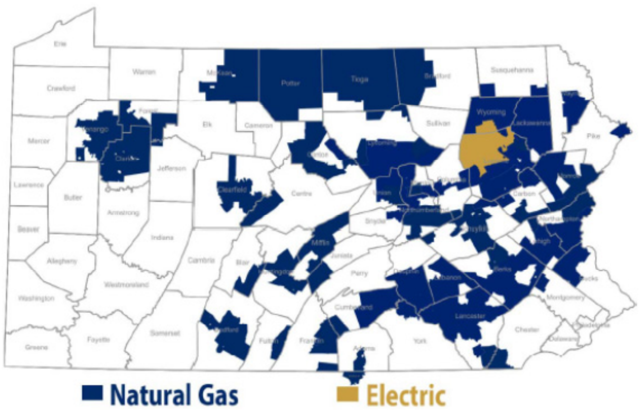
Expect Conversions to Continue Driving Segment Growth

Gas Utility looks primarily to customer growth to generate incremental margin. In both FYs '12 and '13, total gas customers grew at a rate of ~2%. In FY13, the segment connected approximately 1,900 new commercial and industrial customers, plus an additional 15,000 residential heating customers. UGI has successfully shifted its growth strategy from a historical reliance on new housing starts to one that focuses on converting customers from oil and other fuels to natural gas. To put the transformation into context, in 2004, approximately 80% of UGI's gas customer additions were the result of new housing construction, with the balance coming from conversions. Fast forward to the present, and that relationship has largely been up-ended, with ~70% of residential customer additions coming from customer conversions during the past fiscal year.

Going forward, we expect Gas Utility will continue to capitalize on conversion opportunities across its service territory, particularly because of the compelling economics associated with this customer set. The company estimates that there are more than 250,000 potential customers within 100 feet of its existing gas main, making them prime candidates for conversion to natural gas service. From what we've gathered, it costs the company approximately $2,000 to connect the average residential customer situated near its existing main. Management estimates that it can typically generate an IRR of at least 11% on this investment, with the opportunity to generate higher returns at PNG and CNG because those entities have more recently settled rate cases with the PUC. We also think customers will continue to be receptive to the change, primarily as a result of the cost advantage afforded by natural gas when compared to alternative fuel sources (please see Figure 11).

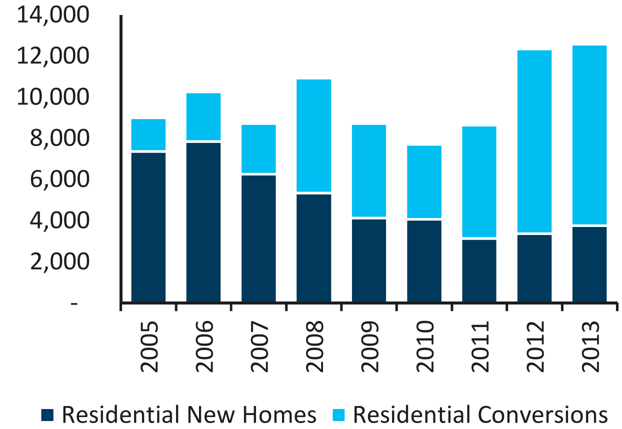
In early 2014, the PUC approved UGI's proposed Gas Extension Tariff pilot program, which could further accelerate the pace of conversions. The program covers potential customers who are situated at a distance from the gas main that would otherwise saddle them with a large and upfront connection cost. Beginning in the fall of 2014, new customers will be allowed to make monthly payments related to these line extensions over a 10 year period, reducing the initial financial burden of this customer group. UGI plans to fund the pilot program at a level of $15 million for an initial period of five years.

FIGURE 5
Service Area Map



Source: Company Presentation

FIGURE 6
UGI Utilities Customer Additions



Source: Company Presentation

Gas Supply

Gas Utility has transportation agreements with a number of interstate pipelines including Texas Eastern, Transco, ANR, Tennessee Gas, Columbia Gas, and Dominion Transmission that allow it to source gas from Gulf Coast, Mid-Continent, and Appalachian markets. During FY13, gas was purchased primarily from 10 suppliers who accounted for 74% of volumes, with the balance coming from a group of 36 producers and marketers.

Regulatory Overview

Gas Utility is regulated by the Pennsylvania Public Utility Commission and, with respect to its several hundred customers in Maryland, the Maryland Public Services Commission. Compared to other regulators, the PUC does not establish a predetermined schedule for rate cases and instead, offers more flexibility to the state's individual utilities as to when they seek rate relief. Among UGI's three gas utilities, CPG is the entity that has most recently settled a base rate case, receiving approval for a base rate operating revenue increase of $8.0 million in 2011. This followed PNG's 2009 rate case, where the PUC approved a settlement which resulted in a $19.8 million base rate operating revenue increase. UGI Gas has gone the longest without seeking rate relief, reaching its last rate settlement in 1995. All three of the settlements were silent on the allowed rates of return approved by the commissions, but the company has indicated that on a normalized basis the entities are earning at or near the 10.0%-10.5% target ROE set by the state. This leads us to believe that none of the entities will be filing for rate relief in the near future.

Infrastructure Investment: Gas Utility's 12,000 mile distribution system is comprised of 85% plastic or coated steel, 11% bare steel, and 4% cast iron. As part of a broader agreement with the PUC reached in 2013, the company has committed to replacing the cast iron portion of its system by 2027 and the bare steel portion by 2043. Spending related to the programs is running at ~$70 million per year, a level which we expect to persist going forward. At the present time, the company is not generating a return on these investments, but is eligible to do so beginning in 2015 when Gas Utility can request a Distribution System Improvement Charge (DSIC) be included in customer rates. However, we note that this request would need to be part of a larger base rate case filing, and we would expect any decision by the company will weigh the benefits associated with this surcharge against the potential for the PUC to alter the utilities' allowed ROEs.

Electric Utility and HVAC

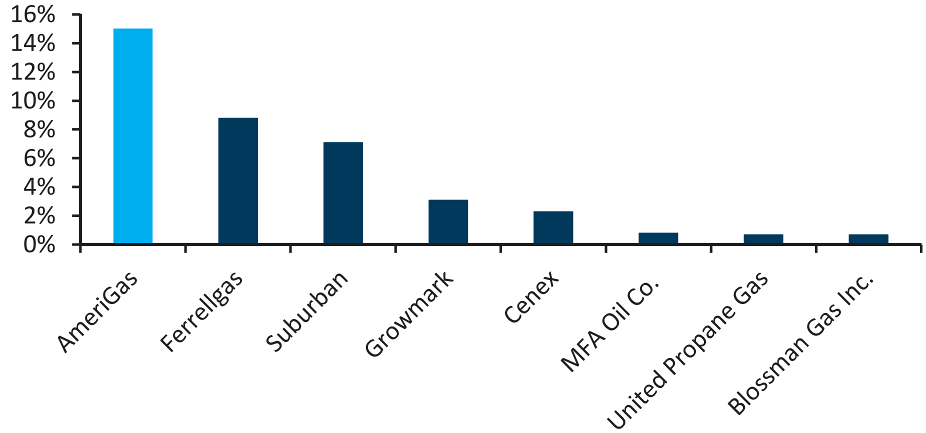
The Electric Utility provides electric service to approximately 62,000 customers in portions of two northeastern Pennsylvania counties. Electric Utility operates more than 19,000 miles of transmission line and 13 substations. Similar to Gas Utility, the segment is regulated by the PUC and is permitted to pass costs associated with obtaining electricity supply through to its customers. HVAC serves more than 90,000 customers in the residential, commercial, industrial and new construction markets across the Mid-Atlantic region, including the suburbs of Philadelphia, portions of New Jersey, and northern Delaware. The businesses' results are consolidated into UGI's "Corporate and Other" segment in its financial statements.

Domestic Propane

UGI conducts its domestic propane distribution operations through AmeriGas Propane which holds approximately 15% national market share, making it the nation's largest retail propane distributor. The segment is comprised of the company's ownership in AmeriGas Partners, LP, a publicly traded master limited partnership which is listed on the NYSE under the ticker APU. UGI owns an effective 26% interest in the partnership, accounted for by its 24% interest in the LP units and its 2% general partner interest. Energy Transfer Partners has an effective ownership interest of 24% as a result of APU's merger with Heritage Propane. The remaining 50% of APU's units are publicly held.

APU serves more than 2 million customers across all 50 states and distributed approximately 1.4 billion gallons of propane in FY13. In addition to distributing propane, the partnership also sells, installs, and services propane appliances, including heating systems. The business operates more than 2,500 propane distribution locations which primarily serve customers in suburban and rural locations where natural gas is not readily available. Retail customers accounted for 92% of the partnership's FY13 sales, with wholesale customers accounting for the balance. Among the retail customer base, residential customers comprised the largest portion of gallons sold (42%), followed by commercial and industrial customers (33%), motor fuel customers (12%), and agricultural & transport customers (13%).

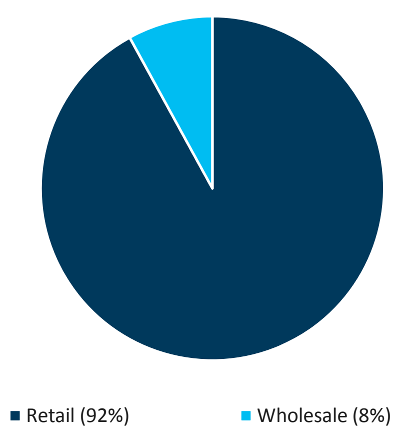
FIGURE 7
AmeriGas is the Nation's Largest Retail Propane Distributor



Source: Company Presentation, Barclays Research

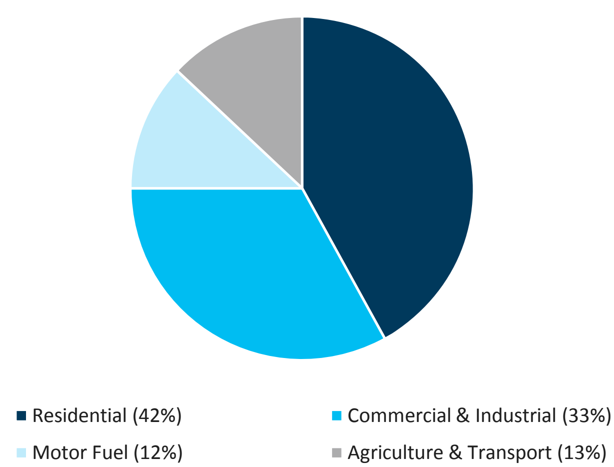
Residential and commercial customers (hotels, restaurants, churches, and warehouses) generally use propane for heating, water heating, and cooking purposes. Industrial customers include those who use propane for large scale heating requirements, local gas utilities that use propane to meet peak load deliverability requirements, and manufacturing customers who use propane for firing furnaces. As a motor fuel, propane is burned in internal combustion engines on over-the-road vehicles, forklifts, commercial lawn mowers, and stationary engines. Agricultural uses include tobacco curing, crop-drying, and chicken brooding.

FIGURE 8
Sales by Account Type



Source: Company filings

FIGURE 9
Retail Sales Gallons by Customer Type



Source: Company filings

APU sources its propane from up to 250 domestic and international suppliers. However, there is an elevated level of supply concentration on both a consolidated basis as well as on more localized levels. In FY13, affiliates of Enterprise Products Partners, Plains Marketing, and Targa Liquids Marketing collectively accounted for ~51% of APU's propane supply. Additionally, single suppliers sometimes accounted for greater than 50% of supply in certain local geographies. To the extent that one of APU's larger suppliers, or ones on which the company relies upon for a majority of their supply in specific geographies, is unable to provide sufficient amounts of propane to the company, APU could either be forced to purchase inventories from more expensive sources or may not be able to fully meet its customers' needs. Last year, approximately 90% of the company's propane was purchased under supply agreements with terms lasting between 1-3 years. The agreements typically offer pricing based on either 1) index formulas using current prices established at major hubs such as Mont Belvieu or Conway, or 2) posted prices at the time of delivery. Additionally, some of the agreements include maximum or minimum purchase volume requirements.

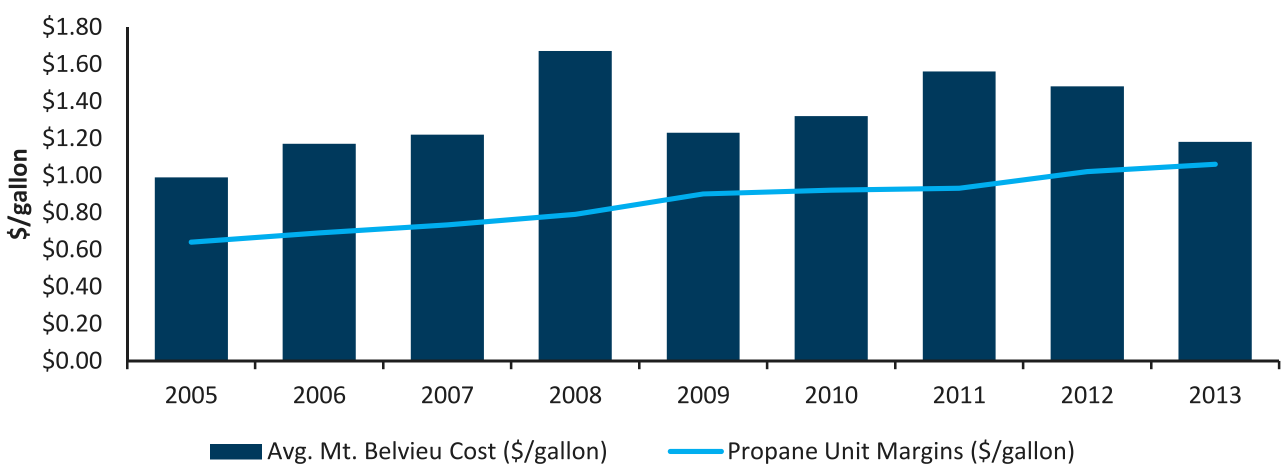
Business Drivers

We have identified four factors that we view as key drivers of APU's near and long term performance and profitability. They are: 1) unit margin management, 2) secular declines in propane consumption, 3) competition, and 4) organic and external growth opportunities.

Unit Margin Management

We view unit margin management as the single most important factor driving APU's profitability. The company has a stated goal of increasing unit margins at the rate of inflation, independent of the underlying price of propane. In order to achieve this goal, the company generally attempts to pass the wholesale cost of propane through to its customers. Unit margins tend to benefit from economies of scale, which are generally the result of customer density. More concentrated service areas allow APU to spread delivery costs over a wider customer base. As illustrated in Figure 10 below, the company has demonstrated a good track record in managing its unit margins across varying wholesale propane price environments and grown margins over time.

FIGURE 10
APU Unit Margin



Source: Company Data, Barclays Research

Secular and Economic Factors Contributing to Consumption Declines

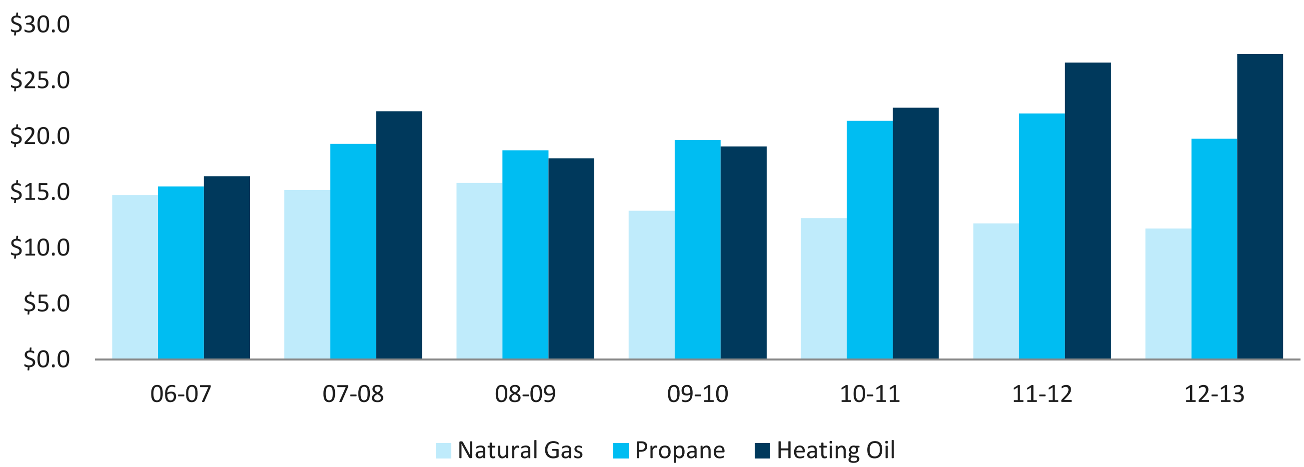
Residential propane consumption has been declining over the past couple of years at a rate of approximately 2%-3% per annum, spurred by both structural changes in consumption patterns as well as by economic considerations. On the structural side, average propane sales per residential customer have been declining at a rate between 1%-2% per year as a result of increased efficiency among propane consuming appliances as well as improved building materials which also reduce the overall need for consumption. We view this as a long term trend and expect it to continue going forward.

In recent years, the declining consumption trend caused by structural factors has been compounded by extended periods of rising propane costs which results in price-based conservation. In recent years this has contributed to an additional 1.0%-1.5% decline in consumption. The rate of consumption declines driven by price based conservation tends to be highest during periods when propane prices increase dramatically—as was seen during 2008, 2011, and most recently the winter of 2013/2014.

Propane also competes with other sources of fuel, some of which hold a cost advantage on an energy equivalent basis. Importantly, natural gas is generally a cheaper alternative source of energy than propane. This competitive threat is most substantial at the time when a homeowner, who is located near a gas main, is selecting their energy source. The threat from natural gas is less persistent in cases where customers are contemplating a conversion from energy sources such as electricity or fuel oil. In many of these cases, the customer is often situated in less densely-populated areas away from existing gas mains, thereby making conversions uneconomic for gas utilities. The company's experience in Pennsylvania—where it operates both a natural gas utility and propane distribution operations—illustrates this scenario well. In FY13, of the 15,000 new customers added by UGI's gas distribution arm, less than 200 of them were propane conversions. APU estimates that it loses an average of 2,500 customers annually to natural gas conversions. We tend to view this as an immaterial amount when measured against the company's customer base of 2 million plus.

Historically the industry has looked to new housing starts as a means of mitigating the trend of declining consumption. Because of the substantial portion of overall propane demand accounted for by residential customers, housing starts previously provided an important offset to the consumption declines caused by efficiency gains, price based conservation, and customer switching. However, the generally depressed level of new home construction and the demise of manufactured housing in the aftermath of the recession has caused this factor to be largely absent from the market.

FIGURE 11
Winter Heating Fuels Comparison



Source: U.S. Energy Information Administration, Barclays Research

Competition

While APU maintains a leading market share across the broader industry, the company faces competition from other national and regional distributors as well as thousands of smaller independent local operators. In most of the markets that APU serves, the company competes with at least one other retail distribution company. The propane distribution market remains highly fragmented with smaller independent marketers accounting for as much as 61% of the market. There are an estimated 3,500 competitors nationwide. The elevated level of competition owes in part to the generally low barriers to entry and attractive cash generating characteristics associated with the retail distribution business model. In general, upfront capital requirements for a new entrant are rather limited which facilitates ease of entry. After purchasing and installing a new tank on a customer's premises, the asset typically generates an annuity-like cash flow stream for the distributor.

Growth Opportunities

Against the backdrop of volume declines, APU has looked to a mixture of internal growth initiatives and acquisition opportunities to supplement its growth. The most notable step the company has taken was its 2011 purchase of Heritage propane. Acquisitions of smaller retail distributors, the ACE program, and National Accounts program have also been used to drive volume growth.

Heritage Acquisition: The specter of large company consolidation was always a lingering consideration among industry participants when APU announced its acquisition of Energy Transfer Partners' propane distribution operations, Heritage Propane. The transaction consolidated APU, already the largest propane distributor in the US, with Heritage, then the third largest. The total purchase price of $2.89 billion represented a 10.5x multiple (before synergies) to Heritage's EBITDA of $275 million. During the integration, APU extracted ~$60 million of synergies, implying a final purchase multiple of 8.6x. The consideration offered to ETP was comprised of $1.5 billion in cash, $1.32 billion in APU units, and the assumption of $71 million in Heritage notes. APU funded the cash portion of the acquisition by issuing debt.

The Heritage acquisition was unique in that it provided many of the same benefits that APU would expect to receive through smaller acquisitions, but also resulted in a number of additional benefits including improved business mix and a significantly larger scale. The acquisition initially added 440 locations to APU's portfolio, 240 of which were located in areas not previously served by APU. The remaining 200 stores were located in areas already served by APU. It was these locations where APU was able to extract a majority of the synergies available to it through the integration process. By combining stores the company benefitted from increased customer density and further eliminated cost redundancies in store managers, delivery drivers, and physical locations. In addition, the Heritage assets contributed a more favorable customer mix to APU's portfolio. Notably, Heritage's customer base was ~57% residential at the time of the acquisition, compared to APU's ~40%. In general, residential customers generate higher unit margins.

Renewed Focus on Smaller Acquisitions: With the integration of Heritage largely behind it, APU is returning to its traditional focus of acquiring smaller retail market participants. The typical acquisition candidate is a small retail distributor with an annual sales volume of 1-3 million gallons. APU typically targets a purchase multiple between 6x-8x EBITDA, levels which in certain cases scale down over time if the company is able to remove costs from the acquired business through means such as route, store, and management consolidation.

AmeriGas Cylinder Exchange: The partnership continues to expand its counter-seasonal AmeriGas Cylinder Exchange (ACE) program. The ACE program enables consumers to purchase propane cylinders, or exchange their empty tanks at retail locations such as home centers, gas stations, mass merchandisers, and grocery and convenience stores. At the end of FY13, ACE cylinders were available at almost 47,500 locations. The program has achieved same-store sales growth of ~3% and overall volume growth of 8% as APU continues to invest in new exchange locations. At present, the ACE program accounts for just under 10% of APU's EBITDA, with management targeting EBITDA growth of 4%-6% annually.

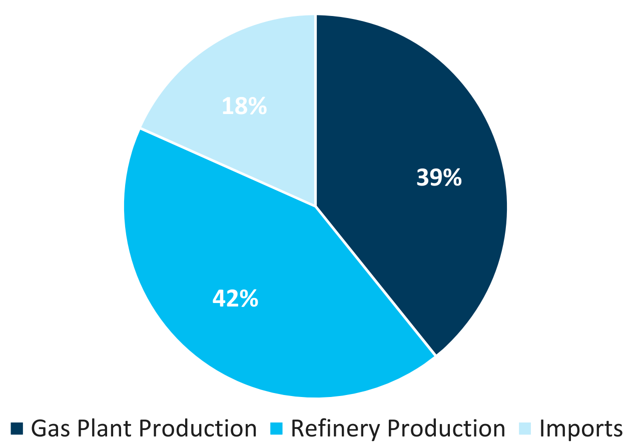
The operation of a cylinder exchange business requires a substantial level of upfront capital, including the infrastructure required to fill, clean, paint, and replace the cylinders in circulation, as well as investments in excess cylinders to ensure an adequate amount of inventory is available for purchase by customers. The capital intensity and associated fixed costs associated with the business model contribute to a higher set of barriers to entry than the traditional retail distribution business. While management has not provided specifics around the returns generated by the ACE program, it has indicated that returns on capital employed are substantially above that of the core distribution business.

National Accounts: This program leverages APU's national footprint by encouraging multi-location propane users to enter into a supply agreement with APU as opposed to meeting their needs through multiple distributors. Last year, APU added 50 new accounts to the program which contributed to an overall increase in related sales volumes of ~30%. The National Accounts program currently comprises slightly less than 5% of APU's EBITDA. Management is also targeting EBITDA growth of 4%-6% annually.

Shale Gas Production Driving Supply Growth

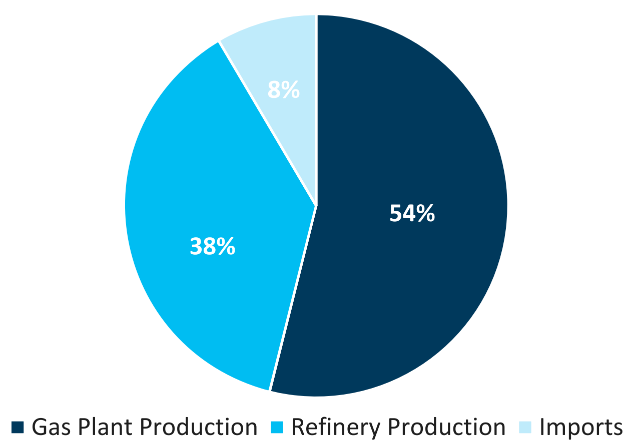
Propane is produced via extraction from natural gas at processing plants and also during the crude oil refining process. During the last five years, the domestic propane market has evolved rapidly with the change spurred by a growing focus on liquids-rich shale gas production. Historically, a higher portion of production occurred in plays such as the Barnett Shale and Unita, San Juan, and DJ basins, where liquids content ranged anywhere between 1.5 GPM to 4.5 GPM. Emerging shale plays, such as the Marcellus and Eagle Ford, where the GPM content ranges anywhere between 4-9 GPM, have garnered the most attention from producers as of late. The result has been an upward trend in domestic propane supply which began in earnest in 2009, with supplies growing at an increasing rate ever since. By 2013, aggregate propane supply expanded to 1,499 kbbl/d from 1,230 kbbl/d in 2009. The pace of the domestic production ramp reached its highest level in 2013 at 8%.

FIGURE 12
U.S. Propane Supply - 2005



Source: EIA

FIGURE 13
U.S. Propane Supply - 2013

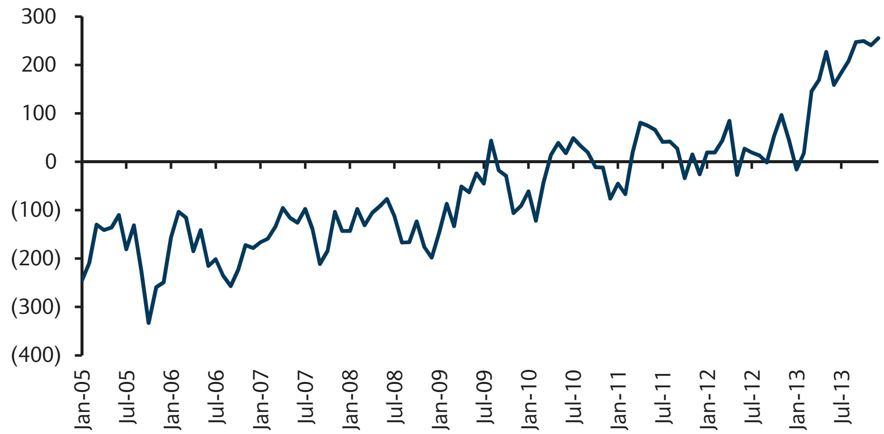


Source: EIA

While all of the forecasts we have seen indicate that domestic propane production will continue to grow, it's harder for us to say with a high degree of certainty what prices will be during future heating seasons. All else equal, we would expect the increase in supply to be beneficial to wholesale prices. However, this past winter illustrated what can occur when a collection of factors—elevated crop drying demand, below average inventory, and the polar vortex—disrupt the market. In future years, additional factors such as growing exports and the increased petrochemical demand could again contribute to volatility in wholesale prices.

FIGURE 14

Propane Net Exports (mbls/d)



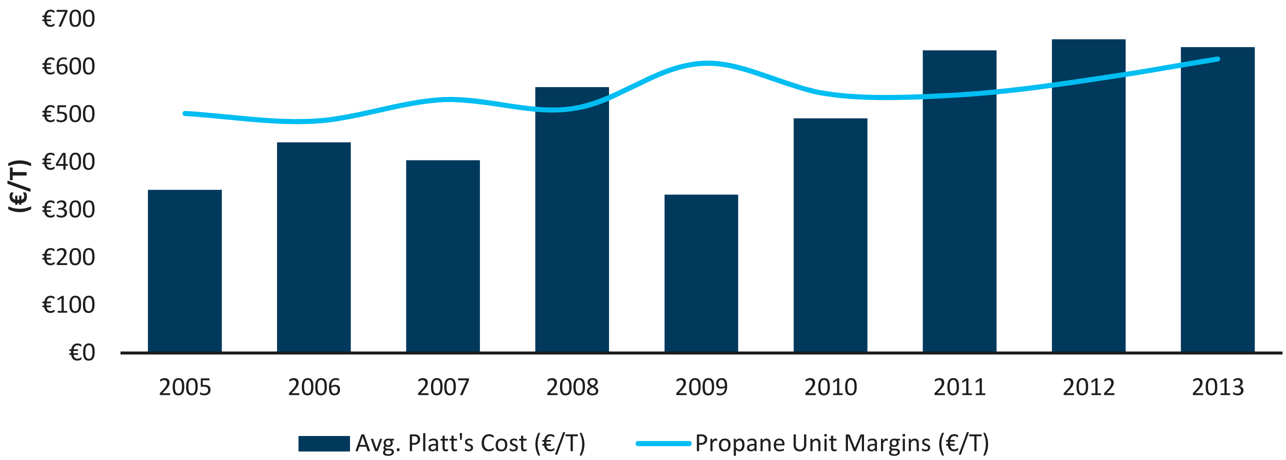
Source: EIA

International Propane

UGI has been operating in Europe as an LPG distributor for a total of 15 years. The company first entered the European market with its acquisition of Flaga in 1999, following up shortly thereafter by taking a 20% stake in Antargaz in 2001. Antargaz was fully consolidated in 2004 and has remained the largest component of UGI's international business since. Today, UGI is active across a total of 16 European countries, delivering more than 700 million gallons of product (600 million retail/100 wholesale) and generating ~$230 million of EBITDA in FY13. In terms of sales mix, the International Propane segment serves many of the same customer segments as APU, including residential, commercial, agricultural, industrial, and motor fuel customers. The largest component of international volumes is bulk sales (~58% of FY13 volumes) followed by wholesale (~18%), cylinder sales (14%) and autogas users (10%).

There are factors which somewhat differentiate the International Propane business from the company's domestic operations, including a more consolidated competitive landscape, elevated use of LPG for autogas and home cooking purposes, and in certain countries, opportunities for volume growth. That said, the general LPG distribution business model and related economics in Europe are similar to those in the U.S., including the benefits associated with economies of scale from customer density, competition from alternative fuel sources, and the threat of efficiency and price induced consumption declines. As is the case with its domestic operations, the company also seeks to pass through any increases in the wholesale price of propane to its customers and targets to increase unit margins at approximately the rate of inflation.

FIGURE 15
Antargaz Unit Margin



Source: Company Data, Barclays Research
Note: Wholesale cost reflects Platt's regional average as reported by company.

Antargaz

Antargaz operates an LPG distribution business in France, Belgium, the Netherlands, and Luxembourg (the Benelux countries) and comprises the largest portion of UGI's international operations. Antargaz also operates a natural gas marketing business in France and the Benelux countries. The company is one of the largest LPG distributors in France and the Netherlands and is the largest LPG distributor in Belgium and Luxembourg. In FY13, the business served ~223,000 bulk customers, 8,000 natural gas customers, and had more than 9 million cylinders in circulation. Antargaz sold approximately 258 million gallons of LPG in France and approximately 50 million gallons of LPG in the Benelux countries.

The majority of Antargaz' business, as measured by both volume and total margin, comes from small bulk customers. The group accounted for 63% of Antargaz' FY13 sales volumes. Small bulk accounts primarily include residential and small business users (i.e. restaurants) that use LPG for heating and cooking. The group also includes municipalities, which use LPG for heating sports facilities and swimming pools, and the poultry industry, which uses LPG in chicken brooding. Large bulk customers represented the next largest customer group for Antargaz, accounting for 18% of FY13 sales volumes. The group includes agricultural companies and those that use LPG in industrial processes. Medium bulk customers, which accounted for 16% of FY13 sales volume, are comprised primarily of large residential complexes including housing developments and hospitals, as well as medium sized enterprises and poultry brooders.

Flaga

Flaga represents the second largest component of UGI's international LPG distribution operations. Similar to Antargaz, the company sells its LPG in cylinders as well as to customers with small, medium, and large bulk tanks. In FY13, Flaga sold ~239 million gallons of LPG to more than 70,000 customers and had more than 5.5 million cylinders in circulation. By volume, approximately 27% of FY13 sales were cylinder and small bulk, 21% autogas, 46% large bulk, and 6% medium bulk.

AvantiGas

In FY13, AvantiGas sold approximately 145 gallons of LPG to a total customer base of 14,600. Large bulk sales accounted for 58% of FY13 volumes, followed by medium bulk sales which accounted for 36% and small bulk sales at 6%. By end use, wholesale customers accounted for the largest volume component (58%), followed by aerosol customers (20%), commercial/industrial/autogas customers (9%), agricultural customers (7%), and residential customers (6)%.

Opportunities for Growth in Europe

Antargaz Natural Gas Marketing: This is an example of an opportunity where the company has leveraged its experience from the US side of its business, where the company has gained experience as a natural gas marketer over the years. Antargaz has received authorization from the government of France to operate as a natural gas marketer in the country. Management thinks this opportunity could generate annual EBITDA of €2-€5 million over the next several years.

Customer Conversions: The company has also been working to convert heating oil users in countries such as Denmark, Norway, Sweden, and Finland. Compared to the U.S., where fuel to natural gas related conversions mainly focus around residential and small commercial users, most activity in these countries has been tied to large commercial or industrial businesses. As a result of its efforts, the company has added more than 4.5 million gallons of LPG demand by converting heating oil users. Going forward, management has targeted 4,000 new tons per year of incremental demand.

Expansion in Poland: Poland is the third largest LPG market in Europe. UGI gained entrance into the market in 2011 with its purchase of Shell Gas Poland, which as recently as last year represented ~65 million gallons of the company's total volumes. The company further expanded its presence in the country with its purchase of BP Poland which added an incremental 150 million gallons. The business mix in Poland has a large component of autogas demand, which in general, is a high-volume commodity like business that has low unit margins.

Midstream and Marketing

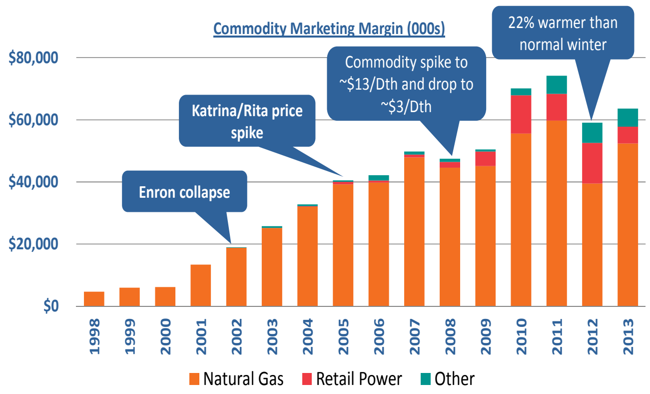
The Midstream and Marketing segment is comprised of three separate businesses: Retail Energy Marketing, Midstream, and Electric Generation. Among the businesses, Marketing has historically accounted for 55% of segment EBIT, Midstream for 32%, with Generation rounding out the remaining 13%. Going forward, we expect the segment's mix to shift increasingly towards Midstream as the company continues to seek opportunities to benefit from the growing natural gas production in the Marcellus Shale in Pennsylvania. The shale play has significant overlap with UGI's broader asset base, including its Gas Utility segment as well as its existing storage, LNG, and propane-air mixing assets. The company's long term estimates contemplate the Midstream business contributing in excess of 40% of segment EBIT in future years, with Retail Energy Marketing declining to approximately 50%, and power generation falling below 5%.

Retail Energy Marketing

The segment sells natural gas, liquid fuels, and electricity to approximately 17,000 commercial customers at approximately 41,000 locations. The business spans a wide geographic area, including all or portions of 9 states in the Mid-Atlantic region as well as the District of Columbia. It sells natural gas through the distribution systems of 36 gas utilities and power through the transmission systems of 20 electric utilities.

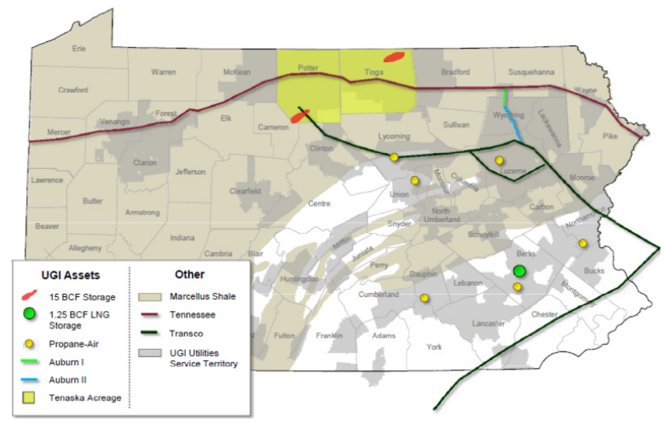
Retail Energy Marketing targets midsize commercial customers (hotels, grocery store chains, regional banks), who contract with the company to coordinate their energy needs over a specified period of time. A majority of the segment's margin is generated under fixed price arrangements with a take-or-pay component that allows customers to purchase a fixed amount of product for a fixed price during a specific period of time. In order to mitigate the impact of supply cost volatility, the business takes a number of steps including entering into fixed-price supply arrangements, contracts for interstate pipeline and storage capacity, and utilizes commodity hedges. Management prefers customer contracts that run on average approximately 12-months, allowing it to limit the level of balance sheet risk associated with its supply and hedging agreements.

FIGURE 16
Commodity Marketing Margin



Source: Company Presentation

FIGURE 17
Midstream Asset Profile



Source: Company Presentation

Midstream

The Midstream business operates a natural gas liquefaction, storage, and vaporization facility in Temple, Pennsylvania as well as propane storage, propane-air mixing stations, and rail transshipment terminals at various locations in Pennsylvania. The segment uses the assets in its energy peaking business, providing LNG and propane-air mixtures to gas utilities across interstate pipelines during periods of high demand. The segment also owns and operates 15 million dekatherms of underground natural gas storage capacity with a maximum daily withdrawal capacity of 224,000 dth/d as well as related high pressure pipeline infrastructure. In FY13, the business unit began operating a new compressor station and is now able to receive natural gas from the Tennessee Gas Pipeline system for injection into the storage facilities throughout the year. The company has FERC approval to sell its storage capacity at market based rates. In FY13, more than 70% of the facilities' capacity was contracted by third parties.

The company has also sought to capitalize on opportunities to participate in the ongoing development of natural gas in the Marcellus Shale region of Pennsylvania. Most recently, the Midstream business placed into service the second of a two-phase gathering system located in Wyoming County, PA. The Auburn II system, a 28 mile pipeline and associated compression station, was placed into service during 1Q14. Auburn II runs south through Wyoming County to interconnect with both Transco and PNG's system. The Auburn II line is capable of delivering up to 200,000 dth/d of natural gas, a substantial majority of which is contracted under 15-year take-or-pay agreements. The system's main customers include Citrus and UGI PNG. UGI is poised to expand its capacity in coming years, with a third-party shipper recently announcing an agreement to take an additional 150,000 dth/d of capacity. The Auburn I leg of the system was placed into service in 2011 and runs north to interconnect with Tennessee Gas Pipeline. Auburn I has a capacity of 120,000 dth/d.

Elsewhere in the Marcellus, UGI has entered into an agreement to construct and operate 20 miles of gathering pipeline and related gas processing and compression facilities for wells that Tenaska intends to drill in Potter County, PA. The first phase of construction is targeted for 2014 with UGI making an initial investment of $25 million. The company estimates that its total investment will reach $65 million over the next 10 years. In addition to the gathering system, UGI also invested $25 million for a ~19% non-operating interest in acreage that Tenaska operates in Tioga County. The associated wells are currently on-line.

Electric Generation

The Electric Generation segment includes electric generation facilities operated by a wholly-owned subsidiary, UGI Development (UGID). UGID has an approximate 5.97% (approximately 102 megawatt) ownership interest in the Conemaugh generation station, a 1,711 megawatt coal-fired generation station near Johnstown, PA. The Conemaugh station is operated by NRG Energy. UGID also owns and operates a 130 megawatt natural gas-fueled generating station, an 11 megawatt landfill gas-fueled generation plant, and 9.41 megawatts of solar generation capacity across PA, MD, and NJ. The generation stations are connected to PJM's regional transmission system which coordinates the movement of wholesale electricity.

Management

John Walsh (UGI President and Chief Executive Officer): Walsh was named President and Chief Executive officer of UGI Corp in April 2013. In addition, Walsh has serviced as Vice Chairman of AmeriGas Propane, Inc. and UGI Utilities, Inc. since 2005. He also served as President and Chief Executive Officer for UGI Utilities from 2009 to 2011. Before Joining UGI, Walsh spent 19 years with BOC Group where he served as Vice President of Special Gases before holding several senior management positions including President of Process Gas Solutions, President of BOC Process Plants, and Chief Executive of the Industrial and Special Products Division.

Kirk Oliver (UGI Chief Financial Officer): Prior to joining UGI, Oliver was previously Senior Managing Director and COO of InfraREIT Capital Partners, a partnership structured to enable the ownership of infrastructure assets through Real Estate Investment Trusts. Before joining InfraREIT Capital, he served in various executive roles in the energy industry, including Chief Financial Officer of Allegheny Energy, Inc. and Executive Vice President and Chief Financial Officer of TXU Corp. Prior to joining TXU Corp., Oliver spent eleven years as an investment banker in the Global Power and Energy group at Lehman Brothers.

Lon Greenberg (UGI Non-Executive Chairman of the Board): Greenberg served as CEO of UGI beginning in August 1995 and was named to the Chairman position the following year. Prior to these roles, he served as UGI's president from 1994-2005, President and Chief Executive Officer of AmeriGas Propane, Inc. from 1996-2000, Vice President of Legal and Corporate Development from 1989-1994, and Vice President and General Counsel of AmeriGas, Inc. from 1984-1994. Greenberg originally joined UGI Corporation in 1980 as Corporate Development Council.

Robert Beard (UGI Utilities President and Chief Executive Officer): Beard has been President and Chief Executive Officer of UGI Utilities since September 2011 and has over 20 years of experience in the gas utility industry. Previously, Beard also held the roles of Vice President of Marketing, Rates, and Gas Supply of UGI Utilities.

Jerry Sheridan (AmeriGas President and Chief Executive Officer): Sheridan was appointed to his current role in March 2012. Previously he had served as the company's Chief Operating Officer and Vice President of Operations, as well as its Chief Financial Officer.

Eric Naddeo (Antargaz Chief Executive Officer): Naddeo was appointed to his position in October 2011. Previously, he served as Deputy Managing Director since October 2009, and from the period 2001-2009 held the position of Logistics and Industrial Department Director. He joined Antargaz in 1009 and held various sales positions including Regional Manager.

Reinhard Schödlbauer (FLAGA Group Chief Executive Officer): Schödlbauer joined FLAGA in 2001. He began his career with ELIN, one of the leading Austrian engineering companies as a chief controller. He has also held several management positions with AVA-TECH and its affiliates.

Risks

Demand Tied to Seasonal Weather Patterns: Many of its customers rely on the company's products to meet their seasonal hearing requirements. Warmer-than-normal heating season weather could adversely impact demand for its products and negatively impact the company's profitability. Historically, approximately 60%-70% of APU's retail propane volume, Antargaz' retail LPG volume, and 60%-65% of Gas Utility's natural gas throughput has been sold during the months of October to March.

Secular Headwinds Impacting Propane and LPG Consumption: The propane and LPG distribution industries are mature and consumption has been experiencing volume declines over the past couple of years. Factors including increased efficiency among propane consuming appliances and improved insulation have contributed to a 1%-2% average decline in propane sales per residential customer. From time to time, consumption declines may be exacerbated by price induced conservation in the event of material increases in propane prices.

Competition From Other Energy Sources: The company's products compete with other sources of energy on the terms of price and convenience. Electricity is a major competitor, and with the exception of France, is currently more expansive than propane and LPG for space heating, water heating, and cooking. The convenience of electricity makes it an attractive energy source for customers. Natural gas is significantly less expensive than propane. In particular, APU expects to continue experiencing customer losses as the nation's natural gas distribution system is expanded.

Highly Competitive and Fragmented Propane Industry: While APU maintains a leading market share across the broader industry, it faces competition from other national and regional distributors as well as thousands of smaller independent local operators. In most of the markets that APU serves, the company competes with at least one other retail distribution company. The propane distribution market remains highly fragmented with smaller independent marketers accounting for as much as 61% of the market. There are an estimated 3,500 competitors nationwide.

Supplier Concentration: In FY13, Enterprise Products Partners, Plains Marketing, and Targa Liquids Marketing collectively accounted for ~51% of APU's propane supply. Additionally, single suppliers sometimes accounted for greater than 50% of supply in certain local geographies. To the extent that one of APU's larger suppliers, or ones on which the company relies upon heavily in specific geographies, is unable to provide sufficient amounts of propane to the company, APU could either be forced to purchase inventories from more expensive suppliers or may not be able to fully meet its customers' needs.

Profitability Exposed to Commodity Price Risk: The propane and LPG distribution businesses are "margin-based" and dependent on the company's ability to pass through underlying commodity costs to its customers. The wholesale price of propane/LPG can change rapidly in short periods of time and to the extent that the company is unable to pass cost increases through to its customers its profitability would be negatively impacted.

ANALYST(S) CERTIFICATION(S):

We, Richard Gross and Christine Cho, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 22-Apr-2014, USD 46.17), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Corporate and Investment Banking Division of Barclays is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	Energen Corp. (EGN)
EQT Corporation (EQT)	Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)
MDU Resources Group (MDU)	National Fuel Gas (NFG)	New Jersey Resources (NJR)
ONEOK Inc. (OKE)	Piedmont Natural Gas Co. (PNY)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Southwest Gas Corp. (SWX)	Spectra Energy Corp. (SE)
Targa Resources Corp. (TRGP)	UGI Corp. (UGI)	WGL Holdings (WGL)
Williams Cos. (WMB)		

Distribution of Ratings:

Barclays Equity Research has 2607 companies under coverage.

45% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 45% of companies with this rating are investment banking clients of the Firm.

37% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 43% of companies with this rating are investment banking clients of the Firm.

15% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 39% of companies with this rating are investment banking clients of the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Guide to the POINT® Quantitative Equity Scores:

The POINT Quantitative Equity Scores (POINT Scores) are based on consensus historical data and are independent of the Barclays fundamental analysts' views. Each score is composed of a number of standard industry metrics.

A high/low Value score indicates attractive/unattractive valuation. Measures of value include P/E, EV/EBITDA and Free Cash Flow.

A high/low Quality score indicates financial statement strength/weakness. Measures of quality include ROIC and corporate default probability.

A high/low Sentiment score indicates bullish/bearish market sentiment. Measures of sentiment include price momentum and earnings revisions.

IMPORTANT DISCLOSURES CONTINUED

These scores are valid as of the date of this report. To view the latest scores, which are updated monthly, *click here*.

For a more detailed description of the underlying methodology for each score, please *click here*.

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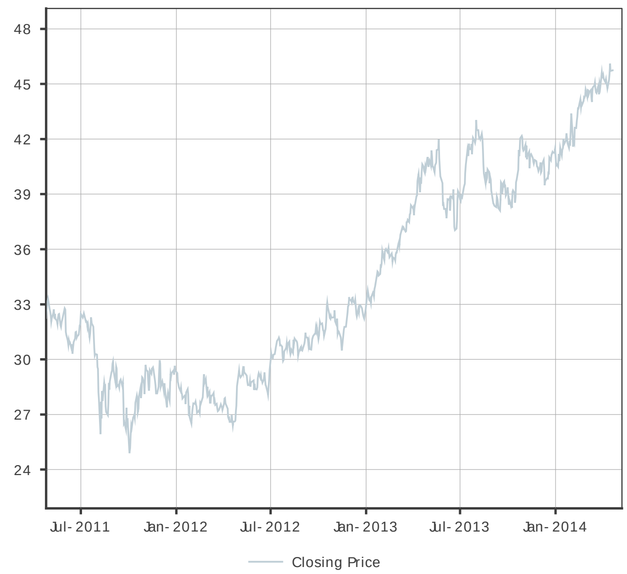
IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI)	Stock Rating	Industry View
USD 46.17 (22-Apr-2014)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 22-Apr-2014) **Currency=USD**



Date	Closing Price	Rating	Adjusted Price Target

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of UGI Corp. in the previous 12 months.

C: Barclays Bank PLC and/or an affiliate is a market-maker and/or liquidity provider in equity securities issued by UGI Corp. or one of its affiliates.

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Valuation Methodology: Our $47 price target is predicated on shares trading at 16.5x our FY15 EPS estimate of $2.83.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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BARCLAYS

Equity Research

Energy | U.S. Diversified Natural Gas

8 May 2014

UGI Corp.

Reports 2Q Results

Dear Client: Voting has begun for the Institutional Investor All-America Equity Research Team Survey. We would welcome your support.
To receive a form, please *click here*.

UGI reported 2Q adjusted EPS of $1.90, ahead of our estimate and consensus of $1.61. For the most part, the results at UGI's respective segments either beat or missed by a fairly large margin, illustrating the challenging nature of modeling businesses with exposure to weather patterns. Midstream & Marketing and Gas Utility delivered results ahead of our estimates while the International segment missed. Midstream & Marketing primarily benefitted from higher capacity management and peak service margin, the result of increased demand for pipeline capacity. The outperformance at Gas Utility was driven by higher throughput during the quarter's extreme cold. Weather had an opposite effect on the company's International segment as warmer than average temperatures across Europe drove sales volumes down year/year. APU performed in line with our estimates as lower than anticipated volumes were offset by stronger than expected unit margins.

UGI's Strengths are on Full Display: The company's broad domestic and international footprint enabled it to deliver impressive financial results despite meaningful volume declines at its International segment caused by unfavorable weather. The company also recently announced two separate midstream infrastructure projects, further highlighting the attractive opportunity set available to UGI in the Marcellus and reinforcing our view that the company has a diverse set of options for the free cash flow that it consistently generates. At APU, the company demonstrated its commitment to disciplined unit margin management, delivering year/year margin growth despite a laundry list of factors that could have otherwise dragged on results.

UGI: Quarterly and Annual EPS (USD)

	2013	2014			2015			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.90A	1.06A	1.06A	1.06A	N/A	N/A	N/A	18%	N/A
Q2	1.49A	1.61E	1.90A	1.90A	N/A	N/A	N/A	28%	N/A
Q3	0.13A	0.16E	0.16E	0.17E	N/A	N/A	N/A	23%	N/A
Q4	-0.10A	-0.09E	-0.09E	-0.09E	N/A	N/A	N/A	10%	N/A
Year	2.41A	2.73E	3.03E	2.72E	2.83E	2.83E	2.86E	26%	-7%
P/E	19.4		15.4			16.5			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

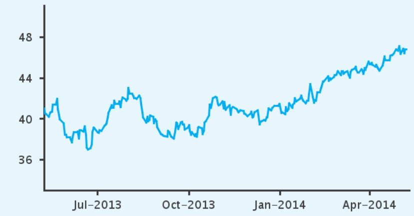
Stock Rating	EQUAL WEIGHT
	Unchanged
Industry View	NEUTRAL
	Unchanged
Price Target	USD 47.00
	Unchanged

Price (08-May-2014)	USD 46.78
Potential Upside/Downside	+0%
Tickers	UGI

Market Cap (USD mn)	5368
Shares Outstanding (mn)	114.76
Free Float (%)	99.24
52 Wk Avg Daily Volume (mn)	0.6
Dividend Yield (%)	2.5
Return on Equity TTM (%)	12.03
Current BVPS (USD)	22.54

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 48.35-36.43



Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,192	1,319	1,333	1,362	4.5%
EBIT (adj)	832	949	951	967	5.1%
Pre-tax income (adj)	590	611	511	545	-2.6%
Net income (adj)	428	413	331	352	-6.3%
EPS (adj) ($)	2.41	3.03	2.83	2.98	7.4%
Diluted shares (mn)	115.5	116.3	116.9	117.9	0.7%
DPS ($)	1.11	1.15	1.19	1.24	3.9%

Growth rates					Average
EBITDA (adj) growth (%)	43.5	10.6	1.1	2.1	14.3
EBIT (adj) growth (%)	61.7	14.1	0.2	1.7	19.4
Net income (adj) growth (%)	129.2	-3.5	-19.9	6.3	28.0
EPS (adj) growth (%)	36.9	25.9	-6.6	5.4	15.4
DPS growth (%)	4.2	3.6	4.0	4.0	4.0

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,480	4,612	4,751	4,887	2.9%
Cash and equivalents	389	446	447	236	-15.4%
Short and long-term debt	3,837	4,036	3,944	3,623	-1.9%
Total liabilities	10,009	0	0	0	-100.0%
Net debt/(funds)	3,448	3,589	3,497	3,387	-0.6%
Shareholders' equity	3,548	3,734	3,926	4,132	5.2%
Change in working capital	-53	-227	0	0	N/A
Cash flow from operations	802	424	547	576	-10.4%
Capital expenditure	489	400	415	420	-5.0%
Free cash flow	312	24	132	156	-20.7%

Valuation and leverage metrics				
P/E (adj) (x)	19.4	15.4	16.5	15.7
EV/EBITDA (x)	N/A	N/A	N/A	N/A
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.4	2.4	2.5	2.6
Total debt/capital (%)	28.6	28.1	25.8	20.2

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil prices ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base ($m)	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	42.5	-18.2	3.7	1.2

Price (08-May-2014)	**USD 46.78**
Price Target	**USD 47.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

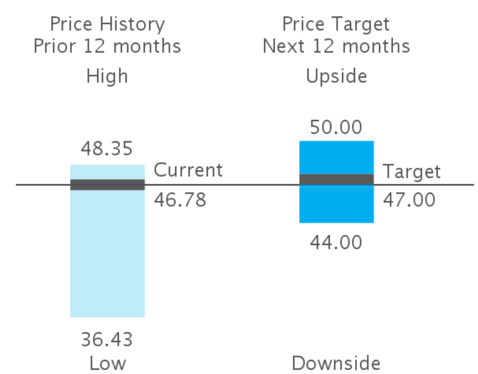
Upside case — **USD 50.00**

Our upside case is predicated on shares trading at 17.5x our FY15 EPS estimate of $2.83. Shares could trade at this level if UGI delivers on the higher end of its EPS growth target and earnings are generally free of any weather-related volatility.

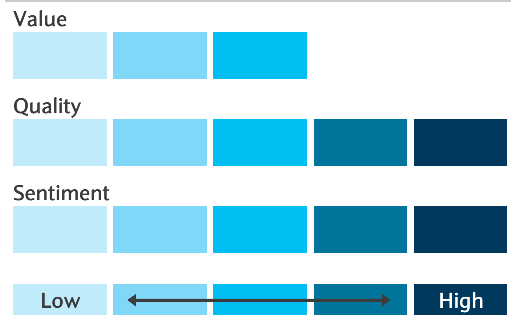
Downside case — **USD 44.00**

Our downside case is predicated on shares trading at 16.5x our FY15 EPS estimate of $2.83, if UGI is unable to capitalize on growth opportunities across its business portfolio or if unfavorable weather conditions drive volatility in reported results.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Sep

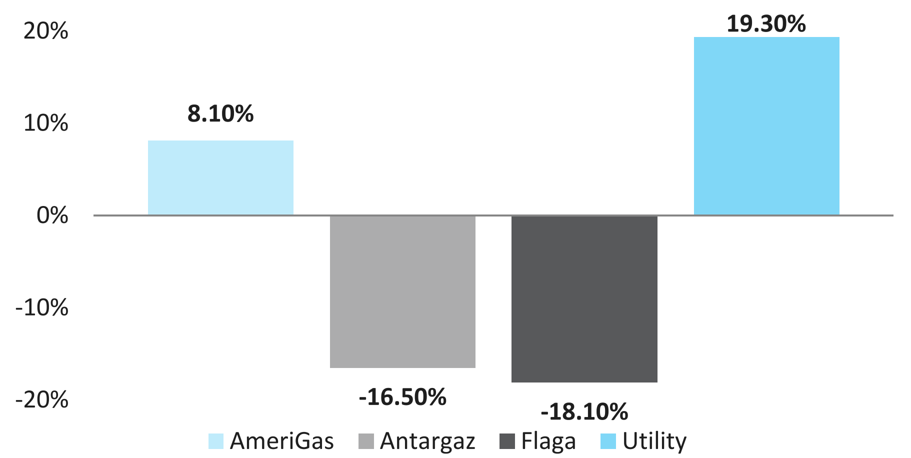
UGI's Strengths are on Full Display

We think the company's quarterly results and recent project announcements provide an opportunity for us to reiterate some of the strengths that we discussed in our Initiation report ("*UGI Corp: Initiate at EW; $47 Price Target*"). We highlight them below:

Geographic Diversity Insulates Results from Volatile Weather Patterns: UGI's expansive domestic and international footprint protects the company's earnings and cash flows from the volatility that would likely result if the company operated in a more concentrated geographic area. The benefits were evident during the quarter as Gas Utility and Midstream & Marketing benefitted from colder than average temperatures across their service territories. This served as an important offset to warmer than average temperatures in Europe that negatively impacted the results of the company's international LPG distribution segment. Even domestically the company benefitted from its broad geographic footprint as below average temperatures in APU's Northeast, Mid-Atlantic, and Mid-West service territories cushioned the impact of above average temperatures in its Western service territory.

FIGURE 1

Q2 Weather vs. Normal



Source: Company presentation

Marcellus Exposure Offers Additional Midstream Growth Opportunities: On 5/6, UGI Energy Services (UGIES) announced a set of Marcellus pipeline projects that will primarily transport gas produced by Cabot. First, the company plans to expand its Auburn Gathering System with the construction of a new pipeline running from Susquehanna County to Wyoming County. Dubbed the Auburn Loop, the system will parallel the existing Auburn I pipeline and increase the capacity of the gathering system by approximately 200,000 dth/d to a total of 470,000 dth/d. The asset will initially be placed into service by the end of this year and is expected to reach full capacity by the fall of 2015. UGIES will also build a separate 6-mile pipeline to move Marcellus gas to one of its utilities, UGI Penn Natural Gas. The so-called Union Dale Lateral will offer capacity of 100,000 dth/d and is expected to be in service this fall. Collectively the projects carry a price tag of ~$80 million.

Disciplined Unit Margin Management at APU: We view unit margin management as the single most important factor that drives APU's profitability. Despite a laundry list of factors that could have dragged on the quarter's results—elevated wholesale propane costs, higher levels of uncollectable accounts, and increased O&M expenses associated with the harsh winter—APU generated EBITDA per retail gallon of $0.70 vs. $0.67 during the prior year period.

Weather Drives 2Q Beat

UGI reported 2Q adjusted EPS of $1.90, ahead of our estimate and consensus of $1.61. On the heels of its strong performance, management raised its full year guidance to a range of $2.95-$3.05 from $2.60-$2.70 previously. APU also raised the lower end of its guidance range and now expects to generate FY14 EBITDA of $660-$675 million compared to $645-$675 million previously.

Midstream & Marketing

Midstream & Marketing outperformed our estimates by the largest amount, reporting operating income of $121.4 million vs. our $44.1 million. The quarter's extreme cold weather drove margins higher by $82.3 million compared to 2Q13, attributable to higher capacity management and peaking services (+58.8 million year/year) as well as a healthy contribution from Electric Generation operations (+$9.2 million year/year).

Gas Utility

Gas Utility, which operates without a weather normalization mechanism, also outperformed as its main service territory experienced temperatures that were 19.3% colder than normal. The segment reported operating income of $134.5 million vs. our $125.7 million estimate. Total system throughput during the quarter expanded to 78.5 bcf vs. 68.6 bcf during the prior year, primarily from increased demand from core market customers.

UGI International

UGI International underperformed by a wide margin, reporting operating income of $63.8 million compared to our $84.6 million as weather in France (Antargaz) and across the broader continent of Europe (Flaga) was warmer than normal. Retail gallons sold were 162.8 million representing a year/year decline of 8.5%.

AmeriGas Partners, LP

APU was the sole business where results fell in line with our expectations. The partnership reported EBITDA of $331.3 million, matching our estimate for the quarter. Retail gallons sold expanded by 2.3% over 2Q13 owing to the colder-than-normal temperatures, although volume growth was restricted partly by supply restrictions in certain of the company's service regions. Implied gross margin per gallon was $1.19, ahead of our estimate of $1.12.

ANALYST(S) CERTIFICATION(S):

We, Richard Gross and Christine Cho, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 08-May-2014, USD 46.78), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Corporate and Investment Banking Division of Barclays is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

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AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	Energen Corp. (EGN)
EQT Corporation (EQT)	Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)
MDU Resources Group (MDU)	National Fuel Gas (NFG)	New Jersey Resources (NJR)
ONEOK Inc. (OKE)	Piedmont Natural Gas Co. (PNY)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Southwest Gas Corp. (SWX)	Spectra Energy Corp. (SE)
Targa Resources Corp. (TRGP)	UGI Corp. (UGI)	WGL Holdings (WGL)
Williams Cos. (WMB)		

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A high/low Quality score indicates financial statement strength/weakness. Measures of quality include ROIC and corporate default probability.

A high/low Sentiment score indicates bullish/bearish market sentiment. Measures of sentiment include price momentum and earnings revisions.

IMPORTANT DISCLOSURES CONTINUED

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IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI)	Stock Rating	Industry View
USD 46.78 (08-May-2014)	EQUAL WEIGHT	NEUTRAL

Rating and Price Target Chart - USD (as of 08-May-2014) **Currency=USD**

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Date	Closing Price	Rating	Adjusted Price Target
23-Apr-2014	46.25	Equal Weight	47.00

Source: Thomson Reuters, Barclays Research

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Valuation Methodology: Our $47 price target is predicated on shares trading at 16.5x our FY15 EPS estimate of $2.83.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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2 July 2014

Richard Gross	+1 212 526 3143	richard.gross@barclays.com	BCI, New York
Christine Cho, CFA	+1 212 526 8419	christine.cho@barclays.com	BCI, New York
Michael Hacke	+1 212 526 3827	michael.hacke@barclays.com	BCI, New York

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UGI Corp.

Announces Agreement in Principle to Acquire Total's LPG Distribution Business in France

Stock Rating/Industry View: Equal Weight/Neutral
Price Target: USD 47.00
Price (01-Jul-2014): USD 50.53
Potential Upside/Downside: -7%
Tickers: UGI

This morning, UGI Corporation announced that it has reached an agreement in principal to acquire Total's liquefied petroleum gas (LPG) distribution business in France for a price of approximately €400-€450 million. In acquiring one of its largest competitors and moving to further consolidate the French market, we think the company is following the playbook from AmeriGas Partners' (APU) 2010 acquisition of Heritage Propane, albeit on a smaller scale. Given UGI's established presence in the French market and acquisition experience across the broader continent, we have a high degree of confidence in the company's ability to successfully integrate Total's LPG operations.

Per the terms of the transaction agreement with Total, UGI is unable to provide any insight into the EBITDA contribution and purchase multiple of the asset. That said, we wanted to provide some data points that we think will be helpful for investors to analyze the transaction's economics. UGI's domestic propane subsidiary, APU, typically targets a purchase multiple of 6x-8x EBITDA. In the European market, purchases often occur below this range, with the French market in particular being impacted by declining volumes, competition from electricity produced by nuclear power plants, and government policies that favor alternative energy sources. Assuming the transaction occurred in a range of 5x-7x EBITDA and at the midpoint of the expected purchase price (€425 million), implied EBITDA ranges from €61 million to €85 million. The transaction is expected to close during the first half of calendar year 2015, enabling UGI to reap a partial benefit of the business's profitability during that year's winter.

As an additional point of reference, we estimate that the French market accounted for approximately €110 million, or ~65%, of the EBITDA generated by UGI's international LPG distribution segment in FY13. Because Total's business carries a smaller portion of higher margin cylinder and small bulk volumes than UGI's existing retail business in France, we are not surprised that the implied EBITDA uplift is somewhat lower than the 2x increase otherwise suggested by the incremental volumes that the acquired business will contribute. As is often the case with acquisitions made by APU, we also expect UGI will be able to extract synergies over time through means such as the consolidation of distribution networks and the elimination of other duplicate expenses. However, we think that the realization of synergies is likely to occur at a slower pace than a comparable domestic transaction would support as a result of various labor laws and regulations in France.

We will revisit our model and price target to incorporate the expected impact of the transaction in advance of UGI's 3Q earnings report.

Transaction Analysis

€MM unless Noted			
Purchase Price (midpoint)	€ 425	€ 425	€ 425
Multiple	5.0x	6.0x	7.0x
Implied EBITDA	€ 85.0	€ 70.8	€ 60.7
- Interest (3.0x Debt/EBITDA @ 5.5% Interest Rate)	€ 14.0	€ 11.7	€ 10.0
- DD&A (Assumes 35% of EBITDA)	€ 29.8	€ 24.8	€ 21.3
EBT	€ 41.2	€ 34.4	€ 29.4
- Tax (35%)	€ 14.4	€ 12.0	€ 10.3
Net Income	€ 26.8	€ 22.3	€ 19.1
Net Income ($MM; Assumes $1.36/€1.00)	$36.4	$30.4	$26.0
EPS Impact (116.7 million shares outstanding as of 3/31/14)	$0.31	$0.26	$0.22

Source: Barclays Research

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Equity Research

Energy | U.S. Diversified Natural Gas

30 July 2014

UGI Corp.

3Q Takeaways

UGI reported 3Q adjusted EPS of $0.15 compared to our estimate and consensus of $0.17. Relative to our numbers, UGI International came in below our estimates ($6.8 million of operating income vs. $21.2 million estimate) as the weather in both Antargaz' and Flaga's territories was significantly warmer than normal and the prior year period. Midstream and Marketing came in better than expected ($26.1 million vs. ~$14.0 million estimate) primarily reflecting higher capacity management, storage and natural gas gathering margin, and an increase in retail margins over the prior year period. APU underperformed our numbers ($7.2 million vs. $10.3 million estimate) as margin was impacted by lower-than-anticipated volumes. Gas Utility performed slightly better than expected ($17.1 million vs. $16.3 million) due to increased throughput from core market and large firm delivery customers.

Announces Three-for-Two Stock Split and Increases Dividend: The company plans to issue three common shares for every two common shares currently outstanding. Based on UGI's diluted share count at the close of 3Q, the implied new share count will be 175,572,000. In addition, the company increased its quarterly dividend to $0.3263 ($1.30 annualized), a 10% increase over its previous level of $0.295 ($1.18 annualized). We think the increase owes in part to the company's *recently announced acquisition of TOTAL's LPG distribution business* in France, which we expect to provide an uplift to the company's EPS once fully integrated into UGI's International segment.

Guidance Reaffirmed: The earnings outlook for the year was maintained in a range of $2.95-$3.05 per share. On its earnings call we will be looking for management to provide incremental details around the TOTAL purchase as well as any potential new opportunities in the Midstream and Marketing segment. UGI will host its 3Q earnings call at 9:00 AM on Wednesday, July 30. Interested parties may participate by visiting the *company's investor relations website*. We will revisit our estimates and valuation following the company's earnings call and release of its 10-Q.

UGI: Quarterly and Annual EPS (USD)

	2013	2014			2015			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.90A	1.06A	1.06A	1.06A	N/A	N/A	N/A	18%	N/A
Q2	1.49A	1.90A	1.90A	1.90A	N/A	N/A	N/A	28%	N/A
Q3	0.13A	0.17E	0.15A	0.17E	N/A	N/A	N/A	15%	N/A
Q4	-0.10A	-0.08E	-0.08E	-0.08E	N/A	N/A	N/A	20%	N/A
Year	2.41A	3.04E	3.03E	2.94E	2.82E	2.82E	2.94E	26%	-7%
P/E	20.7		16.4			17.6			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

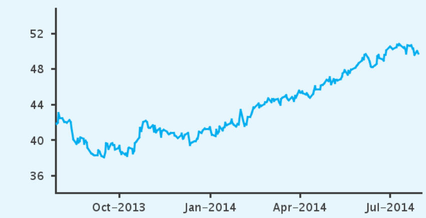
Stock Rating	EQUAL WEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 47.00 Unchanged

Price (29-Jul-2014)	USD 49.72
Potential Upside/Downside	-5%
Tickers	UGI

Market Cap (USD mn)	5722
Shares Outstanding (mn)	115.08
Free Float (%)	99.22
52 Wk Avg Daily Volume (mn)	0.6
Dividend Yield (%)	2.4
Return on Equity TTM (%)	12.87
Current BVPS (USD)	24.42

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 51.14-37.88



Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,192	1,373	1,321	1,349	4.2%
EBIT (adj)	832	1,006	941	957	4.8%
Pre-tax income (adj)	590	841	514	548	-2.4%
Net income (adj)	428	616	330	351	-6.4%
EPS (adj) ($)	2.41	3.03	2.82	2.97	7.3%
Diluted shares (mn)	115.5	116.5	117.0	118.0	0.7%
DPS ($)	1.11	1.19	1.23	1.28	5.1%

Growth rates					Average
EBITDA (adj) growth (%)	43.5	15.1	-3.8	2.2	14.2
EBIT (adj) growth (%)	61.7	20.9	-6.4	1.7	19.4
Net income (adj) growth (%)	129.2	44.0	-46.4	6.4	33.3
EPS (adj) growth (%)	36.9	25.7	-6.8	5.5	15.3
DPS growth (%)	4.2	7.4	4.0	4.0	4.9

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,480	4,597	4,738	4,876	2.9%
Cash and equivalents	389	372	364	145	-28.1%
Short and long-term debt	3,837	3,872	3,780	3,459	-3.4%
Total liabilities	10,009	0	0	0	-100.0%
Net debt/(funds)	3,448	3,500	3,416	3,314	-1.3%
Shareholders' equity	3,548	3,768	3,953	4,153	5.4%
Change in working capital	-53	-350	0	0	N/A
Cash flow from operations	802	598	544	573	-10.6%
Capital expenditure	489	400	415	420	-5.0%
Free cash flow	312	198	129	153	-21.2%

Valuation and leverage metrics				
P/E (adj) (x)	20.7	16.4	17.6	16.7
EV/EBITDA (x)	N/A	N/A	N/A	N/A
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.2	2.4	2.5	2.6
Total debt/capital (%)	28.6	24.7	22.5	16.6

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil prices ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base ($m)	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	42.5	-18.2	3.8	1.2

Price (29-Jul-2014)	**USD 49.72**
Price Target	**USD 47.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

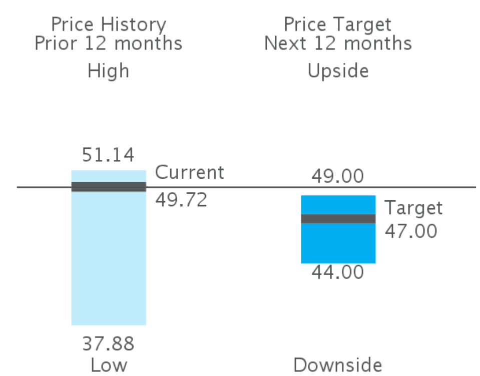
Upside case — **USD 49.00**

Our upside case is predicated on shares trading at 17.5x our FY15 EPS estimate of $2.82. Shares could trade at this level if UGI delivers on the higher end of its EPS growth target and earnings are generally free of any weather-related volatility.

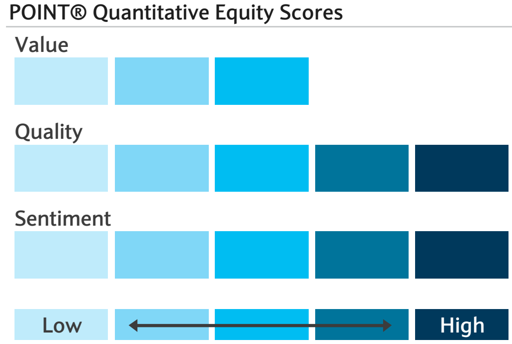
Downside case — **USD 44.00**

Our downside case is predicated on shares trading at 15.5x our FY15 EPS estimate of $2.82, if UGI is unable to capitalize on growth opportunities across its business portfolio or if unfavorable weather conditions drive volatility in reported results.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Sep

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 29-Jul-2014, USD 49.72), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	Energen Corp. (EGN)
EQT Corporation (EQT)	Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)
MDU Resources Group (MDU)	National Fuel Gas (NFG)	New Jersey Resources (NJR)
ONEOK Inc. (OKE)	Piedmont Natural Gas Co. (PNY)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Southwest Gas Corp. (SWX)	Spectra Energy Corp. (SE)
Targa Resources Corp. (TRGP)	UGI Corp. (UGI)	WGL Holdings (WGL)
Williams Cos. (WMB)		

Distribution of Ratings:

Barclays Equity Research has 2581 companies under coverage.

44% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 56% of companies with this rating are investment banking clients of the Firm.

39% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 47% of companies with this rating are investment banking clients of the Firm.

14% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 43% of companies with this rating are investment banking clients of the Firm.

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Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

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A high/low Value score indicates attractive/unattractive valuation. Measures of value include P/E, EV/EBITDA and Free Cash Flow.

A high/low Quality score indicates financial statement strength/weakness. Measures of quality include ROIC and corporate default probability.

A high/low Sentiment score indicates bullish/bearish market sentiment. Measures of sentiment include price momentum and earnings revisions.

IMPORTANT DISCLOSURES CONTINUED

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For a more detailed description of the underlying methodology for each score, please *click here*.

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IMPORTANT DISCLOSURES CONTINUED

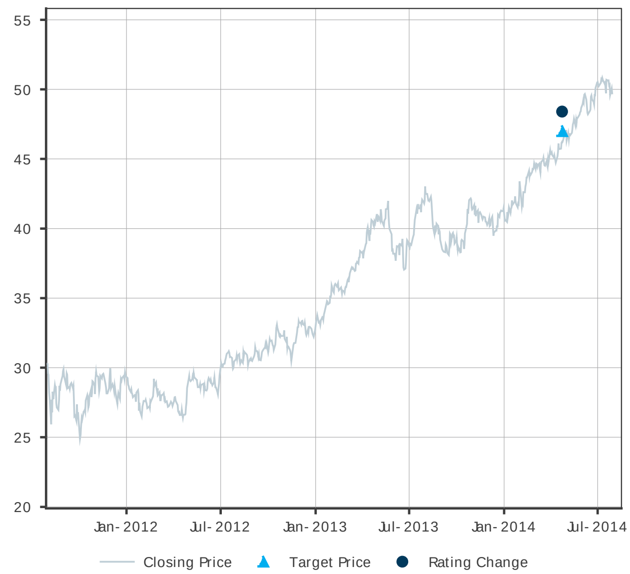
UGI Corp. (UGI)

USD 49.72 (29-Jul-2014)

Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Rating and Price Target Chart - USD (as of 29-Jul-2014)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
23-Apr-2014	46.25	Equal Weight	47.00

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

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Valuation Methodology: Our $47 price target is predicated on shares trading at 16.5x our FY15 EPS estimate of $2.82.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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BARCLAYS

Equity Research

Energy | U.S. Diversified Natural Gas

28 October 2014

UGI Corp.

EPS Housekeeping

Adding Total LPG Acquisition, PennEast Pipeline to our Estimates: We have revised our estimates to include the proposed acquisition of Total's LPG distribution business in France, a transaction that was initially *announced in July*. To be conservative, we do not include an earnings contribution from the asset until FY16 given that the expected close during 1H of calendar '15 could fall outside of the winter heating season, delaying the full financial benefit until the following year. As a reminder, UGI's fiscal year ends in September. Last week UGI announced that it has entered into a €300 million bridge facility to support the proposed transaction. We have updated our assumptions to include debt financing at this level, resulting in an estimated EPS uplift of $0.14 from the acquisition (assumes full year contribution). We highlight that this number excludes any potential synergies which, over time, are likely to provide further accretion. We will revisit our assumptions around the timing and financial impact of the transaction following the company's upcoming analyst day on 11/6.

We are also adding the PennEast Pipeline project to our estimates. UGI owns a 22% interest in the $1 billion project alongside AGL Resources, New Jersey Resources, South Jersey Industries, and PSEG Power. On 9/24, the group announced the successful close of a binding open season for 1 bcf/d of capacity. The line is expected to be placed into service in late 2017.

Adjusting EPS estimates to Reflect Stock Split: Following a three-for-two stock split, effective September 5, we are adjusting our 2014/2015 EPS estimates to $2.02/$1.88 from $3.03/$2.82.

Raising PT to $34: We are increasing our PT to $34, predicated on shares trading at 17.0x our FY15 EPS estimate of $1.88 ($32) plus $2 per share for the Total LPG acquisition. Our prior price target of $31 ($47 pre-split) was based on shares trading at 16.5x our FY15 EPS estimate of $1.88 ($2.82 pre-split). The inclusion of the Total acquisition and pipeline project has resulted in our estimated EPS growth rate climbing to ~8.5%, from ~5.8%, which we are using as the basis for the multiple expansion used in our price target.

UGI: Quarterly and Annual EPS (USD)

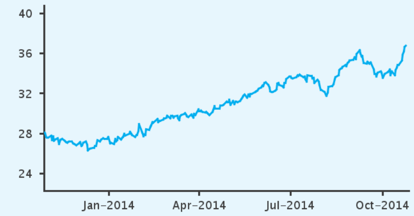
	2013	2014			2015			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.60A	1.06A	0.70A	0.71A	N/A	N/A	0.77E	17%	N/A
Q2	0.99A	1.90A	1.26A	1.27A	N/A	N/A	1.02E	27%	N/A
Q3	0.08A	0.15A	0.10A	0.10A	N/A	N/A	0.11E	25%	N/A
Q4	-0.06A	-0.08E	-0.05E	-0.05E	N/A	N/A	-0.06E	17%	N/A
Year	1.60A	3.03E	2.02E	2.01E	2.82E	1.88E	1.96E	26%	-7%
P/E	22.8		18.1			19.5			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	EQUAL WEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 34.00 lowered -28% from USD 47.00
Price (27-Oct-2014)	USD 36.63
Potential Upside/Downside	-7%
Tickers	UGI
Market Cap (USD mn)	6314
Shares Outstanding (mn)	172.38
Free Float (%)	99.28
52 Wk Avg Daily Volume (mn)	0.9
Dividend Yield (%)	2.4
Return on Equity TTM (%)	13.14
Current BVPS (USD)	16.14

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 36.99-26.06



Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,192	1,379	1,351	1,470	7.2%
EBIT (adj)	832	1,013	974	1,048	8.0%
Pre-tax income (adj)	590	818	518	613	1.3%
Net income (adj)	428	585	329	388	-3.2%
EPS (adj) ($)	1.60	2.02	1.88	2.19	10.9%
Diluted shares (mn)	173.3	240.7	175.5	177.0	0.7%
DPS ($)	0.74	0.82	0.85	0.89	6.4%
Growth rates					**Average**
EBITDA (adj) growth (%)	43.5	15.6	-2.0	8.8	16.5
EBIT (adj) growth (%)	61.7	21.8	-3.9	7.6	21.8
Net income (adj) growth (%)	129.2	36.7	-43.7	17.7	35.0
EPS (adj) growth (%)	36.9	25.9	-7.2	16.7	18.1
DPS growth (%)	4.2	11.3	4.0	4.0	5.9
Balance sheet and cash flow ($mn)					**CAGR**
Tangible fixed assets	4,480	4,591	4,732	4,912	3.1%
Cash and equivalents	389	355	183	212	-18.3%
Short and long-term debt	3,837	3,653	3,942	3,771	-0.6%
Total liabilities	10,009	0	0	0	-100.0%
Net debt/(funds)	3,448	3,298	3,759	3,559	1.1%
Shareholders' equity	3,548	3,767	3,947	4,178	5.6%
Change in working capital	-53	-64	0	0	N/A
Cash flow from operations	802	904	544	642	-7.1%
Capital expenditure	489	400	415	495	0.4%
Free cash flow	312	504	129	147	-22.2%
Valuation and leverage metrics					
P/E (adj) (x)	22.8	18.1	19.5	16.7	
EV/EBITDA (x)	N/A	N/A	N/A	N/A	
P/Sales (x)	N/A	N/A	N/A	N/A	
Dividend yield (%)	2.0	2.2	2.3	2.4	
Total debt/capital (%)	28.6	24.1	27.3	23.9	
Selected operating metrics					
Gas prices ($/mcf)	N/A	N/A	N/A	N/A	
Oil price ($/bbl)	N/A	N/A	N/A	N/A	
NGL ($/gal)	N/A	N/A	N/A	N/A	
Frac spread ($/gal)	N/A	N/A	N/A	N/A	
Production volumes (000 cf)	N/A	N/A	N/A	N/A	
NGL sales (m bbls)	N/A	N/A	N/A	N/A	
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A	
Rate base ($m)	N/A	N/A	N/A	N/A	
Number of customers	N/A	N/A	N/A	N/A	
Capital investment growth (%)	42.5	-18.2	3.7	19.3	

Price (27-Oct-2014)	**USD 36.63**
Price Target	**USD 34.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

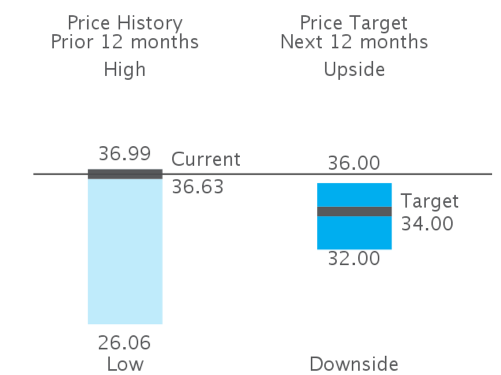
Upside case — **USD 36.00**

Our upside case is predicated on shares trading at 18x our FY15 EPS estimate of $1.88 plus $2 per share tied to the Total LPG acquisition.

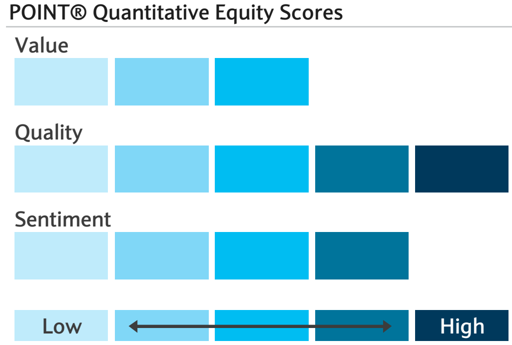
Downside case — **USD 32.00**

Our downside case is predicated on shares trading at 16.0x our FY15 EPS estimate of $1.88 plus $2 per share tied to the Total LPG acquisition.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Sep

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 27-Oct-2014, USD 36.63), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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U.S. Diversified Natural Gas

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Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)	MDU Resources Group (MDU)
National Fuel Gas (NFG)	ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Spectra Energy Corp. (SE)	Targa Resources Corp. (TRGP)
UGI Corp. (UGI)	Williams Cos. (WMB)	

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UGI Corp. (UGI)	Stock Rating	Industry View
USD 36.63 (27-Oct-2014)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 27-Oct-2014)

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

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Valuation Methodology: Our $34 price target is predicated on shares trading at 17.0x our FY15 EPS estimate of $1.88 plus $2 per share for the Total LPG acquisition.

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Equity Research | Instant Insights

12 November 2014

Richard Gross	+1 212 526 3143	richard.gross@barclays.com	BCI, New York
Christine Cho, CFA	+1 212 526 8419	christine.cho@barclays.com	BCI, New York
Michael Hacke, CFA	+1 212 526 3827	michael.hacke@barclays.com	BCI, New York

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UGI Corp.

Reports 4Q Results

Stock Rating/Industry View: Equal Weight/Neutral
Price Target: USD 34.00
Price (12-Nov-2014): USD 37.95
Potential Upside/Downside: -10%
Tickers: UGI

UGI reported a 4Q adjusted net loss of $0.08 per share, relative to our estimate and consensus of a $0.05 per share loss. Compared to our numbers, APU, UGI International, and Midstream & Marketing posted results ahead of our estimates, although this was more than offset at the Gas Utility and Corporate segments. The company's full year adjusted earnings of $1.99 per share (+26% year/year) represent its highest–ever, and reflect strong year/year gains at Midstream & Marketing and Gas Utility (which is not subject to weather normalization) driven by the extreme-cold experienced in UGI's service territories earlier in the year.

Last week UGI held its annual investor day during which it provided an initial FY15 EPS guidance range of $1.88-$1.98. This compares to our estimate of $1.88 which we last updated prior to the analyst day. At APU, management guided to EBITDA of $670-$700 million, vs. our estimate of $675 million. In formulating guidance, management estimated that "normalized" FY14 earnings were $1.77 per share, after adjusting for factors such as favorable domestic weather conditions and the negative impact of Europe's above average temperatures. The midpoint of next year's guidance range implies growth of approximately 9% from "normalized" earnings, the high end of the company's 6%-10% long term target.

Also in today's press release, the company announced that it had signed the formal purchase agreement with Total related to its acquisition of the company's LPG distribution business. UGI continues to forge ahead with the regulatory approval process and remains on track to close the transaction during 1H15. Our current numbers do not include any earnings contribution from the asset until FY16, a factor which could prove to be too conservative in the event the transaction closes in time for the company to generate a return during the upcoming winter. We plan to reassess our estimates pertaining to the transaction and incorporate information from UGI's recent investor day following a full review of the company's 10-K.

UGI will host its earnings call tomorrow morning (Thursday, November 13, 2014) at 9:00 am EST. Interested parties may listen to an audio webcast of the event at *http://www.ugicorp.com/investor-relations/events-and-presentations/default.aspx.*

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Equity Research

Energy | U.S. Diversified Natural Gas

27 January 2015

UGI Corp.

EPS Housekeeping

Expecting Normalized EPS to See Healthy Growth in 2015: UGI's shares have been among the top performers in its peer group over the past 12 months (+36.7% vs. +28.4% for a group of select LDCs). We think the market rewarded the company for its capital allocation policies, which included the announced purchase of TOTAL's LPG distribution operations in France, its participation in the PennEast Pipeline project, and a 10% y/y dividend increase (annualized), which was higher than the company's targeted level of 4%. Management expects core earnings (normalized for FY14's weather impact) to grow between 6%-12% in FY15 supported by contributions across its business segments. When UGI reports 1Q15 results on 2/5, we estimate EPS will be $0.76. We raise our price target to $37.

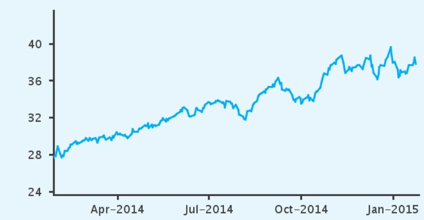
Stock Rating	EQUAL WEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 37.00 raised 9% from USD 34.00

Price (26-Jan-2015)	USD 38.07
Potential Upside/Downside	-3%
Tickers	UGI

Market Cap (USD mn)	6564
Shares Outstanding (mn)	172.43
Free Float (%)	99.33
52 Wk Avg Daily Volume (mn)	1.0
Dividend Yield (%)	2.3
Return on Equity TTM (%)	13.09
Current BVPS (USD)	15.30

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 39.75-27.58



Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

UGI: Quarterly and Annual EPS (USD)

	2014	2015			2016			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2015	2016
Q1	0.70A	N/A	0.76E	0.78E	N/A	N/A	N/A	9%	N/A
Q2	1.26A	N/A	1.08E	1.04E	N/A	N/A	N/A	-14%	N/A
Q3	0.10A	N/A	0.10E	0.12E	N/A	N/A	N/A	0%	N/A
Q4	-0.08A	N/A	-0.05E	-0.18E	N/A	N/A	N/A	38%	N/A
Year	1.99A	1.88E	1.89E	1.90E	N/A	2.18E	2.13E	-5%	15%
P/E	19.1		20.1			17.5			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,368	1,358	1,471	1,507	3.3%
EBIT (adj)	1,005	980	1,052	1,076	2.3%
Pre-tax income (adj)	768	534	608	636	-6.1%
Net income (adj)	533	330	382	399	-9.2%
EPS (adj) ($)	1.99	1.89	2.18	2.26	4.4%
Diluted shares (mn)	175.2	174.4	175.4	176.4	0.2%
DPS ($)	0.82	0.87	0.90	0.94	4.7%

Growth rates					Average
EBITDA (adj) growth (%)	14.8	-0.8	8.3	2.5	6.2
EBIT (adj) growth (%)	20.8	-2.5	7.3	2.3	7.0
Net income (adj) growth (%)	24.6	-38.0	15.7	4.6	1.7
EPS (adj) growth (%)	24.1	-5.0	15.0	4.0	9.5
DPS growth (%)	11.3	6.1	4.0	4.0	6.4

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,544	4,688	4,794	4,968	3.0%
Cash and equivalents	420	297	411	501	6.1%
Short and long-term debt	3,722	4,004	3,841	3,821	0.9%
Total liabilities	10,093	0	0	0	-100.0%
Net debt/(funds)	3,302	3,706	3,430	3,320	0.2%
Shareholders' equity	3,663	3,841	4,065	4,298	5.5%
Change in working capital	-7	0	0	0	N/A
Cash flow from operations	1,005	556	645	671	-12.6%
Capital expenditure	436	430	435	510	5.3%
Free cash flow	569	126	210	161	-34.4%

Valuation and leverage metrics				
P/E (adj) (x)	19.1	20.1	17.5	16.8
EV/EBITDA (x)	N/A	N/A	N/A	N/A
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.2	2.3	2.4	2.5
Total debt/capital (%)	26.5	29.4	26.2	24.8

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil price ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base ($m)	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	-10.8	-1.5	1.2	17.2

Price (26-Jan-2015)	USD 38.07
Price Target	USD 37.00

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

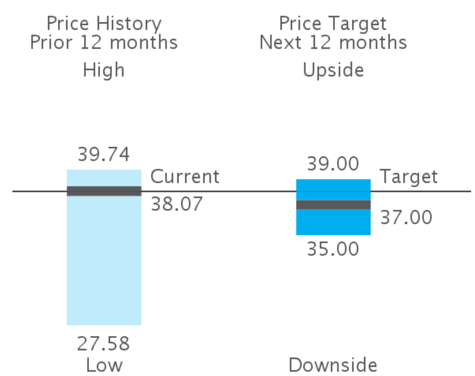
Upside case — **USD 39.00**

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.18.

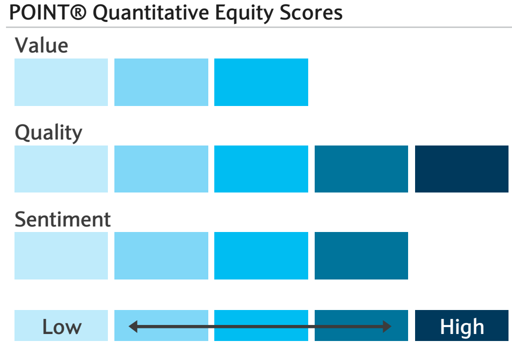
Downside case — **USD 35.00**

Our downside case is predicated on shares trading at 16.0x our FY16 EPS estimate of $2.18.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Sep

Price Target

We raise our price target to $37, based on shares trading at 17.0x our estimated FY16 EPS of $2.18. Our prior price target of $34 was based on shares trading at 17.0x our estimated FY15 EPS of $1.88 plus $2 tied to the acquisition of Total's LPG Distribution assets.

ANALYST(S) CERTIFICATION(S):

We, Richard Gross and Christine Cho, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 26-Jan-2015, USD 38.07), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	EQT Corporation (EQT)
Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)	MDU Resources Group (MDU)
National Fuel Gas (NFG)	ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Spectra Energy Corp. (SE)	Targa Resources Corp. (TRGP)
UGI Corp. (UGI)	Williams Cos. (WMB)	

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Barclays Equity Research has 2682 companies under coverage.

44% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 56% of companies with this rating are investment banking clients of the Firm.

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IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI)

	Stock Rating	Industry View
USD 38.07 (26-Jan-2015)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 26-Jan-2015)

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.18.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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Equity Research | Instant Insights

4 February 2015

Richard Gross	+1 212 526 3143	richard.gross@barclays.com	BCI, New York
Christine Cho, CFA	+1 212 526 8419	christine.cho@barclays.com	BCI, New York
Michael Hacke, CFA	+1 212 526 3827	michael.hacke@barclays.com	BCI, New York

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UGI Corp.

Weather Drags on Results, Drives Miss

Stock Rating/Industry View: Equal Weight/Neutral
Price Target: USD 37.00
Price (04-Feb-2015): USD 37.47
Potential Upside/Downside: -1%
Tickers: UGI

1Q Results Recap

UGI reported adjusted EPS of $0.66 vs. our estimate of $0.76 and consensus of $0.75. Operating income at Gas Utility and AmeriGas Propane (APU) declined over the prior year period, primarily on account of warmer weather. Results came in below our estimates at both segments. Gas Utility generated 1Q operating income of $72 million compared to our estimate of $84 million. Gross margin was pressured by temperatures that were 6.8% above last year's level (we note that the segment does not have a weather normalization mechanism in place), while O&M also inched higher due to increased distribution system maintenance, employee benefits, and IT expenses. APU generated operating income of $140 million vs. our $190 million. Margin declined by nearly $37 million from 1Q14, driven primarily by lower retail volumes. While weather also posed a challenge to results at UGI International, the company was able to generally hold stable local currency results due to both effective margin management and expense controls. Nonetheless, a weaker Euro, and to a smaller degree, the British Pound, contributed to a modest decline in results compared to the prior year period. Operating income was $54 million compared to our $67 million. The sole bright spot was at Midstream and Marketing, which grew y/y and also topped our expectations. Reported operating income was $45.5 million relative to our $36.6 million estimate. Margin grew by ~$15 million from the prior year period, supported by increases in capacity management services, which benefitted from favorable basis differentials, as well as higher peaking service margins. We will revisit our estimates following our review of the company's 10-Q.

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BARCLAYS

Equity Research

4 May 2015

Energy

EPS Housekeeping

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We estimate that UGI will report 2Q EPS of $1.16 and APU will report 2Q EBITDA of $343 million. At UGI, we adjusted our numbers higher for the Gas Utility and Energy Services segments in order to account for the impact of colder weather than we had originally anticipated when first setting our estimates. We also revised our full year estimates for APU, consistent with the company's updated EBITDA guidance range of $635-$665 million, which management had revised down from $670-$700 million during the company's 1Q15 earnings call.

APU Price Target to $51: We are raising our PT for APU to $51, based on a 12-month distribution run-rate of $3.83 and a target yield of 7.50%. Our previous price target of $44 was based on a 12-month distribution run-rate of $3.70 and a target yield of 8.4%. We also transfer coverage of APU to Rick Gross.

INDUSTRY UPDATE

U.S. Diversified Natural Gas
NEUTRAL
Unchanged

U.S. MLPs
NEUTRAL
Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

U.S. Diversified Natural Gas

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

U.S. MLPs

Richard Gross
1.212.526.3143
richard.gross@barclays.com
BCI, New York

Christine Cho, CFA
1.212.526.8419
christine.cho@barclays.com
BCI, New York

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, New York

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating			Price Target				EPS FY1 (E)			EPS FY2 (E)		
	Old	New	Date	Price	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
U.S. Diversified Natural Gas	Neu	Neu											
UGI Corp. (UGI)	EW	EW	01-May-2015	35.10	37.00	37.00	-	1.89	**1.90**	1	2.18	**2.20**	1
U.S. MLPs	Neu	Neu											
AmeriGas Partners, L.P. (APU)	UW	UW	01-May-2015	48.73	44.00	**51.00**	16	3.01	**2.74**	-9	3.09	**2.84**	-8

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.
FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research.
Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended
Industry View: Pos: Positive; Neu: Neutral; Neg: Negative

U.S. MLPs | **Industry View: NEUTRAL**

AmeriGas Partners, L.P. (APU)

Stock Rating: UNDERWEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
EBITDA	655	639	683	708	2.6%
EBIT	463	308	485	506	3.0%
Pre-tax income	N/A	N/A	N/A	N/A	N/A
Net income	290	140	315	335	5.0%
Reported EPU ($)	2.83	2.74	2.84	3.03	2.2%
Diluted units (mn)	92.9	92.9	92.9	92.9	0.0%
Cash distribution per unit	N/A	N/A	N/A	N/A	N/A
Balance sheet and cash flow ($mn)					**CAGR**
Cash and equivalents	13	26	28	26	25.2%
Net PP&E	1,387	1,316	1,215	1,110	-7.2%
Total debt	2,401	2,593	2,593	2,593	2.6%
Net debt/(funds)	N/A	N/A	N/A	N/A	N/A
Shareholders' equity	N/A	N/A	N/A	N/A	N/A
Cash flow from operations	480	325	536	561	5.3%
Distributable cash flow	387	375	401	410	1.9%
Valuation and leverage metrics					**Average**
Distribution coverage (%)	119.6	110.8	113.9	112.2	114.1
EV/EBITDA (x)	10.6	11.1	10.4	10.0	10.5
EV/EBITDA less MC, GP (x)	12.5	13.2	12.5	12.3	12.6
P/DCF (x)	N/A	12.1	11.3	11.0	11.5
EBITDA (adj)/interest expense (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	7.2	7.5	7.8	8.1	7.6
Net debt/EBITDA (x)	3.6	4.0	3.8	3.6	3.8
Selected operating metrics					
(Divestures)/acquisitions ($mn)	4	-9	-10	-10	
Propane volumes (mm gallons)	1,369.0	1,312.9	1,331.2	1,331.2	
Retail propane (mm gallons)	1,275.6	1,241.7	1,260.0	1,260.0	
Gross profit per gallon	N/A	N/A	N/A	N/A	

Price (01-May-2015) USD 48.73

Price Target USD 51.00

Why Underweight? APU has weather-sensitive cash flows that are also impacted by commodity price volatility and customer conservation. A challenging propane demand environment supports our UW rating.

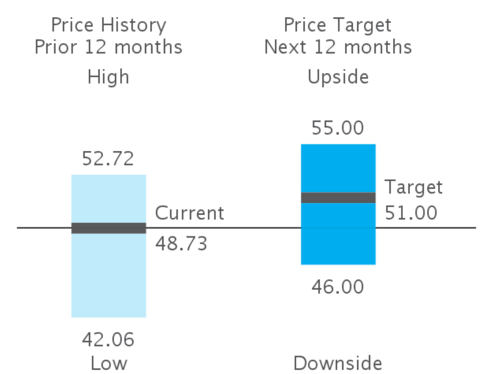
Upside case USD 55.00

Our upside case is based on the same 12-month distribution as our base case, except assumes APU's target yield compresses by 50 bps to 7.0%.

Downside case USD 46.00

Our downside case is based on the same 12-month distribution as our base case, except assumes APU's target yield widens by 75 bps to 8.25%.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,368	963	1,482	1,526	3.7%
EBIT (adj)	1,005	593	1,071	1,102	3.1%
Pre-tax income (adj)	768	373	622	653	-5.3%
Net income (adj)	533	217	390	408	-8.5%
EPS (adj) ($)	1.99	1.90	2.20	2.30	4.9%
Diluted shares (mn)	175.2	175.8	176.8	177.8	0.5%
DPS ($)	0.82	0.87	0.90	0.94	4.7%

Growth rates					Average
EBITDA (adj) growth (%)	14.8	-29.6	53.9	3.0	10.5
EBIT (adj) growth (%)	20.8	-41.1	80.7	2.9	15.8
Net income (adj) growth (%)	24.6	-59.2	79.4	4.7	12.4
EPS (adj) growth (%)	24.1	-4.7	16.1	4.2	9.9
DPS growth (%)	11.3	6.1	4.0	4.0	6.4

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,544	4,680	4,789	4,965	3.0%
Cash and equivalents	420	248	366	461	3.2%
Short and long-term debt	3,722	4,319	4,156	4,136	3.6%
Total liabilities	10,093	0	0	0	-100.0%
Net debt/(funds)	3,302	4,071	3,790	3,675	3.6%
Shareholders' equity	3,663	3,768	3,997	4,238	5.0%
Change in working capital	-7	-248	0	0	N/A
Cash flow from operations	1,005	405	650	677	-12.3%
Capital expenditure	436	433	435	510	5.3%
Free cash flow	569	-28	215	167	-33.5%

Valuation and leverage metrics				
P/E (adj) (x)	17.6	18.5	15.9	15.3
EV/EBITDA (x)	6.9	10.6	6.7	6.5
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.3	2.5	2.6	2.7
Total debt/capital (%)	26.5	31.4	28.1	26.7

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil price ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	-10.8	-0.8	0.5	17.2

Price (01-May-2015)	**USD 35.10**
Price Target	**USD 37.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

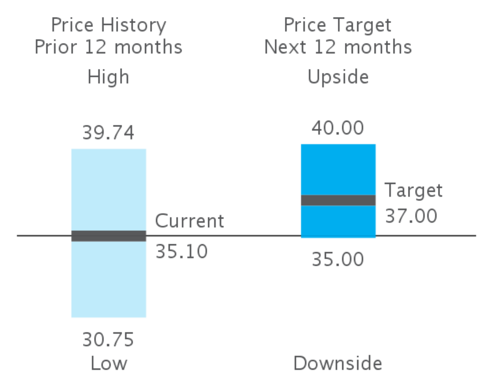
Upside case — **USD 40.00**

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.20.

Downside case — **USD 35.00**

Our downside case is predicated on shares trading at 16.0x our FY16 EPS estimate of $2.20.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

Valuation Methodology and Risks

U.S. Diversified Natural Gas

UGI Corp. (UGI)

Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.20.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

U.S. MLPs

AmeriGas Partners, L.P. (APU)

Valuation Methodology: Our $51 price target is based on a 12-month distribution run-rate of $3.83 and a target yield of 7.5%.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Amerigas include rising interest rates, integration of acquisitions, raising capital to fund acquisitions/organic growth projects and extreme gyrations in propane prices reflecting the seasonality of operations and exposure to warm weather impairing demand for heating supplies in the winter heating season period. In addition, the partnership may experience increased competition from alternative energy sources.

Source: Barclays Research.

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Primary Stocks (Ticker, Date, Price)

AmeriGas Partners, L.P. (APU, 01-May-2015, USD 48.73), Underweight/Neutral, A/C/D/J/K/L/M

UGI Corp. (UGI, 01-May-2015, USD 35.10), Equal Weight/Neutral, A/C/D/J/K/L/N/O

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	EQT Corporation (EQT)
Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)	MDU Resources Group (MDU)
National Fuel Gas (NFG)	ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Spectra Energy Corp. (SE)	Targa Resources Corp. (TRGP)
UGI Corp. (UGI)	Williams Cos. (WMB)	

U.S. MLPs

American Midstream Partners LP (AMID)	AmeriGas Partners, L.P. (APU)	Antero Midstream Partners LP (AM)
Arc Logistics Partners LP (ARCX)	Blueknight Energy Partners, L.P. (BKEP)	Boardwalk Pipeline Partners LP (BWP)
Breitburn Energy Partners L.P. (BBEP)	Buckeye Partners, L.P. (BPL)	Calumet Specialty Products Partners, L.P. (CLMT)
Cheniere Energy Partners LP (CQP)	Columbia Pipeline Partners LP (CPPL)	CONE Midstream Partners LP (CNNX)
Crestwood Equity Partners L.P. (CEQP)	Crestwood Midstream Partners LP (CMLP)	CrossAmerica Partners LP (CAPL)
DCP Midstream Partners LP (DPM)	Delek Logistics Partners LP (DKL)	Dominion Midstream Partners, LP (DM)
Dynagas LNG Partners LP. (DLNG)	Enable Midstream Partners LP (ENBL)	Enbridge Energy Partners (EEP)
Enduro Royalty Trust (NDRO)	Energy Transfer Equity LP (ETE)	Energy Transfer Partners LP (ETP)
Enlink Midstream Partners LP (ENLK)	Enterprise Products Prtns LP (EPD)	EQT Midstream Partners LP (EQM)
Exterran Partners LP (EXLP)	Ferrellgas Partners (FGP)	Foresight Energy LP (FELP)
Gaslog Partners LP (GLOP)	Genesis Energy, L.P. (GEL)	Global Partners LP (GLP)
Hi-Crush Partners LP (HCLP)	Holly Energy Partners LP (HEP)	Höegh LNG Partners LP (HMLP)
JP Energy Partners LP (JPEP)	KNOT Offshore Partners, LP. (KNOP)	Legacy Reserves LP (LGCY)
Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)	Markwest Energy Partners, LP (MWE)
Memorial Production Partners (MEMP)	Midcoast Energy Partners LP (MEP)	MPLX LP (MPLX)
NGL Energy Partners LP (NGL)	Niska Gas Storage Partners LLC (NKA)	NuStar Energy LP (NS)
OCI Partners LP. (OCIP)	ONEOK Partners LP (OKS)	Pacific Coast Oil Trust (ROYT)

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Shell Midstream Partners LP (SHLX)	Southcross Energy Partners LP (SXE)	Spectra Energy Partners, LP (SEP)
Sprague Resources LP (SRLP)	Suburban Propane Partners (SPH)	Summit Midstream Partners LP (SMLP)
SunCoke Energy Partners, LP (SXCP)	Sunoco Logistics Partners L.P. (SXL)	Sunoco LP. (SUN)
Tallgrass Energy Partners, LP (TEP)	Targa Resources Partners LP (NGLS)	TC Pipelines, LP (TCP)
Teekay Offshore Partners LP (TOO)	Tesoro Logistics LP (TLLP)	Transocean Partners LLC (RIGP)
USA Compression Partners LP (USAC)	USD Partners LP (USDP)	Valero Energy Partners LP. (VLP)
Vanguard Natural Resources (VNR)	Viper Energy Partners (VNOM)	Western Gas Equity Partners LP (WGP)
Western Gas Partners LP (WES)	Western Refining Logistics LP (WNRL)	Westlake Chemical Partners, Lp. (WLKP)
Williams Partners LP (WPZ)		

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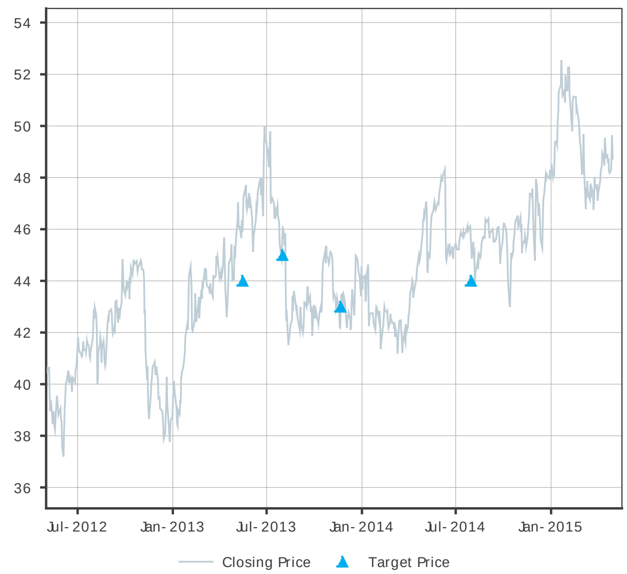
AmeriGas Partners, L.P. (APU)

USD 48.73 (01-May-2015)

Stock Rating: **UNDERWEIGHT**

Industry View: **NEUTRAL**

Rating and Price Target Chart - USD (as of 01-May-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating *	Adjusted Price Target
30-Jul-2014	45.65		44.00
20-Nov-2013	42.19		43.00
31-Jul-2013	45.51		45.00
15-May-2013	45.92		44.00

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

*The rating for this security remained Underweight during the relevant period.

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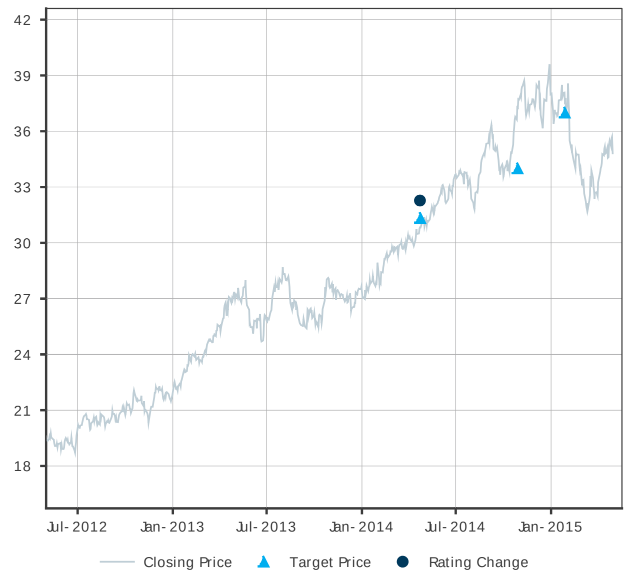
Valuation Methodology: Our $51 price target is based on a 12-month distribution run-rate of $3.83 and a target yield of 7.5%.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Amerigas include rising interest rates, integration of acquisitions, raising capital to fund acquisitions/organic growth projects and extreme gyrations in propane prices reflecting the seasonality of operations and exposure to warm weather impairing demand for heating supplies in the winter heating season period. In addition, the partnership may experience increased competition from alternative energy sources.

IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI)	Stock Rating	Industry View
USD 35.10 (01-May-2015)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 01-May-2015) **Currency=USD**



Date	Closing Price	Rating	Adjusted Price Target
27-Jan-2015	38.08		37.00
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.20.

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BARCLAYS

Equity Research

9 July 2015

UGI Corp./AmeriGas Partners, L.P.

Earnings Housekeeping

We estimate that UGI will report 3Q EPS of $0.16 (vs. $0.11/share, previously) and APU will report 3Q EBITDA of $65 million (vs. $58 million, previously). Coming out of 2Q, the company pointed to a number of factors that it expected to support second-half earnings at levels above those previously posted by the company. The first of the factors—a larger contribution from the growing Midstream and Marketing segment—is likely to be more persistent over time as the company continues to build out its network of fee-based, take-or-pay assets in the Marcellus. The other two factors could be slightly more transitory in nature, in our view. At the International Propane segment, the company expected gross margins to benefit from lower LPG costs (a so-called "parachute effect", whereby reductions in customer prices lag the decline in the underlying commodity), while at APU, management indicated that some of the OpEx reductions captured during 2Q (lower bad debt expense, maintenance/repair spending, and fuel costs) were also likely to continue as well.

INDUSTRY UPDATE

U.S. Diversified Natural Gas
NEUTRAL
Unchanged

U.S. MLPs
NEUTRAL
Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

U.S. Diversified Natural Gas

Richard Gross
+1 212 526 3143
richard.gross@barclays.com
BCI, US

Christine Cho, CFA
+1 212 526 8419
christine.cho@barclays.com
BCI, US

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, US

U.S. MLPs

Richard Gross
+1 212 526 3143
richard.gross@barclays.com
BCI, US

Christine Cho, CFA
+1 212 526 8419
christine.cho@barclays.com
BCI, US

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, US

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New	09-Jul-15	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
U.S. Diversified Natural Gas	Neu	Neu										
UGI Corp. (UGI)	EW	EW	34.82	37.00	37.00	-	1.90	**2.02**	6	2.20	2.20	-
U.S. MLPs	Neu	Neu										
AmeriGas Partners, L.P. (APU)	UW	UW	47.12	51.00	51.00	-	2.74	**3.67**	34	2.84	**3.12**	10

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.
FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research.
Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended
Industry View: Pos: Positive; Neu: Neutral; Neg: Negative

U.S. Diversified Natural Gas | **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,368	1,186	1,475	1,513	3.4%
EBIT (adj)	1,005	818	1,067	1,092	2.8%
Pre-tax income (adj)	768	699	622	652	-5.3%
Net income (adj)	533	505	389	407	-8.6%
EPS (adj) ($)	1.99	2.02	2.20	2.29	4.8%
Diluted shares (mn)	175.2	175.7	176.6	177.6	0.4%
DPS ($)	0.82	0.87	0.90	0.94	4.7%

Growth rates					Average
EBITDA (adj) growth (%)	14.8	-13.3	24.4	2.6	7.1
EBIT (adj) growth (%)	20.8	-18.6	30.3	2.4	8.7
Net income (adj) growth (%)	24.6	-5.3	-23.0	4.7	0.3
EPS (adj) growth (%)	24.1	1.6	8.7	4.2	9.6
DPS growth (%)	11.3	6.1	4.0	4.0	6.4

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,544	4,670	4,780	4,957	2.9%
Cash and equivalents	420	155	271	364	-4.6%
Short and long-term debt	3,722	4,269	4,107	4,087	3.2%
Total liabilities	10,093	0	0	0	-100.0%
Net debt/(funds)	3,302	4,114	3,836	3,723	4.1%
Shareholders' equity	3,663	3,820	4,048	4,288	5.4%
Change in working capital	-7	-123	0	0	N/A
Cash flow from operations	1,005	796	648	675	-12.4%
Capital expenditure	436	432	435	510	5.3%
Free cash flow	569	363	213	165	-33.8%

Valuation and leverage metrics				
P/E (adj) (x)	17.5	17.2	15.8	15.2
EV/EBITDA (x)	6.9	8.6	6.7	6.5
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.4	2.5	2.6	2.7
Total debt/capital (%)	26.5	32.9	29.7	28.3

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil price ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	-10.8	-1.0	0.6	17.2

Price (09-Jul-2015)	USD 34.82
Price Target	USD 37.00

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

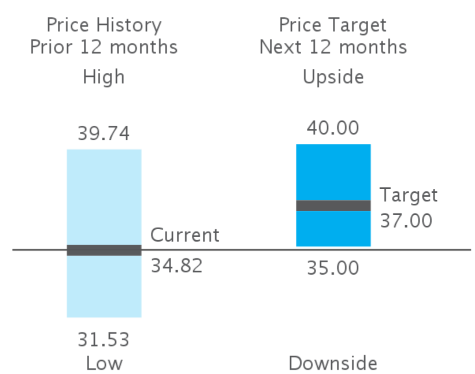
Upside case USD 40.00

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.20.

Downside case USD 35.00

Our downside case is predicated on shares trading at 16.0x our FY16 EPS estimate of $2.20.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

U.S. MLPs — **Industry View: NEUTRAL**

AmeriGas Partners, L.P. (APU)

Stock Rating: UNDERWEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
EBITDA	655	651	689	707	2.6%
EBIT	463	399	493	507	3.1%
Pre-tax income	N/A	N/A	N/A	N/A	N/A
Net income	290	227	323	337	5.1%
Reported EPU ($)	2.83	3.67	3.12	3.25	4.7%
Diluted units (mn)	92.9	92.9	92.9	92.9	0.0%
Cash distribution per unit	N/A	N/A	N/A	N/A	N/A

Balance sheet and cash flow ($mn)					CAGR
Cash and equivalents	13	-137	-129	-131	N/A
Net PP&E	1,387	1,322	1,223	1,120	-6.9%
Total debt	2,401	2,392	2,392	2,392	-0.1%
Net debt/(funds)	N/A	N/A	N/A	N/A	N/A
Shareholders' equity	N/A	N/A	N/A	N/A	N/A
Cash flow from operations	480	341	542	560	5.3%
Distributable cash flow	387	386	407	409	1.9%

Valuation and leverage metrics					Average
Distribution coverage (%)	119.6	114.1	115.7	111.9	115.3
EV/EBITDA (x)	10.3	10.6	10.0	9.8	10.2
EV/EBITDA less MC, GP (x)	12.2	12.6	12.1	12.0	12.2
P/DCF (x)	N/A	11.3	10.8	10.7	10.9
EBITDA (adj)/interest expense (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	7.4	7.7	8.0	8.4	7.9
Net debt/EBITDA (x)	3.6	3.9	3.7	3.6	3.7

Selected operating metrics				
(Divestures)/acquisitions ($mn)	4	1	-10	-10
Propane volumes (mm gallons)	1,369.0	1,275.1	1,310.0	1,310.0
Retail propane (mm gallons)	1,275.6	1,223.3	1,260.0	1,260.0
Gross profit per gallon	N/A	N/A	N/A	N/A

Price (09-Jul-2015)	**USD 47.12**
Price Target	**USD 51.00**

Why Underweight? APU has weather-sensitive cash flows that are also impacted by commodity price volatility and customer conservation. A challenging propane demand environment supports our UW rating.

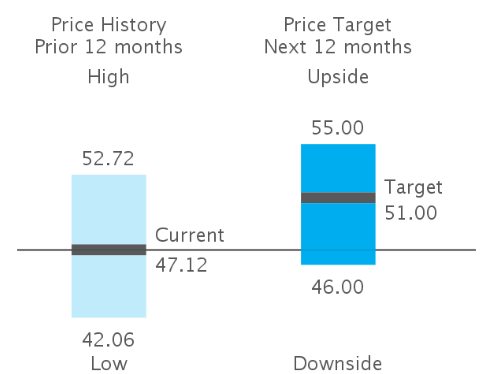
Upside case — **USD 55.00**

Our upside case is based on the same 12-month distribution as our base case, except assumes APU's target yield compresses by 50 bps to 7.0%.

Downside case — **USD 46.00**

Our downside case is based on the same 12-month distribution as our base case, except assumes APU's target yield widens by 75 bps to 8.25%.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

Valuation Methodology and Risks

U.S. Diversified Natural Gas
UGI Corp. (UGI)
Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.20.
Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.
U.S. MLPs
AmeriGas Partners, L.P. (APU)
Valuation Methodology: Our $51 price target is based on a 12-month distribution run-rate of $3.83 and a target yield of 7.5%.
Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Amerigas include rising interest rates, integration of acquisitions, raising capital to fund acquisitions/organic growth projects and extreme gyrations in propane prices reflecting the seasonality of operations and exposure to warm weather impairing demand for heating supplies in the winter heating season period. In addition, the partnership may experience increased competition from alternative energy sources.

Source: Barclays Research.

ANALYST(S) CERTIFICATION(S):

We, Richard Gross and Christine Cho, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

AmeriGas Partners, L.P. (APU, 09-Jul-2015, USD 47.12), Underweight/Neutral, C/D/J/K/L/M

UGI Corp. (UGI, 09-Jul-2015, USD 34.82), Equal Weight/Neutral, C/J/K/M/N/O

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	EQT Corporation (EQT)
Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)	MDU Resources Group (MDU)
National Fuel Gas (NFG)	ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Spectra Energy Corp. (SE)	Tallgrass Energy GP, LP (TEGP)
Targa Resources Corp. (TRGP)	UGI Corp. (UGI)	Williams Cos. (WMB)

U.S. MLPs

American Midstream Partners LP (AMID)	AmeriGas Partners, L.P. (APU)	Antero Midstream Partners LP (AM)
Arc Logistics Partners LP (ARCX)	Black Stone Minerals (BSM)	Blueknight Energy Partners, L.P. (BKEP)
Boardwalk Pipeline Partners LP (BWP)	Breitburn Energy Partners L.P. (BBEP)	Buckeye Partners, L.P. (BPL)
Calumet Specialty Products Partners, L.P. (CLMT)	Cheniere Energy Partners LP (CQP)	Columbia Pipeline Partners LP (CPPL)
CONE Midstream Partners LP (CNNX)	Crestwood Equity Partners L.P. (CEQP)	Crestwood Midstream Partners LP (CMLP)
CrossAmerica Partners LP (CAPL)	DCP Midstream Partners LP (DPM)	Delek Logistics Partners LP (DKL)
Dominion Midstream Partners, LP (DM)	Dynagas LNG Partners LP. (DLNG)	Enable Midstream Partners LP (ENBL)
Enbridge Energy Partners (EEP)	Enduro Royalty Trust (NDRO)	Energy Transfer Equity LP (ETE)
Energy Transfer Partners LP (ETP)	Enlink Midstream Partners LP (ENLK)	Enterprise Products Prtns LP (EPD)
Enviva Partners, LP (EVA)	EQT GP Holdings, LP (EQGP)	EQT Midstream Partners LP (EQM)
Exterran Partners LP (EXLP)	Ferrellgas Partners (FGP)	Foresight Energy LP (FELP)
Gaslog Partners LP (GLOP)	Genesis Energy, L.P. (GEL)	Global Partners LP (GLP)
Hi-Crush Partners LP (HCLP)	Holly Energy Partners LP (HEP)	Höegh LNG Partners LP (HMLP)
JP Energy Partners LP (JPEP)	KNOT Offshore Partners, LP. (KNOP)	Legacy Reserves LP (LGCY)
Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)	Markwest Energy Partners, LP (MWE)
Memorial Production Partners (MEMP)	Midcoast Energy Partners LP (MEP)	MPLX LP (MPLX)

IMPORTANT DISCLOSURES CONTINUED

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OCI Partners LP. (OCIP)	ONEOK Partners LP (OKS)	Pacific Coast Oil Trust (ROYT)
PBF Logistics LP (PBFX)	PennTex Midstream Partners LP (PTXP)	Phillips 66 Partners LP (PSXP)
Plains All American Pipeline (PAA)	Rice Midstream Partners LP (RMP)	Rose Rock Midstream, L.P. (RRMS)
Shell Midstream Partners LP (SHLX)	Southcross Energy Partners LP (SXE)	Spectra Energy Partners, LP (SEP)
Sprague Resources LP (SRLP)	Suburban Propane Partners (SPH)	Summit Midstream Partners LP (SMLP)
SunCoke Energy Partners, LP (SXCP)	Sunoco Logistics Partners L.P. (SXL)	Sunoco LP. (SUN)
Tallgrass Energy Partners, LP (TEP)	Targa Resources Partners LP (NGLS)	TC Pipelines, LP (TCP)
Tesoro Logistics LP (TLLP)	Transocean Partners LLC (RIGP)	USA Compression Partners LP (USAC)
USD Partners LP (USDP)	Valero Energy Partners LP. (VLP)	Vanguard Natural Resources (VNR)
Viper Energy Partners (VNOM)	Western Gas Equity Partners LP (WGP)	Western Gas Partners LP (WES)
Western Refining Logistics LP (WNRL)	Westlake Chemical Partners, Lp. (WLKP)	Williams Partners LP (WPZ)

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IMPORTANT DISCLOSURES CONTINUED

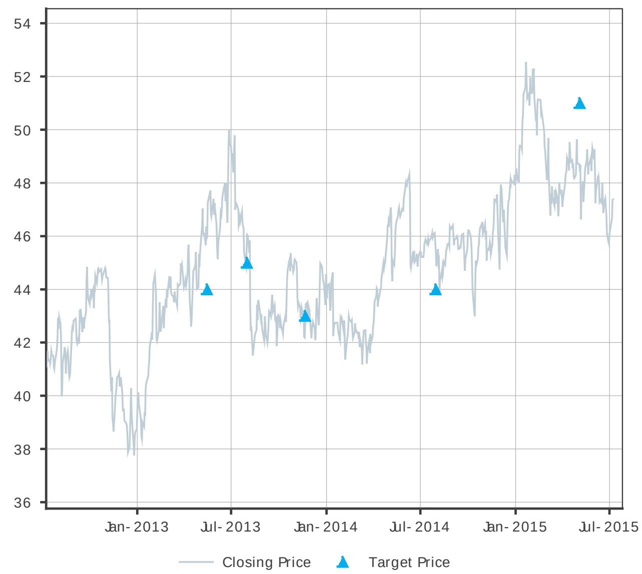
AmeriGas Partners, L.P. (APU / APU)

USD 47.12 (09-Jul-2015)

Stock Rating: **UNDERWEIGHT**

Industry View: **NEUTRAL**

Rating and Price Target Chart - USD (as of 09-Jul-2015)



Source: IDC, Barclays Research

Currency=USD

Date	Closing Price	Rating*	Adjusted Price Target
04-May-2015	48.71		51.00
30-Jul-2014	45.65		44.00
20-Nov-2013	42.19		43.00
31-Jul-2013	45.51		45.00
15-May-2013	45.92		44.00

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

*The rating for this security remained Underweight during the relevant period.

Link to Barclays Live for interactive charting

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M: AmeriGas Partners, L.P. is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: Our $51 price target is based on a 12-month distribution run-rate of $3.83 and a target yield of 7.5%.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Amerigas include rising interest rates, integration of acquisitions, raising capital to fund acquisitions/organic growth projects and extreme gyrations in propane prices reflecting the seasonality of operations and exposure to warm weather impairing demand for heating supplies in the winter heating season period. In addition, the partnership may experience increased competition from alternative energy sources.

IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI / UGI)

USD 34.82 (09-Jul-2015)

Stock Rating	Industry View
EQUAL WEIGHT	**NEUTRAL**

Rating and Price Target Chart - USD (as of 09-Jul-2015)

Currency=USD

Source: IDC, Barclays Research

Date	Closing Price	Rating	Adjusted Price Target
27-Jan-2015	38.08		37.00
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Link to Barclays Live for interactive charting

C: Barclays Bank PLC and/or an affiliate is a market-maker and/or liquidity provider in equity securities issued by UGI Corp. or one of its affiliates.

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.20.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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BARCLAYS

Equity Research
19 August 2015

Energy

Estimates Housekeeping

Weather pushes FY15 guidance toward lower end of ranges: During 2Q, almost all of UGI's businesses suffered to some extent from weather that was both warmer than normal and warmer than the prior year. At UGI, EPS guidance was held steady in a range of $2.00-$2.10, but management now expects results at the lower end of the range. At APU, EBITDA guidance was tightened to a range of $635-$645 million, reflecting the lower end of the previous guidance range of $635-$665 million. We think it's worth highlighting the way that UGI has reported its quarterly results, and how that squares with full year guidance, as the adjustments included in each period differs, which may lead to some confusion about what to expect in 4Q. Reported quarterly results strip out the impact of non-cash MTM movements related to commodity hedges, while simultaneously not removing the drag caused by one-time expenses tied to the Totalgaz transaction. Conversely, full year adjusted EPS guidance excludes the impact of both items on results. When UGI reports its 4Q numbers, we estimate EPS of $0.01, resulting in full year earnings of $2.03. We lower our PT for APU to $47 and maintain our $37 PT for UGI.

2Q Recap: The company reported adjusted EPS of $0.03 (ex. MTM), or $0.09 (ex. MTM and one-time transaction costs), both missing our/consensus of $0.15. Compared to our numbers, all segments underperformed (not surprising given the warmer weather conditions relative to last year) although to varying degrees. The largest misses came at APU, primarily driven by lower than anticipated retail propane volumes, and at Energy Services, a business which is somewhat of a "black box" in terms of modeling. Gas Utility missed by a smaller amount. Helping to offset the impact of warmer weather were volumes tied to the 14,000 customer additions that the Utility has secured since the beginning of the year. International Propane missed, although the headline underperformance slightly overstated the weakness as a result of costs incurred with the Totalgaz acquisition. Stripping out transaction related costs, earnings would have increased y/y.

INDUSTRY UPDATE

U.S. Diversified Natural Gas
NEUTRAL
Unchanged

U.S. MLPs
NEUTRAL
Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

U.S. Diversified Natural Gas
Richard Gross
+1 212 526 3143
richard.gross@barclays.com
BCI, US

Christine Cho, CFA
+1 212 526 8419
christine.cho@barclays.com
BCI, US

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, US

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New	19-Aug-15	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
U.S. Diversified Natural Gas	Neu	Neu										
UGI Corp. (UGI)	EW	EW	35.93	37.00	37.00	-	2.02	**2.03**	0	2.20	**2.18**	-1
U.S. MLPs	Neu	Neu										
AmeriGas Partners, L.P. (APU)	UW	UW	45.47	51.00	**47.00**	-8	3.67	**2.75**	-25	3.12	**3.14**	1

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.
FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research.
Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended
Industry View: Pos: Positive; Neu: Neutral; Neg: Negative

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,368	1,186	1,454	1,496	3.0%
EBIT (adj)	1,005	817	1,042	1,067	2.0%
Pre-tax income (adj)	768	655	616	646	-5.6%
Net income (adj)	533	468	384	412	-8.2%
EPS (adj) ($)	1.99	2.03	2.18	2.32	5.3%
Diluted shares (mn)	175.2	175.6	176.5	177.5	0.4%
DPS ($)	0.82	0.89	0.93	0.96	5.5%

Growth rates					Average
EBITDA (adj) growth (%)	14.8	-13.4	22.6	2.9	6.7
EBIT (adj) growth (%)	20.8	-18.7	27.5	2.4	8.0
Net income (adj) growth (%)	24.6	-12.2	-17.8	7.3	0.5
EPS (adj) growth (%)	24.1	1.9	7.4	6.7	10.0
DPS growth (%)	11.3	8.5	4.0	4.0	7.0

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,544	4,626	4,732	4,900	2.5%
Cash and equivalents	420	354	630	734	20.5%
Short and long-term debt	3,722	3,831	3,833	3,813	0.8%
Total liabilities	10,093	0	0	0	-100.0%
Net debt/(funds)	3,302	3,477	3,202	3,079	-2.3%
Shareholders' equity	3,663	3,811	4,032	4,273	5.3%
Change in working capital	-7	108	0	0	N/A
Cash flow from operations	1,005	1,028	648	689	-11.8%
Capital expenditure	436	423	435	510	5.3%
Free cash flow	569	606	213	179	-31.9%

Valuation and leverage metrics				
P/E (adj) (x)	18.0	17.7	16.5	15.5
EV/EBITDA (x)	7.0	8.3	6.5	6.3
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.3	2.5	2.6	2.7
Total debt/capital (%)	26.5	26.9	25.8	24.5

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil price ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	-10.8	-3.1	2.9	17.2

Price (19-Aug-2015)	USD 35.93
Price Target	USD 37.00

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

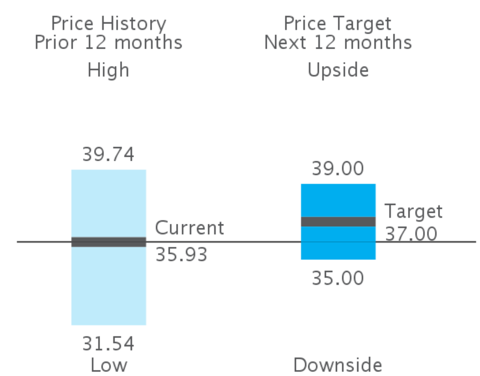
Upside case — **USD 39.00**

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.18.

Downside case — **USD 35.00**

Our downside case is predicated on shares trading at 16.0x our FY16 EPS estimate of $2.18.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

U.S. MLPs — **Industry View: NEUTRAL**

AmeriGas Partners, L.P. (APU)

Stock Rating: UNDERWEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
EBITDA	0	48	0	0	N/A
EBIT	463	402	494	508	3.2%
Pre-tax income	N/A	N/A	N/A	N/A	N/A
Net income	290	231	324	338	5.3%
Reported EPU ($)	2.83	2.75	3.14	3.28	5.0%
Diluted units (mn)	92.9	92.9	92.9	92.9	0.0%
Cash distribution per unit	N/A	N/A	N/A	N/A	N/A

Balance sheet and cash flow ($mn)					CAGR
Cash and equivalents	0	0	0	0	N/A
Net PP&E	506	386	386	386	-8.6%
Total debt	2,280	2,275	2,275	2,275	-0.1%
Net debt/(funds)	N/A	N/A	N/A	N/A	N/A
Shareholders' equity	N/A	N/A	N/A	N/A	N/A
Cash flow from operations	13	-110	0	0	-100.0%
Distributable cash flow	0	0	0	0	18.3%

Valuation and leverage metrics					Average
Distribution coverage (%)	119.6	111.7	115.8	112.0	114.8
EV/EBITDA (x)	N/A	134.9	N/A	N/A	134.9
EV/EBITDA less MC, GP (x)	-11.1	-12.2	-10.4	-10.1	-11.0
P/DCF (x)	N/A	38,993.9	32,773.4	27,601.1	33,122.8
EBITDA (adj)/interest expense (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	7.7	8.0	8.3	8.7	8.2
Net debt/EBITDA (x)	3.8	4.0	3.7	3.6	3.8

Selected operating metrics					
(Divestures)/acquisitions ($mn)	-114	-103	-115	-115	
Propane volumes (mm gallons)	1,369.0	1,258.3	1,295.0	1,295.0	
Retail propane (mm gallons)	1,275.6	1,205.6	1,245.0	1,245.0	
Gross profit per gallon	N/A	N/A	N/A	N/A	

Price (19-Aug-2015)	USD 45.47
Price Target	USD 47.00

Why Underweight? APU has weather-sensitive cash flows that are also impacted by commodity price volatility and customer conservation. A challenging propane demand environment supports our UW rating.

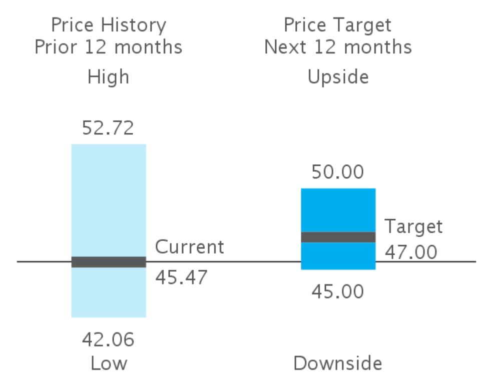
Upside case — **USD 50.00**

Our upside case is based on the same FY16 distribution as our base case, except assumes a 7.5% target yield.

Downside case — **USD 45.00**

Our downside case is based on the same FY16 distribution as our base case, except assumes an 8.5% target yield.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

Price Target

We lower our price target to $47, predicated on our FY16e distribution of $3.79 and a target yield of 8.0%. Our previous price target of $51 was based on a 12-month distribution run-rate of $3.83 and a target yield of 7.5%.

Valuation Methodology and Risks

U.S. Diversified Natural Gas
UGI Corp. (UGI)
Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.18.
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U.S. MLPs
AmeriGas Partners, L.P. (APU)
Valuation Methodology: Our $47 price target is based on our FY16 estimated distribution of $3.79 and a target yield of 8.0%
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Source: Barclays Research.

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Primary Stocks (Ticker, Date, Price)

AmeriGas Partners, L.P. (APU, 19-Aug-2015, USD 45.47), Underweight/Neutral, C/D/J/K/L/M

UGI Corp. (UGI, 19-Aug-2015, USD 35.93), Equal Weight/Neutral, C/J/K/M/N/O

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IMPORTANT DISCLOSURES CONTINUED

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Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Enbridge Inc. (ENB.TO)	EQT Corporation (EQT)
Kinder Morgan Inc. (KMI)	Macquarie Infrastructure Co., Llc. (MIC)	MDU Resources Group (MDU)
National Fuel Gas (NFG)	ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)
Questar Corp. (STR)	Spectra Energy Corp. (SE)	Tallgrass Energy GP, LP (TEGP)
Targa Resources Corp. (TRGP)	UGI Corp. (UGI)	Williams Cos. (WMB)

U.S. MLPs

American Midstream Partners LP (AMID)	AmeriGas Partners, L.P. (APU)	Antero Midstream Partners LP (AM)
Arc Logistics Partners LP (ARCX)	Black Stone Minerals (BSM)	Blueknight Energy Partners, L.P. (BKEP)
Boardwalk Pipeline Partners LP (BWP)	Breitburn Energy Partners L.P. (BBEP)	Buckeye Partners, L.P. (BPL)
Calumet Specialty Products Partners, L.P. (CLMT)	Cheniere Energy Partners LP (CQP)	Columbia Pipeline Partners LP (CPPL)
CONE Midstream Partners LP (CNNX)	Crestwood Equity Partners L.P. (CEQP)	Crestwood Midstream Partners LP (CMLP)
CrossAmerica Partners LP (CAPL)	DCP Midstream Partners LP (DPM)	Delek Logistics Partners LP (DKL)
Dominion Midstream Partners, LP (DM)	Dynagas LNG Partners LP. (DLNG)	Enable Midstream Partners LP (ENBL)
Enbridge Energy Partners (EEP)	Enduro Royalty Trust (NDRO)	Energy Transfer Equity LP (ETE)
Energy Transfer Partners LP (ETP)	Enlink Midstream Partners LP (ENLK)	Enterprise Products Prtns LP (EPD)
Enviva Partners, LP (EVA)	EQT GP Holdings, LP (EQGP)	EQT Midstream Partners LP (EQM)
Exterran Partners LP (EXLP)	Ferrellgas Partners (FGP)	Foresight Energy LP (FELP)
Gaslog Partners LP (GLOP)	Genesis Energy, L.P. (GEL)	Global Partners LP (GLP)
Green Plains Partners LP (GPP)	Hi-Crush Partners LP (HCLP)	Holly Energy Partners LP (HEP)
Höegh LNG Partners LP (HMLP)	JP Energy Partners LP (JPEP)	KNOT Offshore Partners, LP. (KNOP)

IMPORTANT DISCLOSURES CONTINUED

Legacy Reserves LP (LGCY)	Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)
Markwest Energy Partners, LP (MWE)	Memorial Production Partners (MEMP)	Midcoast Energy Partners LP (MEP)
MPLX LP (MPLX)	NGL Energy Partners LP (NGL)	Niska Gas Storage Partners LLC (NKA)
NuStar Energy LP (NS)	OCI Partners LP. (OCIP)	ONEOK Partners LP (OKS)
Pacific Coast Oil Trust (ROYT)	PBF Logistics LP (PBFX)	PennTex Midstream Partners LP (PTXP)
Phillips 66 Partners LP (PSXP)	Plains All American Pipeline (PAA)	Rice Midstream Partners LP (RMP)
Rose Rock Midstream, L.P. (RRMS)	Shell Midstream Partners LP (SHLX)	Southcross Energy Partners LP (SXE)
Spectra Energy Partners, LP (SEP)	Sprague Resources LP (SRLP)	Suburban Propane Partners (SPH)
Summit Midstream Partners LP (SMLP)	SunCoke Energy Partners, LP (SXCP)	Sunoco Logistics Partners L.P. (SXL)
Sunoco LP. (SUN)	Tallgrass Energy Partners, LP (TEP)	Targa Resources Partners LP (NGLS)
TC Pipelines, LP (TCP)	Tesoro Logistics LP (TLLP)	Transocean Partners LLC (RIGP)
USA Compression Partners LP (USAC)	USD Partners LP (USDP)	Valero Energy Partners LP. (VLP)
Vanguard Natural Resources (VNR)	Viper Energy Partners (VNOM)	Western Gas Equity Partners LP (WGP)
Western Gas Partners LP (WES)	Western Refining Logistics LP (WNRL)	Westlake Chemical Partners, Lp. (WLKP)
Williams Partners LP (WPZ)		

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Barclays Equity Research has 2693 companies under coverage.

43% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 52% of companies with this rating are investment banking clients of the Firm.

41% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 45% of companies with this rating are investment banking clients of the Firm.

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Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

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To see a list of companies that comprise a particular industry coverage universe, please go to http://publicresearch.barclays.com.

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IMPORTANT DISCLOSURES CONTINUED

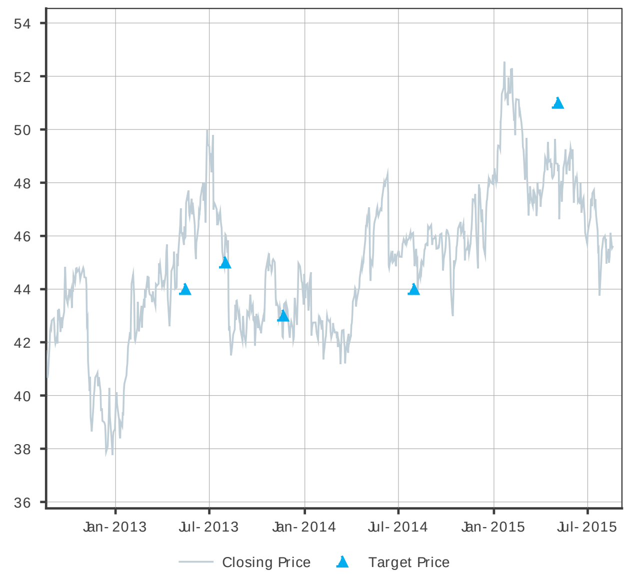
AmeriGas Partners, L.P. (APU)

USD 45.47 (19-Aug-2015)

Stock Rating: **UNDERWEIGHT**

Industry View: **NEUTRAL**

Rating and Price Target Chart - USD (as of 19-Aug-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating *	Adjusted Price Target
04-May-2015	48.71		51.00
30-Jul-2014	45.65		44.00
20-Nov-2013	42.19		43.00
31-Jul-2013	45.51		45.00
15-May-2013	45.92		44.00

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

*The rating for this security remained Underweight during the relevant period.

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M: AmeriGas Partners, L.P. is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: Our $47 price target is based on our FY16 estimated distribution of $3.79 and a target yield of 8.0%

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Amerigas include rising interest rates, integration of acquisitions, raising capital to fund acquisitions/organic growth projects and extreme gyrations in propane prices reflecting the seasonality of operations and exposure to warm weather impairing demand for heating supplies in the winter heating season period. In addition, the partnership may experience increased competition from alternative energy sources.

IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI)	Stock Rating	Industry View
USD 35.93 (19-Aug-2015)	EQUAL WEIGHT	NEUTRAL

Rating and Price Target Chart - USD (as of 19-Aug-2015)

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
27-Jan-2015	38.08		37.00
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.18.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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BARCLAYS

Equity Research

Energy | U.S. Diversified Natural Gas

14 October 2015

UGI Corp.

On the Road with UGI Corp. Management

Takeaways from our NDR with UGI: Last week we hosted UGI's management team (John Walsh – CEO, Kirk Oliver – CFO, Dan Platt – Treasurer, and Will Ruthrauff – Investor Relations) through meetings in Geneva and London. The meetings were held with both clients who were already familiar with UGI's story (including current and former shareholders) as well as those taking a look at the company for the first time. From our vantage, we think one of the key takeaways from the meetings is a better understanding of how the management team operates the company. More specifically, management tends to see UGI as a quasi infrastructure fund, able and ready to harvest free cash flow from any one of its four segments for deployment elsewhere, depending on the relative attractiveness of the opportunities at hand. To that end, the team spent most of their time providing updates on the fundamental drivers of growth at each segment and highlighting how the company is positioned to capitalize on opportunities that present themselves. We continue to have a constructive view on UGI's ability to deliver on its annual EPS growth target of 6%-10% *over the long run*, with the caveat that shorter term results are likely to take a choppier path due to factors such as unpredictable weather and the lumpy nature of its existing capital program. In the body of this note we provide details and takeaways from each of the company's segments.

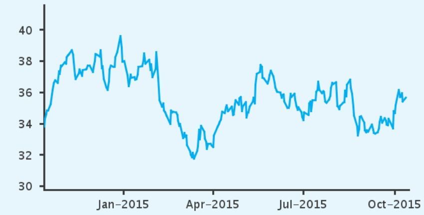
Stock Rating	EQUAL WEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 37.00 Unchanged

Price (13-Oct-2015)	USD 35.16
Potential Upside/Downside	+5%
Tickers	UGI

Market Cap (USD mn)	6075
Shares Outstanding (mn)	172.78
Free Float (%)	99.32
52 Wk Avg Daily Volume (mn)	1.0
52 Wk Avg Daily Value (USD mn)	N/A
Dividend Yield (%)	2.6
Return on Equity TTM (%)	9.80
Current BVPS (USD)	15.81

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 39.75-31.54



Link to Barclays Live for interactive charting

U.S. Diversified Natural Gas
Richard Gross
+1 212 526 3143
richard.gross@barclays.com
BCI, US

Christine Cho, CFA
+1 212 526 8419
christine.cho@barclays.com
BCI, US

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, US

UGI: Quarterly and Annual EPS (USD)

	2014	2015			2016			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2015	2016
Q1	0.70A	0.66A	0.66A	0.66A	N/A	N/A	0.75E	-6%	N/A
Q2	1.26A	1.26A	1.26A	1.23A	N/A	N/A	1.34E	0%	N/A
Q3	0.10A	0.09A	0.09A	0.03A	N/A	N/A	0.07E	-10%	N/A
Q4	-0.08A	0.01E	0.01E	-0.03E	N/A	N/A	-0.05E	113%	N/A
Year	1.99A	2.03E	2.03E	1.91E	2.18E	2.18E	2.15E	2%	7%
P/E	17.7		17.3			16.1			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2014A	2015E	2016E	2017E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,368	1,186	1,454	1,496	3.0%
EBIT (adj)	1,005	817	1,042	1,067	2.0%
Pre-tax income (adj)	768	655	616	646	-5.6%
Net income (adj)	533	468	384	412	-8.2%
EPS (adj) ($)	1.99	2.03	2.18	2.32	5.3%
Diluted shares (mn)	175.2	175.6	176.5	177.5	0.4%
DPS ($)	0.82	0.89	0.93	0.96	5.5%
Growth rates					**Average**
EBITDA (adj) growth (%)	14.8	-13.4	22.6	2.9	6.7
EBIT (adj) growth (%)	20.8	-18.7	27.5	2.4	8.0
Net income (adj) growth (%)	24.6	-12.2	-17.8	7.3	0.5
EPS (adj) growth (%)	24.1	1.9	7.4	6.7	10.0
DPS growth (%)	11.3	8.5	4.0	4.0	7.0
Balance sheet and cash flow ($mn)					**CAGR**
Tangible fixed assets	4,544	4,626	4,732	4,900	2.5%
Cash and equivalents	420	354	630	734	20.5%
Short and long-term debt	3,722	3,831	3,833	3,813	0.8%
Total liabilities	10,093	0	0	0	-100.0%
Net debt/(funds)	3,302	3,477	3,202	3,079	-2.3%
Shareholders' equity	3,663	3,811	4,032	4,273	5.3%
Change in working capital	-7	108	0	0	N/A
Cash flow from operations	1,005	1,028	648	689	-11.8%
Capital expenditure	436	423	435	510	5.3%
Free cash flow	569	606	213	179	-31.9%
Valuation and leverage metrics					
P/E (adj) (x)	17.7	17.3	16.1	15.1	
EV/EBITDA (x)	6.9	8.1	6.5	6.2	
P/Sales (x)	N/A	N/A	N/A	N/A	
Dividend yield (%)	2.3	2.5	2.6	2.7	
Total debt/capital (%)	26.5	26.9	25.8	24.5	
Selected operating metrics					
Gas prices ($/mcf)	N/A	N/A	N/A	N/A	
Oil price ($/bbl)	N/A	N/A	N/A	N/A	
NGL ($/gal)	N/A	N/A	N/A	N/A	
Frac spread ($/gal)	N/A	N/A	N/A	N/A	
Production volumes (000 cf)	N/A	N/A	N/A	N/A	
NGL sales (m bbls)	N/A	N/A	N/A	N/A	
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A	
Rate base	N/A	N/A	N/A	N/A	
Number of customers	N/A	N/A	N/A	N/A	
Capital investment growth (%)	-10.8	-3.1	2.9	17.2	

Price (13-Oct-2015)	USD 35.16
Price Target	USD 37.00

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

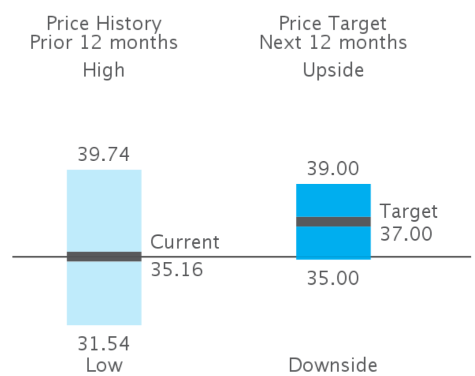
Upside case — **USD 39.00**

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.18.

Downside case — **USD 35.00**

Our downside case is predicated on shares trading at 16.0x our FY16 EPS estimate of $2.18.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

Midstream and Marketing

Over the near-to-medium term, management continues to see Marcellus supply and demand dynamics playing to their advantage, namely the recurrence of continued dislocations caused by the confluence of peak demand days and inadequate local infrastructure. Such dislocations should continue to provide the company opportunities to generate incremental cash margin from asset optimization. The dislocations also create opportunities for UGI to be "part of the solution" over the long term, specifically by building out midstream infrastructure such as pipelines (i.e. Sunbury and PennEast) as well as LNG peaking facilities that provide a cost effective alternative for natural gas consumers (utilities, power generators). In each case, management targets investments with initial unlevered IRRs at high single-digit/low-teens levels (subject to the risk profile of the project), with opportunities to expand returns beyond these levels through lower costs capacity expansions in the future. As such midstream assets are placed into service over the next several years (by both UGI as well as other midstream operators), opportunities for asset optimization margin are expected to wane, but at UGI this will be partially supplemented by the stable, visible earnings stream associated with the pipeline and peaking assets.

With UGI's portfolio of "traditional" midstream assets growing, management was frequently asked whether or not they would be pursuing an MLP. While the option has always been on the table, our takeaway is that it is a highly unlikely path for the time being. Among the considerations making an MLP unlikely at the current time are 1) the lack of need for significant external financing 2) the modest inventory of growth opportunities that would otherwise be required to drive an attractive valuation, and 3) the general state of the MLP equity market. What seems more plausible on the balance sheet front over the next several years is the utilization of some debt. At the present, Midstream and Marketing has a clean balance sheet. Management will likely wait until the segment is capable of earning IG ratings from the agencies (scale is the limiting factor at the moment), rather than issue HY debt that would necessarily include more restrictive covenants and/or the requirement of a parent guarantee.

International Propane

Growth at the segment is initially poised to come from two sources, the first being the inclusion of margin from the Totalgaz LPG distribution acquisition in France that closed in mid-May. Given that the acquisition closed following the winter months, the business won't benefit from the associated margin until FY16. From there, the company expects to extract cost synergies from the operations to further drive margin, although management noted that it could be as long as 4-5 years before hitting its cost reduction targets due to regulatory restrictions that limit the pace of its actions. With the completion of the Totalgaz acquisition, competition rules will prevent Antargaz from expanding any further in France, forcing International Propane to look elsewhere for growth. We expect the company will "stick to its knitting", that is, continue to focus its expansion efforts mainly on continental Europe. The most obvious/attractive market is Germany (a high margin, developed market), although the company is unlikely to make any moves there until litigation between competition authorities and the country's LPG distributors is resolved (UGI does not want to buy into an unknown liability). Instead, we think the company will more likely focus on developing markets where it already has a presence and sees potential for margin expansion as the markets mature (i.e. Hungary, Poland, etc).

AmeriGas Partners, LP

From a structural perspective, propane consumption continues to face headwinds from factors including conservation, appliance efficiencies, and to a lesser extent, competing energy sources. Management is being proactive in its efforts to offset these factors including 1) growing its national accounts and ACE cylinder businesses (collectively 15% of

EBITDA, growing at 4%-6% p.a.), 2) continued cost reductions (APU just installed an SAP platform which management thinks could help strip additional costs out of the business), and 3) pursuing roll-up acquisitions.

One topic that did come up in several meetings was the impact of APU recently hitting the high splits of its IDR tiers. We sensed that some of the investors who are less familiar with the MLP structure assumed that hitting the high splits would immediately become a burden on the MLP's cost of capital and require some sort of structural change sooner rather than later (à la Kinder Morgan). To this, we would make two points. First, the overall GP cut as a percent of distributions remains very modest (we estimate 12.9% in FY16) and the runway to a larger cut will be mitigated by the relatively slow pace of APU's per unit distribution growth (we estimate 4% p.a. vs. the company's 5% target). Second, absent a large M&A transaction, we expect APU to finance its roll-up strategy with a combination of retained cash and debt financing, eliminating the impact that a higher unit count would have on the GP cut.

UGI Utilities

Management estimates that there are a total of 400,000 potential customers within 80 feet of UGI gas mains. The company added ~16,000 residential customers last year, implying many years of runway ahead of it on the growth front. The majority of the additions over the past several years have been customer conversions. While residential additions have ramped up, so too have commercial customer additions. Combined with ongoing infrastructure replacement, management expects segment capital spending to exceed $200 million this year and sees significant headroom beyond this level going into 2016. While customer additions have kept profits growing, management is also looking towards its first rate case at UGI Gas in 20 years. The company anticipates filing within the next 12 months.

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 13-Oct-2015, USD 35.16), Equal Weight/Neutral, C/D/J/K/L/M/N/O

Materially Mentioned Stocks (Ticker, Date, Price)

AmeriGas Partners, L.P. (APU, 13-Oct-2015, USD 42.76), Underweight/Neutral, C/J/K/M

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Enlink Midstream Llc. (ENLC)	EQT Corporation (EQT)	Kinder Morgan Inc. (KMI)
Macquarie Infrastructure Corporation (MIC)	MDU Resources Group (MDU)	National Fuel Gas (NFG)
ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)	Questar Corp. (STR)
Spectra Energy Corp. (SE)	Tallgrass Energy GP, LP (TEGP)	Targa Resources Corp. (TRGP)
UGI Corp. (UGI)	Williams Cos. (WMB)	

U.S. MLPs

American Midstream Partners LP (AMID)	AmeriGas Partners, L.P. (APU)	Antero Midstream Partners LP (AM)
Arc Logistics Partners LP (ARCX)	Black Stone Minerals (BSM)	Blueknight Energy Partners, L.P. (BKEP)
Boardwalk Pipeline Partners LP (BWP)	Breitburn Energy Partners L.P. (BBEP)	Buckeye Partners, L.P. (BPL)
Calumet Specialty Products Partners, L.P. (CLMT)	Cheniere Energy Partners LP (CQP)	Columbia Pipeline Partners LP (CPPL)
CONE Midstream Partners LP (CNNX)	Crestwood Equity Partners L.P. (CEQP)	Crestwood Midstream Partners LP (CMLP)
CrossAmerica Partners LP (CAPL)	DCP Midstream Partners LP (DPM)	Delek Logistics Partners LP (DKL)
Dominion Midstream Partners, LP (DM)	Dynagas LNG Partners LP. (DLNG)	Enable Midstream Partners LP (ENBL)
Enbridge Energy Partners (EEP)	Enduro Royalty Trust (NDRO)	Energy Transfer Equity LP (ETE)
Energy Transfer Partners LP (ETP)	Enlink Midstream Partners LP (ENLK)	Enterprise Products Prtns LP (EPD)
Enviva Partners, LP (EVA)	EQT GP Holdings, LP (EQGP)	EQT Midstream Partners LP (EQM)
Exterran Partners LP (EXLP)	Ferrellgas Partners (FGP)	Foresight Energy LP (FELP)

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Legacy Reserves LP (LGCY)	Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)
Markwest Energy Partners, LP (MWE)	Memorial Production Partners (MEMP)	Midcoast Energy Partners LP (MEP)
MPLX LP (MPLX)	NGL Energy Partners LP (NGL)	Niska Gas Storage Partners LLC (NKA)
NuStar Energy LP (NS)	OCI Partners LP. (OCIP)	ONEOK Partners LP (OKS)
Pacific Coast Oil Trust (ROYT)	PBF Logistics LP (PBFX)	PennTex Midstream Partners LP (PTXP)
Phillips 66 Partners LP (PSXP)	Plains All American Pipeline (PAA)	Rice Midstream Partners LP (RMP)
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Spectra Energy Partners, LP (SEP)	Sprague Resources LP (SRLP)	Suburban Propane Partners (SPH)
Summit Midstream Partners LP (SMLP)	SunCoke Energy Partners, LP (SXCP)	Sunoco Logistics Partners L.P. (SXL)
Sunoco LP. (SUN)	Tallgrass Energy Partners, LP (TEP)	Targa Resources Partners LP (NGLS)
TC Pipelines, LP (TCP)	Tesoro Logistics LP (TLLP)	Transocean Partners LLC (RIGP)
USA Compression Partners LP (USAC)	USD Partners LP (USDP)	Valero Energy Partners LP. (VLP)
Vanguard Natural Resources (VNR)	Viper Energy Partners (VNOM)	Western Gas Equity Partners LP (WGP)
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AmeriGas Partners, L.P. (APU / APU)

USD 42.76 (13-Oct-2015)

Stock Rating: **UNDERWEIGHT**

Industry View: **NEUTRAL**

Rating and Price Target Chart - USD (as of 13-Oct-2015)

Source: IDC, Barclays Research

Currency=USD

Date	Closing Price	Rating*	Adjusted Price Target
19-Aug-2015	45.47		47.00
04-May-2015	48.71		51.00
30-Jul-2014	45.65		44.00
20-Nov-2013	42.19		43.00
31-Jul-2013	45.51		45.00
15-May-2013	45.92		44.00

Source: Thomson Reuters, Barclays Research

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Valuation Methodology: Our $47 price target is based on our FY16 estimated distribution of $3.79 and a target yield of 8.0%

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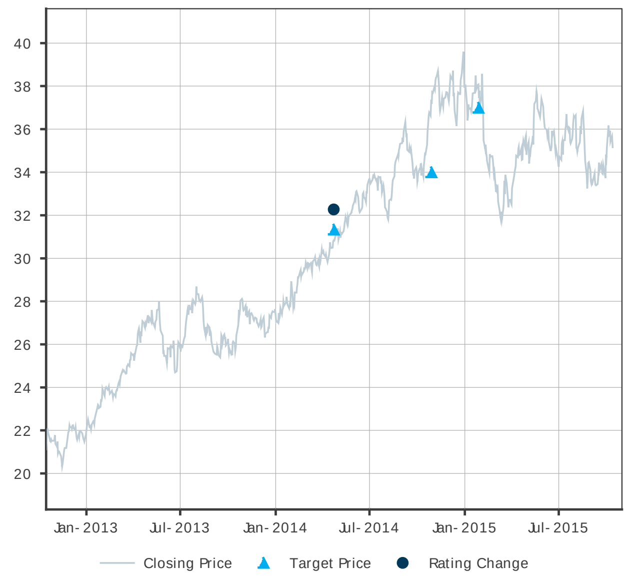
IMPORTANT DISCLOSURES CONTINUED

UGI Corp. (UGI / UGI)	Stock Rating	Industry View
USD 35.16 (13-Oct-2015)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 13-Oct-2015)



Source: IDC, Barclays Research

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
27-Jan-2015	38.08		37.00
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.18.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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BARCLAYS

Equity Research

Energy | U.S. Diversified Natural Gas

10 November 2015

UGI Corp.

Reports 4Q; FY16 Guidance in Line

Announces FY16 EPS guidance of $2.15-$2.30, compared to our $2.18. In reviewing where guidance came in relative to our estimate and the company's long term growth target of 6%-10% p.a., we think it's helpful to unpack guidance into two components: with and without the estimated Finagaz accretion. Ex-Finagaz, guidance would have been approximately $2.08 at the midpoint. Initial FY15 guidance (based on normalized weather) was $1.93 at the midpoint, implying y/y growth of ~8.0%. Layering in Finagaz puts the midpoint at $2.23, reflecting implied growth of 15.5% y/y, and a CAGR of 11.5% since 2013, which is the last year of relatively normal weather patterns across UGI's service territories. At APU, the company guided to EBITDA of $660-$690MM. Going into the print, we had forecast $690MM. We plan to revisit our estimates and provide quarterly forecasts following a full review of UGI's 10-K.

Finagaz (Totalgaz) accretion estimated at $0.15/share. This is more or less in line with *the $0.17/share (split-adjusted) that we estimated* when the transaction was announced in July 2014, although a number of the key drivers have materialized differently than the assumptions underlying our forecast (interest expense is a net positive relative to our analysis, while FX is a net negative). Transition expenses are expected to be €50-€60MM over the next four years, including €6-€10MM in FY16.

4Q Results: The company reported adjusted EPS of $0.01. While in line with our estimate for the quarter, segment level results exhibited more variability. APU missed, as volumes were lower than we anticipated as a result of warmer weather conditions. This was partially offset by more favorable unit margins than we assumed. UGI International operations topped our estimates, while Gas Utility missed. The company does not provide 4Q operating metrics for these segments, so it's difficult to pinpoint the exact drivers of the performance, although 4Q results may have been impacted by the same weather trends that drove the segments' full year comps, namely colder y/y temperatures internationally and warmer weather in the utility service territory relative to 2014. Midstream and Marketing results were in line.

UGI: Quarterly and Annual EPS (USD)

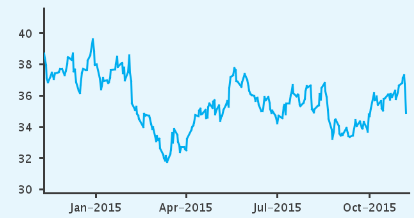
	2015	2016			2017			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2016	2017
Q1	0.66A	N/A	N/A	0.75E	N/A	N/A	N/A	N/A	N/A
Q2	1.26A	N/A	N/A	1.34E	N/A	N/A	N/A	N/A	N/A
Q3	0.09A	N/A	N/A	0.07E	N/A	N/A	N/A	N/A	N/A
Q4	0.01A	N/A	N/A	-0.05E	N/A	N/A	N/A	N/A	N/A
Year	2.01A	2.18E	2.18E	2.15E	N/A	2.32E	2.27E	8%	6%
P/E	17.3		16.0			15.0			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	EQUAL WEIGHT
	Unchanged
Industry View	NEUTRAL
	Unchanged
Price Target	USD 37.00
	Unchanged
Price (09-Nov-2015)	USD 34.80
Potential Upside/Downside	+6%
Tickers	UGI
Market Cap (USD mn)	6013
Shares Outstanding (mn)	172.78
Free Float (%)	99.32
52 Wk Avg Daily Volume (mn)	0.9
52 Wk Avg Daily Value (USD mn)	33.62
Dividend Yield (%)	2.6
Return on Equity TTM (%)	9.80
Current BVPS (USD)	15.81

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 39.75-31.54



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U.S. Diversified Natural Gas

Richard Gross
+1 212 526 3143
richard.gross@barclays.com
BCI, US

Christine Cho, CFA
+1 212 526 8419
christine.cho@barclays.com
BCI, US

Michael Hacke, CFA
+1 212 526 3827
michael.hacke@barclays.com
BCI, US

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 3.

U.S. Diversified Natural Gas — **Industry View: NEUTRAL**

UGI Corp. (UGI)

Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2015A	2016E	2017E	2018E	CAGR
Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA (adj)	1,186	1,454	1,496	1,544	9.2%
EBIT (adj)	817	1,042	1,067	1,093	10.2%
Pre-tax income (adj)	655	616	646	678	1.2%
Net income (adj)	468	384	412	452	-1.1%
EPS (adj) ($)	2.01	2.18	2.32	2.53	8.0%
Diluted shares (mn)	175.6	176.5	177.5	178.5	0.5%
DPS ($)	0.89	0.93	0.96	1.00	4.0%

Growth rates					Average
EBITDA (adj) growth (%)	-13.4	22.6	2.9	3.2	3.8
EBIT (adj) growth (%)	-18.7	27.5	2.4	2.4	3.4
Net income (adj) growth (%)	-12.2	-17.8	7.3	9.7	-3.2
EPS (adj) growth (%)	1.0	8.4	6.7	9.1	6.3
DPS growth (%)	8.5	4.0	4.0	4.0	5.1

Balance sheet and cash flow ($mn)					CAGR
Tangible fixed assets	4,626	4,732	4,900	5,120	3.4%
Cash and equivalents	337	613	716	720	28.9%
Short and long-term debt	3,831	3,833	3,813	3,713	-1.0%
Total liabilities	0	0	0	0	N/A
Net debt/(funds)	3,495	3,220	3,096	2,992	-5.0%
Shareholders' equity	3,811	4,032	4,273	4,547	6.1%
Change in working capital	108	0	0	0	-100.0%
Cash flow from operations	1,028	648	689	748	-10.1%
Capital expenditure	423	435	510	580	11.1%
Free cash flow	606	213	179	168	-34.8%

Valuation and leverage metrics				
P/E (adj) (x)	17.3	16.0	15.0	13.7
EV/EBITDA (x)	8.1	6.4	6.2	5.9
P/Sales (x)	N/A	N/A	N/A	N/A
Dividend yield (%)	2.6	2.7	2.8	2.9
Total debt/capital (%)	26.9	25.8	24.5	21.3

Selected operating metrics				
Gas prices ($/mcf)	N/A	N/A	N/A	N/A
Oil price ($/bbl)	N/A	N/A	N/A	N/A
NGL ($/gal)	N/A	N/A	N/A	N/A
Frac spread ($/gal)	N/A	N/A	N/A	N/A
Production volumes (000 cf)	N/A	N/A	N/A	N/A
NGL sales (m bbls)	N/A	N/A	N/A	N/A
Processing volumes (mmbtu)	N/A	N/A	N/A	N/A
Rate base	N/A	N/A	N/A	N/A
Number of customers	N/A	N/A	N/A	N/A
Capital investment growth (%)	-3.1	2.9	17.2	13.7

Price (09-Nov-2015)	**USD 34.80**
Price Target	**USD 37.00**

Why Equal Weight? UGI operates a collection of businesses that provide investors with exposure to a diverse set of customers, commodities, and geographies. With its core business strengthened and multiple reinvestment opportunities, UGI appears poised to deliver mid-single digit EPS growth over our forecast period.

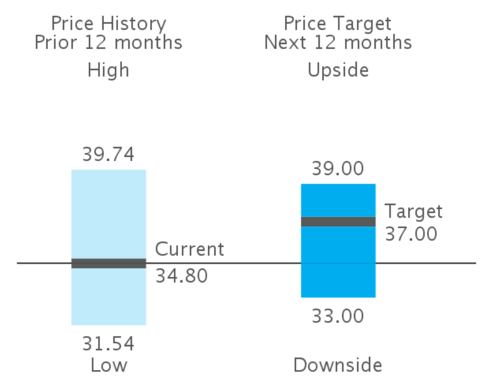
Upside case — **USD 39.00**

Our upside case is predicated on shares trading at 18x our FY16 EPS estimate of $2.18.

Downside case — **USD 33.00**

Our downside case is predicated on shares trading at 15.0x our FY16 EPS estimate of $2.18.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Sep

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Primary Stocks (Ticker, Date, Price)

UGI Corp. (UGI, 09-Nov-2015, USD 34.80), Equal Weight/Neutral, C/D/J/K/L/M/N/O

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

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U.S. Diversified Natural Gas

AGL Resources Inc. (GAS)	Atmos Energy (ATO)	Cheniere Energy (LNG)
Cheniere Energy Partners LP Holdings, LLC (CQH)	Columbia Pipeline Group, Inc. (CPGX)	Enbridge Inc. (ENB.TO)
Enlink Midstream Llc. (ENLC)	EQT Corporation (EQT)	Kinder Morgan Inc. (KMI)
Macquarie Infrastructure Corporation (MIC)	MDU Resources Group (MDU)	National Fuel Gas (NFG)
ONEOK Inc. (OKE)	Plains GP Holdings LP (PAGP)	Questar Corp. (STR)
Spectra Energy Corp. (SE)	Tallgrass Energy GP, LP (TEGP)	Targa Resources Corp. (TRGP)
UGI Corp. (UGI)	Williams Cos. (WMB)	

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UGI Corp. (UGI / UGI)	Stock Rating	Industry View
USD 34.80 (09-Nov-2015)	**EQUAL WEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 09-Nov-2015)

Source: IDC, Barclays Research

Currency=USD

Date	Closing Price	Rating	Adjusted Price Target
27-Jan-2015	38.08		37.00
28-Oct-2014	37.36		34.00
23-Apr-2014	30.83	Equal Weight	31.33

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

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Valuation Methodology: Our $37 price target is predicated on shares trading at 17.0x our FY16 EPS estimate of $2.18.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks which may impede the achievement of our price target include UGI's weather related exposure, secular and economic headwinds facing the domestic and international propane businesses, competition from internal industry participants as well as alternative sources of fuel, and commodity price exposure.

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UGI

(UGI-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

November 21, 2013

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA
BMO Capital Markets Corp
713-546-9741 / 713-546-9707
danilo.juvane@bmo.com / leah.jordan@bmo.com

FY2014 Dips, but Structural Earnings Power Intact

Event

UGI reported clean FY4Q13 EPS of -$0.09, slightly below our -$0.07 and the Street's -$0.08. The delta to our estimates came primarily from transition expenses in International Propane; absent these expenses all segments would have collectively performed in line with expectations. More important, UGI introduced FY2014 EPS guidance of $2.60-$2.70, underpinned by APU EBITDA guidance of $645-$675 mn (weather normalized). At the midpoint, the former resides about 4% below our previous estimate of $2.77 as well as $2.76 consensus. That said, we see the dip next year as more transient than structural, and are thus keeping our FY2015 outlook unchanged. Specifically in next year, International Propane is expected to underperform owing to a tepid outlook within its industrial and commercial customer base (economy), followed by softer growth in Midstream and Marketing due to the continued lack of gas price volatility (affecting storage and regional basis) and a slower roll-out of its Marcellus infrastructure program.

Impact & Analysis

Negative near term, but neutral longer term. We are reducing our FY2014 EPS estimate to $2.65 from $2.77, now residing at the midpoint of guidance. Our FY2015 estimate remains unchanged at $2.87 (+8% y/y) as we assume a return to normalcy in both international propane and marketing.

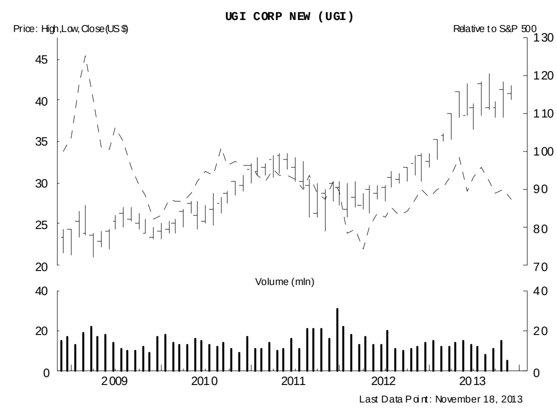
Valuation & Recommendation

With no change to our 2015 forecast, our sum-of-the-parts price target likewise remains unchanged at $43/share, implying capital appreciation upside potential of ~6%. Our conviction in normalized earnings power notwithstanding, we see limited near-term upside, and look for additional Marcellus infrastructure developments beyond Auburn II and the Tenaska midstream joint venture to move the stock forward. In the meantime, we see the stock trading in a fair valuation range, and reiterate our Market Perform rating.

Securities Info

Price (20-Nov)	**$40.66**	**Target Price**	**$43.00**
52-Wk High/Low	$43/$32	Dividend	$1.13
Mkt Cap (mm)	$4,639	Yield	2.8%
Shs O/S (mm, BASIC)	114.1	Float O/S (mm)	113.2
Options O/S (mm)	na	ADVol (30-day, 000s)	547

Price Performance



Valuation/Financial Data

(FY-Sep.)	2012A	2013A	2014E	2015E
EPS Pro Forma	$1.79	$2.42	$2.65↓	$2.87
P/E			15.3x	14.2x
First Call Cons.			*$2.76*	*$3.06*
EPS GAAP	$1.76	$2.40	$2.65	$2.87
FCF	$4.67	$7.21	$8.23↓	$8.56↑
P/FCF			4.9x	4.8x
EBITDA ($mm)	$821	$1,181	$1,268	$1,324
EV/EBITDA			5.5x	5.2x
Rev. ($mm)	$6,519	$7,193	$7,285	$7,315
EV/Rev			1.0x	0.9x

Quarterly EPS	**1Q**	**2Q**	**3Q**	**4Q**
2013A	$0.90	$1.49	$0.13	-$0.09
2014E	$1.09↓	$1.51↓	$0.14↓	-$0.08↓

Balance Sheet Data (30-Jun)

Net Debt ($mm)	$2,308	TotalDebt/EBITDA	2.1x
Total Debt ($mm)	$2,600	EBITDA/IntExp	8.7x
Net Debt/Cap.	37.7%	Price/Book	1.9x

Notes: All values in US$.
Source: BMO Capital Markets estimates, Bloomberg, Thomson Reuters, and IHS Global Insight.

Changes	Annual EPS	Annual FCF	Quarterly EPS	
	2014E $2.77 to $2.65	2014E $8.45 to $8.23	Q1/14E $1.10 to $1.09	Q3/14E $0.18 to $0.14
		2015E $8.53 to $8.56	Q2/14E $1.56 to $1.51	Q4/14E -$0.07 to -$0.08

Please refer to pages 6 to 9 for Important Disclosures, including the Analyst's Certification.

Key Points

APU

APU reported a FY4Q13 seasonal EBIT loss of $56 million (net of minority interest), higher than our estimated $79 million loss and the $96 million loss in FY4Q12. While retail volumes of 205 million came below our 222 million expectations, realized unit margins of $1.07/gal offset our $1.00/gal expectation, resulting in effectively in line margins. The primary beat to our estimate came from lower O&M owing to a 10% y/y reduction in O&M per meter. Having finished FY2013 on a strong note, APU introduced FY2014 EBITDA guidance of $645-$675 million, up 6% at the midpoint from FY2013 adjusted EBITDA of $617 million.

International Propane

International Propane reported a clean FY4Q13 EBIT loss of $8 million, lower than our $1 million expected loss and the $2 million loss in FY4Q12. Reported volumes of 115 million gallons came below our 137 million gallon expectations, but were offset by higher unit margins of EUR0.81 versus our EUR0.70 estimate. On the whole, total margins were in line with expectations and the shortfall came from a 15%y/y O&M increase to EUR87 million.

Utility

The gas LDC reported EBIT of $7 million, beating our $3 million estimate, which also equaled FY4Q12 results. The bulk of the beat came from higher total throughput than we expected, helped to an extent by slightly higher net tariffs.

Midstream and Marketing

Midstream and Marketing reported FY4Q13 EBIT of $12 million, below of our $15 million but higher than $3 million last year. The slight miss to expectations came primarily from lower retail power margins.

Other companies mentioned (priced as of the close on November 20, 2013:

AmeriGas (APU, $42.19, Not Rated)

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E
Operating Revenue												
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,033	$1,232	$503	$500	$3,269	$3,348
International Propane	1,125	955	1,060	1,489	1,946	2,180	665	643	425	396	2,130	2,197
UGI Utilities	1,278	1,380	1,048	1,136	857	839	276	399	146	126	947	956
Energy Services and other	1,431	1,143	1,164	929	794	1,007	223	288	221	209	940	943
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,197	2,562	1,295	1,231	7,285	7,445
Operating Expenses:												
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,336	1,306	1,506	788	771	4,371	4,462
O&M	1,157	1,220	1,177	1,266	1,592	1,695	436	472	387	393	1,688	1,700
Utility taxes other than income	18	17	19	17	17	17	4	4	4	4	16	16
DD&A	184	201	210	228	316	356	91	91	91	91	365	364
Other income, net	(42)	(56)	(58)	(47)	(38)	(37)	(10)	(10)	(10)	(10)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,367	1,827	2,063	1,261	1,249	6,400	6,503
Operating Income	585	685	659	616	521	825	371	498	34	(17)	886	942
Other Income:												
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	4	4	4	4	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	4	4	4	4	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$825**	**$375**	**$503**	**$38**	**($13)**	**$903**	**$959**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,181**	**$466**	**$594**	**$130**	**$78**	**$1,268**	**$1,324**
EBIT Composition:												
AmeriGas Propane	233	298	234	202	156	388	207	279	(12)	(29)	446	474
International Propane	103	149	115	68	112	148	56	69	16	(6)	134	157
Gas utility	138	154	175	200	172	198	70	106	21	6	203	206
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11
Energy Services	74	65	120	83	62	91	41	47	14	14	116	118
Other	11	2	(1)	13	(7)	(11)	(2)	(2)	(2)	(2)	(7)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$825**	**$375**	**$503**	**$38**	**($13)**	**$903**	**$959**
Interest expense	143	141	134	138	222	239	60	60	60	60	239	242
Income before taxes and minority interest	440	541	523	439	286	586	316	443	(21)	(73)	664	717
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(116)	(168)	46	59	(180)	(195)
Income before taxes	350	418	429	364	299	437	199	275	25	(15)	485	523
Income taxes												
Current	135	132	105	48	17	128	41	57	5	(3)	100	114
Deferred	(1)	27	63	83	83	34	33	45	4	(2)	80	79
Total income taxes	135	159	168	131	100	162	74	102	9	(5)	179	192
Effective income tax rate	38%	38%	39%	36%	33%	37%	37%	37%	37%	37%	37%	37%
Net Income	216	258	261	233	199	276	126	173	16	(9)	305	330
Preferred	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	276	126	173	16	(9)	305	330
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	0	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	199	276	126	173	16	(9)	305	330
Pre-tax adjustments to Core (before disc ops)												
Asset impairment	0	0	0	0	0	0					0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5					0	0
Other non-recurring (gains) loss	0	0	2	13	4	0					0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5					0	0
After-tax adjustments	0	(0)	(13)	5	3	3					0	0
Non-GAAP Core Earnings	216	258	248	238	202	279	126	173	16	(9)	305	330
Shares Oustanding (MM)												
Diluted	109	109	110	112	113	115	115	115	115	115	115	115
Basic	107	109	109	112	113	114	114	114	114	114	114	114
Period ending basic shares out	108	109	110	113	112	114	114	114	114	114	114	114
Earnings Per Share												
GAAP EPS	$1.99	$2.36	$2.37	$2.07	$1.76	$2.40	$1.09	$1.51	$0.14	($0.08)	$2.65	$2.87
Core EPS	**$1.99**	**$2.36**	**$2.25**	**$2.12**	**$1.79**	**2.42**	**$1.09**	**$1.51**	**$0.14**	**($0.08)**	**$2.65**	**$2.87**
EPS growth (%)	11.8%	18.9%	-4.6%	-5.9%	-15.6%	35.6%	21.9%	1.0%	7.1%	-8.7%	9.5%	8.2%
Dividends Paid												
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.30	$0.30	$1.17	$1.22
Payout Ratio (%)	38%	33%	42%	49%	60%	46%					44%	42%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					4.5%	4.3%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E
Operating Activities												
GAAP Net Income	216	259	356	308	187	468	126	173	16	(9)	305	330
DD&A	184	201	210	228	316	356	91	91	91	91	365	364
Provision for uncollectible accounts	37	34	27	20	27	0	0	0	0	0	0	0
Minority interest	90	124	0	0	0	(44)	116	168	(46)	(59)	180	195
Deferred income taxes, net	(1)	27	63	83	83	34	33	45	4	(2)	80	79
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	17	6	28	(16)	(1)	17	17
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$831**	**$372**	**$505**	**$50**	**$20**	**$946**	**$985**
OCF per share	**$4.84**	**$5.59**	**$6.02**	**$6.20**	**$5.51**	**$7.21**	**$3.23**	**$4.39**	**$0.43**	**$0.18**	**$8.23**	**$8.56**
Working Capital												
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(141)	0	0	0	0	0	0
Inventories	(42)	67	34	(41)	89	54	0	0	0	0	0	0
Deferred fuel costs	22	10	(19)	13	(2)	21	0	0	0	0	0	0
Accounts payable	(6)	(146)	47	19	(79)	(27)	0	0	0	0	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	(21)	0	0	0	0	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(115)	0	0	0	0	0	0
Discontinued Ops												
Cash Flow from Operations	464	665	599	555	708	716	372	505	50	20	946	985
Investing Activities												
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(490)	(77)	(77)	(77)	(77)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(24)	0	0	0	0	0	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	(1)	0	0	0	0	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(515)	(77)	(77)	(77)	(77)	(307)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(515)	(77)	(77)	(77)	(77)	(307)	(307)
Financing Activities												
Sale of Common Equity	21	11	28	27	23	29	0	0	0	0	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	135	0	0	0	55	55	55
Redemption of Common Stock	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(79)	0	0	0	0	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	(30)	0	0	0	0	0	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(34)	(34)	(34)	(134)	(140)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(226)	(57)	(60)	(60)	(60)	(238)	(249)
APU equity & Other	3	1	4	4	278	5	0	0	0	0	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(291)	(90)	(94)	(94)	(39)	(317)	(335)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(291)	(90)	(94)	(94)	(39)	(317)	(335)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	(2)	0	0	0	0	0	0
Change in Cash	(7)	35	(19)	(22)	81	(91)	205	334	(121)	(96)	323	343
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	228	434	768	647	228	551
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$228**	**$434**	**$768**	**$647**	**$551**	**$551**	**$894**

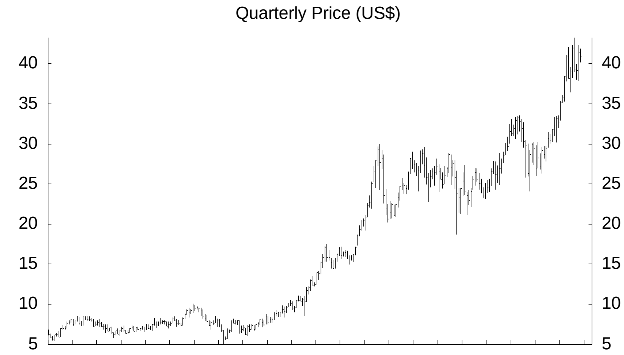
Source: BMO Capital Markets estimates, company data.

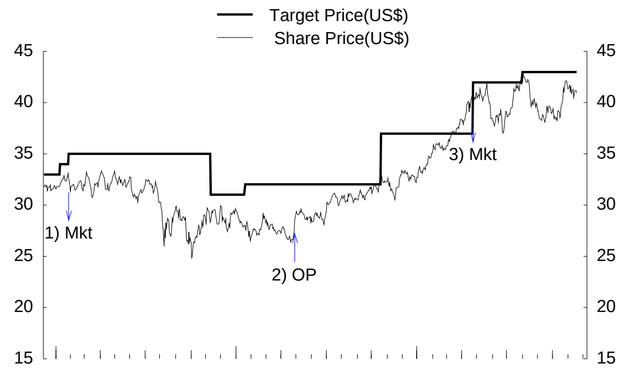
Exhibit 3: UGI Balance Sheet

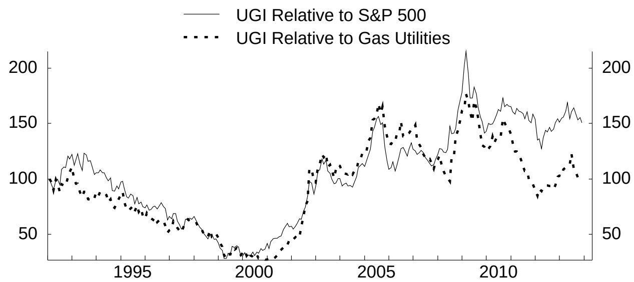
($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E
Assets												
Cash and equivalents	$245	$287	$296	$256	$323	$228	$434	$768	$647	$551	$551	$894
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	753	753	753	753	753	753	753
Accrued utility revenues	21	21	14	15	17	12	12	12	12	12	12	12
Inventories	401	363	314	363	357	304	304	304	304	304	304	304
Deferred income taxes	28	35	33	45	57	27	27	27	27	27	27	27
ST asset price risk management	16	20	11	10	13	19	19	19	19	19	19	19
Prepaid expenses	57	34	59	43	67	36	36	36	36	36	36	36
Other	13	20	26	28	39	4	4	4	4	4	4	4
Total current assets	1,339	1,185	1,220	1,306	1,505	1,383	1,588	1,922	1,801	1,705	1,705	2,049
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,019	7,095	7,172	7,249	7,326	7,326	7,633
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,585)	(2,676)	(2,768)	(2,859)	(2,950)	(2,950)	(3,315)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,433	4,419	4,404	4,390	4,375	4,375	4,318
Goodwill	1,490	1,582	1,563	1,562	2,818	2,834	2,834	2,834	2,834	2,834	2,834	2,834
Intangible assets	155	166	150	148	658	609	609	609	609	609	609	609
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	508	501	471	489	492	492	477
Total Assets	5,685	6,043	6,374	6,663	9,710	9,766	9,950	10,240	10,122	10,015	10,015	10,286
Liabilities and Equity												
Current maturities of long-term debt	218	258	774	186	332	332	332	332	332	332	332	332
Accounts payable	462	335	373	400	411	385	385	385	385	385	385	385
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	0	0	0	0	0	0	0
Other	224	505	277	257	327	610	610	610	610	610	610	610
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,383	3,383	3,383	3,383	3,438	3,438	3,493
Deferred income taxes	491	505	601	709	935	955	988	1,033	1,037	1,035	1,035	1,113
Other	446	585	604	575	621	618	618	618	618	618	618	618
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,282	6,315	6,360	6,364	6,416	6,416	6,550
Minority Interest	159	225	237	213	1,086	1,032	1,090	1,196	1,092	976	976	922
Common Equity	1,418	1,591	1,825	1,978	2,233	2,452	2,545	2,685	2,666	2,623	2,623	2,813
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	9,766	9,950	10,240	10,122	10,015	10,015	10,286

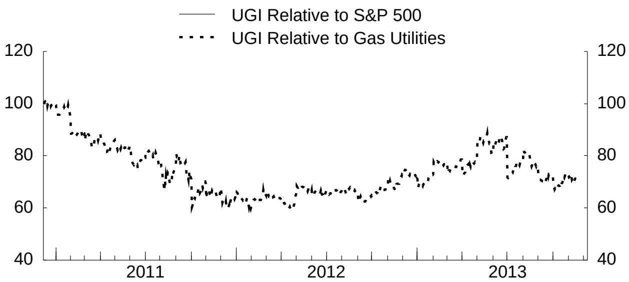
Source: BMO Capital Markets estimates, company data.

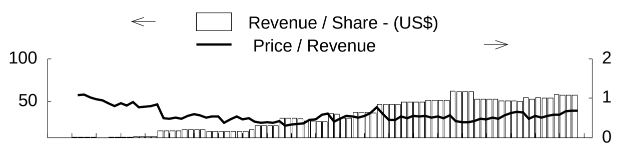
UGI CORP NEW (UGI)

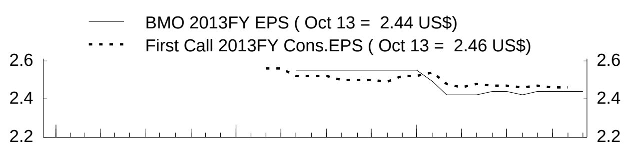


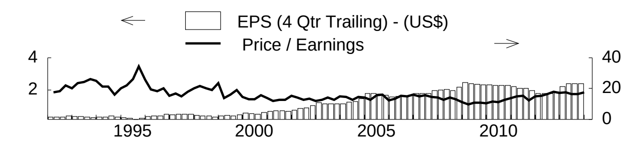


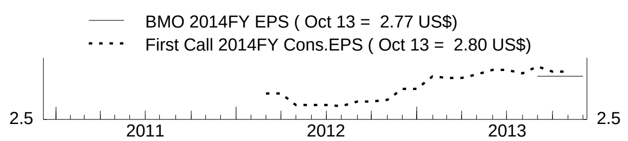












FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	2.25	12.9	10.3	1.00	4.3	3.4	44	15.8	1.8	1.5	15
2011	2.12	15.8	12.2	1.04	4.0	3.1	49	17.7	1.9	1.5	13
2012	1.79	17.8	13.4	1.08	4.5	3.4	60	19.3	1.7	1.2	10
Range*:		36.9	7.9		10.0	2.3			3.3	1.2	
Current*	2.39	17.3		1.13	2.7		47	21.5	1.9		11
Growth(%):											
5 Year:	3.8			8.0				10.5			
10 Year:	7.7			7.1				12.4			
20 Year:	10.8			4.8				8.3			

* Current EPS is the 4 Quarter Trailing to Q3/2013.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 8-Dec-10 = OP

	Date	Rating Change	Share Price
1	27-Jan-11	OP to Mkt	$32.61
2	27-Apr-12	Mkt to OP	$28.54
3	23-Apr-13	OP to Mkt	$40.26

Last Price (November 18, 2013): $40.96
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

Important Disclosures

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I, Carl Kirst, CFA, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Company Specific Disclosure

Methodology and Risks to Our Price Target/Valuation

Methodology: Our target price for UGI is based on a sum-of-the parts valuation. We value UGI's interest in AmeriGas Propane by using the current market valuation for the common units owned by UGI, while we value UGI's general partner interest in AmeriGas using the distribution rate of the underlying partnership. Each one of UGI's remaining business segments we value using a target EV/EBITDA multiple approach. Our target multiple for each segment is derived from analyzing peer multiples, and adjusting for any expectation of future changes in investor sentiment, which would lead to multiple expansion/contraction. We next add together the segment valuations to reach an operating enterprise value, which is then adjusted for net debt, off-balance sheet items, operating leases, pension costs, and any other non-operating obligations. After adjustments, we then have our net equity value, which is divided by fully diluted shares outstanding to arrive at our target price.

Risks: Risks to our 12-month price target for UGI include: 1) Weather; 2) Conservation; 3) Interest rates; 4) Regulatory risk - rulings counter to assumptions and guidance could negatively impact our valuations going forward; (5) Overseas competition - increased customer competition in international propane compression; (6) Exchange rate - U.S. dollar/euro exchange rate; (7) M&A risk.

Distribution of Ratings (September 30, 2013)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	35.8%	20.3%	47.8%	36.7%	48.3%	52.6%
Hold	Market Perform	59.4%	13.1%	51.1%	56.9%	50.2%	41.7%
Sell	Underperform	4.9%	3.4%	1.1%	6.4%	1.5%	5.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
NR = No rating at this time; and
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http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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UGI

(UGI-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

February 5, 2014

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp.
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707
danilo.juvane@bmo.com / leah.jordan@bmo.com

Slight Miss, but FY14 Guidance Range Reaffirmed

Event

UGI reported clean FY1Q14 EPS of $1.06, slightly below our $1.09 and the Street's $1.08. Collectively, segment operations were solid, although there were significant offsetting deltas across the business mix: a $0.06 beat in Utility and $0.03 beat in Corporate were offset by $0.02 miss in Midstream and Marketing and $0.03 miss at APU (net of minority interest), leaving higher taxes as the main culprit to the shortfall (despite an unfavorable change in tax legislation in France (Antargaz) UGI does not expect a material impact to earnings going forward). Of note, UGI reaffirmed FY2014 EPS guidance of $2.60-$2.70. Key take-aways: (1) given recent spikes in propane prices, management underscored its ability to maintain APU unit margins by passing cost to customers (a more positive discussion vs. our expectation of lower unit margins being offset by higher demand/volumes). UGI also highlighted its large scale of operations and access to diverse supply sources as key to continuing to meet customer demand, particularly in the Midwest, where propane supply shortages are more pronounced; (2) the recent 10 mn authorized share buyback is expected to run through FY17. While there is no definitive timeline to start the program, the buybacks comprise a capital allocation alternative beyond growing the dividend or spending on organic/expansion capital, and importantly, are not indicative of a lack of future growth opportunities; and (3) the recent cold snap may enhance UGI's Marcellus infrastructure build-out long term, given the need for additional pipeline and storage capacity to serve the Mid-Atlantic and Northeast regions.

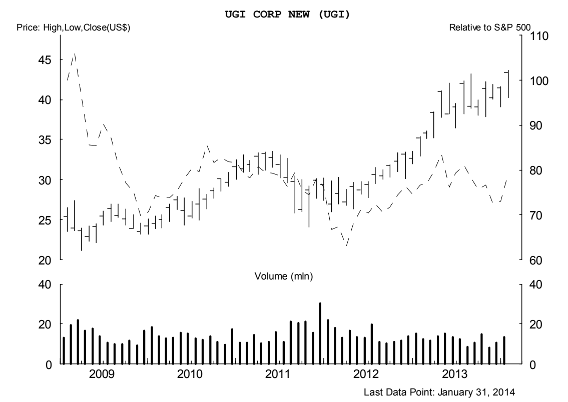
Impact & Analysis

Our FY2014 estimate reduces to $2.62 on the miss; while we now reside at the lower end of guidance, we're staying conservative given current crosswinds of possible price sensitive volume/conservation at APU and continuing warmth in Europe offset by cold weather in the US utilities and better gas marketing from heightened northeast volatility. Our FY2015 EPS remains unchanged at $2.87.

Valuation & Recommendation

We maintain our Market Perform rating and $43 SOTP-derived price target.

Price (4-Feb)	$41.59	**52-Week High**	$43.66
Target Price	$43.00	**52-Week Low**	$35.13



(FY-Sep.)	2012A	2013A	2014E	2015E
EPS	$1.79	$2.42	$2.62↓	$2.87
P/E			15.9x	14.5x
CFPS	$4.67	$7.21	$8.01↓	$8.25↓
P/CFPS			5.2x	5.0x
Rev. ($mm)	$6,519	$7,193	$7,417	$7,533
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,181	$1,259	$1,293
EV/EBITDA	7.3x	5.9x	5.5x	5.4x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.77	$1.20	-$0.06	-$0.13
2013A	$0.90	$1.49	$0.13	-$0.09
2014E	$1.06a	$1.50↓	$0.14	-$0.08

Dividend	$1.13	**Yield**	2.7%
Book Value	$21.58	**Price/Book**	1.9x
Shares O/S (mm)	114.1	**Mkt. Cap (mm)**	$4,745
Float O/S (mm)	113.2	**Float Cap (mm)**	$4,706
Wkly Vol (000s)	2,760	**Wkly $ Vol (mm)**	$109,144
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
Major Shareholders:
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.73; 2015E: $3.07

Changes	**Annual EPS**	**Annual CFPS**	**Quarterly EPS**
	2014E $2.65 to $2.62	2014E $8.23 to $8.01 2015E $8.56 to $8.25	Q2/14E $1.51 to $1.50

Details & Analysis

APU

APU reported FY1Q14 seasonal EBIT of $84 million (net of minority interest), missing our $91 million but higher than the $70 million in FY1Q13. While retail volumes of 374 million came below our 475 million estimate, realized unit margins of $1.13/gal surpassed our $1.00/gal assumption, and partly offset the volume shortfall.

APU reaffirmed FY2014 EBITDA guidance of $645-$675 million after posting solid results during a quarter plagued by propane shortages and rising wholesale prices, both of which are likely to continue through the balance of the heating season. That said, management notably underscored the ability to manage unit margins in the current environment by passing rising wholesale costs to customers as it has done historically. As well, it highlighted the ability to leverage both its large scale and access to diverse sources of supplies to continue to meet customer demand, particularly in the Midwest, where there is a shortage of propane supplies.

We are leaving the balance of our FY2014 APU estimates unchanged, noting that our annual FY2014 EBITDA is tracking to about $625 million—below above-mentioned guidance—given the quarter's results. Further discussions with management post call indicate that unit margins are being maintained into the current quarter, but perhaps at the expense of some elastic/price sensitive load (conservation, customer churn) given the continued strength of propane thus far in FY2Q14.

International Propane

International Propane reported FY1Q14 EBIT of $57 million, effectively in line with our $56 million expectation, but lower than $58 million last year. Reported volumes of 185 million gallons came higher than our 173 million assumption, but were offset by lower unit margins of EUR0.81 versus our EUR0.85 estimate. Of note, weather at both Antargaz and Flaga was warmer than normal by 7.2% and 12.9%, respectively, and the y/y growth in volumes came from gallons associated with the BP Poland acquisition. In FY2014, we are forecasting International Propane EBIT of about $135 million.

Utility

The Utility reported EBIT of $82 million, beating our $70 million estimate, which also equaled FY1Q13 results. Results during the quarter benefitted from weather that was 3% colder than normal and an accompanying 10.6%y/y increase in core customer throughput to 24.1 Bcf, higher than we otherwise expected as a weather impact. In FY2014, we expect the Utility to generate EBIT of $215 million.

Midstream and Marketing

Midstream and Marketing reported FY1Q14 EBIT of $36 million, below our $41 million assumption but higher than $28 million last year. Results benefitted from higher margins from capacity management, natural gas gathering, electric generation, peaking activities offset by lower power retail margins. We expect Midstream and Marketing to generate $112 million of EBIT in FY2014.

Other companies mentioned (priced as of the close on February 4, 2014):

AmeriGas (APU, $42.83, Not Rated)

Exhibit 1: UGI Income Statement

Consolidated Financial Statements - Year-end Sep 30

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,232	$503	$500	$3,281	$3,330	$3,363
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	651	430	398	2,197	2,267	2,274
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	399	146	124	966	949	959
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	288	221	210	972	981	983
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	2,569	1,300	1,232	7,417	7,528	7,578
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,335	1,442	1,511	792	774	4,518	4,583	4,610
O&M	1,157	1,220	1,177	1,266	1,592	1,692	431	474	390	391	1,686	1,693	1,710
Utility taxes other than income	18	17	19	17	17	17	4	4	4	4	16	16	16
DD&A	184	201	210	228	316	360	94	91	91	91	368	364	364
Other income, net	(42)	(56)	(58)	(47)	(38)	(37)	(19)	(10)	(10)	(10)	(49)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,367	1,952	2,070	1,267	1,250	6,539	6,617	6,660
Operating Income	585	685	659	616	521	825	364	498	34	(18)	878	911	918
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	4	4	4	13	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	4	4	4	13	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$825**	**$364**	**$503**	**$38**	**($14)**	**$891**	**$928**	**$936**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,185**	**$458**	**$594**	**$129**	**$78**	**$1,259**	**$1,293**	**$1,300**
EBIT Composition:							84						
AmeriGas Propane	233	298	234	202	156	388	180	279	(12)	(29)	418	434	440
International Propane	103	149	115	68	112	147	57	69	15	(6)	134	163	161
Gas utility	138	154	175	200	172	198	82	106	21	6	215	209	212
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11	11
Energy Services	74	65	120	83	62	90	36	47	14	14	112	119	119
Other	11	2	(1)	13	(7)	(9)	6	(2)	(2)	(2)	0	(7)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$825**	**$364**	**$503**	**$38**	**($14)**	**$891**	**$928**	**$936**
							268						
Interest expense	143	141	134	138	222	239	59	59	59	60	238	241	244
Income before taxes and minority interest	440	541	523	439	286	586	304	444	(21)	(74)	653	688	692
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(168)	46	59	(158)	(164)	(157)
Income before taxes	350	418	429	364	299	437	209	276	25	(15)	494	524	535
Income taxes													
Current	135	132	105	48	17	128	45	53	5	(3)	100	105	116
Deferred	(1)	27	63	83	83	34	42	49	4	(3)	92	87	81
Total income taxes	135	159	168	131	100	162	87	102	9	(6)	193	193	197
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	37%	37%	37%	39%	37%	37%
Net Income	216	258	261	233	199	276	122	174	16	(10)	302	331	338
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	276	122	174	16	(10)	302	331	338
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	2	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	174	16	(10)	302	331	338
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0				0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0				0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2				2	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2				2	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	1				1	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	174	16	(10)	303	331	338
Shares Outstanding (MM)													
Diluted	109	109	110	112	113	115	116	115	115	115	116	115	115
Basic	107	109	109	112	113	114	115	114	114	114	115	114	114
Period ending basic shares out	108	109	110	113	112	114	114	114	114	114	114	114	114
Earnings Per Share													
GAAP EPS	$1.99	$2.36	$2.37	$2.07	$1.85	$2.41	$1.05	$1.50	$0.14	($0.08)	$2.61	$2.87	$2.93
Core EPS	**$1.99**	**$2.36**	**$2.25**	**$2.12**	**$1.88**	**$2.44**	**$1.06**	**$1.50**	**$0.14**	**($0.08)**	**$2.62**	**$2.87**	**$2.93**
EPS growth (%)	11.8%	18.9%	-4.6%	-5.9%	-11.4%	30.2%	17.8%	0.9%	6.8%	-7.5%	7.2%	9.5%	2.2%
Dividends Paid													
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.30	$0.30	$1.17	$1.22	$1.27
Payout Ratio (%)	38%	33%	42%	49%	57%	46%					45%	42%	43%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					4.5%	4.3%	4.1%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	122	174	16	(10)	302	331	338
DD&A	184	201	210	228	316	363	94	91	91	91	368	364	364
Provision for uncollectible accounts	37	34	27	20	27	0	0	0	0	0	0	0	0
Minority interest	90	124	0	0	0	0	96	168	(46)	(59)	158	164	157
Deferred income taxes, net	(1)	27	63	83	83	49	42	49	4	(3)	92	87	81
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	6	28	(16)	(11)	6	6	6
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$359**	**$509**	**$50**	**$9**	**$927**	**$953**	**$946**
OCF per share	**$4.84**	**$5.59**	**$6.02**	**$6.20**	**$5.51**	**$7.35**	**$3.08**	**$4.41**	**$0.43**	**$0.08**	**$8.01**	**$8.25**	**$8.19**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	0	0	0	0	0	0	0
Inventories	(42)	67	34	(41)	89	5	0	0	0	0	0	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	0	0	0	0	0	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	0	0	0	0	0	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	0	0	0	0	0	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	0	0	0	0	0	0	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	359	509	50	9	927	953	946
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(118)	(118)	(118)	(118)	(473)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	0	0	0	0	0	0	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	0	0	0	0	0	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(118)	(118)	(118)	(118)	(473)	(307)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(118)	(118)	(118)	(118)	(473)	(307)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	0	0	0	0	0	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	0	0	0	55	55	55	55
Redemption of Common Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	0	0	0	0	0	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	0	0	0	0	0	0	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(33)	(34)	(34)	(34)	(135)	(141)	(146)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(57)	(60)	(60)	(60)	(238)	(249)	(262)
APU equity & Other	3	1	4	4	278	9	0	0	0	0	0	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	(90)	(94)	(94)	(39)	(318)	(335)	(353)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	(90)	(94)	(94)	(39)	(318)	(335)	(353)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	0	0	0	0	0	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	151	297	(163)	(148)	137	310	286
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	540	837	674	389	526	836
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$540**	**$837**	**$674**	**$526**	**$526**	**$836**	**$1,122**

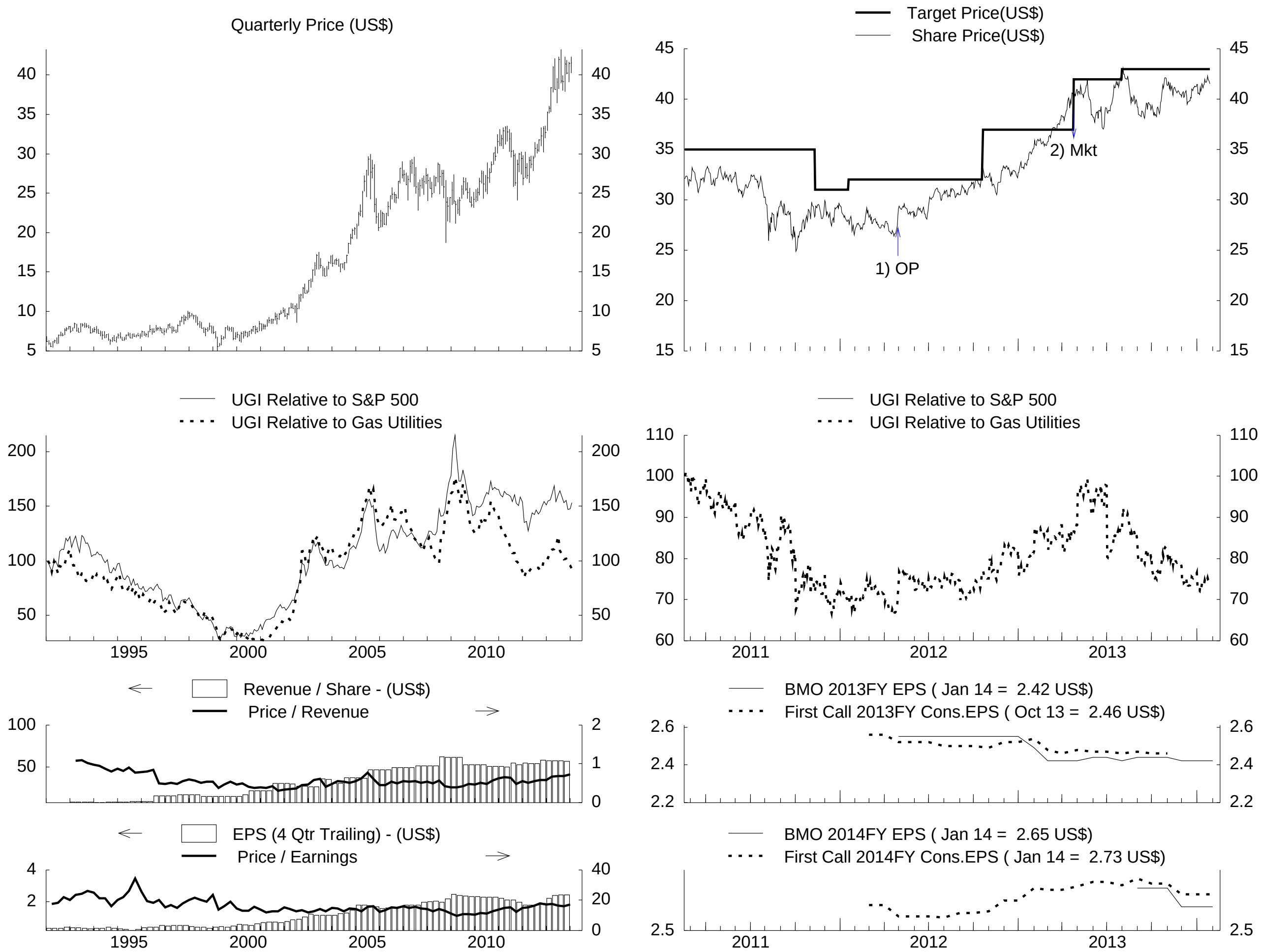
Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$540	$837	$674	$526	$526	$836	$1,122
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	746	746	746	746	746	746	746
Accrued utility revenues	21	21	14	15	17	19	19	19	19	19	19	19	19
Inventories	401	363	314	363	357	366	366	366	366	366	366	366	366
Deferred income taxes	28	35	33	45	57	11	11	11	11	11	11	11	11
ST asset price risk management	16	20	11	10	13	24	24	24	24	24	24	24	24
Prepaid expenses	57	34	59	43	67	57	57	57	57	57	57	57	57
Other	13	20	26	28	39	8	8	8	8	8	8	8	8
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	1,770	2,067	1,904	1,756	1,756	2,066	2,352
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,159	7,277	7,395	7,513	7,513	7,820	8,127
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,655)	(2,746)	(2,837)	(2,929)	(2,929)	(3,293)	(3,657)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,504	4,531	4,558	4,585	4,585	4,528	4,470
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874
Intangible assets	155	166	150	148	658	608	608	608	608	608	608	608	608
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	420	390	408	422	422	417	413
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,176	10,470	10,352	10,244	10,244	10,493	10,717
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	295	295	295	295	295	295	295
Accounts payable	462	335	373	400	411	472	472	472	472	472	472	472	472
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	97	97	97	97	97	97	97
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	205	205	205	205	205	205	205
Other	224	505	277	257	327	355	355	355	355	355	355	355	355
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,425	1,425	1,425	1,425	1,425	1,425	1,425
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,542	3,542	3,542	3,597	3,597	3,652	3,707
Deferred income taxes	491	505	601	709	935	962	1,004	1,053	1,057	1,055	1,055	1,142	1,223
Other	446	585	604	575	621	532	532	532	532	532	532	532	532
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,503	6,552	6,556	6,608	6,608	6,751	6,886
Minority Interest	159	225	237	213	1,086	1,055	1,091	1,197	1,093	976	976	892	790
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,582	2,721	2,703	2,659	2,659	2,850	3,041
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,176	10,470	10,352	10,244	10,244	10,493	10,717

Source: BMO Capital Markets estimates, company data.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	2.25	12.9	10.3	1.00	4.3	3.4	44	15.8	1.8	1.5	15
2011	2.12	15.8	12.2	1.04	4.0	3.1	49	17.7	1.9	1.5	13
2012	1.79	17.8	13.4	1.08	4.5	3.4	60	19.3	1.7	1.2	10
2013	2.42	17.9	12.5	1.13	3.7	2.6	47	19.5	2.2	1.5	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.2	
Current*	2.43	17.1		1.13	2.7		47	21.6	1.9		11

Growth(%):	EPS	DPS	BV
5 Year:	2.1	8.0	10.6
10 Year:	7.8	7.1	12.5
20 Year:	11.0	4.8	8.3

* Current EPS is the 4 Quarter Trailing to Q4/2013.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 16-Feb-11 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$28.54
2	23-Apr-13	OP to Mkt	$40.26

Last Price (January 27, 2014): $41.52
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Methodology and Risks to Price Target/Valuation
Methodology: Our target price for UGI is based on a sum-of-the parts valuation. We value UGI's interest in AmeriGas Propane by using the current market valuation for the common units owned by UGI, while we value UGI's general partner interest in AmeriGas using the distribution rate of the underlying partnership. Each one of UGI's remaining business segments we value using a target EV/EBITDA multiple approach. Our target multiple for each segment is derived from analyzing peer multiples, and adjusting for any expectation of future changes in investor sentiment, which would lead to multiple expansion/contraction. We next add together the segment valuations to reach an operating enterprise value, which is then adjusted for net debt, off-balance sheet items, operating leases, pension costs, and any other non-operating obligations. After adjustments, we then have our net equity value, which is divided by fully diluted shares outstanding to arrive at our target price.
Risks: Risks to our 12-month price target for UGI include: 1) Weather; 2) Conservation; 3) Interest rates; 4) Regulatory risk - rulings counter to assumptions and guidance could negatively impact our valuations going forward; (5) Overseas competition - increased customer competition in international propane compression; (6) Exchange rate - U.S. dollar/euro exchange rate; (7) M&A risk.

Distribution of Ratings (December 31, 2013)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	38.0%	20.4%	49.0%	38.8%	50.4%	52.5%
Hold	Market Perform	56.1%	13.8%	49.0%	54.0%	46.5%	41.8%
Sell	Underperform	5.8%	5.6%	2.0%	7.2%	3.1%	5.7%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis on a total return basis
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UGI

(UGI-NYSE)

Stock Rating: **Market Perform**
Industry Rating: **Market Perform**

May 9, 2014

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp.
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707
danilo.juvane@bmo.com / leah.jordan@bmo.com

Cold Weather and Regional Volatility Drive Beat

Event

UGI reported clean FY2Q14 EPS of $1.90, well ahead of our Street-aligned $1.55. The strong results reflect the positive impact of winter weather, not only in its gas utility, but more so in Midstream & Marketing, which realized sharply higher earnings from gas marketing given its ability to capture the resurgence in price volatility (basis) and the regionally higher demand that resulted (such as increased peaking services). Moreover, such performance came at a period of record warmth in Europe, dragging down its international propane division. As a result of the strong performance, UGI increased FY2014 EPS guidance $0.35 to $2.95-$3.05 from $2.60-$2.70 prior, in line with the quarterly beat (implying no significant change for us for the balance of FY2014). The key question now is how sustainable/repeatable the margins in gas marketing might be; management emphasized its view that while continuing to be volatile, the overall rise in regional demand has created a sustained infrastructure gap in the Northeast, which in turn has lifted the earnings capacity for marketing/ optimization. While we believe this argument holds water at least for the near term (next winter), we are more cautious longer term as new infrastructure helps debottleneck and relieve supply-side constraints starting year-end 2015. At the very least, this last winter should give producers and consumers alike a reason to reassess their need for new support pipelines, and reliable access to gas, both of which could help drive incremental investment opportunity at UGI (e.g., this week's $80 million expansion of Auburn III/UD).

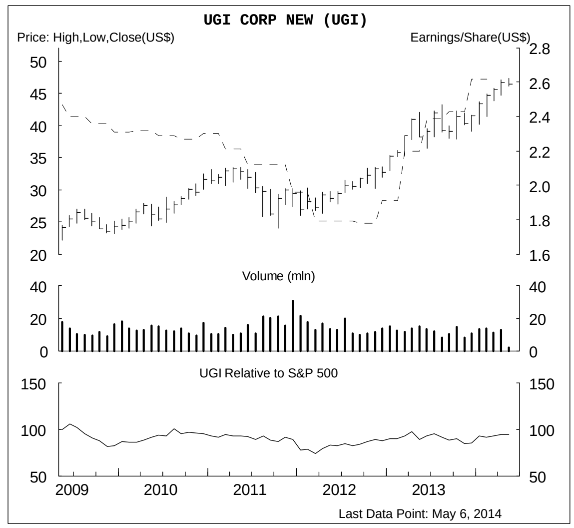
Impact & Analysis

We are raising our FY2014 EPS to $3.02 on the quarter's beat. We are also increasing our FY2015 EPS to $3.08, assuming greater margin potential from Midstream next winter. However, with incremental industry capacity starting to come online in FY2016, we are cautious of Midstream rebasing thereafter.

Valuation & Recommendation

Our SOTP price target increases to $45 on the improved outlook. Reiterate Market Perform rating.

Price (8-May)	$46.78	**52-Week High**	$47.35
Target Price	$45.00↑	**52-Week Low**	$36.43



(FY-Sep.)	2012A	2013A	2014E	2015E
EPS	$1.79	$2.44	$3.02↑	$3.08↑
P/E			15.5x	15.2x
CFPS	$4.67	$7.35	$7.94↑	$8.42↑
P/CFPS			5.9x	5.6x
Rev. ($mm)	$6,519	$7,193	$8,109	$8,126
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,185	$1,338	$1,334
EV/EBITDA	7.3x	5.9x	5.2x	5.2x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.77	$1.20	-$0.06	-$0.13
2013A	$0.90	$1.49	$0.13	-$0.09
2014E	$1.06a	$1.90a	$0.14	-$0.08

Dividend	$1.18	**Yield**	2.5%
Book Value	$21.58	**Price/Book**	2.2x
Shares O/S (mm)	114.1	**Mkt. Cap (mm)**	$5,338
Float O/S (mm)	113.2	**Float Cap (mm)**	$5,294
Wkly Vol (000s)	2,774	**Wkly $ Vol (mm)**	$114.7
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.72; 2015E: $2.86

Changes	Annual EPS	Annual CFPS	Target
	2014E $2.67 to $3.02 2015E $2.87 to $3.08	2014E $7.51 to $7.94 2015E $8.15 to $8.42	$43.00 to $45.00

Please refer to pages 7 to 10 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

APU

APU reported FY2Q14 seasonal EBIT of $111 million (net of minority interest), spot on with our expectations and higher than $101 million in FY2Q13. Retail volumes of 475 million were also effectively in line with our estimates as was unit margin of $1.19/gal versus our $1.15/gal.

APU raised the low end of FY2014 EBITDA guidance to $660-$675 million from of $645-$675 million prior after solid results in FY1H14. These results were achieved despite challenging conditions including severe propane supply shortages, high wholesale propane prices, and increased labor costs.

Given the seasonal nature of APU, where the bulk of margins are realized during the heating season, we are leaving the balance of our FY2014 APU estimates unchanged noting that our annual FY2014 EBITDA is tracking to about $625 million—below above mentioned guidance. While our FY2H14 EBITDA is tracking below last year, management noted the performance it had last spring (FY3Q) will not occur this year, which already includes the month of April, which was 12% warmer than normal.

International Propane

International Propane reported FY2Q14 EBIT of $64 million, lower than both our $69 million and $82 million last year. Reported volumes of 163 million gallons were lower than our 178 million assumption, primarily due to the significantly warmer weather at both Antargaz and Flaga, which were below normal by 17% and 18%, respectively. However, unit margins of EUR0.90 were in line with expectations, while DD&A of $15 million was lower than our $20 million assumption.

Utility

The Utility reported EBIT of $135 million, beating our $115 million estimate and $106 million last year. The beat to us came from higher unit margins of $2.56/mcf versus our $2.51/mcf assumption, helped to a lesser extent by lower O&M. Results during the quarter benefitted from weather that was 19% colder than normal and an accompanying 19.8% y/y increase in core customer throughput to 41.8 Bcf.

Midstream and Marketing

Midstream and Marketing reported FY2Q14 EBIT of $121 million, well ahead of both our $47 million assumption and $44 million last. The strong results during the quarter were primarily weather driven and UGI experienced a windfall due to the confluence of increased demand for natural gas, significant basis differentials, and higher usage of winter peaking services.

Other companies mentioned (priced as of the close on May 8, 2014):

AmeriGas (APU, $44.31, Not Rated)

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E
Operating Revenue												
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,494	$503	$500	$3,543	$3,585
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	689	430	398	2,236	2,325
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	507	146	124	1,074	985
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	567	221	214	1,257	1,231
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	3,257	1,300	1,236	8,109	8,126
Operating Expenses:												
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	1,430	2,100	791	778	5,099	5,132
O&M	1,157	1,220	1,177	1,266	1,592	1,692	432	489	390	391	1,701	1,702
Utility taxes other than income	18	17	19	17	17	17	4	4	4	4	16	16
DD&A	184	201	210	228	316	363	94	85	88	89	356	354
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(7)	(10)	(10)	(10)	(36)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	1,952	2,668	1,263	1,252	7,136	7,164
Operating Income	585	685	659	616	521	829	364	589	37	(16)	973	963
Other Income:												
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	0	4	4	9	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	0	4	4	9	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$364**	**$589**	**$41**	**($11)**	**$982**	**$980**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$458**	**$674**	**$129**	**$77**	**$1,338**	**$1,334**
EBIT Composition:												
AmeriGas Propane	233	298	234	202	156	388	180	285	(9)	(25)	430	447
International Propane	103	149	115	68	112	147	57	64	15	(6)	130	164
Gas utility	138	154	175	200	172	198	82	135	21	6	244	209
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11
Energy Services	74	65	120	83	62	90	36	121	14	16	188	159
Other	11	2	(1)	13	(7)	(3)	6	(20)	(2)	(4)	(20)	(8)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$364**	**$589**	**$41**	**($11)**	**$982**	**$980**
Interest expense	143	141	134	138	222	240	59	60	60	61	239	243
Income before taxes and minority interest	440	541	523	439	286	588	304	529	(18)	(72)	743	737
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(173)	44	57	(168)	(171)
Income before taxes	350	418	429	364	299	440	209	356	26	(15)	575	566
Income taxes												
Current	135	132	105	48	17	129	45	73	5	(3)	121	112
Deferred	(1)	27	63	83	83	34	42	68	5	(3)	111	97
Total income taxes	135	159	168	131	100	163	87	141	9	(6)	232	209
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	40%	37%	37%	40%	37%
Net Income	216	258	261	233	199	277	122	214	16	(9)	343	357
Preferred	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	122	214	16	(9)	343	357
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	214	16	(9)	343	357
Pre-tax adjustments to Core (before disc ops)												
Asset impairment	0	0	0	0	0	0	0				0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0				0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2	11			13	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2	11			13	0
After-tax adjustments	0	(0)	(13)	5	3	3	1	7			8	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	222	16	(9)	351	357
Shares Oustanding (MM)												
Diluted	109	109	110	112	113	115	116	117	116	116	116	116
Basic	107	109	109	112	113	114	115	115	115	115	115	115
Period ending basic shares out	108	109	110	113	112	114	115	115	115	115	115	115
Earnings Per Share												
GAAP EPS	$1.99	$2.36	$2.37	$2.07	$1.85	$2.42	$1.05	$1.84	$0.14	($0.08)	$2.95	$3.08
Core EPS	**$1.99**	**$2.36**	**$2.25**	**$2.12**	**$1.88**	**$2.44**	**$1.06**	**$1.90**	**$0.14**	**($0.08)**	**$3.02**	**$3.08**
EPS growth (%)	11.8%	18.9%	-4.6%	-5.9%	-11.4%	30.3%	17.8%	27.2%	10.5%	35.1%	23.7%	2.0%
Dividends Paid												
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.30	$0.30	$1.17	$1.22
Payout Ratio (%)	38%	33%	42%	49%	57%	46%					39%	39%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					4.5%	4.3%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E
Operating Activities												
GAAP Net Income	216	259	356	308	187	428	218	214	16	(9)	439	357
DD&A	184	201	210	228	316	363	94	85	88	89	356	354
Provision for uncollectible accounts	37	34	27	20	27	0	9	0	0	0	9	0
Minority interest	90	124	0	0	0	0	0	173	(44)	(57)	72	171
Deferred income taxes, net	(1)	27	63	83	83	49	(20)	68	5	(3)	50	97
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	(4)	28	(16)	(11)	(4)	(4)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$296**	**$569**	**$49**	**$8**	**$922**	**$975**
OCF per share	**$4.84**	**$5.59**	**$6.02**	**$6.20**	**$5.51**	**$7.35**	**$2.54**	**$4.87**	**$0.43**	**$0.07**	**$7.94**	**$8.42**
Working Capital												
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	(508)	0	0	0	(508)	0
Inventories	(42)	67	34	(41)	89	5	(45)	0	0	0	(45)	0
Deferred fuel costs	22	10	(19)	13	(2)	9	2	0	0	0	2	0
Accounts payable	(6)	(146)	47	19	(79)	39	246	0	0	0	246	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	82	0	0	0	82	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(223)	0	0	0	(223)	0
Discontinued Ops												
Cash Flow from Operations	464	665	599	555	708	802	73	569	49	8	699	975
Investing Activities												
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(133)	(86)	(118)	(118)	(455)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(21)	0	0	0	(21)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	5	0	0	0	5	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(86)	(118)	(118)	(471)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(86)	(118)	(118)	(471)	(307)
Financing Activities												
Sale of Common Equity	21	11	28	27	23	36	2	0	0	0	2	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	90	0	0	85	175	50
Redemption of Common Stock	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(4)	0	0	0	(4)	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	194	0	0	0	194	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(34)	(34)	(34)	(135)	(141)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(58)	(60)	(60)	(60)	(238)	(249)
APU equity & Other	3	1	4	4	278	9	0	0	0	0	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	191	(94)	(94)	(9)	(7)	(340)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	191	(94)	(94)	(9)	(7)	(340)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	4	0	0	0	4	0
Change in Cash	(7)	35	(19)	(22)	81	69	119	389	(163)	(119)	225	327
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	508	897	734	389	615
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$508**	**$897**	**$734**	**$615**	**$615**	**$942**

Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E
Assets												
Cash and equivalents	$245	$287	$296	$256	$323	$398	$423	$897	$734	$615	$615	$942
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	1,204	1,204	1,204	1,204	1,204	1,204
Accrued utility revenues	21	21	14	15	17	19	66	66	66	66	66	66
Inventories	401	363	314	363	357	366	412	412	412	412	412	412
Deferred income taxes	28	35	33	45	57	11	23	23	23	23	23	23
ST asset price risk management	16	20	11	10	13	24	52	52	52	52	52	52
Prepaid expenses	57	34	59	43	67	57	47	47	47	47	47	47
Other	13	20	26	28	39	8	0	0	0	0	0	0
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	2,228	2,702	2,539	2,420	2,420	2,747
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,148	7,234	7,352	7,470	7,470	7,777
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,631)	(2,716)	(2,804)	(2,893)	(2,893)	(3,247)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,517	4,517	4,547	4,577	4,577	4,530
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,885	2,885	2,885	2,885	2,885	2,885
Intangible assets	155	166	150	148	658	608	599	599	599	599	599	599
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	436	317	335	349	349	354
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,664	11,020	10,904	10,828	10,828	11,114
Liabilities and Equity												
Current maturities of long-term debt	218	258	774	186	332	295	489	489	489	489	489	489
Accounts payable	462	335	373	400	411	472	691	691	691	691	691	691
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	0	0	0	0	0	0
Other	224	505	277	257	327	355	699	699	699	699	699	699
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,880	1,880	1,880	1,880	1,880	1,880
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,549	3,549	3,549	3,634	3,634	3,684
Deferred income taxes	491	505	601	709	935	962	980	1,048	1,053	1,050	1,050	1,147
Other	446	585	604	575	621	532	536	536	536	536	536	536
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,945	7,013	7,017	7,100	7,100	7,247
Minority Interest	159	225	237	213	1,086	1,055	1,109	1,218	1,116	1,001	1,001	924
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,610	2,790	2,772	2,728	2,728	2,944
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,664	11,020	10,904	10,828	10,828	11,114

Source: BMO Capital Markets estimates, company data.

Exhibit 4: UGI Valuation

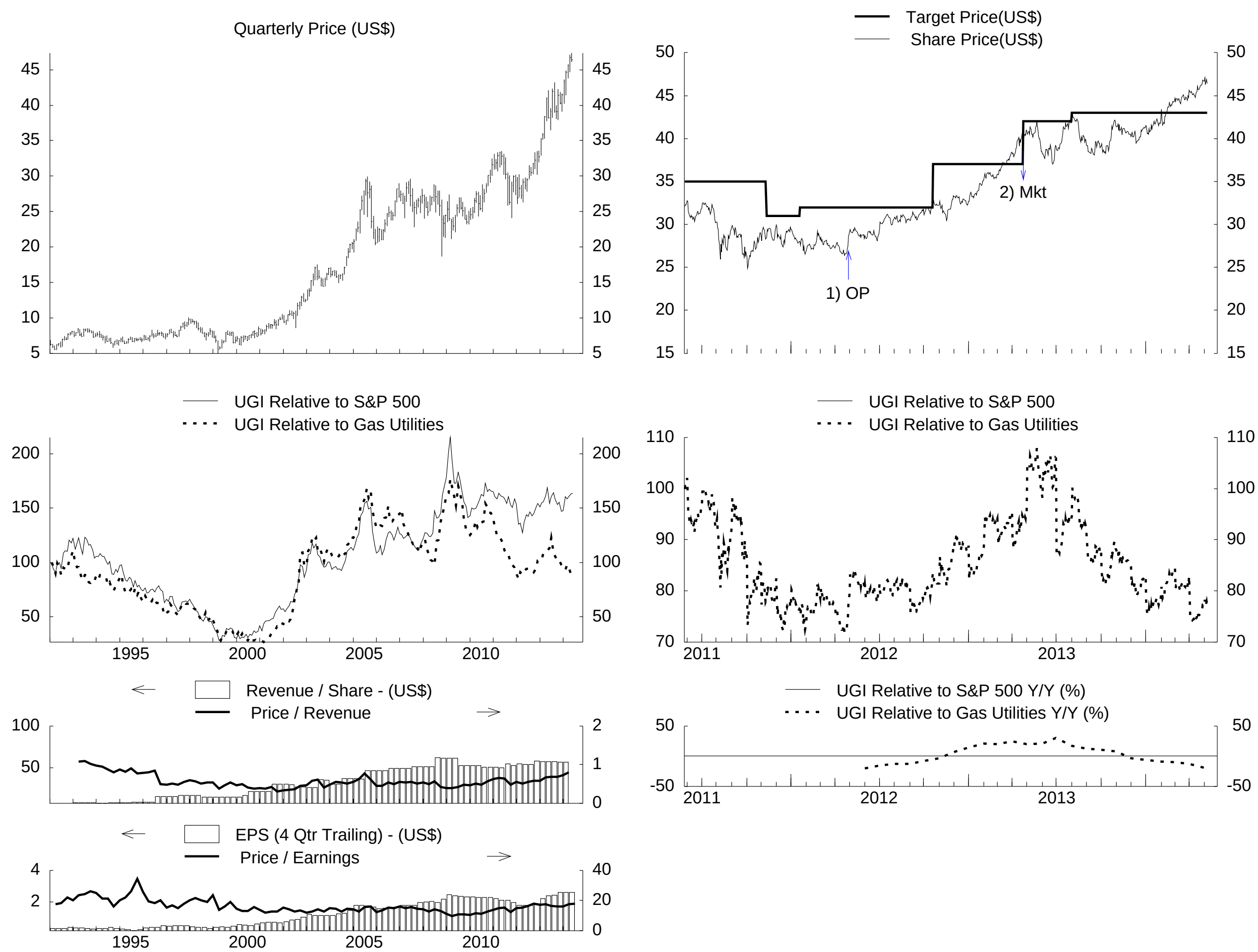
GI Corp
um-of-the-Parts Valuation

Business Segment	Metric	Amount	Multiple	Value		Notes
Amerigas Partners						
General Partner Interest	'15GP Distribution	$36.3	18.0x	$654		GP multiple held below other GPs reflecting higher yields of propane MLPs
APU Units (million)	market value	24.7	$44.00	$1,086		Held at current market value
Hypothetical 35% Capital Gain on APU LP units				($226)		Conservatively tax effecting LP units assuming basis of $10/unit
Total APU Equity Value, LP TAX AFFECTED				**$1,514**	23%	
Gas Distribution	2015E EBITDA	$259	9.0x	**$2,329**	36%	
Electric Utility	2015E EBITDA	$15	8.0x	**$118**	2%	
International Propane	2015E EBITDA	$244	6.5x	**$1,584**	24%	Antargaz buy-in was done at ~5.5x; UGI looking at M&A of 4.8-5.8x EBITDA after synergies (headline purchase could be higher)
Energy Services	2015E EBITDA	$180	5.0x	**$902**	14%	Upside arguable using blended multiple for marketing (5x), peaking services (6x) and genera
Corporate & Other	2015E EBITDA	$4	5.0x	**$22**	0%	Adjusted for UGI operating lease expense addback
Enterprise Value of Operations				**$6,469**	100%	
Net Debt (year-end 2014E)				(3,508)		
Add back APU consolidated net debt				2,582		Deconsolidates APU
Operating Lease				(254)		Excludes operating leases of APU
Minority Interest				(61)		Minority interest at UGI excluding minority interest related to APU
Net Equity Value				$5,227		
Diluted Shares Outstanding				116		
$/Share Target				$45.15		
$/Share 12-month Objective (Rounded)				**$45.00**		

Valuation Summary:	
Current Price	$47.00
Current Dividend	$1.18
Appreciation Potential	-4.3%
Expected Yield	2.5%
Total Return Potential	-1.7%

Source: BMO Capital Markets estimates, company data.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	2.25	12.9	10.3	1.00	4.3	3.4	44	15.8	1.8	1.5	15
2011	2.12	15.8	12.2	1.04	4.0	3.1	49	19.3	1.7	1.3	12
2012	1.79	17.8	13.4	1.08	4.5	3.4	60	21.8	1.5	1.1	9
2013	2.44	17.7	12.4	1.13	3.7	2.6	46	19.5	2.2	1.5	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.1	
Current*	2.62	17.8		1.18	2.5		45	21.6	2.2		12
Growth(%):											
5 Year:	1.2			8.1				10.6			
10 Year:	8.6			6.6				12.5			
20 Year:	10.7			4.8				8.3			

UGI - Rating as of 26-May-11 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$28.54
2	23-Apr-13	OP to Mkt	$40.26

* Current EPS is the 4 Quarter Trailing to Q1/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

Last Price (May 6, 2014): $46.43
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

IMPORTANT DISCLOSURES

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Methodology and Risks to Price Target/Valuation
Methodology: Our target price for UGI is based on a sum-of-the parts valuation. We value UGI's interest in AmeriGas Propane by using the current market valuation for the common units owned by UGI, while we value UGI's general partner interest in AmeriGas using the distribution rate of the underlying partnership. Each one of UGI's remaining business segments we value using a target EV/EBITDA multiple approach. Our target multiple for each segment is derived from analyzing peer multiples, and adjusting for any expectation of future changes in investor sentiment, which would lead to multiple expansion/contraction. We next add together the segment valuations to reach an operating enterprise value, which is then adjusted for net debt, off-balance sheet items, operating leases, pension costs, and any other non-operating obligations. After adjustments, we then have our net equity value, which is divided by fully diluted shares outstanding to arrive at our target price.
Risks: Risks to our 12-month price target for UGI include: 1) Weather; 2) Conservation; 3) Interest rates; 4) Regulatory risk - rulings counter to assumptions and guidance could negatively impact our valuations going forward; (5) Overseas competition - increased customer competition in international propane compression; (6) Exchange rate - U.S. dollar/euro exchange rate; (7) M&A risk.

Distribution of Ratings (March 31, 2014)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	42.0%	21.5%	60.7%	40.8%	53.6%	53.6%
Hold	Market Perform	52.8%	10.8%	38.2%	52.8%	43.8%	40.8%
Sell	Underperform	5.2%	3.2%	1.1%	6.3%	2.7%	5.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis on a total return basis
(S) = speculative investment;
NR = No rating at this time;
R = Restricted – Dissemination of research is currently restricted.

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UGI

(UGI-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

July 3, 2014

Carl Kirst, CFA 713-546-9756
BMO Capital Markets Corp.
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707
danilo.juvane@bmo.com / leah.jordan@bmo.com

Bolsters European Propane Presence

Event

UGI announced today the acquisition of Total's French LPG business for approximately €425 million, or ~US$580 million. The transaction adds 265 mm gallons/year to Antagaz's (UGI's affiliate) 250 mm/year, in effect doubling UGI's market share to ~45%, a major consolidation in the French market.

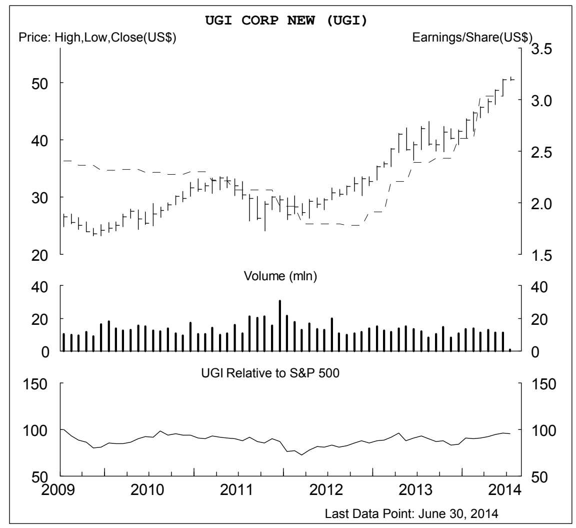
Impact & Analysis

Positive, with immediate earnings accretion and longer-term growth, albeit in a lower-multiple business. The new volumes will serve primarily large bulk customers, a complementary segment that should limit regulatory approval risk (over competitive concentration), but one that commands lower unit margins relative to Antargaz's current business. Transaction highlights: 1) We estimate the purchase generates €70 million of EBITDA, which translates into a 6.2x multiple, in line with historical European LPG acquisitions and the 6.5x multiple we utilize in our SOTP valuation (and well below the most recent U.S. Heritage acquisition multiple of 10.5x); 2) we expect the transaction's close in the next 6-12 months, although conceivably the market concentration risk could lead to some asset divestiture potential; 3) we see plenty of opportunities for operational/logistical synergies—for example, 20% of O&M could yield an incremental $30 mm, raising EBITDA nearly 50%—although given stronger labor protection we expect synergies to be realized gradually; 4) we estimate $0.25 base EPS accretion (ex-synergies and integration costs) the first full fiscal year, but this could raise to as high as $0.50 long term as cost synergies are fully realized; and 5) despite meaningful accretion, we estimate the immediate value uplift of $1/share, with $2/sh longer term based on our SOTP model. Our FY2014 EPS remains unchanged while our FY2015 and FY2016 estimates increase to $3.18 and $3.25 (3% and 8% accretion), respectively.

Valuation & Recommendation

We reiterate our Market Perform rating. While we're increasing our SOTP price target by $1/share to $50/share (we expect investor perception to be more restrained near term given lack of financial details and uncertainty of European economy), we do expect longer-term value accretion of $2/sh plus.

Price (2-Jul)	$50.38	**52-Week High**	$50.96
Target Price	$50.00↑	**52-Week Low**	$37.88



(FY-Sep.)	2012A	2013A	2014E	2015E
EPS	$1.79	$2.44	$3.02	$3.18↑
P/E			16.7x	15.8x
CFPS	$4.67	$7.35	$7.64↓	$8.42
P/CFPS			6.6x	6.0x
Rev. ($mm)	$6,519	$7,193	$8,124	$8,587
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,185	$1,339	$1,378
EV/EBITDA	7.3x	5.9x	5.2x	5.0x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.77	$1.20	-$0.06	-$0.13
2013A	$0.90	$1.49	$0.13	-$0.09
2014E	$1.06a	$1.90a	$0.14	-$0.08

Dividend	$1.18	**Yield**	2.3%
Book Value	$21.58	**Price/Book**	2.3x
Shares O/S (mm)	114.1	**Mkt. Cap (mm)**	$5,748
Float O/S (mm)	113.2	**Float Cap (mm)**	$5,701
Wkly Vol (000s)	2,644	**Wkly $ Vol (mm)**	$113.1
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.95; 2015E: $2.92

Changes	Annual EPS	Annual CFPS	Target
	2015E $3.08 to $3.18	2014E $7.94 to $7.64	$49.00 to $50.00

Please refer to pages 7 to 11 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

Today UGI announced the acquisition of Total's retail LPG business in France for approximately €425 million (US$580 million). The transaction entails the purchase of 265 million retail gallons per year incremental to Antargaz's 250 million annual gallons, effectively bolstering market share in France to ~45%. While the acquisition initially appears as a consolidation of equals, we underscore that Total's volumes predominantly serve the large bulk segment, which commands lower unit margins vis-à-vis Antargaz's cylinder and small bulk business. To this end, we estimate the acquired volumes correspond to annualized EBITDA of ~€70 million (US$95 million, implying a 6.2x EBITDA multiple) versus legacy Antargaz annual earnings base of ~€115 million (US$155 million); consequently, on a cash flow basis we think Total's business is roughly equal to only two-thirds of UGI's French operations. Key points:

1. **Transaction multiple appears in line with historicals.** While financial details have not been disclosed, at an estimated 6.2x EBITDA multiple, we see the transaction at first blush as being in line with prior European acquisitions (including UGI's initial purchase of Antargaz at a 5.5x multiple), and, importantly, markedly below UGI's last affiliate purchase of Heritage Propane in the U.S. executed at 10.5x (both excluding synergies);

2. **Regulatory barriers may be minimal.** While we previously viewed the competitive landscape in France (comprising mostly large players, with few independent marketers) as a major impediment to a transaction of this magnitude, UGI believes that the complementary nature of Total's business should not deter competition from the likes of Flogas, Calor, Vitogaz and others. However, we could also envision the scenario where France's Competition Approval Committee may require the divestment of certain businesses prior to issuing regulatory approval. This is effectively the gating factor to close, which we see taking anywhere from 6-12 months.

3. **Synergies abound, but will likely take years to be fully realized.** Details around both logistical and labor costs remain unknown, though we'd note UGI underscored it does not need synergies to realize immediate annual earnings accretion—a statement that our own analysis supports. Further, UGI believes there are significant synergies to be had on the operations and logistics front but also cautioned that the realization of such benefits could be gradual (e.g., no immediate headcount reductions) owing to structural labor differences in the French marketplace.

4. **EPS accretion is likely meaningful.** We estimate the transaction will result in annualized EPS accretion of about $0.25 (Exhibit 1 below), with the potential for an incremental $0.25 (i.e., $0.50 of total EPS accretion) longer-term uplift assuming 20% of O&M synergies are realized. A large part of the initial accretion comes from the funding assumption that cash on hand will be used along with 50% debt funding. Assuming close by FY3Q15 and zero net costs/synergies (the biggest wildcard), our FY2015 and FY2016 EPS increases to $3.18 (+3%) and $3.25 (+8%), respectively.

5. **Valuation uplift isn't commensurate with EPS gains.** Despite meaningful earnings accretion, the impact to our sum-of-the-parts valuation (Exhibit 2) is relatively minimal as investors are generally wary of the International Propane business due to European economic uncertainty and general risks inherent in the propane business. As such, the transaction's 6.2x EBITDA multiple falls within the zip code of our 6.5x valuation, resulting in a $1/share of incremental valuation uplift, with $2/sh or greater as full synergies are realized.

Exhibit 1: Transaction Math

		Notes
Total acquisition (millions except per share data)		
Cost	€ 425.00	
Debt	50.0%	
Equity	50.0%	
Interest rate	5.0%	
Volumes (mm)	265	
Unit gross margin (Antargaz)	€ 1.15	
Total's unit gross margin (Euro)	€ 0.87	Assuming 70% of Antargaz's retail margins
Total gross margin	€ 229	
O&M	€ 163	Assuming 70% of gross margin based on International Propane run rate
DD&A	€ 21	
EBIT	€ 45	
EBITDA	€ 67	Implied EBITDA multiple of 6.2x
Interest	€ 11	
EBT	€ 35	
Taxes	€ 13	Assuming 37.5% tax rate
Net Income	€ 22	
Exchange rate	1.36	
USD net income (ex synergies)	$ 29.44	Base case
USD net income	$ 58.67	Assumes 20% O&M synergies are realized
Shares O/S	116	
EPS accretion (ex synergies)	**$ 0.25**	Base case
EPS accretion	**$ 0.51**	Assumes 20% O&M synergies are realized

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Valuation

GI Corp
um-of-the-Parts Valuation

Business Segment	Metric	Amount	Multiple	Value		Notes
Amerigas Partners						
General Partner Interest	'16GP Distribution	$48.5	18.0x	$874		GP multiple held below other GPs reflecting higher yields of propane MLPs
APU Units (million)	market value	24.7	$45.00	$1,111		Held at current market value
Hypothetical 35% Capital Gain on APU LP units				($231)		Conservatively tax effecting LP units assuming basis of $10/unit
Total APU Equity Value, LP TAX AFFECTED				**$1,753**	24%	
Gas Distribution	2016E EBITDA	$262	9.0x	**$2,358**	33%	
Electric Utility	2016E EBITDA	$15	8.0x	**$118**	2%	
International Propane	2016E EBITDA	$329	6.5x	**$2,141**	30%	Antargaz buy-in was done at ~5.5x; UGI looking at M&A of 4.8-5.8x EBITDA after synergies (headline purchase could be higher)
Energy Services	2016E EBITDA	$156	5.0x	**$778**	11%	Upside arguable using blended multiple for marketing (5x), peaking services (6x) and generation (7x)
Corporate & Other	2016E EBITDA	$5	5.0x	**$27**	0%	Adjusted for UGI operating lease expense addback
Enterprise Value of Operations				**$7,175**	100%	
Net Debt (year-end 2015E)				(3,896)		
Add back APU consolidated net debt				2,770		Deconsolidates APU
Operating Lease				(254)		Excludes operating leases of APU
Minority Interest				(63)		Minority interest at UGI excluding minority interest related to APU
Net Equity Value				$5,732		
Diluted Shares Outstanding				116		
$/Share Target				$49.51		
$/Share 12-month Objective (Rounded)				**$50.00**		
Valuation Summary:						
Current Price				$50.38		
Current Dividend				$1.18		
Appreciation Potential				-0.8%		
Expected Yield				2.3%		
Total Return Potential				1.6%		

Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,494	$503	$500	$3,543	$3,585	$3,621
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	689	445	398	2,251	2,785	3,311
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	507	146	124	1,074	985	995
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	474	221	214	1,163	1,137	1,114
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	3,163	1,315	1,236	8,031	8,493	9,041
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	1,430	2,001	801	778	5,010	5,350	5,748
O&M	1,157	1,220	1,177	1,266	1,592	1,692	432	492	394	391	1,708	1,807	1,929
Utility taxes other than income	18	17	19	17	17	17	4	5	4	4	17	16	16
DD&A	184	201	210	228	316	363	94	88	89	89	359	367	382
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(7)	(11)	(10)	(10)	(38)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	1,952	2,575	1,278	1,252	7,057	7,500	8,035
Operating Income	585	685	659	616	521	829	364	589	37	(16)	974	994	1,006
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	0	4	4	9	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	0	4	4	9	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$364**	**$589**	**$42**	**($11)**	**$983**	**$1,011**	**$1,023**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$458**	**$676**	**$131**	**$77**	**$1,342**	**$1,378**	**$1,405**
EBIT Composition:													
AmeriGas Propane	233	298	234	202	156	388	178	282	(9)	(25)	426	447	453
International Propane	103	149	115	68	112	147	57	64	16	(6)	130	194	222
Gas utility	138	154	175	200	172	198	82	135	21	6	244	209	212
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11	11
Energy Services	74	65	120	83	62	90	36	121	14	16	188	159	133
Other	11	2	(1)	13	(7)	(3)	7	(17)	(2)	(4)	(15)	(8)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$364**	**$589**	**$42**	**($11)**	**$983**	**$1,011**	**$1,023**
Interest expense	143	141	134	138	222	240	59	60	62	63	243	263	270
Income before taxes and minority interest	440	541	523	439	286	588	304	529	(20)	(74)	739	748	753
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(173)	46	59	(165)	(165)	(158)
Income before taxes	350	418	429	364	299	440	209	356	26	(16)	575	584	596
Income taxes													
Current	135	132	105	48	17	129	45	73	5	(3)	121	116	129
Deferred	(1)	27	63	83	83	34	42	68	5	(3)	111	100	90
Total income taxes	135	159	168	131	100	163	87	141	9	(6)	232	216	219
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	40%	37%	37%	40%	37%	37%
Net Income	216	258	261	233	199	277	122	214	16	(10)	343	368	376
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	122	214	16	(10)	343	368	376
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	214	16	(10)	343	368	376
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0				0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0				0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2	11			13	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2	11			13	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	1	7			8	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	222	16	(10)	351	368	376
Shares Oustanding (MM)													
Diluted	109	109	110	112	113	115	116	117	116	116	116	116	116
Basic	107	109	109	112	113	114	115	115	115	115	115	115	115
Period ending basic shares out	108	109	110	113	112	114	115	115	115	115	115	115	115
Earnings Per Share													
GAAP EPS	$1.99	$2.36	$2.37	$2.07	$1.85	$2.42	$1.05	$1.84	$0.14	($0.08)	$2.95	$3.18	$3.25
Core EPS	**$1.99**	**$2.36**	**$2.25**	**$2.12**	**$1.88**	**$2.44**	**$1.06**	**$1.90**	**$0.14**	**($0.08)**	**$3.02**	**$3.18**	**$3.25**
EPS growth (%)	11.8%	18.9%	-4.6%	-5.9%	-11.4%	30.3%	17.8%	27.2%	10.3%	40.2%	23.6%	5.3%	2.3%
Dividends Paid													
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.30	$0.30	$1.17	$1.22	$1.27
Payout Ratio (%)	38%	33%	42%	49%	57%	46%					39%	38%	39%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					4.5%	4.3%	4.1%

Source: BMO Capital Markets estimates, company data.

Exhibit 4: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	218	388	16	(10)	612	368	376
DD&A	184	201	210	228	316	363	94	88	89	89	359	367	382
Provision for uncollectible accounts	37	34	27	20	27	0	9	23	0	0	31	0	0
Minority interest	90	124	0	0	0	0	0	0	(46)	(59)	(104)	165	158
Deferred income taxes, net	(1)	27	63	83	83	49	(20)	33	5	(3)	15	100	90
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	(4)	6	(16)	(11)	(26)	(26)	(26)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$296**	**$536**	**$48**	**$6**	**$887**	**$974**	**$980**
OCF per share	**$4.84**	**$5.59**	**$6.02**	**$6.20**	**$5.51**	**$7.35**	**$2.54**	**$4.59**	**$0.42**	**$0.05**	**$7.64**	**$8.42**	**$8.47**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	(508)	(124)	0	0	(633)	0	0
Inventories	(42)	67	34	(41)	89	5	(45)	88	0	0	43	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	2	(12)	0	0	(10)	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	246	(52)	0	0	194	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	82	(26)	0	155	211	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(223)	(126)	0	155	(195)	0	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	73	410	48	161	693	974	980
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(133)	(91)	(118)	(118)	(461)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(21)	(1)	0	0	(21)	(578)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	5	3	0	0	8	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(118)	(118)	(474)	(885)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(118)	(118)	(474)	(885)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	2	9	0	0	10	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	90	85	150	90	415	339	100
Redemption of Common Stock	0	0	0	0	0	0	0	(5)	0	0	(5)	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(4)	(179)	0	0	(183)	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	194	(162)	0	0	32	0	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(32)	(34)	(34)	(133)	(141)	(147)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(58)	(58)	(60)	(60)	(236)	(249)	(262)
APU equity & Other	3	1	4	4	278	9	0	5	0	0	5	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	56	(4)	(94)	(51)	(308)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	56	(4)	(94)	(51)	(308)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	4	0	0	0	4	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	119	(15)	(14)	39	129	38	365
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	508	494	480	389	518	557
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$508**	**$494**	**$480**	**$518**	**$518**	**$557**	**$921**

Source: BMO Capital Markets estimates, company data.

Exhibit 5: UGI Balance Sheet

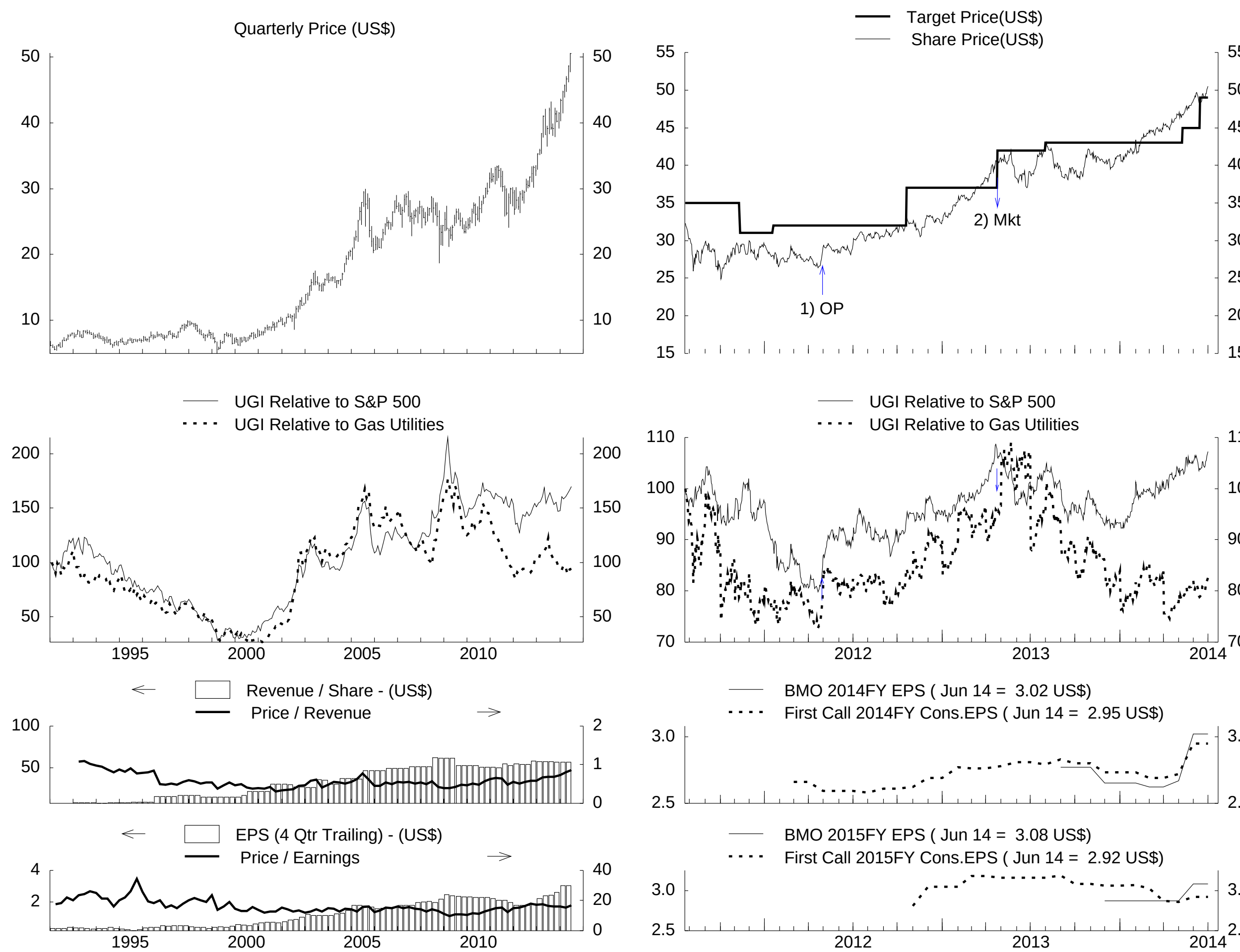
Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$423	$498	$480	$518	$518	$557	$921
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	1,204	1,323	1,323	1,323	1,323	1,323	1,323
Accrued utility revenues	21	21	14	15	17	19	66	50	50	50	50	50	50
Inventories	401	363	314	363	357	366	412	324	324	324	324	324	324
Deferred income taxes	28	35	33	45	57	11	23	11	11	11	11	11	11
ST asset price risk management	16	20	11	10	13	24	52	22	22	22	22	22	22
Prepaid expenses	57	34	59	43	67	57	47	49	49	49	49	49	49
Other	13	20	26	28	39	8	0	4	4	4	4	4	4
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	2,228	2,281	2,263	2,302	2,302	2,340	2,704
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,148	7,157	7,275	7,393	7,393	7,700	8,007
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,631)	(2,638)	(2,727)	(2,815)	(2,815)	(3,183)	(3,565)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,517	4,519	4,548	4,578	4,578	4,517	4,443
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,885	2,886	2,886	2,886	2,886	2,886	2,886
Intangible assets	155	166	150	148	658	608	599	608	608	608	608	608	608
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	436	426	448	307	307	912	940
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,754	10,681	10,681	11,264	11,581
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	489	325	325	325	325	325	325
Accounts payable	462	335	373	400	411	472	691	634	634	634	634	634	634
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	0	0	0	0	0	0	0
Other	224	505	277	257	327	355	699	696	696	696	696	696	696
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,880	1,655	1,655	1,655	1,655	1,655	1,655
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,549	3,549	3,699	3,789	3,789	4,128	4,228
Deferred income taxes	491	505	601	709	935	962	980	984	989	986	986	1,086	1,176
Other	446	585	604	575	621	532	536	530	530	530	530	530	530
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,945	6,718	6,873	6,960	6,960	7,399	7,589
Minority Interest	159	225	237	213	1,086	1,055	1,109	1,207	1,103	987	987	904	802
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,610	2,795	2,777	2,733	2,733	2,960	3,190
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,754	10,681	10,681	11,264	11,581

Source: BMO Capital Markets estimates, company data.

Other companies mentioned (priced as of the close on July 2, 2014):

Total SA (TOT, €53.00, Outperform, by Iain Reid*)
*At our U.K. Affiliate, BMO Capital Markets Limited. For disclosures, go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	2.25	12.9	10.3	1.00	4.3	3.4	44	15.8	1.8	1.5	15
2011	2.12	15.8	12.2	1.04	4.0	3.1	49	19.3	1.7	1.3	12
2012	1.79	17.8	13.4	1.08	4.5	3.4	60	21.8	1.5	1.1	9
2013	2.44	17.7	12.4	1.13	3.7	2.6	46	19.5	2.2	1.5	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.1	
Current*	3.03	16.7		1.18	2.3		39	21.6	2.3		14
Growth(%):											
5 Year:	4.8			8.1				10.6			
10 Year:	9.2			6.6				12.5			
20 Year:	12.1			4.8				8.3			

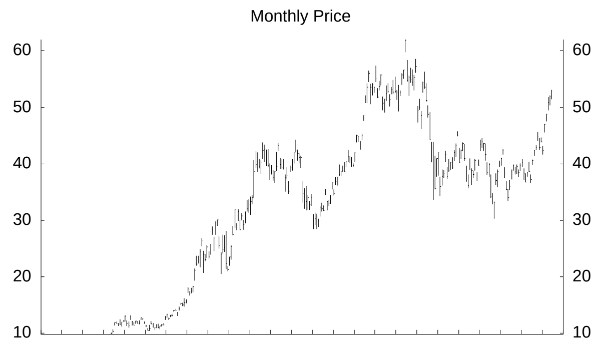
UGI - Rating as of 21-Jul-11 = Mkt

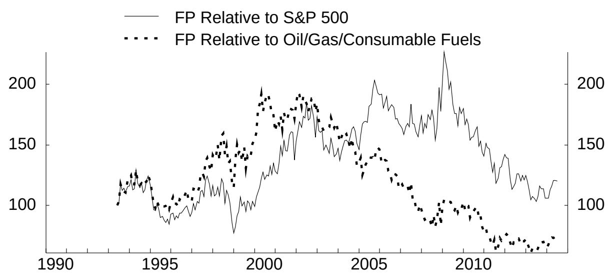
	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$28.54
2	23-Apr-13	OP to Mkt	$40.26

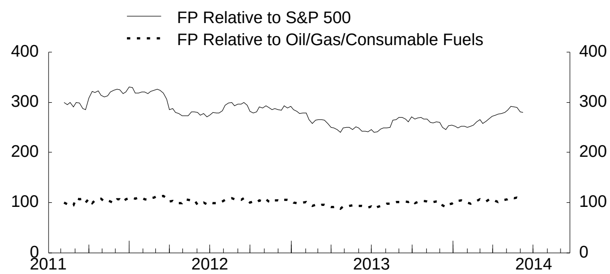
* Current EPS is the 4 Quarter Trailing to Q2/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

Last Price (June 30, 2014): $ND
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

Total SA (FP)







FP - Rating as of 8-Jul-11 = NR

	Date	Rating Change
1	2-Apr-14	NR to OP

Last Weekly Data Point: June 6, 2014
Sources: Bloomberg, Thomson Reuters, BMO Capital Markets.

IMPORTANT DISCLOSURES

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Company specific disclosures for UGI
Methodology and Risks to Price Target/Valuation
Methodology: Our target price for UGI is based on a sum-of-the parts valuation. We value UGI's interest in AmeriGas Propane by using the current market valuation for the common units owned by UGI, while we value UGI's general partner interest in AmeriGas using the distribution rate of the underlying partnership. Each one of UGI's remaining business segments we value using a target EV/EBITDA multiple approach. Our target multiple for each segment is derived from analyzing peer multiples, and adjusting for any expectation of future changes in investor sentiment, which would lead to multiple expansion/contraction. We next add together the segment valuations to reach an operating enterprise value, which is then adjusted for net debt, off-balance sheet items, operating leases, pension costs, and any other non-operating obligations. After adjustments, we then have our net equity value, which is divided by fully diluted shares outstanding to arrive at our target price.
Risks: Risks to our 12-month price target for UGI include: 1) Weather; 2) Conservation; 3) Interest rates; 4) Regulatory risk - rulings counter to assumptions and guidance could negatively impact our valuations going forward; (5) Overseas competition - increased customer competition in international propane compression; (6) Exchange rate - U.S. dollar/euro exchange rate; (7) M&A risk.

Company specific disclosures for Total SA
Methodology and Risks to Our Price Target
Methodology: Our standard approach for setting price targets for the major oil companies is to combine analysis of absolute valuation measures, such as NAV and DCF, with relative metrics, such as cash flow multiples, where we favor EV/DACF. P/E is also now much more applicable than it was in the past, as accounting standards have converged between Europe, the U.S. and elsewhere with the adoption of IFRS.
Risks: Volatile commodity prices as a result of geopolitical issues, plus supply and demand factors may negatively impact our forecast earnings, cash flows and economic returns. The recent history of the industry has been one of failure to meet schedule dates and budgets for major projects, which could negatively affect our forecasts. Higher commodity prices could also lead to higher capital and operating costs. Oil & gas reserves are the best estimate of the company at the effective date of the release, and are subject to subsequent, possibly material, negative revisions. As well as the above-mentioned risks, the potential of extraordinary upstream or downstream operational events, such as well blow-outs, pipeline ruptures, unexpected refinery shutdowns or other environmental issues, could have a material impact on the company's share price.

Distribution of Ratings (March 31, 2014)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	42.0%	21.5%	60.7%	40.8%	53.6%	53.6%
Hold	Market Perform	52.8%	10.8%	38.2%	52.8%	43.8%	40.8%
Sell	Underperform	5.2%	3.2%	1.1%	6.3%	2.7%	5.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
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OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis on a total return basis
(S) = speculative investment;
NR = No rating at this time;
R = Restricted – Dissemination of research is currently restricted.

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http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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UGI

(UGI-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

July 30, 2014

Carl Kirst, CFA 713-546-9756
BMO Capital Markets Corp.
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707
danilo.juvane@bmo.com / leah.jordan@bmo.com

Solid 3Q Despite Warmer Weather

Event

UGI reported clean FY3Q14 EPS of $0.15, a penny ahead of our $0.14 while slightly below the Street's $0.17. Collectively, segment operations were solid despite warm weather across its businesses. The deltas to us stem from a $0.04 miss in International Propane and a $0.02 miss in Gas Utility offset by a $0.03 beat in Electric and a $0.04 beat in Midstream and Marketing. UGI also reaffirmed FY2014 EPS guidance of $2.95-$3.05. As well, the company increased the quarterly dividend by about 10% to $1.30 annualized in an off-cycle move. While this was a welcome surprise, we don't see it changing management's long-term 35%-45% EPS payout ratio or 4% dividend GAGR target (doing instead one-off resets, as last occurred in 2010). Key takeaways: 1) UGI continues to make progress with regulatory approval of the recently announced purchase of Total's LPG business in France, with an expected close in 1H15. While financial details are slim, as we outlined in early July we see plenty of opportunities for operational/logistical synergies (and earnings accretion), albeit over a longer horizon owing to structural labor differences in that market; 2) stronger-than-expected gas marketing results give credibility to management's view that a structural return of volatility in the Northeast region could lead to better opportunities than in recent years past (this winter excluded); and 3) the same infrastructure gap that is creating such marketing opportunities is leading to growing momentum for UGI to help provide new regional infrastructure solutions (e.g., pipelines and storage). While a host of projects continue to be evaluated, the recent expansion of the Temple LNG facility will increase capacity by more than 50% for a modest $10mm of growth, providing the potential for outsized returns during periods of peak demand.

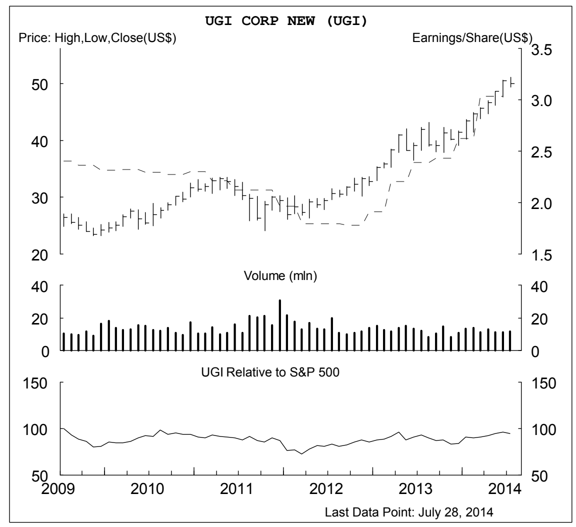
Impact & Analysis

Neutral to positive. Our FY2014 and FY2015 EPS estimates remain unchanged at $3.02 and $3.18, respectively.

Valuation & Recommendation

Our SOTP price target remains unchanged at $50. We reiterate our Market Perform rating.

Price (30-Jul)	$49.31	**52-Week High**	$51.14
Target Price	$50.00	**52-Week Low**	$37.88



(FY-Sep.)	2012A	2013A	2014E	2015E
EPS	$1.79	$2.44	$3.02	$3.18
P/E			16.3x	15.5x
CFPS	$4.67	$7.35	$7.76↑	$8.45↑
P/CFPS			6.4x	5.8x
Rev. ($mm)	$6,519	$7,193	$8,242	$8,738
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,185	$1,376	$1,388
EV/EBITDA	7.3x	5.9x	5.0x	5.0x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.77	$1.20	-$0.06	-$0.13
2013A	$0.90	$1.49	$0.13	-$0.09
2014E	$1.06a	$1.90a	$0.15a	-$0.08

Dividend	$1.18	**Yield**	2.4%
Book Value	$21.58	**Price/Book**	2.3x
Shares O/S (mm)	114.1	**Mkt. Cap (mm)**	$5,626
Float O/S (mm)	113.2	**Float Cap (mm)**	$5,580
Wkly Vol (000s)	2,670	**Wkly $ Vol (mm)**	$116.5
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.94; 2015E: $2.94

Changes	Annual CFPS	
	2014E $7.64 to $7.76	2015E $8.42 to $8.45

Please refer to pages 7 to 10 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

APU

APU reported FY3Q14 seasonal EBIT of $38 million (net of minority interest), ahead of our expected $37 million and $36 million last year. While retail volumes of 216 million came below our 227 million, realized unit margins of $1.19/gal surpassed our more conservative $0.98/gal assumption (more in line with its longer-term average) and partly offset the volume shortfall. As well, the weather in the shoulder months of April and May this year was significantly warmer than last year, representing an increase of 12% and 10%, respectively.

Further, APU reaffirmed FY2014 EBITDA guidance of $660-675 million despite warmer-than-expected weather. As well, given the slightly higher unit margins, we are raising our FY2014 EBITDA to $660 million representing the lower end of guidance.

International Propane

International Propane reported FY3Q14 EBIT of $7 million, lower than both our $16 million and $21 million last year. Reported volumes of 117 million gallons were lower than our 127 million estimate, primarily due to the significantly warmer weather at both Antargaz and Flaga, which were below normal by 20% and 16%, respectively. Unit margins of EUR0.85 came in slightly below our EUR0.88 estimate, partially offset by DD&A of $17 million which came in lower than our $21 million assumption.

Management continues to make progress with the regulatory approval process associated with the acquisition of Total's LPG business in France. While details around both logistical and labor costs remain unknown, management expects significant synergies to be had, albeit over a potentially longer horizon owing to structural labor differences in the French marketplace (e.g., no immediate headcount reductions). Further, management reiterated it expects the acquisition to close in 1H15.

Utility

Utility reported EBIT of $17 million, lower than our $21 million estimate and just ahead of the $16 million last year. The delta came from higher maintenance expense coming out of the colder-than-normal winter season, partially offset by slightly higher unit margins of $2.11/mcf versus our $2.07/mcf assumption.

Midstream and Marketing

Midstream and Marketing reported FY3Q14 EBIT of $26 million, ahead of both our $14 million assumption and $8 million last year. The strong results during the quarter were primarily driven by the confluence of increased demand for natural gas derived from the Marcellus midstream assets along with significant basis differentials. Notably, UGI stated that it sees a structural return of volatility, which while not as strong as seen in the past heating season is still significantly higher than in the 2008-2012 period post the last recession.

UGI continues to progress toward building out its infrastructure network in the Marcellus. This includes large projects related to the pipeline network to address the gap in takeaway solutions as well as smaller projects such as the Temple LNG facility. UGI recently received FERC approval to expand liquefaction capacity at this facility by 50%, and it is expected to be online by year-end 2014.

Other companies mentioned (priced as of the close on July 30, 2014):

AmeriGas (APU, $45.65, Not rated)

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,494	$613	$550	$3,703	$3,723	$3,761
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	689	482	389	2,278	2,880	3,434
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	507	146	124	1,074	986	996
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	474	246	214	1,188	1,149	1,125
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	3,163	1,487	1,276	8,242	8,738	9,316
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	1,430	2,001	936	798	5,166	5,557	5,977
O&M	1,157	1,220	1,177	1,266	1,592	1,692	432	492	406	397	1,726	1,835	1,957
Utility taxes other than income	18	17	19	17	17	17	4	5	4	4	17	16	16
DD&A	184	201	210	228	316	363	94	88	88	84	353	348	363
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(7)	(11)	(10)	(10)	(38)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	1,952	2,575	1,424	1,273	7,224	7,716	8,273
Operating Income	585	685	659	616	521	829	364	589	63	3	1,018	1,022	1,042
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	0	(0)	4	4	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	0	(0)	4	4	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$364**	**$589**	**$63**	**$8**	**$1,022**	**$1,039**	**$1,060**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$458**	**$676**	**$150**	**$91**	**$1,376**	**$1,388**	**$1,423**
EBIT Composition:													
AmeriGas Propane	233	298	234	202	156	388	178	282	4	(1)	463	478	484
International Propane	103	149	115	68	112	147	57	64	7	(11)	116	193	229
Gas utility	138	154	175	200	172	198	82	135	17	6	240	207	211
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11	11
Energy Services	74	65	120	83	62	90	36	121	26	16	199	158	133
Other	11	2	(1)	13	(7)	(3)	7	(17)	7	(4)	(7)	(8)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$364**	**$589**	**$63**	**$8**	**$1,022**	**$1,039**	**$1,060**
Interest expense	143	141	134	138	222	240	59	60	60	61	240	257	264
Income before taxes and minority interest	440	541	523	439	286	588	304	529	3	(54)	782	782	796
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(173)	33	39	(197)	(196)	(189)
Income before taxes	350	418	429	364	299	440	209	356	36	(15)	585	587	607
Income taxes													
Current	135	132	105	48	17	129	45	73	8	(3)	124	126	134
Deferred	(1)	27	63	83	83	34	42	68	7	(3)	114	91	89
Total income taxes	135	159	168	131	100	163	87	141	15	(6)	238	217	224
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	40%	42%	37%	41%	37%	37%
Net Income	216	258	261	233	199	277	122	214	21	(9)	348	370	384
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	122	214	21	(9)	348	370	384
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	214	21	(9)	348	370	384
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0	0	0		0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0	0	0		0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2	11	(6)		7	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2	11	(6)		7	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	1	7	(4)		5	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	222	17	(9)	352	370	384
Shares Oustanding (MM)													
Diluted	109	109	110	112	113	115	116	117	117	116	117	116	116
Basic	107	109	109	112	113	114	115	115	115	115	115	115	115
Period ending basic shares out	108	109	110	113	112	114	115	115	115	115	115	115	115
Earnings Per Share													
GAAP EPS	$1.99	$2.36	$2.37	$2.07	$1.85	$2.42	$1.05	$1.84	$0.18	($0.08)	$2.98	$3.18	$3.30
Core EPS	**$1.99**	**$2.36**	**$2.25**	**$2.12**	**$1.88**	**$2.44**	**$1.06**	**$1.90**	**$0.15**	**($0.08)**	**$3.02**	**$3.18**	**$3.30**
EPS growth (%)	11.8%	18.9%	-4.6%	-5.9%	-11.4%	30.3%	17.8%	27.2%	15.5%	34.0%	23.6%	5.3%	3.7%
Dividends Paid													
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.33	$0.33	$1.23	$1.34	$1.39
Payout Ratio (%)	38%	33%	42%	49%	57%	46%					41%	42%	42%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					9.8%	9.0%	3.7%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	218	388	21	(9)	617	370	384
DD&A	184	201	210	228	316	363	94	88	88	84	353	348	363
Provision for uncollectible accounts	37	34	27	20	27	0	9	23	0	0	31	0	0
Minority interest	90	124	0	0	0	0	0	0	(33)	(39)	(72)	196	189
Deferred income taxes, net	(1)	27	63	83	83	49	(20)	33	7	(3)	18	91	89
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	(4)	6	(16)	(27)	(41)	(22)	(37)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$296**	**$536**	**$67**	**$6**	**$905**	**$983**	**$987**
OCF per share	**$4.84**	**$5.59**	**$6.02**	**$6.20**	**$5.51**	**$7.35**	**$2.54**	**$4.59**	**$0.57**	**$0.05**	**$7.76**	**$8.45**	**$8.48**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	(508)	(124)	0	0	(633)	0	0
Inventories	(42)	67	34	(41)	89	5	(45)	88	0	0	43	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	2	(12)	0	0	(10)	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	246	(52)	0	0	194	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	82	(26)	0	270	326	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(223)	(126)	0	270	(80)	0	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	73	410	67	276	826	983	987
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(133)	(91)	(118)	(118)	(461)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(21)	(1)	0	0	(21)	(578)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	5	3	0	0	8	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(118)	(118)	(474)	(885)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(118)	(118)	(474)	(885)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	2	9	0	0	10	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	90	85	150	90	415	339	100
Redemption of Common Stock	0	0	0	0	0	0	0	(5)	0	0	(5)	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(4)	(179)	0	0	(183)	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	194	(162)	0	0	32	0	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(32)	(38)	(38)	(141)	(156)	(161)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(58)	(58)	(60)	(60)	(236)	(249)	(262)
APU equity & Other	3	1	4	4	278	9	0	5	0	0	5	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	52	(8)	(101)	(66)	(323)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	52	(8)	(101)	(66)	(323)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	4	0	0	0	4	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	119	(15)	0	150	255	32	357
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	508	494	494	389	644	676
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$508**	**$494**	**$494**	**$644**	**$644**	**$676**	**$1,033**

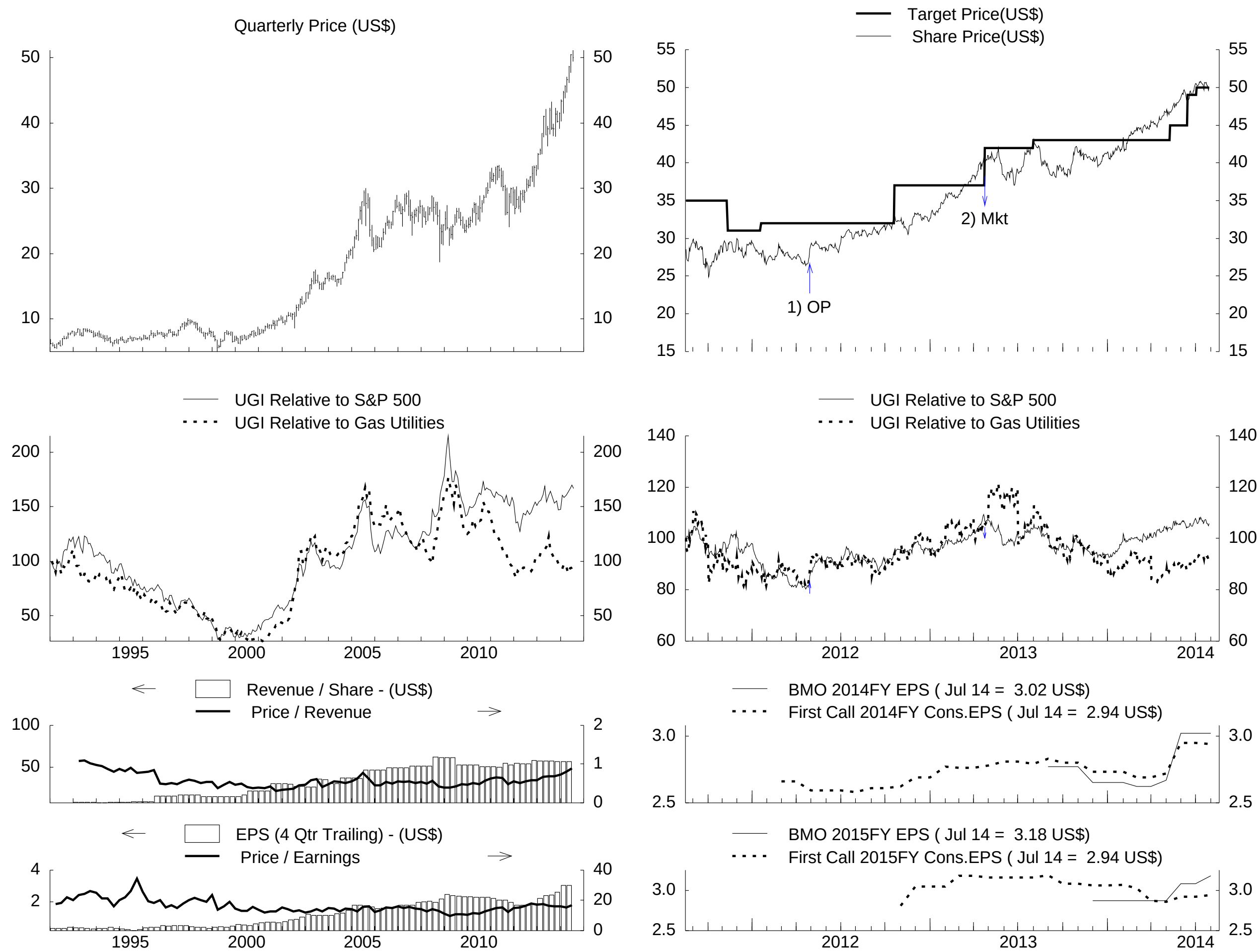
Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$423	$498	$494	$644	$644	$676	$1,033
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	1,204	1,323	1,323	1,323	1,323	1,323	1,323
Accrued utility revenues	21	21	14	15	17	19	66	50	50	50	50	50	50
Inventories	401	363	314	363	357	366	412	324	324	324	324	324	324
Deferred income taxes	28	35	33	45	57	11	23	11	11	11	11	11	11
ST asset price risk management	16	20	11	10	13	24	52	22	22	22	22	22	22
Prepaid expenses	57	34	59	43	67	57	47	49	49	49	49	49	49
Other	13	20	26	28	39	8	0	4	4	4	4	4	4
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	2,228	2,281	2,277	2,427	2,427	2,459	2,816
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,148	7,157	7,275	7,393	7,393	7,700	8,007
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,631)	(2,638)	(2,725)	(2,809)	(2,809)	(3,158)	(3,521)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,517	4,519	4,550	4,584	4,584	4,543	4,487
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,885	2,886	2,886	2,886	2,886	2,886	2,886
Intangible assets	155	166	150	148	658	608	599	608	608	608	608	608	608
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	436	426	448	207	207	808	847
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,769	10,712	10,712	11,304	11,644
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	489	325	325	325	325	325	325
Accounts payable	462	335	373	400	411	472	691	634	634	634	634	634	634
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	0	0	0	0	0	0	0
Other	224	505	277	257	327	355	699	696	696	696	696	696	696
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,880	1,655	1,655	1,655	1,655	1,655	1,655
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,549	3,549	3,699	3,789	3,789	4,128	4,228
Deferred income taxes	491	505	601	709	935	962	980	984	992	989	989	1,080	1,170
Other	446	585	604	575	621	532	536	530	530	530	530	530	530
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,945	6,718	6,876	6,963	6,963	7,393	7,583
Minority Interest	159	225	237	213	1,086	1,055	1,109	1,207	1,115	1,018	1,018	965	894
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,610	2,795	2,778	2,731	2,731	2,945	3,167
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,769	10,712	10,712	11,304	11,644

Source: BMO Capital Markets estimates, company data.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	2.25	12.9	10.3	1.00	4.3	3.4	44	15.8	1.8	1.5	15
2011	2.12	15.8	12.2	1.04	4.0	3.1	49	17.7	1.9	1.5	13
2012	1.79	17.8	13.4	1.08	4.5	3.4	60	19.3	1.7	1.2	10
2013	2.44	17.7	12.4	1.13	3.7	2.6	46	21.8	2.0	1.4	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.2	
Current*	3.03	16.7		1.18	2.3		39	21.6	2.3		14
Growth(%):											
5 Year:	4.8			8.1				10.6			
10 Year:	9.2			6.6				12.5			
20 Year:	12.1			4.8				8.3			

* Current EPS is the 4 Quarter Trailing to Q2/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 17-Aug-11 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$28.54
2	23-Apr-13	OP to Mkt	$40.26

Last Price (July 28, 2014): $50.07
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

IMPORTANT DISCLOSURES

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Methodology and Risks to Price Target/Valuation
Methodology: Our target price for UGI is based on a sum-of-the parts valuation. We value UGI's interest in AmeriGas Propane by using the current market valuation for the common units owned by UGI, while we value UGI's general partner interest in AmeriGas using the distribution rate of the underlying partnership. Each one of UGI's remaining business segments we value using a target EV/EBITDA multiple approach. Our target multiple for each segment is derived from analyzing peer multiples, and adjusting for any expectation of future changes in investor sentiment, which would lead to multiple expansion/contraction. We next add together the segment valuations to reach an operating enterprise value, which is then adjusted for net debt, off-balance sheet items, operating leases, pension costs, and any other non-operating obligations. After adjustments, we then have our net equity value, which is divided by fully diluted shares outstanding to arrive at our target price.
Risks: Risks to our 12-month price target for UGI include: 1) Weather; 2) Conservation; 3) Interest rates; 4) Regulatory risk - rulings counter to assumptions and guidance could negatively impact our valuations going forward; (5) Overseas competition - increased customer competition in international propane compression; (6) Exchange rate - U.S. dollar/euro exchange rate; (7) M&A risk.

Distribution of Ratings (June 30, 2014)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	44.1%	21.1%	67.5%	43.3%	58.6%	55.4%
Hold	Market Perform	50.9%	8.4%	31.3%	51.2%	39.9%	39.5%
Sell	Underperform	5.0%	3.4%	1.3%	5.5%	1.5%	5.1%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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UGI

(UGI-NYSE)

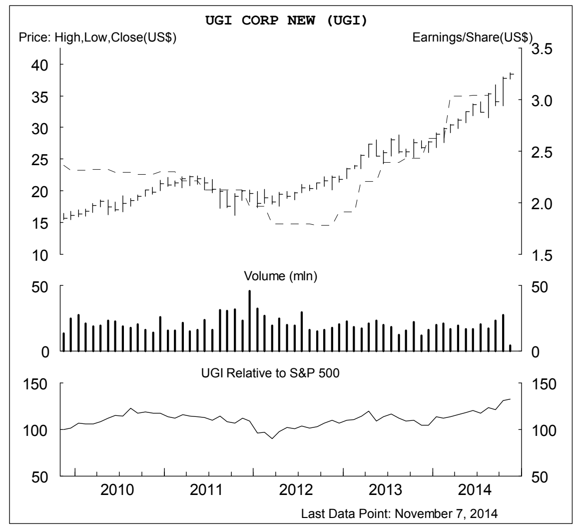
Stock Rating: Market Perform
Industry Rating: Market Perform

November 9, 2014

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA / Earl Lee
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707 / 713-546-9764
danilo.juvane@bmo.com / leah.jordan@bmo.com /
earl.lee@bmo.com

Price (7-Nov)	$38.43	**52-Week High**	$38.61
Target Price	$37.00↑	**52-Week Low**	$26.06



(FY-Sep.)	2012A	2013A	2014E	2015E
EPS	$1.19	$1.63	$1.99↓	$1.97↓
P/E			19.3x	19.5x
CFPS	$3.11	$4.90	$6.29↓	$5.46↓
P/CFPS			6.1x	7.0x
Rev. ($mm)	$6,519	$7,193	$8,224	$8,306
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,185	$1,370	$1,334
EV/EBITDA	7.3x	5.9x	5.1x	5.2x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.51	$0.80	-$0.04	-$0.09
2013A	$0.60	$0.99	$0.09	-$0.06
2014E	$0.70a	$1.27a	$0.10a	-$0.08↓

Dividend	$0.79	**Yield**	2.0%
Book Value	$14.39	**Price/Book**	2.7x
Shares O/S (mm)	171.1	**Mkt. Cap (mm)**	$6,577
Float O/S (mm)	169.7	**Float Cap (mm)**	$6,523
Wkly Vol (000s)	4,359	**Wkly $ Vol (mm)**	$136.9
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.01; 2015E: $1.95

Analyst Day Highlights Clearer Growth Picture

Event

UGI hosted its bi-annual analyst meeting late last week with a specific aim to highlight its broad range of growth opportunities (replete with greater segment detail), extending its track record of delivering stable income growth over the long term. As expected, management reaffirmed its longstanding 6-10% EPS CAGR, and 4% dividend CAGR goals. Arguably different than years past for a name that has consistently generated substantial free cash flow—incurring reinvestment risk given its lower-than-typical dividend payout ratio—is that UGI has a clearer line of sight of identified infrastructure projects to give that cash a home (e.g., Auburn II/III, Temple LNG expansion, PennEast pipeline); this in turn de-emphasizes consolidation (while still a live dynamic, no doubt) as necessary to drive growth, keeping it more as an upside option. Long term we believe 8% EPS growth is achievable, and while lumpy, this should drive a smoother 4% dividend growth with the occasional outsized lift higher.

Impact & Analysis

Mixed. FY2014 was effectively preannounced at $1.99, a hair below our $2.01 and $2.02 consensus. FY2015 EPS guidance was also initiated at $1.88-1.98, below us, but in line with $1.95 consensus. We're reducing our estimate to $1.97 from $2.12 mainly on the timing of close of the accretive Totalgaz acquisition (now to July 1) and a marking to market of the USD/EUR exchange rate; we remain biased to the top end of guidance due to potential propane margin expansion in FY1Q15 given the recent 20% drop in wholesale propane of late. Our FY2016 EPS remains unchanged at $2.20.

Valuation & Recommendation

Maintain Market Perform, but we're raising our SOTP price target to $37 from $33. While our 2016 outlook is unchanged, we are raising forward multiples, primarily reflecting the 15% rise in utility multiples since September 1. We also note UGI is now trading at a slight 7% P/E premium to gas utilities versus its historical trading discount of 30% to parity; thus, see the stock as fairly valued.

Changes	Annual EPS	Annual CFPS	Quarterly EPS	Target
	2014E $2.01 to $1.99 2015E $2.12 to $1.97	2014E $6.32 to $6.29 2015E $5.71 to $5.46	Q4/14E -$0.05 to -$0.08	$33.00 to $37.00

Details & Analysis

UGI held its bi-annual analyst day last Thursday, introducing a broad array of its management team with a specific aim to highlight its range of growth opportunities, emphasizing as well its consistent track record of delivering stable income over the long term. With respect to the analyst day itself, our primary takeaway is a clearer line of sight of identified projects with earmarked investment capital (e.g., Auburn II/III, Temple LNG expansion, PennEast pipeline). On a business unit basis, the analyst day not only underscored the strength of the company's strong free cash flow generation, but also the benefit of a broad range of growth opportunities across a diversified set of businesses and end markets. Below we provide our main takeaways by segment.

AmeriGas (APU)

APU, 26% owned by UGI, is the largest domestic player in the retail propane market with, 15% market share and more than 2,100 propane distribution locations servicing ~2 million customers. APU initiated its FY2015 EBITDA guidance of $670-700 million, an increase of ~$18 million at the midpoint over the prior year. The increase is largely owed to the successful integration and execution of the Heritage Propane acquisition. Further, while the market is currently awash in propane, with production at all-time highs, APU targets 5% distribution CAGR as well as 3-4% long-term EBITDA CAGR. We note, however, this may be conservative given APU’s history of exceeding its target as exemplified by its average 6% EBITDA CAGR for the five years prior to the Heritage acquisition (2006-2011). Notably, APU outlined its approach through a three-pronged growth strategy:

1. **National Accounts.** UGI is the largest propane distributor in the U.S., almost as large as the second and third players combined. This national distribution footprint and ability to provide multiple service offerings across its network allows the company to serve over 200 large-scale accounts (over 50 new accounts added in FY2014) across 31,000 locations nationwide alongside a rich pipeline of identified targets for growth. APU expects to grow income in this segment 4-6% annually, modestly up from the prior annual guidance of 3-6%.

2. **AmeriGas Cylinder Exchange (ACE).** The ACE program, a residential cylinder exchange program (e.g., swapping propane tanks at your local Home Depot), provides APU with a business that is counter-seasonal (i.e., earnings stability) due to summer grilling demand. With over 48,000 distribution locations nationwide and 33 strategically located refilling facilities, APU expects ACE to grow 4% per year.

3. **Acquisitions.** The U.S. retail propane industry remains highly fragmented, with small businesses collectively accounting for 61% of total market share. While acquisitions remain a smaller, complementary driver of growth, APU expects to continue its ongoing consolidation of small “mom and pop” outlets with particular emphasis on businesses that are adjacent to its footprint. Notably, APU closed seven deals in 2014 and 73 deals over the past 10 years. While management acknowledged the fairly robust acquisition landscape, the company remains disciplined and patient in targeting deals at attractive multiples (5.0-5.5x EBITDA), more in line with its historical execution average.

Other points of note:

- Questions once again surfaced regarding the competitive dynamic between natural gas and propane, but given the small geographic overlap where the natural gas pipeline grid exists, we see fuel switching as a very small friction force. Indeed, management noted that, of its 2 million customers, it loses less than 0.5% or 10,000 customers per year to gas conversion.

- Investors also remain concerned about overall propane margins given recent price volatility, but management sees industry-wide expectations of weaker wholesale propane prices (Mont Belvieu price $0.88 vs. $1.18 last year)—a function of the prolific wet gas shale supply—as lending conviction in being able to maintain propane's attractiveness to retail users, allowing it to continue its long-term track record of expanding unit margins at the rate of inflation through all long-term price cycles.

International Propane

As an overview of this business segment, management once again reiterated the many commonalities of the international propane business to the domestic U.S. and APU, excepting competition has higher barriers to entry and scale. The reduced competition, however, in turn means the company has more opportunities and flexibility as it pursues a similar roll-up strategy abroad, albeit larger in size to the "mom and pop" outlets targeted by AmeriGas. As well, the international business continues to see success in converting heating oil customers to LPG/propane, especially in the Nordic region, given a more environmentally conscientious customer base coupled with the product's economic cost advantage. Particular points of note:

- **Totalgaz acquisition.** In July 2014, UGI announced the acquisition of Total's French LPG business for ~€425 million, or US$580 million. The process remains on track for an expected close during the first half of calendar 2015. The acquisition is now under regulatory review by France's Competition Approval Committee. We continue to believe the acquisition has a high likelihood of moving forward as the complementary nature of Total's business (predominantly large bulk vs. Antargaz's cylinder and small bulk business) should not deter competition from the likes of Flogas, Calor, Vitogaz, and others. However, we recognize that UGI may be required to divest certain businesses prior to receiving regulatory approval.

- **Total Hungaria acquisition.** UGI announced the acquisition of Total Hungaria for a purchase price between €13 million and €17 million. The business is similar in nature to Flaga's existing operations, allowing for an attractive synergized EBITDA multiple, while effectively doubling the retail distribution volumes in Hungary.

- **Poland** continues to be a region of immense interest as the third-largest LPG market in Europe (1.2 billion gallons), with half of the volume attributable to auto gas and the other half attributable to cylinder and bulk. Over the past two years, UGI's retail demand has more than doubled to ~110 million gallons, an amount we view could translate to US$100 million in EBITDA, or more than $0.50 in future EPS potential. Further, Poland exhibits the highest number of new bulk installations at 800-1,000 a year due to growing commercial and industry segments driven by the resilient Polish economy.

- **Unit margins**, like APU, have grown with inflation over time. Considering the potential for additional divestitures among the majors as well as gaps in coverage across adjacent markets (i.e., Germany, Northern U.K.), we think that international margins secularly could rise greater than the rate of inflation, providing further upside.

Utility

With natural gas structurally cheaper than fuel oil, UGI's gas utilities in Pennsylvania have continued to steal market share; of its ~2% per annum growth in customer accounts—better than the U.S. utility average—approximately two-thirds of this growth is fueled by conversions, with one-third coming from new housing starts. As well, UGI is seeing exceptional demand for natural gas, with throughput growing at a 7% CAGR over the past five years to ~210 Bcf in 2014. Other notable segment takeaways:

- **UGI has the highest percentage of contemporary pipe in Pennsylvania among the major LDCs** (85% contemporary pipe versus 73% on average for the remaining utilities in the state). Further, management has proposed replacing all cast iron (400 miles) by 2027 and all bare steel (1,300 miles) by 2043. UGI continues to replace the older infrastructure and extend to new areas to reinforce the system in order support growth moving forward (90% increase in capex to ~$180 million since 2009).

- **Constructive regulatory environment.** In February 2012, the state of Pennsylvania approved a tracker to provide a financial return on investment to such safety and integrity-related spending known as the Distribution System Improvement Charge (DSIC). UGI's tracker was approved for CPG and PNG and went into effect in early October 2014. While UGI does not consider itself to be a "rate case company," due to the level of capital spending, management is reviewing potential future rate cases; however, no time frame has been earmarked.

- **UGI has seen strong level of conversions within the residential (16,000 customers added in FY2014) and commercial segment**; possible upside given proximity of potential customers (400,000 residential customers within 80 feet of UGI gas mains and 18,000 businesses within 250 feet of UGI gas mains) as well as signs of a housing recovery via new home construction. Key enablers of conversion tend to be system economics and age of the system, both areas of strength compared to other LDCs. Notably, one small commercial account equates to 4-7 times the margin of a residential customer.

Energy Services: Midstream, Marketing and Generation

Perhaps the most complex division given the myriad mix of businesses involved is the Energy Services segment. That said, UGI drilled down on its three primary units and outlook therein, of which we'd particularly note:

- **Marketing.** UGI has been in the gas marketing business since 1995 (power since 2006) and has grown organically since 2004. While the division serves the mid-Atlantic region, the majority of the business stems from the New York/New Jersey/Pennsylvania market area. Further, the division exhibits low-risk, back-to-back type contracts largely serving physical commercial and industrial customers, typically less weather sensitive than residential customers. Marketing has historically been the anchor of Energy Services, generating ~50% of EBIT; however, looking ahead, this segment is expected to contribute ~30% of EBIT.

- **Generation.** Lower capacity and power prices continue to make this one of the soft spots in the UGI story. That said, while historically this piece contributed 17% of Energy Services historical EBIT, going forward it is likely to comprise ~15%. The division has modest assets; however, they are well positioned to take advantage of natural gas spreads. We continue to see no further investment in generation without long-term contracts.

- **Midstream.** As the fastest growing segment of the business, midstream comprises a range of infrastructure logistics from gathering to storage to a proposed interstate pipeline (PennEast). This segment is particularly attractive given that it is often secured by long-term commitments with strong, creditworthy counterparties. This, in turn, provides more fee-based earnings, resulting in a more stable business that is less dependent on weather and commodity prices. Notable project updates include:

    - **Auburn Gathering System.** The Auburn system consists of Auburn I (9-mile, 12" pipeline), Auburn II (28-mile, 20" pipeline), and Auburn III ($60 million, 9-mile pipeline loop and compression) for a total investment of ~$230 million. Supported by long-term agreements, the system capacity is set to expand by 200,000 Dth/d to 470,000 Dth/d by fall 2015.

    - **Temple LNG.** A 1.25 Bcf facility to serve growing peak demand (205,000 Dth/day capacity). UGI recently received FERC approval to expand liquefaction capacity at this facility by 50% for a modest $10 million of growth, providing the potential for outsized returns during periods of peak demand. The facility expansion is expected to be online by FY2Q15.

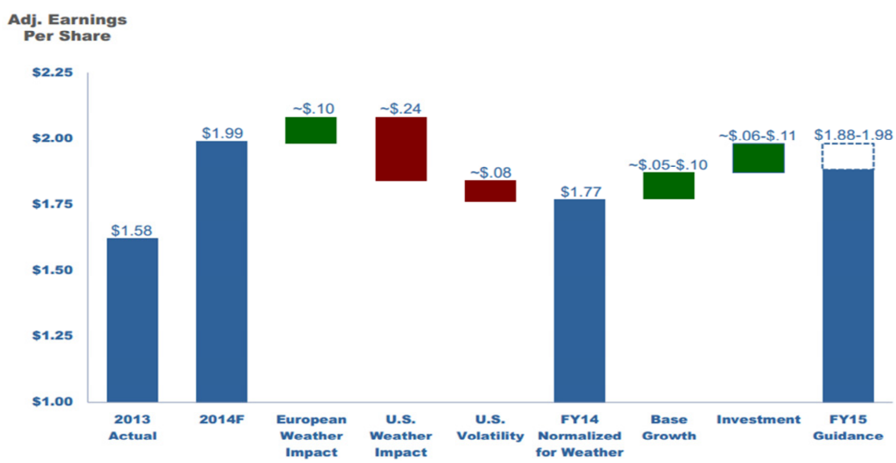
    - **PennEast Pipeline.** A recently announced $1 billion (gross) joint project to construct the 100-mile PennEast pipeline to bring natural gas from the Marcellus to Pennsylvania and New Jersey. At present, UGI has secured ~965 mmcf/d of 15-year take-or-pay contracts, which almost covers the entire 1 Bcf/d of proposed capacity. Moreover, as one of now six entities in the PennEast joint venture (the other entities being AGL, New Jersey Resources, South Jersey Industries, PSEG, and Spectra), UGI has a 20% equity ownership interest. Aside from being partners in the project, the other entities will also act as large capacity off-takers with 15-year take-or-pay contracts. Assuming a 50%/50% debt/equity funding and 11% ROE, this translates into ~$1/share in potential upside to our current valuation. With construction expected to begin in 2017, we believe the project could take 18-24 months to build and help address some of the Marcellus infrastructure gap.

Earnings and Valuation

UGI has an enviable track record of 10% EPS and 7.5% dividend CAGR over the past 10 years, strong enough to warrant a group premium if such performance can be replicated with confidence. From a high level, management reaffirmed its longstanding 6-10% EPS CAGR and 4% dividend CAGR goals. Conceptually, this is driven through a process of base organic growth (3-4%) on its present assets, execution of new organic projects on the drawing board (3-6%) and redeployment of $150-180 million in annualized free cash flow after dividends through either share buyback, unidentified growth or acquisitions. While growth is expected to remain lumpy, collectively this represents potential upside even to the 10% budgeted growth target.

More specifically to the near term, the company effectively preannounced FY2014 EPS of $1.99, $0.02 below our $2.01 and $0.03 below the Street's $2.02. As well, the company initiated FY2015 EPS guidance of $1.88-1.98, with the primary components bridging 2014 to 2015 shown in Exhibit 1. With the guidance for closing the Totalgaz acquisition as first half calendar 2015, we are adjusting our model to reflect a now more conservative July 1 close (removing estimated accretion), better adjusting for the estimated seasonal impact (making the acquisition slightly dilutive in FY4Q15 given the seasonal nature of propane), and marking the USD/EUR exchange rate to market. Following these updates, our FY2015 EPS decreases to $1.97 from $2.12 prior, now residing at the higher end of the provided FY2015 guidance range. Further, while estimates are subject to weather and commodity fluctuations, we reside at the upper end of guidance, expecting margin improvement in international propane following a nearly 20% correction in wholesale propane price during FY1Q15 to date. Our 2016 estimates remain unchanged at $2.20, primarily on the full-year accretion of Totalgaz.

Exhibit 1: UGI EPS Waterfall: Building to 2015

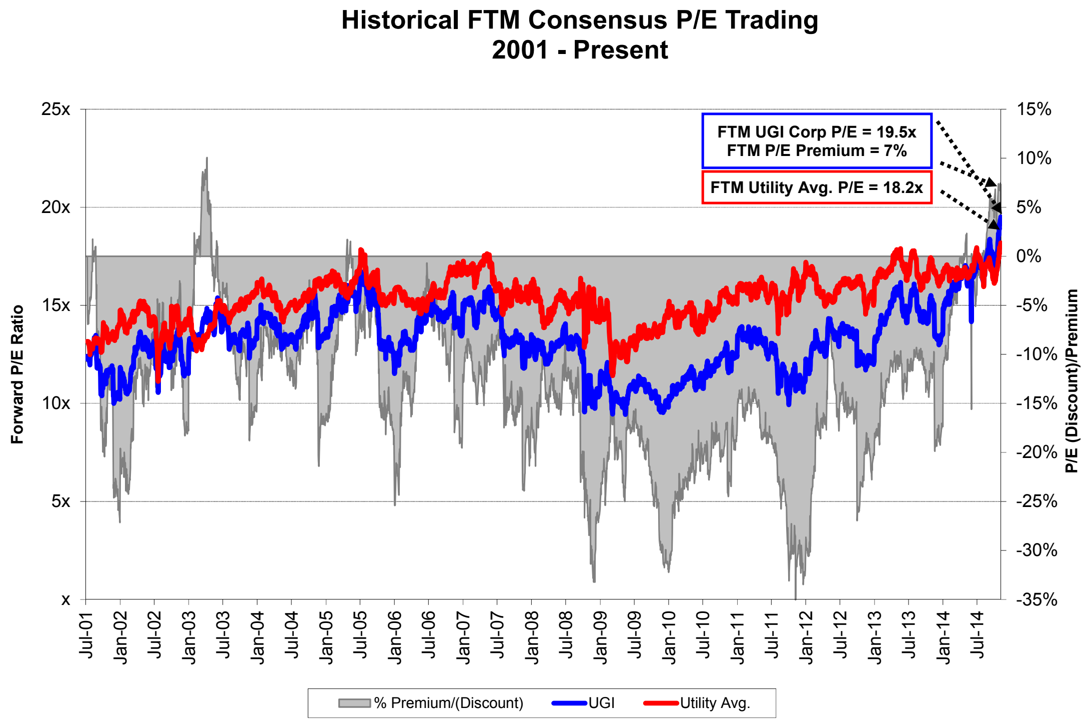


Source: BMO Capital markets estimates, company data.

In short, for what has largely been a year plagued by market and weather volatility, we think the analyst day, greater detail, and a clearer line of sight for investment opportunities to fuel growth has helped translate to increased investor confidence. Turning to valuation, this has been tangibly reflected in the stock's rise through the year, now placing it at a 7% premium relative to other gas utilities, versus its historical trading band between a 30% discount and parity (Exhibit 2).

We are increasing our own valuation to $37 from $33, with our sum-of-the-parts calculation detailed in Exhibit 3. Specifically, we are increasing our utility segment multiples by a turn and our non-utility segments by a half turn. Further, as the GP enters into the 50% IDR splits in FY2016, we expect higher GP growth rates, causing us to increase the multiple to 20.0x from 18.0x.

Exhibit 2: UGI Historical P/E Discount (F12 Months): 2001–Present



Source: BMO Capital Markets estimates, Bloomberg.

Exhibit 3: UGI Valuation

UGI Corp
Sum-of-the-Parts Valuation

Business Segment	Metric	Amount	Multiple	Value		Notes
Amerigas Partners						
General Partner Interest	'16GP Distribution	$48.5	20.0x	$971		GP multiple held below other GPs reflecting higher yields of propane MLPs
APU Units (million)	market value	24.7	$45.50	$1,123		Held at current market value
Hypothetical 35% Capital Gain on APU LP units				($234)		Conservatively tax effecting LP units assuming basis of $10/unit
Total APU Equity Value, LP TAX AFFECTED				**$1,860**	24%	
Gas Distribution	2016E EBITDA	$261	9.5x	**$2,476**	32%	
Electric Utility	2016E EBITDA	$15	8.5x	**$125**	2%	
International Propane	2016E EBITDA	$323	7.5x	**$2,425**	31%	Antargaz buy-in was done at ~5.5x; UGI looking at M&A of 4.8-5.8x EBITDA after synergies (headline purchase could be higher)
Energy Services	2016E EBITDA	$155	6.0x	**$929**	12%	Upside arguable using blended multiple for marketing (5x), peaking services (6x) and generation (7x)
Corporate & Other	2016E EBITDA	$5	5.0x	**$27**	0%	Adjusted for UGI operating lease expense addback
Enterprise Value of Operations				**$7,842**	100%	
Net Debt (year-end 2015E)				(3,636)		
Add back APU consolidated net debt				2,536		Deconsolidates APU
Operating Lease				(254)		Excludes operating leases of APU
Minority Interest				(60)		Minority interest at UGI excluding minority interest related to APU
Net Equity Value				$6,427		
Diluted Shares Outstanding				174		
$/Share Target				$36.92		
$/Share 12-month Objective (Rounded)				**$37.00**		
Valuation Summary:						
Current Price				$38.43		
Current Dividend				$1.30		
Appreciation Potential				-3.7%		
Expected Yield				3.4%		
Total Return Potential				-0.3%		

Source: BMO Capital markets estimates, company data.

Exhibit 4: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,494	$613	$550	$3,703	$3,723	$3,761
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	689	482	370	2,259	2,449	3,438
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	507	146	124	1,074	986	996
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	474	246	214	1,188	1,148	1,125
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	3,163	1,487	1,258	8,224	8,306	9,319
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	1,430	2,001	936	785	5,153	5,251	5,981
O&M	1,157	1,220	1,177	1,266	1,592	1,692	432	492	406	397	1,726	1,763	1,957
Utility taxes other than income	18	17	19	17	17	17	4	5	4	4	17	16	16
DD&A	184	201	210	228	316	363	94	88	88	84	353	339	363
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(7)	(11)	(10)	(10)	(38)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	1,952	2,575	1,424	1,261	7,212	7,329	8,277
Operating Income	585	685	659	616	521	829	364	589	63	(3)	1,012	978	1,042
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	0	(0)	4	4	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	0	(0)	4	4	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$364**	**$589**	**$63**	**$1**	**$1,016**	**$995**	**$1,060**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$458**	**$676**	**$150**	**$85**	**$1,370**	**$1,334**	**$1,423**
EBIT Composition:													
AmeriGas Propane	233	298	234	202	156	388	178	282	4	(1)	463	478	484
International Propane	103	149	115	68	112	147	57	64	7	(18)	110	150	229
Gas utility	138	154	175	200	172	198	82	135	17	6	240	207	211
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11	11
Energy Services	74	65	120	83	62	90	36	121	26	16	199	157	132
Other	11	2	(1)	13	(7)	(3)	7	(17)	7	(4)	(7)	(8)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$364**	**$589**	**$63**	**$1**	**$1,016**	**$995**	**$1,060**
Interest expense	143	141	134	138	222	240	59	60	60	61	240	257	265
Income before taxes and minority interest	440	541	523	439	286	588	304	529	3	(60)	776	738	795
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(173)	33	39	(197)	(196)	(189)
Income before taxes	350	418	429	364	299	440	209	356	36	(21)	579	543	606
Income taxes													
Current	135	132	105	48	17	129	45	73	8	(4)	122	116	134
Deferred	(1)	27	63	83	83	34	42	68	7	(4)	113	84	89
Total income taxes	135	159	168	131	100	163	87	141	15	(8)	236	200	223
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	40%	42%	37%	41%	37%	37%
Net Income	216	258	261	233	199	277	122	214	21	(13)	344	342	383
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	122	214	21	(13)	344	342	383
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	214	21	(13)	344	342	383
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0	0	0		0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0	0	0		0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2	11	(6)		7	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2	11	(6)		7	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	1	7	(4)		5	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	222	17	(13)	348	342	383
Shares Oustanding (MM)													
Diluted	162	163	165	169	169	173	175	175	176	174	175	174	174
Basic	161	163	164	168	169	171	172	173	173	173	173	173	173
Period ending basic shares out	161	163	164	169	169	171	172	172	173	173	173	173	173
Earnings Per Share													
GAAP EPS	$1.33	$1.58	$1.58	$1.38	$1.24	$1.61	$0.70	$1.22	$0.12	($0.08)	$1.97	$1.97	$2.20
Core EPS	**$1.33**	**$1.58**	**$1.50**	**$1.41**	**$1.25**	**$1.63**	**$0.70**	**$1.27**	**$0.10**	**($0.08)**	**$1.99**	**$1.97**	**$2.20**
EPS growth (%)	-25.3%	19.1%	-5.0%	-5.9%	-11.4%	30.3%	17.8%	27.2%	15.5%	89.5%	22.3%	-1.3%	11.9%
Dividends Paid													
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.33	$0.33	$1.23	$1.34	$1.39
Payout Ratio (%)	57%	49%	63%	73%	86%	69%					62%	68%	63%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					9.8%	9.0%	3.7%

Source: BMO Capital Markets estimates, company data.

Exhibit 5: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	218	388	(13)	(13)	579	342	383
DD&A	184	201	210	228	316	363	94	88	96	84	362	339	363
Provision for uncollectible accounts	37	34	27	20	27	0	9	23	1	0	32	0	0
Minority interest	90	124	0	0	0	0	0	0	0	(39)	(39)	196	189
Deferred income taxes, net	(1)	27	63	83	83	49	(20)	33	8	(4)	18	84	89
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	(4)	6	(3)	150	148	(10)	(25)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$296**	**$536**	**$90**	**$178**	**$1,100**	**$951**	**$999**
OCF per share	**$3.23**	**$3.74**	**$4.01**	**$4.14**	**$3.67**	**$4.90**	**$1.70**	**$3.06**	**$0.51**	**$1.02**	**$6.29**	**$5.46**	**$5.74**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	(508)	(124)	576	0	(56)	0	0
Inventories	(42)	67	34	(41)	89	5	(45)	88	(8)	0	35	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	2	(12)	(7)	0	(18)	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	246	(52)	(235)	0	(41)	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	82	(26)	(40)	45	61	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(223)	(126)	286	45	(19)	0	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	73	410	375.4	223	1,082	951	999
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(133)	(91)	(101)	(118)	(444)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(21)	(1)	(2)	0	(23)	(578)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	5	3	3	0	11	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(100)	(118)	(456)	(885)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(100)	(118)	(456)	(885)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	2	9	(3)	0	7	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	90	85	(0)	90	265	339	100
Redemption of Common Stock	0	0	0	0	0	0	0	(5)	(17)	0	(21)	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(4)	(179)	(54)	0	(237)	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	194	(162)	(164)	0	(132)	50	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(32)	(34)	(57)	(155)	(233)	(242)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(58)	(58)	(61)	(60)	(237)	(249)	(262)
APU equity & Other	3	1	4	4	278	9	0	5	3	0	8	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	(330)	(27)	(502)	(93)	(403)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	(330)	(27)	(502)	(93)	(403)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	4	0	0	0	4	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	119	(15)	(55)	78	128	(27)	289
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	508	494	439	389	517	490
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$508**	**$494**	**$439**	**$517**	**$517**	**$490**	**$779**

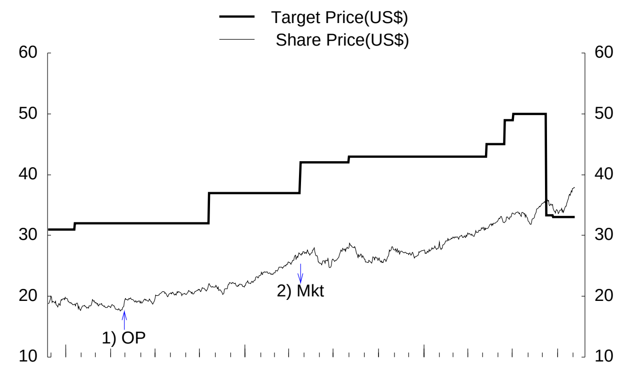
Source: BMO Capital Markets estimates, company data.

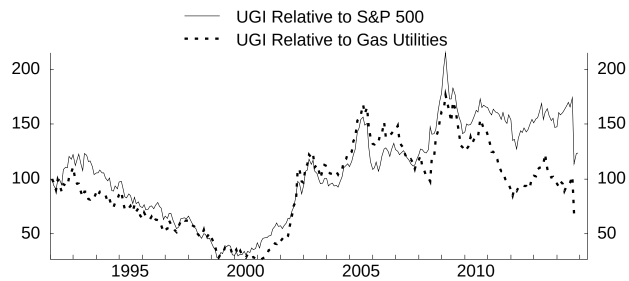
Exhibit 6: UGI Balance Sheet

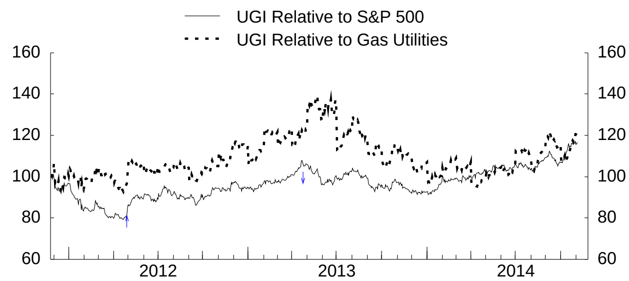
Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$423	$498	$444	$517	$517	$490	$779
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	1,204	1,323	785	785	785	785	785
Accrued utility revenues	21	21	14	15	17	19	66	50	8	8	8	8	8
Inventories	401	363	314	363	357	366	412	324	332	332	332	332	332
Deferred income taxes	28	35	33	45	57	11	23	11	9	9	9	9	9
ST asset price risk management	16	20	11	10	13	24	52	22	12	12	12	12	12
Prepaid expenses	57	34	59	43	67	57	47	49	38	38	38	38	38
Other	13	20	26	28	39	8	0	4	9	9	9	9	9
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	2,228	2,281	1,639	1,712	1,712	1,685	1,973
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,148	7,157	1,841	1,959	1,959	2,266	2,573
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,631)	(2,638)	2,702	2,618	2,618	2,280	1,917
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,517	4,519	4,543	4,578	4,578	4,546	4,490
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,885	2,886	2,885	2,885	2,885	2,885	2,885
Intangible assets	155	166	150	148	658	608	599	608	590	590	590	590	590
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	436	426	420	232	232	821	848
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,078	9,997	9,997	10,527	10,786
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	489	325	175	175	175	225	225
Accounts payable	462	335	373	400	411	472	691	634	404	404	404	404	404
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	0	0	0	0	0	0	0
Other	224	505	277	257	327	355	699	696	636	636	636	636	636
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,880	1,655	1,214	1,214	1,214	1,264	1,264
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,549	3,549	3,478	3,568	3,568	3,907	4,007
Deferred income taxes	491	505	601	709	935	962	980	984	986	983	983	1,067	1,156
Other	446	585	604	575	621	532	536	530	519	519	519	519	519
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,945	6,718	6,197	6,283	6,283	6,756	6,946
Minority Interest	159	225	237	213	1,086	1,055	1,109	1,207	1,110	1,013	1,013	960	889
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,610	2,795	2,771	2,701	2,701	2,811	2,952
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,078	9,997	9,997	10,527	10,786

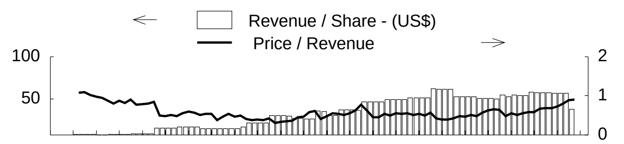
Source: BMO Capital Markets estimates, company data.

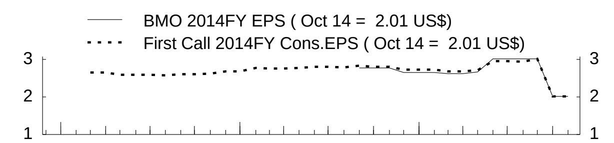
UGI CORP NEW (UGI)

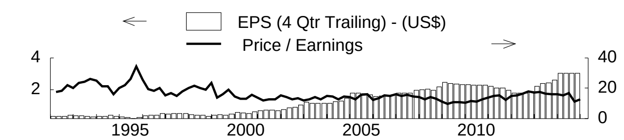


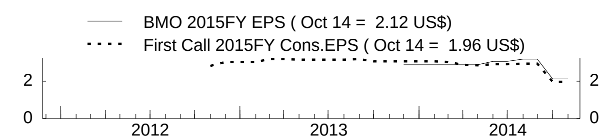












FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	1.50	19.3	15.5	1.00	4.3	3.4	67	15.8	1.8	1.5	10
2011	1.41	23.7	18.3	1.04	4.0	3.1	74	11.8	2.8	2.2	10
2012	1.19	26.7	20.2	1.08	4.5	3.4	91	12.9	2.5	1.9	10
2013	1.63	26.6	18.5	1.13	3.7	2.6	69	14.5	3.0	2.1	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.3	
Current*	3.04	12.4		0.87	2.3		29	14.4	2.6		21

Growth(%):	EPS	DPS	BV
5 Year:	5.2	1.7	-0.3
10 Year:	8.9	3.4	5.9
20 Year:	10.8	3.2	6.1

* Current EPS is the 4 Quarter Trailing to Q3/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 24-Nov-11 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$19.03
2	23-Apr-13	OP to Mkt	$26.84

Last Price (November 4, 2014): $37.84
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Methodology and Risks to Price Target/Valuation
Methodology: Sum of the Parts
Risks: 1) regulatory risk, 2) weather, 3) USD/Euro exchange rates and 4) M&A risk

Distribution of Ratings (September 30, 2014)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	44.3%	18.0%	60.3%	43.9%	56.5%	56.0%
Hold	Market Perform	52.5%	9.7%	38.5%	51.6%	42.1%	39.1%
Sell	Underperform	3.2%	5.3%	1.3%	4.5%	1.4%	4.9%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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UGI

(UGI-NYSE)

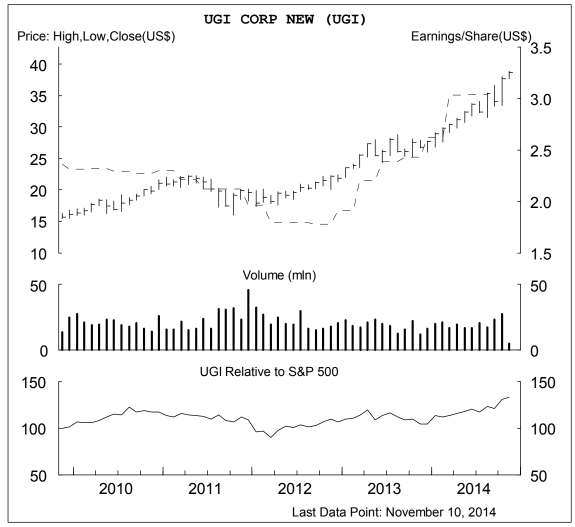
Stock Rating: Market Performance
Industry Rating: Market Perform

November 13, 2014

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA / Earl Lee
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707 / 713-546-9764
danilo.juvane@bmo.com / leah.jordan@bmo.com /
earl.lee@bmo.com

Price (13-Nov)	$37.12	**52-Week High**	$38.87
Target Price	$37.00	**52-Week Low**	$26.06



(FY-Sep.)	2012A	2013A	2014A	2015E
EPS	$1.19	$1.63	$1.99	$1.97
P/E				19.3x
CFPS	$3.11	$4.90	$6.26	$5.51↑
P/CFPS				6.9x
Rev. ($mm)	$6,519	$7,193	$8,277	$8,322
EV ($mm)	$6,004	$6,981	$6,947	$6,947
EBITDA ($mm)	$821	$1,185	$1,361	$1,333
EV/EBITDA	7.3x	5.9x	5.1x	5.2x

Quarterly EPS	Q1	Q2	Q3	Q4
2012A	$0.51	$0.80	-$0.04	-$0.09
2013A	$0.60	$0.99	$0.09	-$0.06
2014A	$0.70	$1.27	$0.10	-$0.08

Dividend	$0.79	**Yield**	2.1%
Book Value	$14.39	**Price/Book**	2.6x
Shares O/S (mm)	171.1	**Mkt. Cap (mm)**	$6,495
Float O/S (mm)	169.7	**Float Cap (mm)**	$6,442
Wkly Vol (000s)	4,359	**Wkly $ Vol (mm)**	$136.9
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2014E: $2.02; 2015E: $1.95

FY4Q in Line; Growth Initiatives Advance

Event

UGI reported clean FY4Q14 EPS of -$0.08, in line with our recently adjusted estimate and company's pre-release (but still slightly below the Street's -$0.05). The deltas to us stem from a $0.02 miss in Amerigas and a $0.01 miss in Gas Utility, offset by a $0.03 beat in International Propane. In short, there were no major surprises during the quarter given pre-announced earnings and segment deep dive provided at UGI's November 6 analyst day. UGI recently initiated FY2015 EPS guidance of $1.88-$1.98, underpinned by APU EBITDA guidance of $670-700 million, an increase of about $18 million at the midpoint over the prior year. Key takeaways: 1) the acquisition of Totalgaz remains on track as the purchase agreement was signed earlier this week. Further, management reiterated that it expects the acquisition to close in the first half of calendar year 2015 (we model July 1 to be prudent); 2) UGI continues to advance a Marcellus infrastructure program that should drive meaningful EPS growth in the years to come. Work has begun on the $1 billion, 100-mile PennEast pipeline, which will bring natural gas from the Marcellus to Pennsylvania and New Jersey. UGI has a 20% equity ownership interest and will serve as the project manager and pipeline operator. The project is expected to be online late in 2017; and 3) while a host of projects continue to be evaluated, the expansion of the Temple LNG facility will increase capacity by more than 50% for a modest $10 million of growth, providing the potential for outsized returns during periods of peak demand. The facility expansion is expected to be online by FY2Q15.

Impact & Analysis

Neutral. Our 2015 and 2016 EPS estimates remain unchanged at $1.97 and $2.20, respectively.

Valuation & Recommendation

Our SOTP price target remains unchanged at $37. We reiterate our Market Perform rating.

Changes	Annual CFPS
	2015E $5.46 to $5.51

Please refer to pages 7 to 10 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

APU

APU reported FY4Q14 seasonal EBIT of $34 million (net of minority interest), below our expected $38 million but ahead of the $32 million last year. While retail volumes of 211 million came in ahead of our 207 million, total volumes (including wholesale) of 222 million gallons came in below our 228 million gallon estimate, partly offset by realized unit margins of $1.15/gal versus our more conservative $1.10/gal assumption (more in line with its longer-term average). Notably, while the increase in retail gallons sold reflects average temperatures that were 3.4% colder than normal and 8.8% colder than the prior year, the impact was muted by supply challenges in certain regions of the U.S. that experienced prolonged periods of unusually cold winter weather.

Further, APU recently initiated FY2015 EBITDA guidance of $670-700 million, an increase of about $18 million at the midpoint over the prior year. Of note, our FY2015 EBITDA estimate sits at $669 million, representing the lower end of guidance.

International Propane

International Propane reported FY4Q14 EBIT of -$10 million, higher than our -$18 million but lower than the -$9 million last year. Reported volumes of 118 million gallons were higher than our 116 million estimate, despite warmer weather at both Antargaz and Flaga, which were above normal by 14% and 16%, respectively. As well, unit margins of €0.79 came in slightly ahead of our €0.74 estimate, partially offset by DD&A of $23 million which came in above our $17 million assumption.

Management continues to make progress with the regulatory approval process associated with the acquisition of Total's LPG business in France. Of note, the purchase agreement to acquire the LPG business was signed earlier this week. Further, management reiterated it expects the acquisition to close in the first half of calendar year 2015.

Utility

Utility reported EBIT of $3 million, lower than both our $6 million estimate and the $7 million last year. The delta came from higher maintenance expense coming out of the colder-than-normal winter season, coupled with slightly lower unit margins of $1.77/mcf versus our $1.78/mcf assumption.

Midstream and Marketing

Midstream and Marketing reported FY4Q14 EBIT of $15 million, just below our $16 million assumption and ahead of the $10 million last year. In comparison to last year, the strong results during the quarter were primarily driven by the confluence of increased demand for natural gas derived from the Marcellus midstream assets along with significant basis differentials.

UGI continues to progress toward building out its infrastructure network in the Marcellus with work already beginning on the PennEast pipeline. This $1 billion (gross) joint project (the other entities being AGL, New Jersey Resources, South Jersey Industries, PSEG, and Spectra) involves the construction of a 100-mile pipeline to bring natural gas from the Marcellus to Pennsylvania and New Jersey. At present, UGI has secured ~965 mmcf/d of 15-year take-or-pay contracts, which almost covers the entire 1 Bcf/d of proposed capacity. UGI has a 20% equity ownership interest and will serve as the project manager and pipeline operator. The project is expected to be online late in 2017.

As well, UGI recently received FERC approval to expand liquefaction capacity at the 1.25 Bcf Temple LNG facility by 50% for a modest $10 million of growth providing the potential for outsized returns during periods of peak demand. The facility expansion is expected to be online by FY2Q15. In addition to the Temple LNG facility, UGI successfully concluded the first phase of the Auburn III pipeline capacity expansion. The increased capacity in the Auburn line is expected to be online by fall 2015.

Other companies mentioned (priced as of the close on November 13, 2014):

AmeriGas (APU, $45.63, Not Rated)

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$1,046	$1,494	$613	$560	$3,713	$3,738	$3,777
International Propane	1,125	955	1,060	1,489	1,946	2,180	719	689	482	433	2,322	2,452	3,438
UGI Utilities	1,278	1,380	1,048	1,136	857	839	297	507	146	127	1,077	989	999
Energy Services and other	1,431	1,143	1,164	929	794	1,007	254	474	246	191	1,165	1,144	1,121
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	2,316	3,163	1,487	1,311	8,277	8,322	9,334
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	1,430	2,001	927	785	5,143	5,256	5,984
O&M	1,157	1,220	1,177	1,266	1,592	1,692	432	492	416	397	1,737	1,775	1,969
Utility taxes other than income	18	17	19	17	17	17	4	5	4	4	17	16	16
DD&A	184	201	210	228	316	363	94	88	90	84	356	339	363
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(7)	(11)	(12)	(10)	(40)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	1,952	2,575	1,424	1,261	7,212	7,345	8,293
Operating Income	585	685	659	616	521	829	364	589	63	(9)	1,006	977	1,041
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	0	0	(0)	0	(0)	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	0	0	(0)	0	(0)	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$364**	**$589**	**$63**	**($9)**	**$1,006**	**$994**	**$1,058**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$458**	**$676**	**$153**	**$75**	**$1,361**	**$1,333**	**$1,421**
EBIT Composition:													
AmeriGas Propane	233	298	234	202	156	388	178	282	4	(6)	458	478	484
International Propane	103	149	115	68	112	147	57	64	7	(10)	118	151	230
Gas utility	138	154	175	200	172	198	82	135	17	3	236	207	210
Electric Utility	24	15	14	11	12	10	3	4	1	3	11	11	11
Energy Services	74	65	120	83	62	90	36	121	26	15	199	156	131
Other	11	2	(1)	13	(7)	(3)	7	(17)	7	24	22	(8)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$364**	**$589**	**$63**	**$28**	**$1,043**	**$994**	**$1,058**
Interest expense	143	141	134	138	222	240	59	60	60	59	238	249	257
Income before taxes and minority interest	440	541	523	439	286	588	304	529	2	(68)	768	745	801
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(96)	(173)	33	40	(195)	(201)	(195)
Income before taxes	350	418	429	364	299	440	209	356	36	(28)	572	544	607
Income taxes													
Current	135	132	105	48	17	129	45	73	8	(4)	122	117	134
Deferred	(1)	27	63	83	83	34	42	68	7	(4)	113	84	89
Total income taxes	135	159	168	131	100	163	87	141	15	(8)	235	201	223
Effective income tax rate	38%	38%	39%	36%	33%	37%	42%	40%	42%	29%	41%	37%	37%
Net Income	216	258	261	233	199	277	122	214	21	(20)	337	343	383
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	122	214	21	(20)	337	343	383
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	122	214	21	(20)	337	343	383
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0	0	0	0	0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	2	11	(6)	8	14	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	2	11	(6)	8	14	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	1	7	(4)	6	10	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	123	222	17	(14)	347	343	383
Shares Oustanding (MM)													
Diluted	162	163	165	169	169	173	175	175	176	173	175	174	174
Basic	161	163	164	168	169	171	172	173	173	173	173	173	173
Period ending basic shares out	161	163	164	169	169	171	172	172	173	173	173	173	173
Earnings Per Share													
GAAP EPS	$1.33	$1.58	$1.58	$1.38	$1.24	$1.61	$0.70	$1.22	$0.12	($0.11)	$1.93	$1.97	$2.20
Core EPS	**$1.33**	**$1.58**	**$1.50**	**$1.41**	**$1.25**	**$1.63**	**$0.70**	**$1.27**	**$0.10**	**($0.08)**	**$1.99**	**$1.97**	**$2.20**
EPS growth (%)	-25.3%	19.1%	-5.0%	-5.9%	-11.4%	30.3%	17.8%	27.2%	13.3%	104.6%	22.1%	-0.8%	11.8%
Dividends Paid													
Cash per share	$0.76	$0.78	$0.95	$1.03	$1.07	$1.12	$0.28	$0.30	$0.33	$0.33	$1.23	$1.34	$1.39
Payout Ratio (%)	57%	49%	63%	73%	86%	69%					62%	68%	63%
Growth (%)	5.8%	3.0%	22.2%	8.4%	3.9%	4.4%					9.8%	9.0%	3.7%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	218	388	(13)	(20)	573	343	383
DD&A	184	201	210	228	316	363	94	88	96	84	362	339	363
Provision for uncollectible accounts	37	34	27	20	27	0	9	23	1	0	32	0	0
Minority interest	90	124	0	0	0	0	0	0	0	(40)	(40)	201	195
Deferred income taxes, net	(1)	27	63	83	83	49	(20)	33	8	(4)	17	84	89
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	(4)	6	(3)	150	148	(10)	(25)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$296**	**$536**	**$90**	**$170**	**$1,092**	**$958**	**$1,006**
OCF per share	**$3.23**	**$3.74**	**$4.01**	**$4.14**	**$3.67**	**$4.90**	**$1.70**	**$3.06**	**$0.51**	**$0.98**	**$6.26**	**$5.51**	**$5.78**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	(508)	(124)	576	0	(56)	0	0
Inventories	(42)	67	34	(41)	89	5	(45)	88	(8)	0	35	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	2	(12)	(7)	0	(18)	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	246	(52)	(235)	0	(41)	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	82	(26)	(40)	45	61	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(223)	(126)	286	45	(19)	0	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	73	410	375.4	215	1,073	958	1,006
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(133)	(91)	(101)	(118)	(444)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(21)	(1)	(2)	0	(23)	(578)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	5	3	3	0	11	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(100)	(118)	(456)	(885)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(149)	(89)	(100)	(118)	(456)	(885)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	2	9	(3)	0	7	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	90	85	(0)	90	265	339	100
Redemption of Common Stock	0	0	0	0	0	0	0	(5)	(17)	0	(21)	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(4)	(179)	(54)	0	(237)	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	194	(162)	(164)	0	(132)	50	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(32)	(32)	(34)	(56)	(155)	(233)	(241)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(58)	(58)	(61)	(60)	(237)	(249)	(262)
APU equity & Other	3	1	4	4	278	9	0	5	3	0	8	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	(330)	(26)	(502)	(93)	(403)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	191	(337)	(330)	(26)	(502)	(93)	(403)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	4	0	2	0	6	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	119	(15)	(52)	71	123	(20)	296
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	508	494	441	389	512	492
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$508**	**$494**	**$441**	**$512**	**$512**	**$492**	**$787**

Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	Q1	Q2	Q3	Q4	F2014E	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$423	$498	$444	$512	$512	$492	$787
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	1,204	1,323	785	785	785	785	785
Accrued utility revenues	21	21	14	15	17	19	66	50	8	8	8	8	8
Inventories	401	363	314	363	357	366	412	324	332	332	332	332	332
Deferred income taxes	28	35	33	45	57	11	23	11	9	9	9	9	9
ST asset price risk management	16	20	11	10	13	24	52	22	12	12	12	12	12
Prepaid expenses	57	34	59	43	67	57	47	49	38	38	38	38	38
Other	13	20	26	28	39	8	0	4	9	9	9	9	9
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	2,228	2,281	1,639	1,706	1,706	1,686	1,982
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,148	7,157	1,841	1,959	1,959	2,266	2,573
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,631)	(2,638)	2,702	2,618	2,618	2,280	1,917
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,517	4,519	4,543	4,578	4,578	4,546	4,490
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,885	2,886	2,885	2,885	2,885	2,885	2,885
Intangible assets	155	166	150	148	658	608	599	608	590	590	590	590	590
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	436	426	420	230	230	818	844
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,078	9,989	9,989	10,526	10,792
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	489	325	175	175	175	225	225
Accounts payable	462	335	373	400	411	472	691	634	404	404	404	404	404
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	0	0	0	0	0	0	0
Other	224	505	277	257	327	355	699	696	636	636	636	636	636
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,880	1,655	1,214	1,214	1,214	1,264	1,264
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,549	3,549	3,478	3,568	3,568	3,907	4,007
Deferred income taxes	491	505	601	709	935	962	980	984	986	982	982	1,067	1,156
Other	446	585	604	575	621	532	536	530	519	519	519	519	519
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,945	6,718	6,197	6,283	6,283	6,756	6,946
Minority Interest	159	225	237	213	1,086	1,055	1,109	1,207	1,110	1,011	1,011	964	898
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,610	2,795	2,771	2,695	2,695	2,805	2,947
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,664	10,721	10,078	9,989	9,989	10,526	10,792

Source: BMO Capital Markets estimates, company data.

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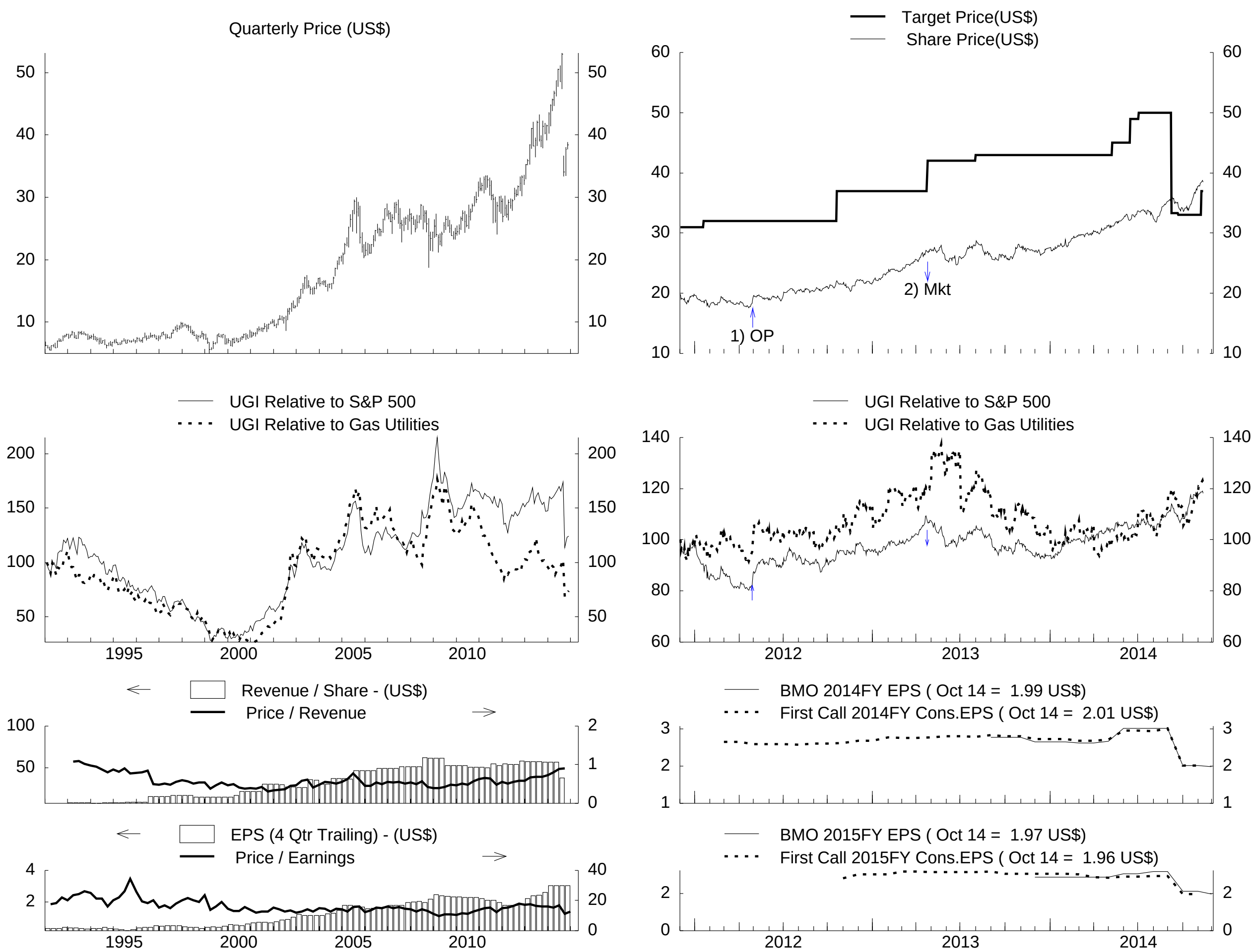

FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1992	0.38	19.5	14.3	0.42	7.8	5.7	>100	4.3	1.7	1.3	
1993	0.31	27.6	22.2	0.45	6.5	5.2	>100	4.3	2.0	1.6	7
1994	0.39	21.7	14.9	0.46	7.9	5.4	>100	4.4	1.9	1.3	9
1995	0.20	36.9	29.0	0.47	8.1	6.3	>100	3.9	1.9	1.5	5
1996	0.40	20.7	16.5	0.47	7.2	5.7	>100	3.8	2.2	1.7	10
1997	0.52	17.9	13.4	0.48	6.9	5.1	92	3.8	2.4	1.8	14
1998	0.41	24.5	16.7	0.49	7.1	4.8	>100	3.7	2.7	1.9	11
1999	0.41	20.9	12.2	0.50	10.0	5.8	>100	3.1	2.8	1.6	12
2000	0.53	15.3	11.4	0.52	8.5	6.4	97	2.5	3.3	2.4	19
2001	0.70	14.0	10.2	0.53	7.5	5.4	76	3.1	3.1	2.3	25
2002	0.90	13.6	9.3	0.55	6.6	4.5	61	3.9	3.2	2.2	26
2003	1.15	15.2	9.7	0.57	5.1	3.3	50	6.7	2.6	1.7	22
2004	1.30	14.4	11.1	0.63	4.3	3.3	48	8.1	2.3	1.8	18
2005	1.74	17.2	9.9	0.68	3.9	2.3	39	9.5	3.1	1.8	20
2006	1.65	17.7	12.2	0.71	3.5	2.4	43	10.4	2.8	1.9	17
2007	1.79	16.6	12.7	0.74	3.3	2.5	41	12.4	2.4	1.8	16
2008	1.98	14.6	12.1	0.77	3.2	2.7	39	13.0	2.2	1.8	16
2009	2.36	11.8	7.9	0.80	4.3	2.9	34	14.6	1.9	1.3	17
2010	1.50	19.3	15.5	1.00	4.3	3.4	67	15.8	1.8	1.5	10
2011	1.41	23.7	18.3	1.04	4.0	3.1	74	11.8	2.8	2.2	10
2012	1.19	26.7	20.2	1.08	4.5	3.4	91	12.9	2.5	1.9	10
2013	1.63	26.6	18.5	1.13	3.7	2.6	69	14.5	3.0	2.1	12
Range*:		36.9	7.9		10.0	2.3			3.3	1.3	
Current*	3.04	12.4		0.87	2.3		29	14.4	2.6		21
Growth(%):											
5 Year:	5.2			1.7				-0.3			
10 Year:	8.9			3.4				5.9			
20 Year:	10.8			3.2				6.1			

* Current EPS is the 4 Quarter Trailing to Q3/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 1-Dec-11 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$19.03
2	23-Apr-13	OP to Mkt	$26.84

Last Price (November 11, 2014): $38.43
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Hold	Market Perform	52.5%	9.7%	38.5%	51.6%	42.1%	39.1%
Sell	Underperform	3.2%	5.3%	1.3%	4.5%	1.4%	4.9%

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(UGI-NYSE)

Stock Rating: **Market Perform**
Industry Rating: **Market Perform**

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Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp
carl.kirst@bmo.com

Danilo Juvane, CFA / Leah Jordan, CFA / Earl Lee
BMO Capital Markets Corp.
713-546-9741 / 713-546-9707 / 713-546-9764
danilo.juvane@bmo.com / leah.jordan@bmo.com /
earl.lee@bmo.com

FY1Q15 Miss, but FY15 Guidance Range Reaffirmed

Event

UGI reported FY1Q15 EPS of $0.66, below our $0.72 estimate and the Street's $0.77. The delta primarily stems from a miss at APU, partially offset by a slight beat in International Propane, with the balance coming from lower taxes. Of note, UGI reaffirmed its FY2015 EPS guidance of $1.88-1.98, underpinned by revised APU EBITDA guidance of $635-665 mm, a 5% decrease at the midpoint. Key takeaways: 1) The acquisition of Totalgaz continues to progress with the regulatory approval process currently under review by the ADLC, the French Competition Authority. Further, management reiterated it expects the acquisition to close in the first half of calendar year 2015 (we model July 1 to be prudent); 2) UGI continues to advance a Marcellus infrastructure program that should drive meaningful EPS growth in the years to come. Work continues on the $1B, 100-mile PennEast pipeline, which will bring natural gas from the Marcellus to Pennsylvania and New Jersey. As one of several entities in the PennEast JV, UGI has a 22% equity ownership interest, which at a 50%/50% debt/equity funding and 11% target ROE translates into ~$1/share in our current valuation. The project is expected to be online late in 2017; and 3) while a host of projects continues to be evaluated, the expansion of the 1.25 Bcf Temple LNG facility will increase capacity by more than 50% for a modest $10 mm of growth, providing the potential for outsized returns during periods of peak demand. The facility expansion is expected to be online by early FY3Q15.

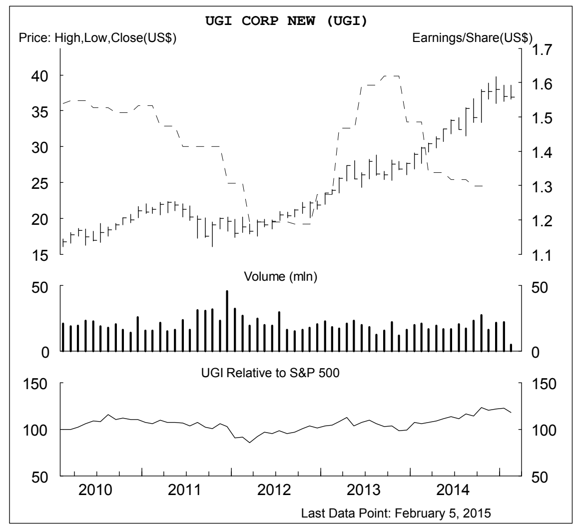
Impact & Analysis

Neutral. Our FY2015 EPS decreases to $1.84 on the miss, residing slightly below the low end of guidance, while our FY2016 EPS estimate remains unchanged at $2.20.

Valuation & Recommendation

Our SOTP price target remains unchanged at $38. We reiterate our Market Perform rating.

Price (6-Feb)	$35.49	**52-Week High**	$39.75
Target Price	$38.00	**52-Week Low**	$27.90



(FY-Sep.)	2013A	2014A	2015E	2016E
EPS	$1.63	$1.99	$1.84↓	$2.20
P/E			20.1x	16.8x
CFPS	$4.90	$5.80	$5.01↓	$5.77
P/CFPS			7.4x	6.4x
Rev. ($mm)	$7,193	$8,277	$7,978	$9,300
EV ($mm)	$6,981	$6,947	$6,947	na
EBITDA ($mm)	$1,185	$1,368	$1,043	$1,410
EV/EBITDA	5.9x	5.1x	6.7x	#VALUE!

Quarterly EPS	Q1	Q2	Q3	Q4
2013A	$0.60	$0.99	$0.09	-$0.06
2014A	$0.70	$1.27	$0.10	-$0.08
2015E	$0.66a	$1.12	$0.12	-$0.06

Dividend	$0.79	**Yield**	2.1%
Book Value	$14.39	**Price/Book**	2.6x
Shares O/S (mm)	171.1	**Mkt. Cap (mm)**	$6,320
Float O/S (mm)	169.7	**Float Cap (mm)**	$6,269
Wkly Vol (000s)	4,602	**Wkly $ Vol (mm)**	$155.2
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2015E: $1.92; 2016E: $2.25

Changes	Annual EPS	Annual CFPS
	2015E $1.90 to $1.84	2015E $5.45 to $5.01

Please refer to pages 4 to 7 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

APU

APU reported FY1Q15 seasonal EBIT of $141 million, below our expected $195 million and $178 million last year. As well, retail volumes of 340 million came in below our 357 million and, on an aggregate basis, total volumes (including wholesale) of 354 million gallons came in below our 395 million gallon estimate. Notably, the decrease in retail gallons sold reflects average temperatures that were 6.2% warmer than normal and 9.6% warmer than the prior year. Of note, despite the significant decrease in spot propane prices, the average cost of propane in FY1Q15 was flat to that of FY4Q14. This is primarily due to excess propane storage going into the winter, representing higher cost inventory, given the unusually mild December.

Further, APU revised its FY2015 EBITDA guidance to $635-665 million, a 5% decrease at the midpoint from prior guidance. Our FY2015 EBITDA currently sits at $627 million, slightly below the low end of guidance.

International Propane

International Propane reported FY1Q15 EBIT of $54 million, higher than our $42 million but lower than the $57 million last year. Reported volumes of 180 million gallons were higher than our 165 million estimate, despite warmer weather at both Antargaz and Flaga, which were above normal by 20% and 17%, respectively, partially offset by unit margins of €0.80, which came in below our €0.85 estimate. Notably, a significant portion of the earnings for the quarter were hedged, mitigating the impact of the declining value of the euro; recall, UGI historically layers in foreign exchange hedges for the next 24-36 months. FY2015 and FY2016 are now fully hedged, with FY2017 approximately two-thirds hedged.

Management continues to progress with the regulatory approval process associated with the acquisition of Total's LPG business in France. Currently, the proposed acquisition is under review by the ADLC, the French Competition Authority. Further, management reiterated it expects the acquisition to close in the first half of calendar year 2015.

Utility

Utility reported EBIT of $72 million, just below our $73 million estimate and the $82 million last year. The delta came from slightly lower unit margins of $2.35/mcf versus our $2.40/mcf assumption, partially offset by higher system throughput of 56.8 Bcf versus our 51.8 Bcf assumption.

Midstream and Marketing

Midstream and Marketing reported FY1Q15 EBIT of $46 million, slightly below our $54 million assumption and ahead of the $36 million last year. The delta came from higher O&M expense of $19 million versus our $14 million assumption, partially offset by higher margins from capacity management and natural gas gathering.

UGI continues to progress toward building out its infrastructure network in the Marcellus, with work already beginning on the PennEast pipeline. Recall, this $1 billion (gross) joint project (the other entities being AGL, New Jersey Resources, South Jersey Industries, PSEG, and Spectra) involves the construction of a 100-mile pipeline to bring natural gas from the Marcellus to Pennsylvania and New Jersey. At present, UGI has secured ~965 mmcf/d of 15-year take-or-pay contracts, which almost covers the entire 1 Bcf/d of proposed capacity. UGI has a 22% equity ownership interest and will serve as the project manager and pipeline operator. The project is expected to be on line late in 2017.

As well, the 1.25 Bcf Temple LNG facility expansion continues to progress forward and is expected to be on line by early FY3Q15. This project will expand capacity by 50% for a modest $10 million of growth providing the potential for outsized returns during periods of peak demand. In addition to the Temple LNG facility, UGI is executing the next phase of the Auburn III pipeline capacity expansion, which is expected to be on line by fall 2015.

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E
Operating Revenue													
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$3,713	$889	$1,538	$581	$577	$3,584	$3,789
International Propane	1,125	955	1,060	1,489	1,946	2,180	2,322	563	673	490	531	2,256	3,403
UGI Utilities	1,278	1,380	1,048	1,136	857	839	1,077	286	439	148	129	1,001	996
Energy Services and other	1,431	1,143	1,164	929	794	1,007	1,165	267	423	236	210	1,137	1,113
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	8,277	2,005	3,073	1,455	1,447	7,978	9,300
Operating Expenses:													
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	5,176	1,405	1,967	927	906	5,205	5,960
O&M	1,157	1,220	1,177	1,266	1,592	1,692	1,753	436	479	406	451	1,771	1,971
Utility taxes other than income	18	17	19	17	17	17	17	4	4	4	4	16	16
DD&A	184	201	210	228	316	363	363	91	84	84	90	349	368
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(36)	(14)	(10)	(10)	(10)	(44)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	7,272	1,921	2,523	1,411	1,441	7,297	8,275
Operating Income	585	685	659	616	521	829	1,006	83	549	44	5	682	1,025
Other Income:													
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	(0)	(1)	4	4	4	12	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	(0)	(1)	4	4	4	12	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$1,006**	**$82**	**$553**	**$48**	**$10**	**$694**	**$1,042**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$1,368**	**$173**	**$637**	**$132**	**$100**	**$1,043**	**$1,410**
EBIT Composition:													
AmeriGas Propane	233	298	234	202	156	388	458	2	302	(13)	0	292	473
International Propane	103	149	115	68	112	147	118	54	73	24	(11)	139	227
Gas Utility	138	154	175	200	172	198	236	72	107	20	7	206	211
Electric Utility	24	15	14	11	12	10	11	3	4	1	3	11	11
Energy Services	74	65	120	83	62	90	199	46	69	17	13	146	128
Other	11	2	(1)	13	(7)	(3)	(16)	(9)	(2)	(2)	(2)	(15)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$1,006**	**$167**	**$553**	**$48**	**$10**	**$778**	**$1,042**
Interest expense	143	141	134	138	222	240	238	59	63	63	63	247	253
Income before taxes and minority interest	440	541	523	439	286	588	768	23	491	(15)	(53)	447	789
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(195)	34	(184)	47	37	(65)	(187)
Income before taxes	350	418	429	364	299	440	572	57	307	33	(16)	381	602
Income taxes													
Current	135	132	105	48	17	129	122	9	65	7	(3)	78	132
Deferred	(1)	27	63	83	83	34	113	14	47	5	(2)	64	88
Total income taxes	135	159	168	131	100	163	235	23	112	12	(6)	141	220
Effective income tax rate	38%	38%	39%	36%	33%	37%	41%	40%	37%	37%	37%	37%	36%
Net Income	216	258	261	233	199	277	337	34	195	21	(10)	240	382
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	337	34	195	21	(10)	240	382
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	337	34	195	21	(10)	240	382
Pre-tax adjustments to Core (before disc ops)													
Asset impairment	0	0	0	0	0	0	0	0				0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0	0				0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	14	82				82	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	14	82				82	0
After-tax adjustments	0	(0)	(13)	5	3	3	10	82				82	0
Non-GAAP Core Earnings	216	258	248	238	212	281	347	116	195	21	(10)	322	382
Shares Outstanding (MM)													
Diluted	162	163	165	169	169	173	175	176	174	174	174	174	174
Basic	161	163	164	168	169	171	173	173	173	173	173	173	173
Period ending basic shares out	161	163	164	169	169	171	173	173	173	173	173	173	173
Earnings Per Share													
GAAP EPS	$1.33	$1.58	$1.58	$1.38	$1.24	$1.61	$1.93	$0.19	$1.12	$0.12	($0.06)	$1.37	$2.20
Core EPS	**$1.33**	**$1.58**	**$1.50**	**$1.41**	**$1.25**	**$1.63**	**$1.99**	**$0.66**	**$1.12**	**$0.12**	**($0.06)**	**$1.84**	**$2.20**
EPS growth (%)	-25.3%	19.1%	-5.0%	-5.9%	-11.4%	30.3%	22.1%	-6.3%	-11.4%	24.1%	-30.5%	-7.3%	19.1%
Dividends Paid													
Cash per share	$0.49	$0.52	$0.63	$0.69	$0.71	$0.75	$0.80	$0.22	$0.22	$0.22	$0.22	$0.87	$0.92
Payout Ratio (%)	37%	33%	42%	49%	57%	46%	40%					47%	42%
Growth (%)	3.7%	5.1%	22.2%	8.4%	3.9%	5.6%	6.1%					8.9%	5.7%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E
Operating Activities													
GAAP Net Income	216	259	356	308	187	428	533	0	195	21	(10)	206	382
DD&A	184	201	210	228	316	363	363	91	84	84	90	349	368
Provision for uncollectible accounts	37	34	27	20	27	0	44	7	0	0	0	7	0
Minority interest	90	124	0	0	0	0	0	0	184	(47)	(37)	99	187
Deferred income taxes, net	(1)	27	63	83	83	49	67	(60)	47	5	(2)	(10)	88
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	6	229	6	(3)	(8)	223	(22)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$1,012**	**$267**	**$515**	**$59**	**$33**	**$874**	**$1,004**
OCF per share	**$3.23**	**$3.74**	**$4.01**	**$4.14**	**$3.67**	**$4.90**	**$5.80**	**$1.52**	**$2.96**	**$0.34**	**$0.19**	**$5.01**	**$5.77**
Working Capital													
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	18	(342)	0	0	0	(342)	0
Inventories	(42)	67	34	(41)	89	5	(65)	28	0	0	0	28	0
Deferred fuel costs	22	10	(19)	13	(2)	9	(18)	4	0	0	0	4	0
Accounts payable	(6)	(146)	47	19	(79)	39	4	119	0	0	0	119	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	54	(58)	0	0	130	72	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(6)	(248)	0	0	130	(118)	0
Discontinued Ops													
Cash Flow from Operations	464	665	599	555	708	802	1,005	19	515	59	163	756	1,004
Investing Activities													
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(457)	(132)	(77)	(77)	(77)	(362)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(37)	(7)	(578)	0	0	(585)	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	6	(31)	0	0	0	(31)	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(488)	(170)	(655)	(77)	(77)	(979)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(488)	(170)	(655)	(77)	(77)	(979)	(307)
Financing Activities													
Sale of Common Equity	21	11	28	27	23	36	11	6	0	0	0	6	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	175	0	289	0	0	289	100
Redemption of Common Stock	0	0	0	0	0	0	(40)	0	0	0	0	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(243)	(3)	0	0	0	(3)	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	(17)	249	0	0	50	299	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(136)	(38)	(38)	(38)	(38)	(151)	(160)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(238)	(61)	(63)	(63)	(63)	(250)	(262)
APU equity & Other	3	1	4	4	278	9	12	(3)	0	0	0	(3)	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	(476)	150	188	(101)	(51)	186	(322)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	(476)	150	188	(101)	(51)	186	(322)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	(12)	(8)	0	0	0	(8)	0
Change in Cash	(7)	35	(19)	(22)	81	69	30	(9)	49	(118)	35	(44)	375
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	420	410	459	340	420	375
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$420**	**$410**	**$459**	**$340**	**$375**	**$375**	**$750**

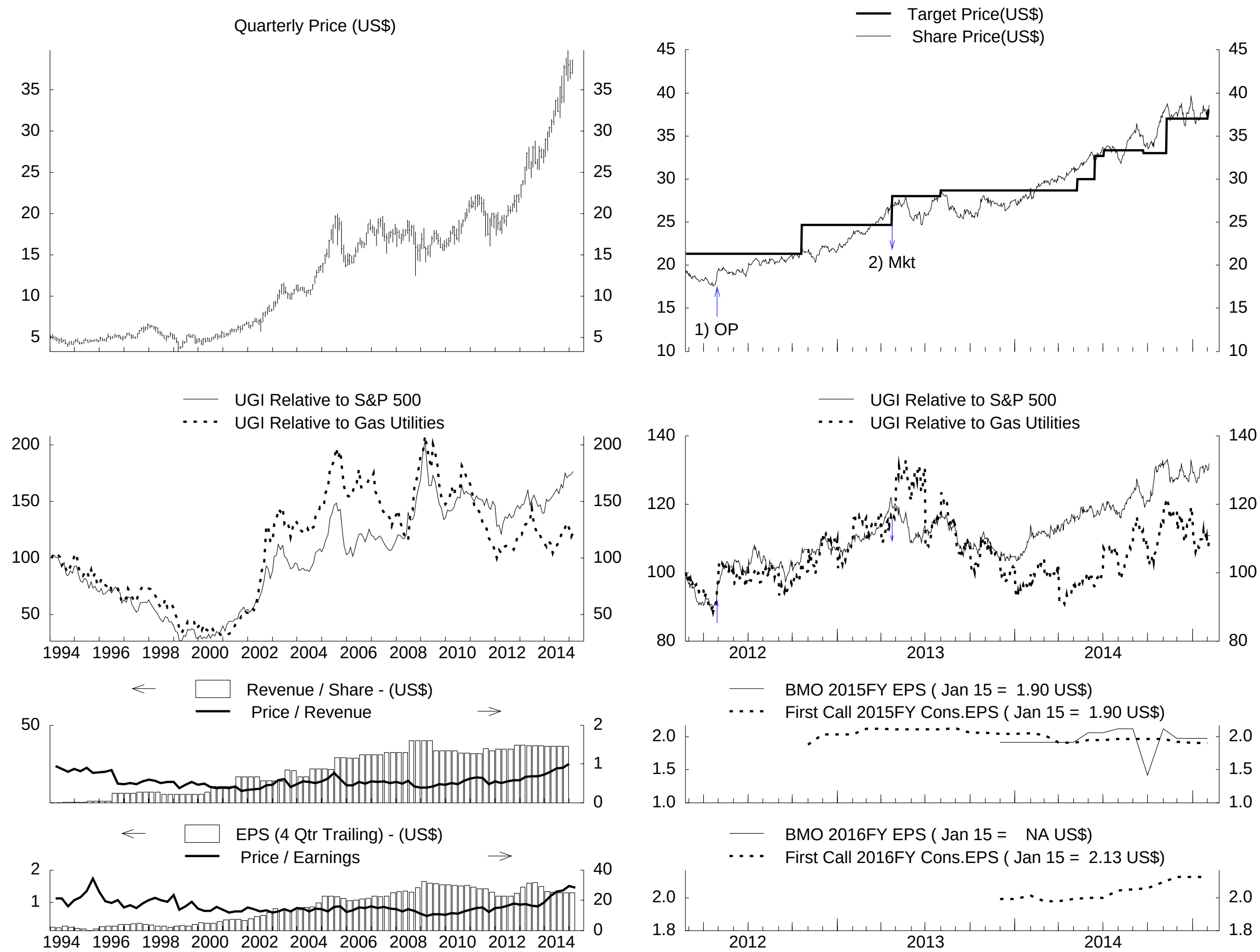
Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E
Assets													
Cash and equivalents	$245	$287	$296	$256	$323	$398	$436	$465	$459	$340	$375	$375	$750
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	685	961	961	961	961	961	961
Accrued utility revenues	21	21	14	15	17	19	14	53	53	53	53	53	53
Inventories	401	363	314	363	357	366	423	391	391	391	391	391	391
Deferred income taxes	28	35	33	45	57	11	10	46	46	46	46	46	46
ST asset price risk management	16	20	11	10	13	24	15	20	20	20	20	20	20
Prepaid expenses	57	34	59	43	67	57	67	88	88	88	88	88	88
Other	13	20	26	28	39	8	13	17	17	17	17	17	17
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	1,663	2,040	2,034	1,915	1,950	1,950	2,325
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,177	7,217	7,294	7,370	7,447	7,447	7,754
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,633)	(2,664)	(2,748)	(2,832)	(2,922)	(2,922)	(3,290)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,544	4,553	4,546	4,539	4,525	4,525	4,464
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,833	2,807	2,807	2,807	2,807	2,807	2,807
Intangible assets	155	166	150	148	658	608	576	564	564	564	564	564	564
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	477	467	1,092	1,097	977	977	1,000
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,093	10,430	11,042	10,921	10,823	10,823	11,160
Liabilities and Equity													
Current maturities of long-term debt	218	258	774	186	332	295	288	606	606	606	656	656	656
Accounts payable	462	335	373	400	411	472	460	557	557	557	557	557	557
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	107	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	212	0	0	0	0	0	0
Other	224	505	277	257	327	355	365	807	807	807	807	807	807
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,431	1,969	1,969	1,969	2,019	2,019	2,019
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,434	3,341	3,630	3,630	3,630	3,630	3,730
Deferred income taxes	491	505	601	709	935	962	1,005	976	1,023	1,028	1,026	1,026	1,114
Other	446	585	604	575	621	532	560	589	589	589	589	589	589
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,430	6,875	7,211	7,216	7,264	7,264	7,452
Minority Interest	159	225	237	213	1,086	1,055	1,004	908	1,027	919	820	820	747
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,659	2,646	2,804	2,786	2,739	2,739	2,961
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,093	10,430	11,042	10,921	10,823	10,823	11,160

Source: BMO Capital Markets estimates, company data.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1994	0.26	21.7	14.9	0.31	7.9	5.4	>100	2.9	1.9	1.3	
1995	0.13	36.9	29.0	0.31	8.1	6.3	>100	2.6	1.9	1.5	5
1996	0.27	20.7	16.5	0.32	7.2	5.7	>100	2.5	2.2	1.7	10
1997	0.35	17.9	13.4	0.32	6.9	5.1	92	2.5	2.4	1.8	14
1998	0.27	24.5	16.7	0.32	7.1	4.8	>100	2.5	2.7	1.9	11
1999	0.27	20.9	12.2	0.33	10.0	5.8	>100	2.0	2.8	1.6	12
2000	0.35	15.3	11.4	0.34	8.5	6.4	97	1.7	3.3	2.4	19
2001	0.47	14.0	10.2	0.36	7.5	5.4	76	2.1	3.1	2.3	25
2002	0.60	13.6	9.3	0.37	6.6	4.5	61	2.6	3.2	2.2	26
2003	0.77	15.2	9.7	0.38	5.1	3.3	50	4.4	2.6	1.7	22
2004	0.87	14.4	11.1	0.42	4.3	3.3	48	5.4	2.3	1.8	18
2005	1.16	17.2	9.9	0.45	3.9	2.3	39	6.3	3.1	1.8	20
2006	1.10	17.7	12.2	0.47	3.5	2.4	43	7.0	2.8	1.9	17
2007	1.19	16.6	12.7	0.49	3.3	2.5	41	8.3	2.4	1.8	16
2008	1.32	14.6	12.1	0.51	3.2	2.7	39	8.7	2.2	1.8	16
2009	1.57	11.8	7.9	0.53	4.3	2.9	34	9.7	1.9	1.3	17
2010	1.00	19.3	15.5	0.67	4.3	3.4	67	10.5	1.8	1.5	10
2011	0.94	23.7	18.3	0.69	4.0	3.1	74	12.9	1.7	1.3	8
2012	0.80	26.7	20.2	0.72	4.5	3.4	91	14.5	1.5	1.1	6
2013	1.63	17.7	12.4	0.75	3.7	2.6	46	15.3	1.9	1.3	11
2014	1.99	18.4	12.7	0.87	3.4	2.4	44	19.5	1.9	1.3	11
Range*:		36.9	7.9		10.0	2.3			3.3	1.1	
Current*	1.30	28.5		0.87	2.4		67	14.4	2.6		9

Growth(%):	EPS	DPS	BV
5 Year:	-3.4	10.3	8.1
10 Year:	2.8	7.6	10.2
20 Year:	9.1	5.4	8.3

* Current EPS is the 4 Quarter Trailing to Q4/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

UGI - Rating as of 23-Feb-12 = Mkt

	Date	Rating Change	Share Price
1	27-Apr-12	Mkt to OP	$19.03
2	23-Apr-13	OP to Mkt	$26.84

Last Price (February 3, 2015): $38.57
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Methodology and Risks to Price Target/Valuation
Methodology: Sum of the Parts
Risks: 1) regulatory risk, 2) weather, 3) USD/Euro exchange rates and 4) M&A risk

Distribution of Ratings (December 31, 2014)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	43.4%	16.2%	60.6%	42.6%	51.7%	55.6%
Hold	Market Perform	52.6%	8.1%	36.6%	53.0%	45.8%	39.5%
Sell	Underperform	3.9%	8.3%	2.8%	4.5%	2.5%	4.9%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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(S) = speculative investment;
NR = No rating at this time;
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UGI

(UGI-NYSE)

Stock Rating: Market Performance
Industry Rating: Market Performance

May 5, 2015

Carl Kirst, CFA **713-546-9756**
BMO Capital Markets Corp.
carl.kirst@bmo.com

Leah Jordan, CFA / Earl Lee
BMO Capital Markets Corp.
713-546-9707 / 713-546-9764
leah.jordan@bmo.com / earl.lee@bmo.com

FY2Q15 Beats, Dividend Increases 4.6%

Event

UGI reported FY2Q15 EPS of $1.23, above our $1.21 estimate and the Street's $1.20; excluding $0.03 of expense relating to the pending Totalgaz acquisition, and normalized results were effectively a nickel better. The delta primarily stems from a beat at Midstream & Marketing (+$0.10), which benefitted from sustained volatility in Northeast gas logistics (even if lower than last year's record), partially offset by a miss in International Propane and higher taxes. Key takeaways: 1) the level of both opportunistic and fee-based take-or-pay earnings from the marketing division is rising as a result of ongoing regional take-away bottlenecks. This is resulting not only in higher near-term earnings—noting F2015 guidance has been increased $0.12 at the midpoint—but it's also leading to additional infrastructure investment opportunities (witness two new pipeline interests added the last quarter, Sunbury and Invenergy); 2) the acquisition of Totalgaz continues to progress, with an expected close (pending approval of the French Competition Authority) this quarter (we model July 1 to be prudent); and 3) Work continues on the 20%-owned $1B, 100-mile PennEast pipeline, which will bring natural gas from the Marcellus to Pennsylvania and New Jersey.

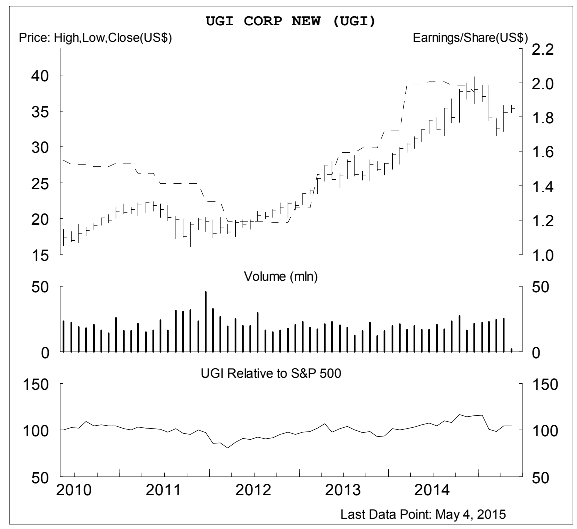
Impact & Analysis

Positive. UGI increased its FY2015 EPS guidance to $2.00-2.10, a 6% increase at the midpoint, while reaffirming APU EBITDA guidance of $635-665 mm. As well, the company increased the quarterly dividend by 4.6% to $0.91 annualized, roughly in line with management's long-term 35-45% EPS payout ratio or 4% dividend CAGR target. Our FY2015 EPS increases to $2.02 on the beat as well as an uplift to Midstream & Marketing margins. Our FY2016 EPS estimate remains unchanged at $2.20, but has upside bias should northeast volatility remain higher than normal.

Valuation & Recommendation

Our SOTP price target remains unchanged at $38. We reiterate our Market Perform rating.

Price (5-May)	$34.40	**52-Week High**	$39.75
Target Price	$38.00	**52-Week Low**	$30.89



(FY-Sep.)	2013A	2014A	2015E	2016E
EPS	$1.63	$1.99	$2.02↑	$2.20
P/E			17.0x	15.6x
CFPS	$4.90	$5.80	$6.18↑	$5.68↓
P/CFPS			5.6x	6.1x
Rev. ($mm)	$7,193	$8,277	$7,518	$8,955
EV ($mm)	$6,981	$6,947	$6,947	$6,947
EBITDA ($mm)	$1,185	$1,368	$1,238	$1,382
EV/EBITDA	5.9x	5.1x	5.6x	5.0x

Quarterly EPS	Q1	Q2	Q3	Q4
2013A	$0.60	$0.99	$0.09	-$0.06
2014A	$0.70	$1.27	$0.10	-$0.08
2015E	$0.66a	$1.23a	$0.16↑	-$0.04↑

Dividend	$0.91	**Yield**	2.6%
Book Value	$14.39	**Price/Book**	2.4x
Shares O/S (mm)	171.1	**Mkt. Cap (mm)**	$5,887
Float O/S (mm)	169.7	**Float Cap (mm)**	$5,839
Wkly Vol (000s)	4,884	**Wkly $ Vol (mm)**	$170.0
Net Debt ($mm)	$2,308	**Next Rep. Date**	na

Notes: All values in US$
First Call Mean Estimates: UGI CORP (US$) 2015E: $1.91; 2016E: $2.13

Changes	Annual EPS	Annual CFPS	Quarterly EPS
	2015E $1.94 to $2.02	2015E $5.12 to $6.18 2016E $5.75 to $5.68	Q3/15E $0.12 to $0.16 Q4/15E -$0.06 to -$0.04

Please refer to pages 7 to 13 for Important Disclosures, including the Analyst's Certification.

Details & Analysis

APU

APU reported FY2Q15 seasonal EBIT of $132 million (net of minority interest), ahead of our expected $117 million and $109 million last year. While retail volumes of 448 million came in below our 523 million, this was more than offset by higher realized unit margins of $1.44/gal versus our more conservative $1.12/gal assumption (more in line with its longer-term average) as well as product costs that were ~20% lower than last year. Notably, the decrease in retail gallons sold reflects average temperatures that were close to normal and 7.2% warmer than the prior year.

Further, APU reaffirmed its FY2015 adjusted EBITDA guidance of $635-$665 million. Our FY2015 adjusted EBITDA currently sits at $654 million, slightly above the midpoint of guidance.

International Propane

International Propane reported FY2Q15 EBIT of $65 million, lower than our $69 million but on par with the $64 million last year. The decrease primarily stems from lower average selling prices due to a decline in commodity LPG prices. Reported volumes of 190 million gallons were higher than our 179 million estimate, despite warmer weather at both Antargaz and Flaga, which were above normal by 1% and 11%, respectively. Notably, a significant portion of the earnings for the quarter were hedged, mitigating the impact of the declining value of the euro; recall, UGI historically layers in foreign exchange hedges for the next 24-36 months. FY2015 and FY2016 are currently fully hedged, with FY2017 approximately two-thirds hedged.

Management continues to progress with the regulatory approval process associated with the acquisition of Total’s LPG business in France. The proposed acquisition is now under review by the ADLC, the French Competition Authority. Management reiterated that it expects the acquisition to close in FY3Q15.

Utility

Utility reported EBIT of $139 million, just ahead our $138 million estimate and the $135 million last year. The delta came from slightly higher unit margins of $2.59/mcf versus our $2.56/mcf assumption and system throughput of 81.0 Bcf versus our 79.3 Bcf assumption.

Midstream and Marketing

Midstream and Marketing reported adjusted FY2Q15 EBIT of $102 million, markedly ahead of our $69 million assumption and below the $121 million last year. The delta primarily stems from a benefit from sustained volatility in Northeast gas logistics and lower operating expenses.

UGI continues to progress toward building out its infrastructure network in the Marcellus with work already beginning on the PennEast pipeline. Recall, this $1 billion (gross) joint project (the other entities being AGL, New Jersey Resources, South Jersey Industries, PSEG, and Spectra) involves the construction of a 100-mile pipeline to bring natural gas from the Marcellus to Pennsylvania and New Jersey. At present, UGI has secured ~965 mmcf/d of 15-year take-or-pay contracts, which almost covers the entire 1 Bcf/d of proposed capacity. UGI has a 20% equity ownership interest and will serve as the project manager and pipeline operator. The project is expected to be online late in 2017.

As well, the 1.25 Bcf Temple LNG facility expansion came online in April, increasing capacity by 50% for a modest $10 million of growth, providing the potential for outsized returns during periods of peak demand. Moreover, UGI added two additional infrastructure pipeline interests this last quarter—Sunbury and Invenergy—which will provide price-advantaged natural gas to power generation facilities.

Other companies mentioned (priced as of the close on May 5, 2015):

AmeriGas Partners (APU, $48.43, Not Rated)
AGL Resources (GAS, $48.63, Market Perform)
New Jersey Resources (NJR, $29.51, Not Rated)
PSEG (PEG, $41.56, Market Perform, by Michael Worms)
South Jersey Industries (SJI, $51.27, Not Rated)
Spectra Energy ($36.88, Outperform)

Exhibit 1: UGI Income Statement

Consolidated Earnings ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013A	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E	F2017E
Operating Revenue														
Amerigas Propane	$2,815	$2,260	$2,320	$2,538	$2,922	$3,167	$3,713	$889	$1,100	$622	$618	$3,229	$3,645	$3,824
International Propane	1,125	955	1,060	1,489	1,946	2,180	2,322	563	520	545	590	2,218	3,326	3,064
UGI Utilities	1,278	1,380	1,048	1,136	857	839	1,077	286	495	148	129	1,057	977	986
Energy Services and other	1,431	1,143	1,164	929	794	1,007	1,165	267	299	239	210	1,014	1,007	1,009
Total Operating Revenue	6,648	5,738	5,591	6,091	6,519	7,193	8,277	2,005	2,456	1,553	1,547	7,518	8,955	8,883
Operating Expenses:														
Cost of sales	4,745	3,671	3,584	4,011	4,111	4,324	5,176	1,405	1,193	990	970	4,558	5,677	5,601
O&M	1,157	1,220	1,177	1,266	1,592	1,692	1,753	436	463	417	468	1,784	1,938	1,905
Utility taxes other than income	18	17	19	17	17	17	17	4	4	4	4	16	16	16
DD&A	184	201	210	228	316	363	363	91	87	87	95	360	373	365
Other income, net	(42)	(56)	(58)	(47)	(38)	(33)	(36)	(14)	(10)	(10)	(10)	(44)	(40)	(40)
Total operating expenses	6,063	5,053	4,932	5,475	5,998	6,364	7,272	1,921	1,754	1,488	1,526	6,673	7,964	7,848
Operating Income	585	685	659	616	521	829	1,006	83	702	65	21	871	991	1,036
Other Income:														
Loss from equity investee	(3)	(3)	(2)	(1)	(0)	(0)	(0)	(1)	(0)	4	4	8	17	17
Loss on early extinguishments of debt	0	0	0	(38)	(13)	0	0	0	0	0	0	0	0	0
Total other income	(3)	(3)	(2)	(39)	(14)	(0)	(0)	(1)	(0)	4	4	8	17	17
EBIT	**$582**	**$682**	**$657**	**$577**	**$508**	**$829**	**$1,006**	**$82**	**$702**	**$70**	**$25**	**$879**	**$1,008**	**$1,053**
EBITDA	**$767**	**$883**	**$867**	**$805**	**$824**	**$1,192**	**$1,368**	**$173**	**$789**	**$157**	**$120**	**$1,238**	**$1,382**	**$1,418**
EBIT Composition:														
AmeriGas Propane	233	298	234	202	156	388	458	2	297	7	20	327	451	515
International Propane	103	149	115	68	112	147	118	54	65	24	(16)	126	213	190
Gas Utility	138	154	175	200	172	198	236	72	139	20	7	238	211	214
Electric Utility	24	15	14	11	12	10	11	3	0	1	3	7	11	11
Energy Services	74	65	120	83	62	90	199	46	102	20	13	180	130	130
Other	11	2	(1)	13	(7)	(3)	(16)	(94)	99	(2)	(2)	2	(7)	(7)
Total EBIT Composition	**$582**	**$682**	**$657**	**$577**	**$507**	**$831**	**$1,006**	**$82**	**$702**	**$70**	**$25**	**$879**	**$1,008**	**$1,053**
Interest expense	143	141	134	138	222	240	238	59	58	58	59	234	235	241
Income before taxes and minority interest	440	541	523	439	286	588	768	23	644	11	(34)	645	773	812
Minority interest	(90)	(124)	(95)	(75)	13	(149)	(195)	34	(236)	33	23	(146)	(171)	(201)
Income before taxes	350	418	429	364	299	440	572	57	408	44	(11)	499	602	611
Income taxes														
Current	135	132	105	48	17	129	122	9	65	9	(2)	81	132	135
Deferred	(1)	27	63	83	83	34	113	14	97	7	(2)	116	88	90
Total income taxes	135	159	168	131	100	163	235	23	162	16	(4)	197	220	225
Effective income tax rate	38%	38%	39%	36%	33%	37%	41%	40%	40%	37%	37%	39%	37%	37%
Net Income	216	258	261	233	199	277	337	34	247	28	(7)	302	383	386
Preferred	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income from continuing operations	216	258	261	233	199	277	337	34	247	28	(7)	302	383	386
Discontinued ops, net	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Accounting	0	0	0	0	10	1	0	0	0	0	0	0	0	0
GAAP Net Income to Common	216	258	261	233	209	278	337	34	247	28	(7)	302	383	386
Pre-tax adjustments to Core (before disc ops)														
Asset impairment	0	0	0	0	0	0	0	0	0			0	0	0
(Gain) loss from disposal of asset	0	0	(27)	0	0	5	0	0	0			0	0	0
Other non-recurring (gains) loss	0	0	2	13	4	0	14	82	(48)			34	0	0
Total Pre-tax adjustments	0	0	(25)	13	4	5	14	82	(48)			34	0	0
After-tax adjustments	0	(0)	(13)	5	3	3	10	82	(31)			51	0	0
Non-GAAP Core Earnings	216	258	248	238	212	281	347	116	216	28	(7)	353	383	386
Shares Oustanding (MM)														
Diluted	162	163	165	169	169	173	175	176	176	174	174	175	174	174
Basic	161	163	164	168	169	171	173	173	173	173	173	173	173	173
Period ending basic shares out	161	163	164	169	169	171	173	173	173	173	173	173	173	173
Earnings Per Share														
GAAP EPS	$1.33	$1.58	$1.58	$1.38	$1.24	$1.61	$1.93	$0.19	$1.40	$0.16	($0.04)	$1.73	$2.20	$2.22
Core EPS	**$1.33**	**$1.58**	**$1.50**	**$1.41**	**$1.25**	**$1.63**	**$1.99**	**$0.66**	**$1.23**	**$0.16**	**($0.04)**	**$2.02**	**$2.20**	**$2.22**
EPS growth (%)	-25.3%	19.1%	-5.0%	-5.9%	-11.4%	30.3%	22.1%	-6.3%	-3.0%	68.3%	-51.9%	1.4%	8.9%	0.9%
Dividends Paid														
Cash per share	$0.49	$0.52	$0.63	$0.69	$0.71	$0.75	$0.80	$0.22	$0.22	$0.23	$0.23	$0.89	$0.96	$1.00
Payout Ratio (%)	37%	33%	42%	49%	57%	46%	40%					44%	44%	45%
Growth (%)	3.7%	5.1%	22.2%	8.4%	3.9%	5.6%	6.1%					11.4%	7.9%	3.9%

Source: BMO Capital Markets estimates, company data.

Exhibit 2: UGI Cash Flow Statement

GAAP Cash Flow Statement ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E	F2017E
Operating Activities														
GAAP Net Income	216	259	356	308	187	428	533	0	247	28	(7)	268	383	386
DD&A	184	201	210	228	316	363	363	91	87	87	95	360	373	365
Provision for uncollectible accounts	37	34	27	20	27	0	44	7	0	0	0	7	0	0
Minority interest	90	124	0	0	0	0	0	0	236	(33)	(23)	180	171	201
Deferred income taxes, net	(1)	27	63	83	83	49	67	(60)	97	7	(2)	42	88	90
Loss on early extinguishment of debt	0	0	0	38	13	0	0	0	0	0	0	0	0	0
Net change in settled AOCI	(4)	(21)	24	0	0	0	0	0	0	0	0	0	0	0
Other, net	3	(11)	(16)	21	(3)	6	6	229	6	(3)	(8)	223	(25)	(26)
OCF (pre-working capital)	**$525**	**$612**	**$664**	**$698**	**$623**	**$846**	**$1,012**	**$267**	**$671**	**$86**	**$55**	**$1,080**	**$990**	**$1,017**
OCF per share	**$3.23**	**$3.74**	**$4.01**	**$4.14**	**$3.67**	**$4.90**	**$5.80**	**$1.52**	**$3.82**	**$0.50**	**$0.32**	**$6.18**	**$5.68**	**$5.84**
Working Capital														
Accounts receivable and accrued revenue	(22)	80	(95)	(66)	66	(111)	18	(342)	0	0	0	(342)	0	0
Inventories	(42)	67	34	(41)	89	5	(65)	28	0	0	0	28	0	0
Deferred fuel costs	22	10	(19)	13	(2)	9	(18)	4	0	0	0	4	0	0
Accounts payable	(6)	(146)	47	19	(79)	39	4	119	0	0	0	119	0	0
Other current assets and liabilities	(12)	43	(33)	(68)	11	14	54	(58)	0	0	150	92	0	0
Changes in Working Capital	(61)	53	(65)	(143)	85	(44)	(6)	(248)	0	0	150	(98)	0	0
Discontinued Ops														
Cash Flow from Operations	464	665	599	555	708	802	1,005	19	671	86	205	982	990	1,017
Investing Activities														
Capital Spending (to PP&E)	(232)	(302)	(347)	(361)	(339)	(486)	(457)	(132)	(91)	(77)	(77)	(377)	(307)	(307)
Net proceeds from disposals of assets	12	42	67	0	0	0	0	0	0	0	0	0	0	0
Net proceeds from sale of Energy Ventures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment in Flaga joint venutre	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	(1)	(323)	(83)	(53)	(1,581)	(79)	(37)	(7)	(578)	0	0	(585)	0	0
Short-term investment increase	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other, net	(68)	62	(36)	(2)	15	12	6	(31)	0	0	0	(31)	0	0
Cash used in investing	(290)	(520)	(399)	(415)	(1,905)	(553)	(488)	(170)	(669)	(77)	(77)	(993)	(307)	(307)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investing Cash Flow	(290)	(520)	(399)	(415)	(1,905)	(553)	(488)	(170)	(669)	(77)	(77)	(993)	(307)	(307)
Financing Activities														
Sale of Common Equity	21	11	28	27	23	36	11	6	0	0	0	6	0	0
Sale of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of L.T. Debt	34	118	0	1,481	1,550	227	175	0	289	0	0	289	100	95
Redemption of Common Stock	0	0	0	0	0	0	(40)	0	0	0	0	0	0	0
Redemption of Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Redemption of L.T. Debt	0	(82)	(95)	(1,384)	(300)	(169)	(243)	(3)	0	0	0	(3)	0	0
Change in Notes Payable, LC, ST Debt	(77)	13	38	(72)	27	62	(17)	249	0	0	50	299	0	0
Common Dividends	(81)	(85)	(99)	(114)	(119)	(126)	(136)	(38)	(38)	(40)	(40)	(155)	(167)	(174)
Distributions to minority interests	(81)	(90)	(89)	(94)	(182)	(227)	(238)	(61)	(60)	(63)	(63)	(247)	(262)	(275)
APU equity & Other	3	1	4	4	278	9	12	(3)	0	0	0	(3)	0	0
Cash From (For) Financing	(180)	(115)	(214)	(152)	1,279	(186)	(476)	150	191	(103)	(53)	185	(329)	(354)
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Cash Flow	(180)	(115)	(214)	(152)	1,279	(186)	(476)	150	191	(103)	(53)	185	(329)	(354)
Effect of exchange rate	(1)	4	(5)	(9)	(0)	7	(12)	(8)	0	0	0	(8)	0	0
Change in Cash	(7)	35	(19)	(22)	81	69	30	(9)	193	(93)	76	166	354	356
Cash & Temp. Inv. Beginning of Yr.	252	245	280	261	239	320	389	420	410	603	510	420	586	939
Cash & Temp. Inv. End of Yr.	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$420**	**$410**	**$603**	**$510**	**$586**	**$586**	**$939**	**$1,296**

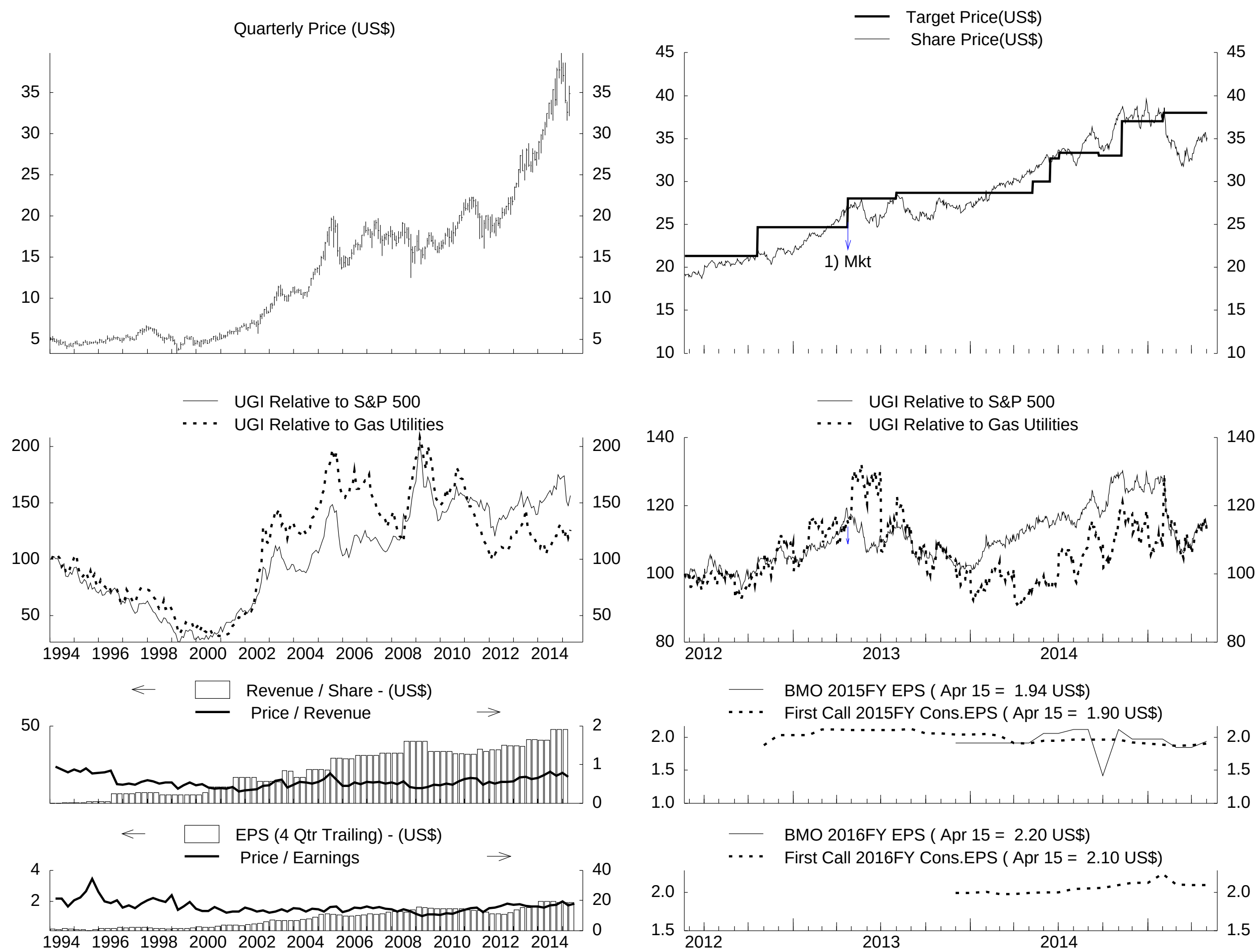
Source: BMO Capital Markets estimates, company data.

Exhibit 3: UGI Balance Sheet

Consolidated Balance Sheet ($ Millions except per share data)	F2008A	F2009A	F2010A	F2011A	F2012A	F2013E	F2014A	Q1	Q2	Q3	Q4	F2015E	F2016E	F2017E
Assets														
Cash and equivalents	$245	$287	$296	$256	$323	$398	$436	$465	$603	$510	$586	$586	$939	$1,296
Short-term investments	70	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable	488	406	468	547	633	746	685	961	961	961	961	961	961	961
Accrued utility revenues	21	21	14	15	17	19	14	53	53	53	53	53	53	53
Inventories	401	363	314	363	357	366	423	391	391	391	391	391	391	391
Deferred income taxes	28	35	33	45	57	11	10	46	46	46	46	46	46	46
ST asset price risk management	16	20	11	10	13	24	15	20	20	20	20	20	20	20
Prepaid expenses	57	34	59	43	67	57	67	88	88	88	88	88	88	88
Other	13	20	26	28	39	8	13	17	17	17	17	17	17	17
Total current assets	1,339	1,185	1,220	1,306	1,505	1,627	1,663	2,040	2,178	2,085	2,161	2,161	2,514	2,871
Plant and equipment, gross	3,965	4,692	4,970	5,285	6,519	7,041	7,177	7,217	7,308	7,385	7,462	7,462	7,769	8,076
Accumulated depreciation	(1,515)	(1,789)	(1,917)	(2,080)	(2,286)	(2,560)	(2,633)	(2,664)	(2,751)	(2,838)	(2,933)	(2,933)	(3,306)	(3,671)
Plant and equipment, net	2,450	2,904	3,053	3,205	4,233	4,480	4,544	4,553	4,557	4,547	4,529	4,529	4,463	4,404
Goodwill	1,490	1,582	1,563	1,562	2,818	2,874	2,833	2,807	2,807	2,807	2,807	2,807	2,807	2,807
Intangible assets	155	166	150	148	658	608	576	564	564	564	564	564	564	564
Regulatory assets	91	0	0	0	0	0	0	0	0	0	0	0	0	0
Investments	63	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	98	206	388	443	496	420	477	467	1,089	1,094	953	953	980	1,007
Total Assets	5,685	6,043	6,374	6,663	9,710	10,009	10,093	10,430	11,194	11,096	11,013	11,013	11,327	11,653
Liabilities and Equity														
Current maturities of long-term debt	218	258	774	186	332	295	288	606	606	606	656	656	656	656
Accounts payable	462	335	373	400	411	472	460	557	557	557	557	557	557	557
Deferred fuel refunds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee compensation and benefits accrued	76	0	86	74	91	97	107	0	0	0	0	0	0	0
Dividends and interest accrued	32	0	0	0	73	0	0	0	0	0	0	0	0	0
Income taxes accrued	7	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits and advances	165	0	165	162	253	205	212	0	0	0	0	0	0	0
Other	224	505	277	257	327	355	365	807	807	807	807	807	807	807
Total current liabilities	1,184	1,097	1,675	1,078	1,487	1,425	1,431	1,969	1,969	1,969	2,019	2,019	2,019	2,019
Long-term debt	1,987	2,039	1,432	2,110	3,348	3,542	3,434	3,341	3,630	3,630	3,630	3,630	3,730	3,825
Deferred income taxes	491	505	601	709	935	962	1,005	976	1,073	1,080	1,078	1,078	1,166	1,256
Other	446	585	604	575	621	532	560	589	589	589	589	589	589	589
Total liabilities	4,108	4,226	4,313	4,472	6,391	6,461	6,430	6,875	7,261	7,268	7,316	7,316	7,504	7,689
Minority Interest	159	225	237	213	1,086	1,055	1,004	908	1,079	985	901	901	811	739
Common Equity	1,418	1,591	1,825	1,978	2,233	2,493	2,659	2,646	2,855	2,843	2,797	2,797	3,012	3,224
Discontinued ops and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity	5,685	6,043	6,374	6,663	9,710	10,009	10,093	10,430	11,194	11,096	11,013	11,013	11,327	11,653

Source: BMO Capital Markets estimates, company data.

UGI CORP NEW (UGI)



FYE (Sep.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1994	0.26	21.7	14.9	0.31	7.9	5.4	>100	2.9	1.9	1.3	
1995	0.13	36.9	29.0	0.31	8.1	6.3	>100	2.6	1.9	1.5	5
1996	0.27	20.7	16.5	0.32	7.2	5.7	>100	2.5	2.2	1.7	10
1997	0.35	17.9	13.4	0.32	6.9	5.1	92	2.5	2.4	1.8	14
1998	0.27	24.5	16.7	0.32	7.1	4.8	>100	2.5	2.7	1.9	11
1999	0.27	20.9	12.2	0.33	10.0	5.8	>100	2.0	2.8	1.6	12
2000	0.35	15.3	11.4	0.34	8.5	6.4	97	1.7	3.3	2.4	19
2001	0.47	14.0	10.2	0.36	7.5	5.4	76	2.1	3.1	2.3	25
2002	0.60	13.6	9.3	0.37	6.6	4.5	61	2.6	3.2	2.2	26
2003	0.77	15.2	9.7	0.38	5.1	3.3	50	4.4	2.6	1.7	22
2004	0.87	14.4	11.1	0.42	4.3	3.3	48	5.4	2.3	1.8	18
2005	1.16	17.2	9.9	0.45	3.9	2.3	39	6.3	3.1	1.8	20
2006	1.10	17.7	12.2	0.47	3.5	2.4	43	7.0	2.8	1.9	17
2007	1.19	16.6	12.7	0.49	3.3	2.5	41	8.3	2.4	1.8	16
2008	1.32	14.6	12.1	0.51	3.2	2.7	39	8.7	2.2	1.8	16
2009	1.57	11.8	7.9	0.53	4.3	2.9	34	9.7	1.9	1.3	17
2010	1.00	19.3	15.5	0.67	4.3	3.4	67	10.5	1.8	1.5	10
2011	0.94	23.7	18.3	0.69	4.0	3.1	74	11.8	1.9	1.5	8
2012	0.80	26.7	20.2	0.72	4.5	3.4	91	12.9	1.7	1.2	6
2013	1.63	17.7	12.4	0.75	3.7	2.6	46	14.5	2.0	1.4	12
2014	1.99	18.4	12.7	0.87	3.4	2.4	44	15.3	2.4	1.7	13
Range*:		36.9	7.9		10.0	2.3			3.3	1.2	
Current*	1.95	17.9		0.91	2.6		47	14.4	2.4		14

Growth(%):	EPS	DPS	BV
5 Year:	4.7	6.4	8.1
10 Year:	5.1	15.0	10.2
20 Year:	12.2	5.5	8.3

* Current EPS is the 4 Quarter Trailing to Q1/2015.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

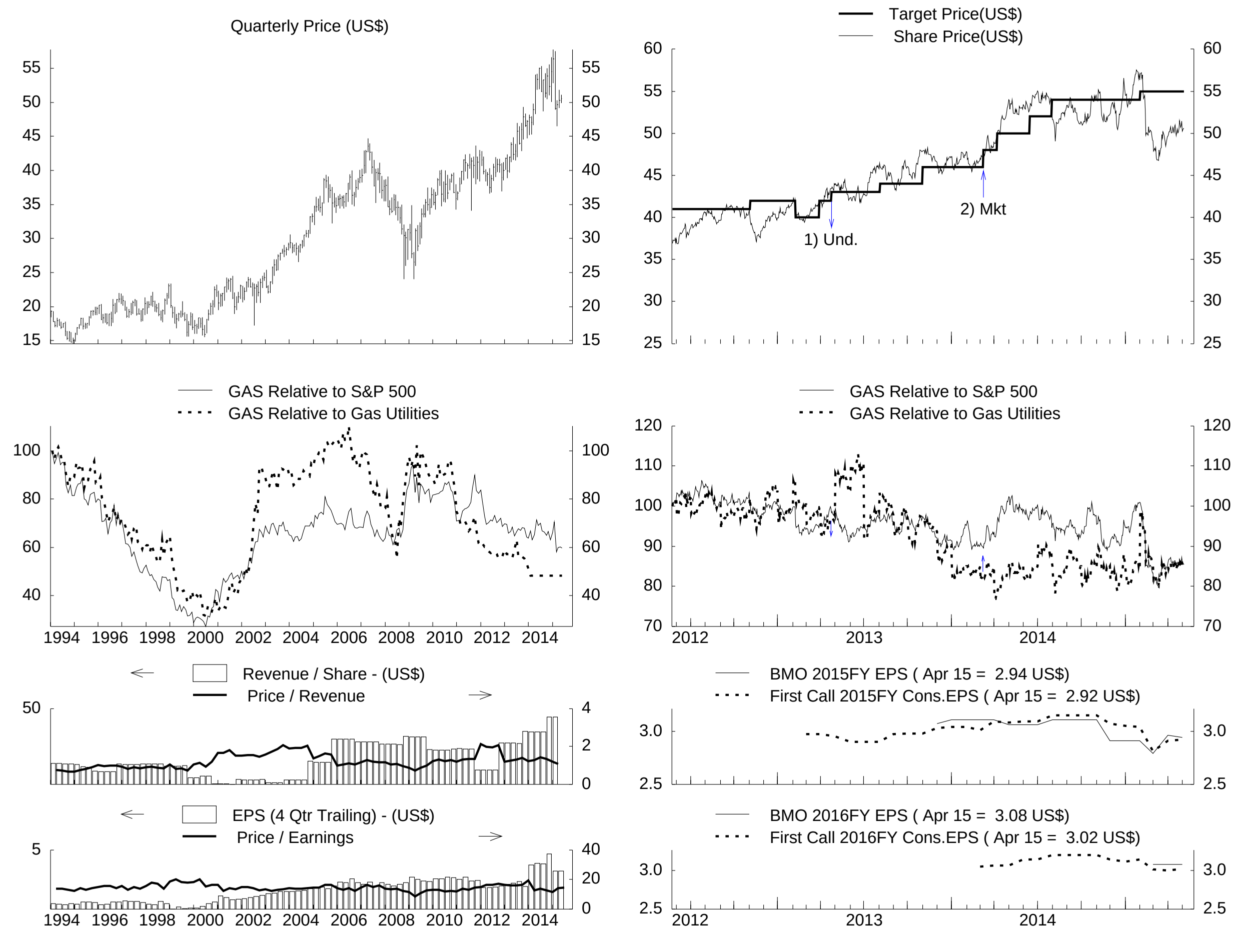
UGI - Rating as of 22-May-12 = OP

	Date	Rating Change	Share Price
1	23-Apr-13	OP to Mkt	$26.84

Last Price (May 1, 2015): $35.10
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

BMO Capital Markets

AGL Resources (GAS)



FYE (Dec.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1994	1.25	15.6	11.7	1.04	7.1	5.3	83	10.2	1.9	1.4	
1995	1.32	15.2	11.0	1.05	7.2	5.2	79	10.2	2.0	1.4	13
1996	1.36	16.2	12.6	1.08	6.3	4.9	79	10.6	2.1	1.6	13
1997	1.30	16.8	13.7	1.08	6.1	4.9	83	11.0	2.0	1.6	12
1998	1.24	18.9	14.3	1.08	6.1	4.6	87	11.4	2.0	1.5	11
1999	0.93	25.1	16.7	1.08	6.9	4.6	>100	11.6	2.0	1.3	8
2000	1.35	17.2	11.5	1.08	7.0	4.7	80	11.5	2.0	1.3	12
2001	1.54	15.9	12.3	1.08	5.7	4.4	70	12.2	2.0	1.6	13
2002	1.82	13.7	9.5	1.08	6.3	4.3	59	12.5	2.0	1.4	15
2003	2.08	14.1	10.5	1.12	5.1	3.8	54	14.7	2.0	1.5	15
2004	2.28	14.8	11.6	1.16	4.4	3.4	51	18.1	1.9	1.5	14
2005	2.48	15.9	12.9	1.48	4.6	3.8	60	19.3	2.0	1.7	13
2006	2.72	14.7	12.4	1.48	4.4	3.7	54	20.3	2.0	1.7	14
2007	2.73	16.4	12.9	1.64	4.7	3.7	60	21.7	2.1	1.6	13
2008	2.71	14.4	8.9	1.68	7.0	4.3	62	21.5	1.8	1.1	13
2009	2.79	13.4	8.6	1.72	7.2	4.6	62	23.0	1.6	1.0	13
2010	3.05	13.1	11.2	1.76	5.1	4.4	58	23.0	1.7	1.5	13
2011	2.92	15.0	11.7	1.80	5.3	4.1	62	23.2	1.9	1.5	13
2012	2.36	18.2	15.5	1.84	5.0	4.3	78	28.4	1.5	1.3	9
2013	2.45	20.1	15.7	1.88	4.9	3.8	77	29.0	1.7	1.3	9
2014	4.70	12.1	9.5	1.96	4.4	3.5	42	30.5	1.9	1.5	16
Range*:		25.1	8.6		7.2	3.4			2.1	1.0	
Current*	3.52	14.3		2.04	4.1		58	29.7	1.7		12
Growth(%):											
5 Year:	3.5			3.0				5.3			
10 Year:	3.8			5.1				5.1			
20 Year:	5.4			3.4				5.5			

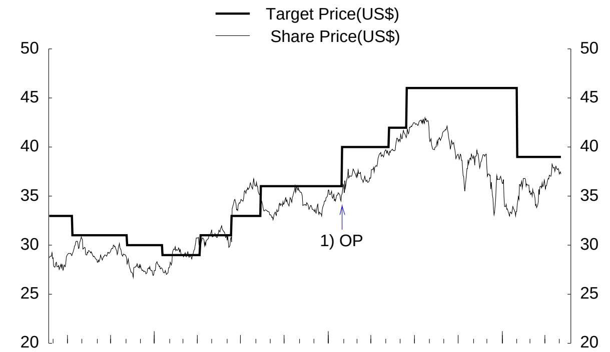
* Current EPS is the 4 Quarter Trailing to Q1/2015.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

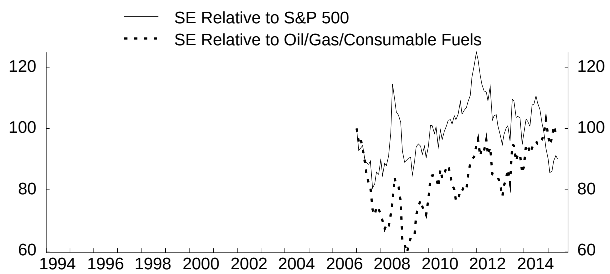
GAS - Rating as of 23-May-12 = Mkt

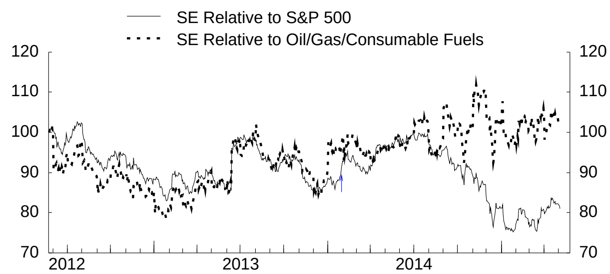
	Date	Rating Change	Share Price
1	23-Apr-13	Mkt to Und.	$43.45
2	7-Mar-14	Und.to Mkt	$47.04

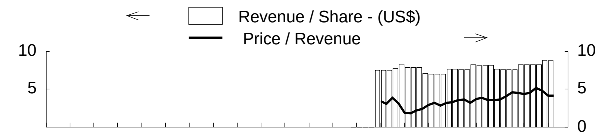
Last Price (May 4, 2015): $50.58
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

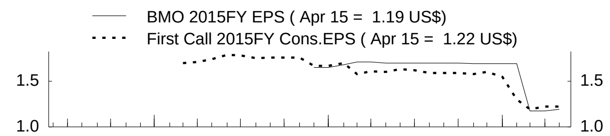
Spectra Energy Corp. (SE)

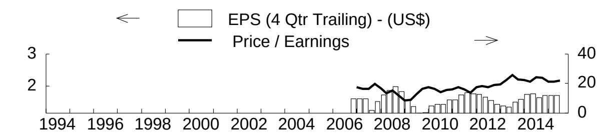


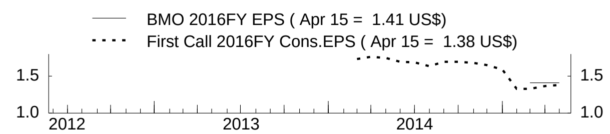












FYE (Dec.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
2006	1.60	18.1	17.2	0.00	0.0	0.0	0	ND	>15	>15	
2007	1.53	19.6	13.9	0.88	4.1	2.9	58	10.9	2.8	2.0	na
2008	1.83	15.9	7.3	1.00	7.5	3.4	55	9.1	3.2	1.5	18
2009	1.18	17.6	9.5	1.00	8.9	4.8	85	11.0	1.9	1.0	12
2010	1.57	16.2	11.8	1.00	5.4	3.9	64	12.0	2.1	1.5	14
2011	1.77	17.7	12.9	1.12	4.9	3.6	63	13.7	2.3	1.7	14
2012	1.43	22.6	18.6	1.22	4.6	3.8	85	13.4	2.4	2.0	11
2013	1.64	22.6	16.2	1.22	4.6	3.3	74	12.7	2.9	2.1	13
2014	1.62	26.6	20.1	1.48	4.6	3.4	91	15.5	2.8	2.1	11
Range*:		26.6	7.3		8.9	0.0			3.2	1.0	
Current*	1.71	21.8		1.48	4.0		87	13.3	2.8		13
Growth(%): 5 Year:	4.4			8.2				3.9			

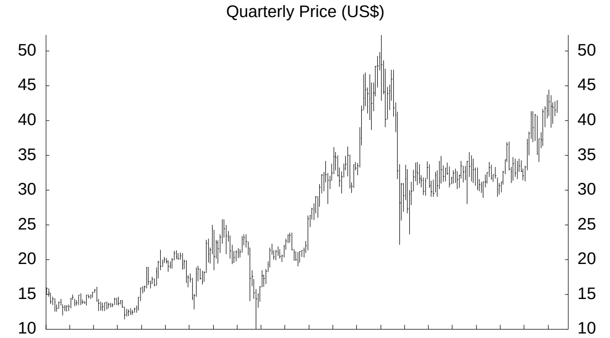
* Current EPS is the 4 Quarter Trailing to Q4/2014.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

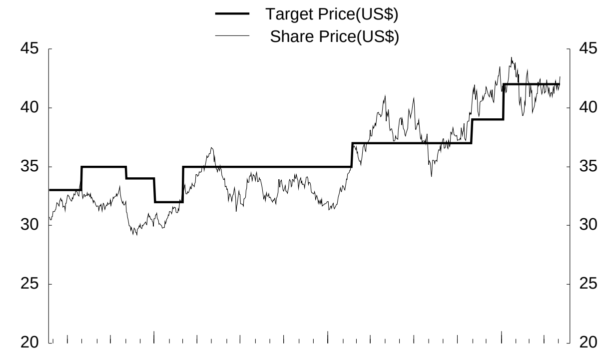
SE - Rating as of 23-May-12 = Mkt

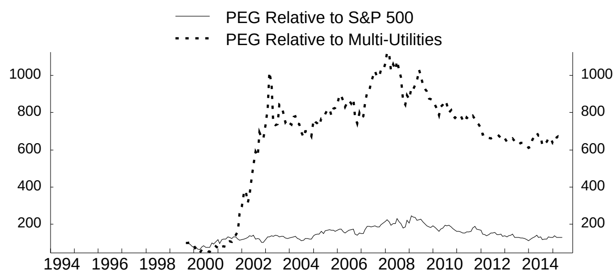
	Date	Rating Change	Share Price
1	29-Jan-14	Mkt to OP	$35.22

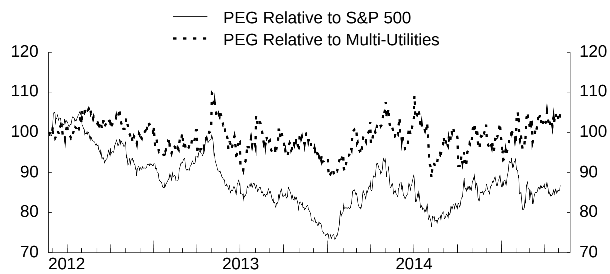
Last Price (May 4, 2015): $37.27
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

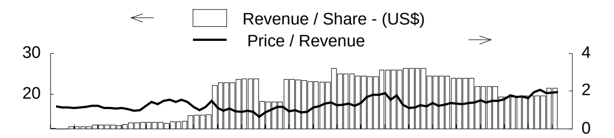
Public Service Enterprise Group Inc. (PEG)

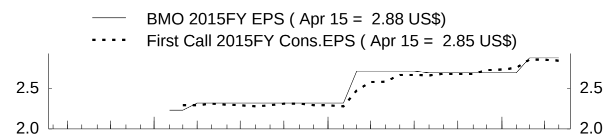


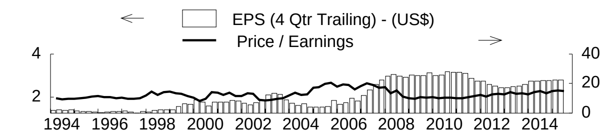


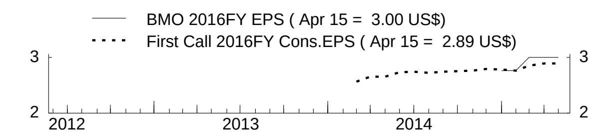












FYE (Dec.)	EPS US$	P/E Hi	P/E Lo	DPS US$	Yield% Hi	Yield% Lo	Payout %	BV US$	P/B Hi	P/B Lo	ROE %
1994	1.39	11.7	8.6	1.08	9.0	6.6	78	9.0	1.8	1.3	
1995	1.31	11.7	9.7	1.08	8.6	7.1	83	11.1	1.4	1.1	13
1996	1.33	12.1	9.4	1.08	8.6	6.7	81	11.2	1.4	1.1	12
1997	1.32	12.1	8.7	1.08	9.4	6.8	82	11.2	1.4	1.0	12
1998	1.40	15.3	10.1	1.08	7.7	5.1	77	11.2	1.9	1.2	12
1999	1.65	12.9	9.7	1.08	6.8	5.1	65	9.2	2.3	1.7	16
2000	1.78	14.1	7.2	1.08	8.4	4.3	61	9.6	2.6	1.3	19
2001	1.83	14.1	10.1	1.08	5.9	4.2	59	10.0	2.6	1.8	19
2002	1.88	12.6	5.3	1.08	10.8	4.6	57	8.8	2.7	1.1	20
2003	1.86	12.0	7.5	1.08	7.7	4.9	58	11.7	1.9	1.2	18
2004	1.53	17.2	12.5	1.10	5.8	4.2	72	12.1	2.2	1.6	13
2005	1.83	18.8	11.7	1.12	5.2	3.3	61	12.0	2.9	1.8	15
2006	1.82	19.9	16.2	1.14	3.9	3.1	63	13.4	2.7	2.2	14
2007	2.71	18.4	11.9	1.17	3.6	2.3	43	14.4	3.5	2.2	20
2008	2.92	17.9	7.6	1.29	5.8	2.5	44	15.4	3.4	1.4	20
2009	3.12	10.9	7.6	1.32	5.6	3.9	42	17.4	2.0	1.4	19
2010	3.12	11.2	9.3	1.37	4.7	3.9	44	17.4	2.0	1.7	18
2011	2.74	12.9	10.2	1.37	4.9	3.9	50	19.0	1.9	1.5	15
2012	2.44	14.0	11.9	1.42	4.9	4.2	58	20.3	1.7	1.4	12
2013	2.58	14.3	11.4	1.44	4.9	3.9	56	21.3	1.7	1.4	12
2014	2.76	15.9	11.3	1.48	4.7	3.4	54	23.0	1.9	1.4	12
Range*:		19.9	5.3		10.8	2.3			3.5	1.0	
Current*	2.79	14.9		1.56	3.8		56	22.4	1.9		12
Growth(%):											
5 Year:	-1.5			3.4				5.2			
10 Year:	6.1			3.6				6.4			
20 Year:	3.6			1.9				4.7			

PEG - Rating as of 16-May-03 = Mkt

* Current EPS is the 4 Quarter Trailing to Q1/2015.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

Last Price (May 4, 2015): $42.69
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

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Methodology and Risks to Price Target/Valuation for UGI
Methodology: Sum of the Parts
Risks: 1) regulatory risk, 2) weather, 3) USD/Euro exchange rates and 4) M&A risk

Company specific disclosures for AGL Resources
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Methodology and Risks to Our Price Target
Methodology: Sum of the Parts
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Methodology and Risks to Our Price Target
Methodology: Sum of the Parts
Risks: 1) volume risk, 2) commodity prices, 3) regulatory risk, 4) U.S.-Canadian exchange rates and 5) project execution risk

Company specific disclosures for Public Service Enterprise Group
Methodology and Risks to Our Price Target
Methodology: Our valuation is based on a combination of our EV/EBITDA analysis and current industry P/E multiples.
Risks: A material decline in power prices and / or a change in the regulatory environment could affect our price target.

Distribution of Ratings (March 31, 2015)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	43.7%	18.6%	58.2%	42.7%	55.5%	54.1%
Hold	Market Perform	51.4%	10.4%	38.5%	52.1%	41.9%	40.5%
Sell	Underperform	4.9%	9.4%	3.3%	5.2%	2.6%	5.5%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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(S) = speculative investment;
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R = Restricted – Dissemination of research is currently restricted.

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Citi Research

Equities

7 February 2014 | 11 pages

Pipelines & Gas Utilities
North America | United States

UGI Corp (UGI)

UGI in Line; Weather & Margin Key Drivers; Target Up

- Target Price Change
- Estimate Change

- **Citi's Take** — UGI reported 1Q14 EPS $1.06, which was in line with the Street. A heavy crop drying season and cold weather resulted in high demand for propane and natural gas across all of UGI's assets. We are revising our target price up to $44 from $42 based on our updated estimates. We now estimate 2014 EPS of $2.72, slightly ahead of guidance at $2.60-2.70, on higher commodity demand.
- **AmeriGas**— AmeriGas reported operating income of $178mn, ahead of our estimate of $148mn. Higher sales were accompanied by higher margins. Higher margins drove the beat versus our estimate (See: *AmeriGas Partners LP (APU) - 1Q Beat on Margin Surprise, Guidance Affirmed*). Volumes in December were up 19% y-o-y on weather that was 22% colder than Dec. 2012.
- **International** — UGI's international propane business reported operating income of $57mn beating our estimate of $47mn. Drivers included quarterly retail sales at BP Poland (acquired by Flaga in Sep. 2013), partially offset by warmer than normal temperature in UGI's European service territory.
- **Gas Utility** — The gas utility reported operating income of $82mn, ahead of our estimate of $70mm. While weather did help in the quarter, margins from core customers increased as well. We believe fuel switching (fuel oil to natural gas) in UGI's territories is bolstering results.
- **Midstream & Marketing** — The midstream/energy services segment reported operating income of $36mn vs. our estimate of $34mn.
- **Capex** — Management said on the call that it expects capex levels to stay at current levels for the foreseeable future. Capex is up 40% since FY12.
- **Share Buyback** — UGI's board approved a share repurchase of $100mn over 4 years. Management said it is considering a broad range of opportunities.

Neutral	**2**
Price (07 Feb 14)	US$42.23
Target price	US$44.00
from US$42.00	
Expected share price return	4.2%
Expected dividend yield	2.7%
Expected total return	**6.9%**
Market Cap	US$4,835M

Price Performance
(RIC: UGI.N, BB: UGI US)

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2013A	0.90A	1.49A	0.13A	-0.06A	2.44A	2.45A
2014E	**1.06A**	**1.39E**	**0.31E**	**-0.05E**	**2.72E**	**2.73E**
Previous	0.93E	1.43E	0.39E	-0.05E	2.71E	na
2015E	**1.00E**	**1.52E**	**0.35E**	**-0.02E**	**2.83E**	**3.07E**
Previous	0.96E	1.46E	0.40E	-0.04E	na	na
2016E	**1.05E**	**1.58E**	**0.34E**	**-0.03E**	**2.94E**	**3.02E**
Previous	na	na	na	na	na	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Blake Clayton, PhD
blake.clayton@citi.com

UGI.N: Fiscal year end 30-Sep — Price: US$42.23; TP: US$44.00; Market Cap: US$4,834m; Recomm: Neutral

Profit & Loss (US$m)	2012	2013	2014E	2015E	2016E
Sales revenue	6,627	7,320	7,955	8,060	8,153
Cost of sales	-4,587	-4,787	-5,294	-5,339	-5,374
Gross profit	2,040	2,533	2,662	2,721	2,779
Gross Margin (%)	30.8	34.6	33.5	33.8	34.1
EBITDA (Adj)	**847**	**1,200**	**1,340**	**1,397**	**1,445**
EBITDA Margin (Adj) (%)	12.8	16.4	16.8	17.3	17.7
Depreciation	-301	-342	-349	-350	-350
Amortisation	-15	-15	-15	-15	-15
EBIT (Adj)	**531**	**843**	**976**	**1,032**	**1,079**
EBIT Margin (Adj) (%)	8.0	11.5	12.3	12.8	13.2
Net interest	-219	-238	-237	-236	-237
Associates	0	0	21	0	0
Non-op/Except	-13	0	0	0	0
Pre-tax profit	**298**	**605**	**760**	**796**	**842**
Tax	-101	-170	-194	-202	-210
Extraord./Min.Int./Pref.div.	13	-153	-250	-264	-289
Reported net profit	**211**	**282**	**316**	**330**	**343**
Net Margin (%)	3.2	3.8	4.0	4.1	4.2
Core NPAT	211	282	316	330	343
Per share data	**2012**	**2013**	**2014E**	**2015E**	**2016E**
Reported EPS ($)	1.86	2.44	2.72	2.83	2.94
Core EPS ($)	1.86	2.44	2.72	2.83	2.94
DPS ($)	1.06	1.11	1.13	1.18	1.22
CFPS ($)	6.37	8.52	8.04	7.99	8.56
FCFPS ($)	3.36	5.00	4.06	4.02	4.58
BVPS ($)	20.21	21.78	23.24	24.93	26.69
Wtd avg ord shares (m)	110	113	114	114	114
Wtd avg diluted shares (m)	113	116	116	116	116
Growth rates	**2012**	**2013**	**2014E**	**2015E**	**2016E**
Sales revenue (%)	6.1	10.5	8.7	1.3	1.2
EBIT (Adj) (%)	-11.7	58.7	15.8	5.8	4.5
Core NPAT (%)	-3.0	33.8	12.2	4.3	3.9
Core EPS (%)	-3.3	30.8	11.4	4.3	3.9
Balance Sheet (US$m)	**2012**	**2013**	**2014E**	**2015E**	**2016E**
Cash & cash equiv.	323	511	634	742	906
Accounts receivables	633	732	743	762	764
Inventory	357	413	419	430	431
Net fixed & other tangibles	4,719	4,849	4,949	5,047	5,145
Goodwill & intangibles	3,477	3,443	3,443	3,443	3,443
Financial & other assets	202	98	98	98	98
Total assets	**9,710**	**10,045**	**10,284**	**10,521**	**10,786**
Accounts payable	411	476	484	485	485
Short-term debt	332	332	332	332	332
Long-term debt	3,348	3,298	3,298	3,298	3,298
Provisions & other liab	2,300	2,435	2,450	2,451	2,453
Total liabilities	**6,391**	**6,541**	**6,564**	**6,566**	**6,568**
Shareholders' equity	2,233	2,465	2,649	2,842	3,043
Minority interests	1,086	1,039	1,071	1,113	1,175
Total equity	**3,319**	**3,504**	**3,721**	**3,955**	**4,218**
Net debt	**3,357**	**3,119**	**2,996**	**2,888**	**2,724**
Net debt to equity (%)	101.1	89.0	80.5	73.0	64.6

Valuation ratios	2012	2013	2014E	2015E	2016E
PE (x)	22.6	17.3	15.5	14.9	14.3
PB (x)	2.1	1.9	1.8	1.7	1.6
EV/EBITDA (x)	9.7	7.6	6.7	6.3	6.1
FCF yield (%)	8.0	11.8	9.6	9.5	10.9
Dividend yield (%)	2.5	2.6	2.7	2.8	2.9
Payout ratio (%)	57	45	42	41	42
ROE (%)	10.0	12.0	12.4	12.0	11.6
Cashflow (US$m)	**2012**	**2013**	**2014E**	**2015E**	**2016E**
EBITDA	847	1,200	1,340	1,397	1,445
Working capital	85	139	5	-28	-1
Other	-213	-354	-410	-439	-447
Operating cashflow	**719**	**985**	**935**	**931**	**997**
Capex	-339	-407	-463	-463	-463
Net acq/disposals	-1,581	-24	0	0	0
Other	15	-1	0	0	0
Investing cashflow	**-1,905**	**-432**	**-463**	**-463**	**-463**
Dividends paid	-301	-348	-350	-359	-369
Financing cashflow	**1,279**	**-365**	**-350**	**-359**	**-369**
Net change in cash	**93**	**185**	**123**	**108**	**164**
Free cashflow to s/holders	**379**	**577**	**472**	**467**	**533**

For definitions of the items in this table, please click here.

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UGI Quarterly Analysis

Figure 1. UGI 1Q14 Quarterly Analysis

	Actual 1Q14	Citi Estimate 1Q14	Actual Delta (%)	Actual 4Q13	Actual Change Q-o-Q Unit	Actual Change Q-o-Q Delta (%)	Actual 1Q13	Actual Change Y-o-Y Unit	Actual Change Y-o-Y Delta (%)
Amerigas Partners LP									
Operating Revenues	1,045.8	900.6	16%	569.9	475.9	84%	876.6	169.2	19%
Operating Expenses									
Cost of Propane	582.7	442.4	32%	262.9	319.8	122%	429.6	153.1	36%
O&A	237.6	243.5	-2%	243.6	(6.0)	-2%	243.5	(5.9)	-2%
D&A		52.5	-100%	52.5	(52.5)	-100%	49.4	(49.4)	-100%
EBITDA	230.2	200.3	15%	48.9	181.3	371%	189.2	41.0	22%
International Propane									
Operating Revenues	718.6	782.7	-8%	413.2	305.4	74%	340.8	377.8	111%
Operating Expenses									
Cost of Propane	514.2	285.5	80%	81.9	432.3	528%	87.6	426.6	487%
O&A	126.6	125.0	1%	103.2	23.4	23%	93.4	33.2	36%
D&A		19.6	-100%	19.6	(19.6)	-100%	20.0	(20.0)	-100%
EBIT	56.9	53.5	6%	13.0	43.9	337%	55.5	1.4	3%
Gas Utility									
Operating Revenue	271.6	306.4	-11%	160.3	111.3	69%	248.3	23.3	9%
Operating Expenses									
Cost of Natural Gas	135.5	177.2	-24%	94.3	41.2	44%	123.6	11.9	10%
O&M	38.6	45.9	-16%	41.3	(2.7)	-7%	45.6	(7.0)	-15%
D&A		13.1	-100%	13.1	(13.1)	-100%	12.9	(12.9)	-100%
EBIT	82.1	69.6	18%	12.4	69.7	564%	65.6	16.5	25%
Energy Services									
Operating Revenue	289.0	253.0	14%	156.5	132.45	85%	241.9	47.10	19%
Cost of Sales	233.2	199.8	17%	150.1	83.11	55%	187.9	45.30	24%
O&A	14.2	17.6	-19%	19.7	(5.54)	-28%	17.5	(3.34)	-19%
D&A		4.6	-100%	4.6	(4.56)	-100%	1.6	(1.60)	-100%
EBIT	36.2	33.5	8%	(15.4)	51.58	-335%	26.9	9.34	35%
Consolidated Financial Results									
Operating Income	363.7	305.1	19%	8.3	355.4	4286%	295.1	68.6	23%
Interest Expense	59.3	59.3	0%	59.3	(0.0)	0%	59.3	0.0	0%
Income Taxes	86.9	66.6	30%	(4.6)	91.5	-1995%	65.1	21.8	33%
Net Income from Continuing Ops	**$123.5**	**108.7**	**14%**	**(7.5)**	**131.0**	**-1750%**	**102.6**	**20.9**	**20%**
Recurring Diluted EPS	**$1.06**	**$0.93**	**14%**	**-$0.06**	**$1.12**	**-1749%**	**$0.90**	**$0.16**	**18%**

Source: Citi Research, company reports

UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derives a $44 target price. Our NAV yields a value of $49. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in-line with multiples for other marketers. These values are partially offset by the UGI's net debt. Our DDM values the company at $40. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation. Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.8x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $40 and $47.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI’s stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz’s earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI’s power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM

market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

(APU.N; US$41.47; 2H)

AmeriGas Partners LP

Valuation

Our 12-month target price for AmeriGas Partners, L.P. is $43.50 per unit. Our target price assumes that AmeriGas will keep the distribution flat at an annualized rate of $3.36/unit over the next 12 months and that the units should trade with a 7.75% yield. Our choice of the implied yield is a function of the MLP's growth outlook, risk profile, and the broader yield environment. We use internal rate of return (IRR) and discounted cash flow (DCF) methodologies to help support our implied yield valuation. These secondary valuation metrics are based on our 5-year operational forecast that takes into account near-term growth opportunities and/or risk factors. Our terminal yield and growth estimates take into account a more normalized yield environment and a slower pace of long-term industry growth. The long-term yield we use to value APU is 8.50%, which is anchored by our 2018 MLP index yield estimate of 7.5% (300 basis points above a 10-year Treasury yield of 4.5%) plus 100 basis points, in-line with historical levels. Based on terminal distribution growth of 0%, we derive an IRR of ~7.4% and a DCF of $41.13/unit. The equity value for APU based on our DCF model is slightly below our implied yield valuation, but nonetheless supports our view on the partnership.

Risks

We rate AmeriGas Partners High Risk based on the consideration of key risk factors that include: 1) balance sheet strength, 2) distribution coverage, and 3) variability of cash flows. AmeriGas's balance sheet strength as measured by 2014 Net Debt/EBITDA is in-line with the MLP peer group at 4.2x (vs. 4.0x for the peer group). AmeriGas’s distribution coverage ratio of 0.99x is below the peer group average of 1.13x. APU also has a high level of seasonal cash flow volatility. Risks to the MLP achieving our 12-month target price include: 1) a sharp increase in wholesale propane costs that causes the partnership’s retail margin to decline, 2) unfavorable weather conditions, such as a cool summer or a warm winter, that drive lower than expected volumes, and 3) a greater increase in interest rates that could make the partnership’s relatively high yield less attractive. Conversely, we believe the units could materially outperform our target price if the weather becomes more favorable (i.e., cool winter and/or warm summer) and the partnership is able to sell a greater amount of propane than anticipated.

Appendix A-1

Analyst Certification

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IMPORTANT DISCLOSURES

UGI Corp (UGI)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA

	Date	Rating	Target Price	Closing Price
1	2-May-11	2M	*36.00	32.74
2	21-Jul-11	2M	*34.00	32.29
3	6-Oct-11	*1M	*31.00	26.40
4	8-Oct-11	Stock rating system changed		
5	8-Oct-11	*1	31.00	26.27
6	13-Nov-11	1	*33.00	29.41
7	23-Apr-12	1	*31.00	26.62
8	25-Jul-12	1	*34.00	29.92
9	25-Jan-13	*2	*37.00	34.56
10	1-May-13	2	*40.00	40.48
11	29-Oct-13	2	*42.00	42.08

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA

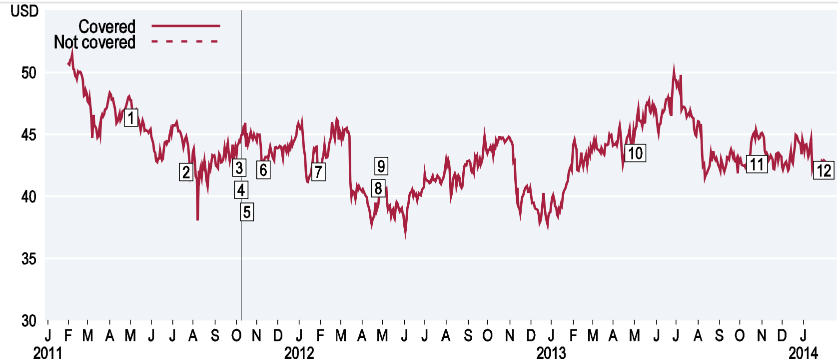
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Fundamental Research

Analyst: John K Tysseland



	Date	Rating	Target Price	Closing Price
1	3-May-11	2M	*51.50	47.74
2	21-Jul-11	*2H	*43.50	44.85
3	6-Oct-11	2H	*42.00	44.48
4	8-Oct-11	Stock rating system changed		
5	18-Oct-11	*3H	*40.50	45.10
6	10-Nov-11	3H	*39.00	42.45
7	30-Jan-12	3H	*38.00	41.98
8	25-Apr-12	3H	*33.50	39.38
9	29-Apr-12	3H	*36.50	40.61
10	2-May-13	3H	*38.50	45.35
11	25-Oct-13	*2H	*45.50	44.95
12	30-Jan-14	2H	*43.50	42.93

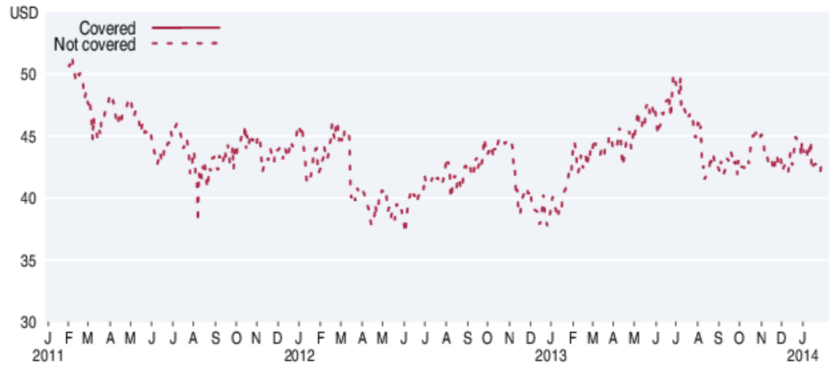
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: John K Tysseland



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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30 July 2014 | 14 pages

North America

UGI & APU 3Q:14 Results

Results Benefit From Marcellus Assets & Strong Propane Margins

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Mirek Zak, CFA
mirek.zak@citi.com

- **UGI Results** — UGI reported EPS of $0.15/share (excl M2M hedges), in-line with consensus. Results were primarily driven by strength in the Midstream & Marketing segment which benefitted from Marcellus asset throughput growth and natural gas volatility.
- **UGI Stock Split & Dividend Increase** — UGI's Board approved a 3-for-2 stock split effective Sept 5th to shareholders on record as of Aug 22nd. The Board also approved a 10% increase in its annual dividend from $1.18 to $1.30 on a pre-split basis, resulting in a new quarterly dividend of $0.3263/share pre-split or $0.2175/share after the split.
- **International** — UGI's international propane business reported operating income of $6.8mm impacted by warmer weather throughout the region limiting volumes sold.
- **Gas Utility** — The gas utility business reported operating income of $17.1mm as temps were slightly colder YoY helping drive higher throughput volumes.
- **Midstream & Marketing** — The midstream/energy services segment reported operating income of $26.1mm benefitting from volume growth on the Marcellus midstream assets, continued ramp on the Auburn Pipeline and natural gas volatility.
- **AmeriGas Results** — APU reported adj EBITDA of $55.1mm, missing our estimates of $64.2mm and consensus of $62.0mm due to higher operating expenses during the quarter. These were driven by higher overtime pay, equipment repair & maintenance, and advertising costs related to unusual weather experienced during the quarter. On a gross margin basis, APU's propane margin of $232mm was in-line with our estimate of $231mm. Retail propane volumes of 215.6mm were down ~4% YoY but was offset by a higher per gallon margin of ~$1.03 (excl a $2.8mm loss on commodity derivatives), up 5.4% YoY. Distributable cash flow of ($6.5)mm resulted in distribution coverage of 1.19x on an LTM basis.
- **APU Guidance Reiterated** — Mgmt reiterated its fiscal 2014 adj EBITDA guidance range of $660-$675mm, in-line with our expectation of $665mm which would result in a 2014 paid distribution coverage of 1.23x.
- **Recommendation** — We are maintaining our Neutral rating and target price of $44/share on UGI. We are also maintaining our Neutral/High Risk rating and target price of $46/unit on APU.

		Rating		Target Price		Current Year Earnings Estimates	
Company	Ticker	Old	New	Old	New	Old	New
AmeriGas Part	APU	2H	2H	US$46.00	US$46.00	US$2.92	US$2.88
UGI	UGI	2	2	US$44.00	US$44.00	US$2.67	US$3.02

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

APU 3Q:14 Results vs Citi Estimates

Figure 1. APU 3Q Reported Results vs Citi Estimates

Metric	3Q:13A	Results vs. Estimates 3Q:14A	3Q:14E	YoY Change	Actual vs Est	Comments
Retail Propane Gallons (Millions)	224.7	215.6	222.5	(4.0%)	(3.1%)	Weather 9.7% warmer YoY, 9.3% warmer than normal.
Gross Margin per Gallon (Retail & Wholesale)	$0.975	$1.028	$0.966	5.4%	6.4%	Excludes $2.8 mm loss on commodity derivatives.
Gross Profit from Propane (Retail & Wholesale)	**$235.3**	**$231.9**	**$231.0**	**(1.4%)**	**0.4%**	
Other Gross Profit	$40.7	$40.4	$37.5	(0.6%)	7.7%	
Total Gross Profit, $ mm	**$276.0**	**$272.4**	**$268.5**	**(1.3%)**	**1.4%**	
Operating Expenses	$214.6	$225.1	$212.4	4.9%	6.0%	Higher payroll, advertising and equipment repair & maintenance costs.
Other Expenses / (Income)	($7.6)	($5.1)	($8.2)	(33.1%)	(37.9%)	Includes $2.8 mm loss on commodity derivatives.
EBITDA	**$69.0**	**$52.3**	**$64.2**	**(24.2%)**	**(18.6%)**	
Adjusted EBITDA (Reported)	**$69.0**	**$55.1**	**$64.2**	**(20.2%)**	**(14.2%)**	
Adjusted EBITDA*	**$69.0**	**$55.1**	**$64.2**	**(20.2%)**	**(14.2%)**	Consensus est of $62 mm.
Interest Expense	(41.2)	(41.3)	(41.3)	0.2%	(0.0%)	
Cash Taxes	0.1	(0.8)	0.0	N/A	N/A	
Other Cash Adjustments	(9.9)	(2.8)	0.0	N/A	N/A	
Maintenance Capital Expenditures	(12.6)	(16.6)	(17.9)	31.1%	(7.3%)	
Distributable Cash Flow	**$5.3**	**($6.5)**	**$5.0**	**(223.0%)**	**(230.4%)**	
Distributions per Unit (Announced)	**$0.8400**	**$0.8800**	**$0.8800**	**4.8%**	**0.0%**	
EPS	**($0.43)**	**($0.47)**	**($0.39)**	**10.7%**	**21.4%**	Consensus est of ($0.39).
Unit Analysis ($/gal)						
Revenue Per Gallon	$2.15	$2.44	$2.28	13.4%	7.1%	
Cost Per Gallon	$1.17	$1.41	$1.31	20.1%	7.6%	
Margin Per Gallon	**$0.98**	**$1.03**	**$0.97**	**5.4%**	**6.4%**	
Mt Belvieu Propane Price	$0.91	$1.06	$1.06	16.0%	0.0%	

**Includes minority interest*

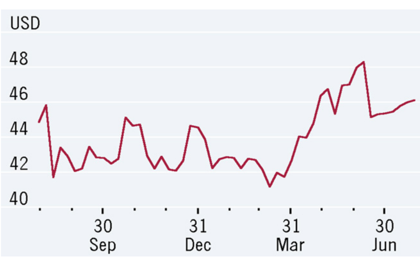
Source: Citi Research

Company Focus

- **Estimate Change**

Neutral/High Risk	2H
Price (30 Jul 14)	US$45.56
Target price	US$46.00
Expected share price return	1.0%
Expected dividend yield	7.7%
Expected total return	**8.7%**
Market Cap	US$4,231M

Price Performance
(RIC: APU.N, BB: APU US)



AmeriGas Partners LP (APU)

One-Time Opex Items Tarnish Otherwise In-Line Quarter

- **3Q Results** — APU reported adj EBITDA of $55.1mm, missing our estimates of $64.2mm and consensus of $62.0mm due to higher operating expenses during the quarter. These were driven by higher overtime pay, equipment repair & maintenance, and advertising costs related to unusual weather experienced during the quarter. On a gross margin basis, APU's propane margin of $232mm was in-line with our estimate of $231mm. Retail propane volumes of 215.6mm were down ~4% YoY but was offset by a higher per gallon margin of ~$1.03 (excl a $2.8mm loss on commodity deriviates), up 5.4% YoY. Distributable cash flow of ($6.5)mm resulted in distribution coverage of 1.19x on an LTM basis.

- **2014 Guidance Reiterated** — Mgmt reiterated its fiscal 2014 adj EBITDA guidance range of $660-$675mm, in-line with our expectation of $665mm which would result in a 2014 paid distribution coverage of 1.23x.

- **Thesis** — While we believe these units offer investors an attractive yield with stable cash flows and adequate distribution coverage, the fundamentals of the retail propane sector remain significantly challenged, limiting upside appreciation. AmeriGas will face a challenging environment ahead margins may face headwinds from higher wholesale propane prices as they must increasingly compete with foreign markets as export capacity comes online. We continue to see overall volumes in the industry continuing a structural decline of ~2% annually despite more normal temps, as economically viable alternatives such as natural gas and electrical heating become available. We view retail propane distributors such as APU as unregulated utilities. While margins can vary over time, customers rely on these services for basic space heating purposes. However, weather, economic conditions and price volatility tend to impact demand for propane which in turn impact cash flows.

- **Recommendation** — We maintain our Neutral/High Risk rating and target price of $46/unit on APU. This target price is based on APU achieving an annualized distribution of $3.56/unit 12-months from now and units trading at a 7.75% yield. We believe this yield is substantiated by APU's improved coverage and leverage in the current propane price environment, its leading market position, and its level of diversification in relation to its peers.

Distributable Cash Flow ($ Millions)	2014	2015	2016	2017	2018
Adjusted EBITDA	$669.6	$646.7	$646.6	$646.2	$645.6
Interest Expense	(166.7)	(159.0)	(157.8)	(156.9)	(156.1)
Tax	(2.4)	(2.2)	(2.2)	(2.1)	(2.1)
Maintenance Capital Expenditures	(66.2)	(66.8)	(67.5)	(68.2)	(68.8)
Other Cash Adjustments	(7.3)	(4.5)	(4.5)	(4.5)	(4.5)
Distributable Cash Flow	**$427.1**	**$414.2**	**$414.6**	**$414.5**	**$414.1**
Total Cash Distributions	347.2	359.4	364.3	366.7	366.7
Total Distribution Per Unit	**$3.44**	**$3.54**	**$3.58**	**$3.60**	**$3.60**
Growth in Distribution Per Unit	4.9%	2.9%	1.1%	0.6%	0.0%
Distribution Cash Flow Coverage:	**1.23x**	**1.15x**	**1.14x**	**1.13x**	**1.13x**

Source: Citi Research

Estimate Changes

We are updating our estimates to incorporate 3Q:14 results as well as slightly increasing our expectations of ongoing opex and depreciation levels. A summary of the results of our estimate changes can be seen in the table below.

Figure 2. APU Estimate Changes

Adjusted EBITDA ($mil) *	3Q:14A	4Q:14E	2014E	2015E	2016E	2017E	2018E
Current	$55.1	$48.5	$669.6	$646.7	$646.6	$646.2	$645.6
Previous	$64.2	$45.2	$675.5	$649.4	$649.1	$648.6	$647.9
% Change	**(14.2%)**	**7.2%**	**(0.9%)**	**(0.4%)**	**(0.4%)**	**(0.4%)**	**(0.4%)**

Distributable Cash Flow ($ Millions)	3Q:14A	4Q:14E	2014E	2015E	2016E	2017E	2018E
Current	($6.5)	($12.3)	$427.1	$414.2	$414.6	$414.5	$414.1
Previous	$5.0	($13.9)	$437.0	$418.7	$419.4	$419.4	$418.7
% Change	**NM**	**(11.2%)**	**(2.3%)**	**(1.1%)**	**(1.1%)**	**(1.2%)**	**(1.1%)**

Distributions per Unit ($)	3Q:14A	4Q:14E	2014E	2015E	2016E	2017E	2018E
Current	$0.88	$0.88	$3.44	$3.54	$3.58	$3.60	$3.60
Previous	$0.88	$0.88	$3.44	$3.54	$3.58	$3.60	$3.60
% Change	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Earnings per Unit ($)	3Q:14A	4Q:14E	2014E	2015E	2016E	2017E	2018E
Current	($0.47)	($0.54)	$2.88	$2.61	$2.57	$2.53	$2.49
Previous	($0.39)	($0.59)	$2.92	$2.66	$2.62	$2.58	$2.54
% Change	**21.4%**	**(9.4%)**	**(1.4%)**	**(1.8%)**	**(2.0%)**	**(2.0%)**	**(2.0%)**

*Includes minority interest.

Source: Citi Research

Company Focus

- **Estimate Change**

Neutral	2
Price (30 Jul 14)	US$49.34
Target price	US$44.00
Expected share price return	-10.8%
Expected dividend yield	2.3%
Expected total return	**-8.5%**
Market Cap	US$5,678M

Price Performance
(RIC: UGI.N, BB: UGI US)

UGI Corp (UGI)

Midstream & Marketing Strength Offsets International Weakness As Warm Weather Impacted LPG Volumes

- **UGI Results** — UGI reported EPS of $0.15/share (excl M2M hedges), in-line with consensus. Results were primarily driven by strength in the Midstream & Marketing segment which benefitted from Marcellus asset throughput growth and natural gas volatility.

- **UGI Stock Split & Dividend Increase** — UGI's Board approved a 3-for-2 stock split effective Sept 5th to shareholders on record as of Aug 22nd. The Board also approved a 10% increase in its annual dividend from $1.18 to $1.30 on a pre-split basis, resulting in a new quarterly dividend of $0.3263/share pre-split or $0.2175/share after the split.

- **International** — UGI's international propane business reported operating income of $6.8mm impacted by warmer weather throughout the region limiting volumes sold.

- **Gas Utility** — The gas utility business reported operating income of $17.1mm as temps were slightly colder YoY helping drive higher throughput volumes.

- **Midstream & Marketing** — The midstream/energy services segment reported operating income of $26.1mm benefitting from volume growth on the Marcellus midstream assets, continued ramp on the Auburn Pipeline and natural gas volatility.

- **Thesis** — We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

- **Recommendation** — We maintain our Neutral rating and target price of $44/share on UGI.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2013A	0.91A	1.49A	0.13A	-0.06A	2.46A	2.45A
2014E	**1.06A**	**1.84A**	**0.18A**	**-0.04E**	**3.02E**	**2.94E**
Previous	1.06A	1.42E	0.24E	-0.04E	2.67E	na
2015E	**1.17E**	**1.36E**	**0.23E**	**0.05E**	**2.80E**	**2.94E**
Previous	1.17E	1.36E	0.23E	0.05E	2.81E	na
2016E	**1.23E**	**1.43E**	**0.24E**	**0.07E**	**2.97E**	**3.07E**
Previous	1.24E	1.44E	0.24E	0.07E	2.98E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

AmeriGas Partners LP

Company description

AmeriGas Partners, L.P. is structured as a master limited partnership (MLP) and is the largest propane distributor in the country, serving about 2+ million residential, commercial, industrial, and agricultural customers from ~2,500 distribution locations in 50 states, selling ~1.3 billion gallons of propane annually. The partnership operates an extensive storage and distribution network, using interstate natural gas liquids pipelines, railroad tank cars, barges, and delivery trucks to transport propane from suppliers to storage and distribution facilities. UGI Corp. is the MLP's general partner and owns 26% of the partnership.

Investment strategy

We rate AmeriGas Partners LP Neutral/High Risk (2H). While we believe these units offer investors an attractive yield with stable cash flows and adequate distribution coverage, the fundamentals of the retail propane sector remain significantly challenged, limiting upside appreciation. AmeriGas will face a challenging environment ahead margins may face headwinds from higher wholesale propane prices as they must increasingly compete with foreign markets as export capacity comes online. We continue to see overall volumes in the industry continuing a structural decline of ~2% annually despite more normal temps, as economically viable alternatives such as natural gas and electrical heating become available. We view retail propane distributors such as APU as unregulated utilities. While margins can vary over time, customers rely on these services for basic space heating purposes. However, weather, economic conditions and price volatility tend to impact demand for propane which in turn impact cash flows. We estimate that 95% of the partnership’s distributions will be tax-deferred.

Valuation

Our 12-month target price for AmeriGas Partners, L.P. is $46.00 per unit. Our target price assumes that AmeriGas will increase its distributions to an annualized rate of $3.56/unit over the next 12 months and that the units should trade with a 7.75% yield. Our choice of the implied yield is a function of the MLP's growth outlook, risk profile, and the broader yield environment. In the current low interest rate environment we believe that investor demand for yield will continue to drive fund flows into MLPs with stable or growing distribution outlooks such as APU, which is also likely to drive yields lower over the next 12-months. We use internal rate of return (IRR) and discounted cash flow (DCF) methodologies to help support our implied yield valuation. These secondary valuation metrics are based on our 5-year operational forecast that takes into account near-term growth opportunities and/or risk factors. Our terminal yield and growth estimates take into account a more normalized yield environment and a slower pace of long-term industry growth. The long-term yield we use to value APU is 8.50%, which is anchored by our 2017 MLP index yield estimate of 7% (300 basis points above a 10-year Treasury yield of 4%) plus 150 basis points, in-line with historical levels. Based on terminal distribution growth of 0%, we derive an IRR of ~6.5% and a DCF of $42.14/unit. The equity value for APU based on our DCF model is lower than our implied yield valuation, but nonetheless supports our view on the partnership.

Risks

We rate AmeriGas Partners High Risk based on the consideration of key risk factors that include: 1) balance sheet strength, 2) distribution coverage, and 3) variability of cash flows. AmeriGas' balance sheet strength as measured by 2014 Net Debt/EBITDA is in-line with the MLP peer group at 3.5x (vs. 3.7x for the peer group). AmeriGas's distribution coverage ratio of 1.23x is better than the peer group average of 1.20x. These positive attributes are balanced by a high level of seasonal volatility in cash flows. Risks to the MLP achieving our 12-month target price include: 1) a sharp increase in wholesale propane and/or heating oil costs that causes the partnership's retail margin to decline, 2) unfavorable weather conditions, such as a cool summer or a warm winter, that drive lower than expected volumes, and 3) a greater increase in interest rates that could make the partnership's relatively high yield less attractive. (Investors should recognize the volume of propane sold is directly affected by the severity of winter weather conditions since many customers of AmeriGas rely heavily on propane as a heating fuel.) Conversely, we believe the units could materially outperform our target price if the weather becomes more favorable (i.e., cool winter and/or warm summer) and the partnership is able to sell a greater amount of propane and/heating oil than anticipated.

UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derives a $44 target price. Our NAV yields a value of $44. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in-line with multiples for other marketers. These values are partially offset by the UGI's net debt. Our DDM values the company at $39. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation. Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.5x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $43 and $50.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI's stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz's earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI's power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

Appendix A-1

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IMPORTANT DISCLOSURES

UGI Corp (UGI)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA

	Date	Rating	Target Price	Closing Price
1	6-Oct-11	*1M	*31.00	26.40
2	8-Oct-11	Stock rating system changed		
3	8-Oct-11	*1	31.00	26.27
4	13-Nov-11	1	*33.00	29.41
5	23-Apr-12	1	*31.00	26.62
6	25-Jul-12	1	*34.00	29.92
7	25-Jan-13	*2	*37.00	34.56
8	1-May-13	2	*40.00	40.48
9	29-Oct-13	2	*42.00	42.08
10	7-Feb-14	2	*44.00	42.62

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)
Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA
Covered since March 31 2014

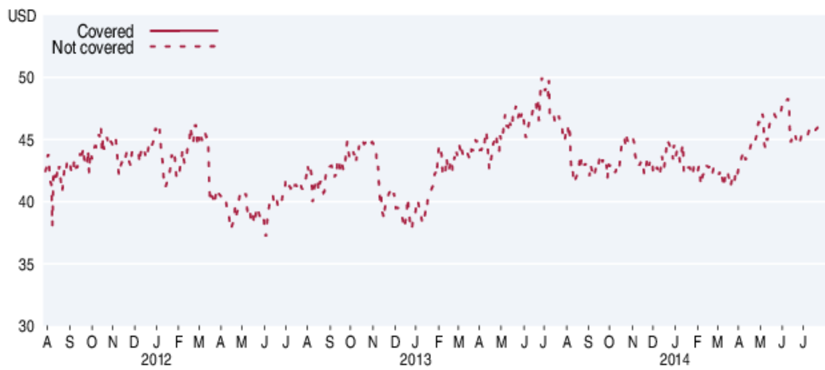
	Date	Rating	Target Price	Closing Price
1	6-Oct-11	2H	*42.00	44.48
2	8-Oct-11	Stock rating system changed		
3	18-Oct-11	*3H	*40.50	45.10
4	10-Nov-11	3H	*39.00	42.45
5	30-Jan-12	3H	*38.00	41.98
6	25-Apr-12	3H	*33.50	39.38
7	29-Apr-12	3H	*36.50	40.61
8	2-May-13	3H	*38.50	45.35
9	25-Oct-13	*2H	*45.50	44.95
10	30-Jan-14	2H	*43.50	42.93
11	28-Mar-14	2H	*44.50	41.99
12	28-Jul-14	2H	*46.00	46.10

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)
Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA
Covered since March 31 2014



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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	12 Month Rating			*Relative Rating*		
Data current as of 30 Jun 2014	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**

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% of companies in each rating category that are investment banking clients	55%	53%	46%	0%	54%	0%

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Citi Research

Equities

1 February 2015 │ 8 pages

Pipelines & Gas Utilities
North America │ United States

UGI Corp (UGI)

Updating Estimates; Multi-Segment Growth Contribution; Neutral

- Estimate Change
- Target Price Change

- **Midstream Provides Organic Growth** — UGI's Midstream segment will be a primary driver in UGI achieving its 10% dividend growth in 2015 with projects such as the Temple LNG expansion (online 2Q:15) and the Auburn III Phase 2 expansion (online Fall 2015). UGI's PennEast Pipeline project, which it holds a 20% equity interest in, is still pending but would help drive growth in the outer years (2017+). The $1B PennEast project is currently determining an appropriate route to bring ~1 Bcf of natural gas to Southeastern PA and NJ, and is expected to file for FERC approval in mid-2015.

- **UGI International** — UGI's international propane business is expected to increase dramatically with the acquisition of Total's LPG distribution business announced last quarter. The transaction is expected to close in 1H:15 and should begin adding meaningfully to cash flows during the next heating season, helping support dividend growth in 2016. On a volume basis, this acquisition will increase total international LPG volumes sold by ~35%. UGI will also be able to glean certain synergies from the transaction but doesn't expect to realize them for 2-3 more years due to the political and business environment in France.

- **Weather & Margins Supportive For APU** — We expect APU to generate 2015 EBITDA near the top of its guidance range of $670-$700 mil on colder weather and stronger margins. Heating degree days in the 2nd half of this winter have been supportive of volumes while continued low propane prices produce margin capture opportunities for APU. For details, see our prior note: *Winter Propane Outlook - Propane's Decline Supportive of Margin, Temps Not So Much*

- **Updating Estimates** — We are updating our estimates for prior results as well as including/imbedding our APU financial model to provide a more integrated model of the UGI complex.

- **Recommendation** — We rate UGI a Neutral (2) with a target price of $36.50.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2014A	-1.74A	-1.38A	0.12A	-0.11A	-3.12A	1.99A
2015E	**0.75E**	**1.11E**	**-0.04E**	**0.09E**	**1.91E**	**1.91E**
Previous	0.78E	0.90E	0.15E	0.03E	1.87E	na
2016E	**0.48E**	**1.81E**	**0.03E**	**0.18E**	**2.50E**	**2.12E**
Previous	0.82E	0.95E	0.16E	0.04E	1.98E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Neutral	**2**
Price (30 Jan 15)	US$36.99
Target price	US$36.50
from US$29.33	
Expected share price return	-1.3%
Expected dividend yield	2.4%
Expected total return	**1.1%**
Market Cap	US$6,378M

Price Performance
(RIC: UGI.N, BB: UGI US)

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Mirek Zak, CFA
mirek.zak@citi.com

UGI.N: Fiscal year end 30-Sep — Price: US$36.99; TP: US$36.50; Market Cap: US$6,378m; Recomm: Neutral

Profit & Loss (US$m)	2013	2014	2015E	2016E
Sales revenue	7,204	7,396	7,874	8,092
Cost of sales	-4,688	-5,539	-5,231	-5,375
Gross profit	2,517	1,857	2,643	2,716
Gross Margin (%)	34.9	25.1	33.6	33.6
EBITDA (Adj)	**1,204**	**487**	**1,324**	**1,395**
EBITDA Margin (Adj) (%)	16.7	6.6	16.8	17.2
Depreciation	-348	-348	-326	-331
Amortisation	-15	-15	-15	-15
EBIT (Adj)	**841**	**124**	**983**	**1,049**
EBIT Margin (Adj) (%)	11.7	1.7	12.5	13.0
Net interest	-237	-238	-240	-239
Associates	0	0	0	0
Non-op/Except	0	0	0	0
Pre-tax profit	**603**	**-114**	**742**	**810**
Tax	-163	-235	-202	-265
Extraord./Min.Int./Pref.div.	-150	-195	-210	-113
Reported net profit	**291**	**-544**	**330**	**433**
Net Margin (%)	4.0	-7.4	4.2	5.3
Core NPAT	291	-544	330	433
Per share data	**2013**	**2014**	**2015E**	**2016E**
Reported EPS ($)	2.52	-3.16	1.91	2.50
Core EPS ($)	2.52	-3.12	1.91	2.50
DPS ($)	1.11	0.79	0.87	0.90
CFPS ($)	7.07	0.71	5.12	5.05
FCFPS ($)	2.85	-1.91	2.41	2.33
BVPS ($)	22.12	15.45	16.65	18.27
Wtd avg ord shares (m)	113	172	170	170
Wtd avg diluted shares (m)	115	175	173	173
Growth rates	**2013**	**2014**	**2015E**	**2016E**
Sales revenue (%)	8.7	2.7	6.5	2.8
EBIT (Adj) (%)	58.3	-85.2	692.1	6.7
Core NPAT (%)	38.0	-287.3	160.6	31.1
Core EPS (%)	35.4	-223.5	161.2	31.1
Balance Sheet (US$m)	**2013**	**2014**	**2015E**	**2016E**
Cash & cash equiv.	398	436	458	522
Accounts receivables	746	685	735	801
Inventory	366	423	454	495
Net fixed & other tangibles	4,900	5,020	5,148	5,271
Goodwill & intangibles	3,482	3,410	3,410	3,410
Financial & other assets	119	119	119	119
Total assets	**10,009**	**10,093**	**10,324**	**10,618**
Accounts payable	472	460	494	529
Short-term debt	295	288	288	288
Long-term debt	3,542	3,434	3,434	3,434
Provisions & other liab	2,151	2,248	2,299	2,352
Total liabilities	**6,461**	**6,430**	**6,515**	**6,603**
Shareholders' equity	2,493	2,659	2,839	3,115
Minority interests	1,055	1,004	970	900
Total equity	**3,548**	**3,663**	**3,809**	**4,015**
Net debt (Adj)	**3,440**	**3,286**	**3,264**	**3,199**
Net debt to equity (Adj) (%)	97.0	89.7	85.7	79.7

Valuation ratios	2013	2014	2015E	2016E
PE (x)	14.7	-11.9	19.4	14.8
PB (x)	1.7	2.4	2.2	2.0
EV/EBITDA (x)	9.0	22.1	8.0	7.6
FCF yield (%)	7.7	-5.2	6.5	6.3
Dividend yield (%)	3.0	2.1	2.4	2.4
Payout ratio (%)	44	-25	46	36
ROE (%)	12.3	-21.1	12.0	14.5
Cashflow (US$m)	**2013**	**2014**	**2015E**	**2016E**
EBITDA	1,204	487	1,324	1,395
Working capital	-44	-7	4	-18
Other	-346	-357	-443	-504
Operating cashflow	**814**	**124**	**885**	**873**
Capex	-486	-457	-469	-469
Net acq/disposals	-79	-37	0	0
Other	12	6	0	0
Investing cashflow	**-553**	**-488**	**-469**	**-469**
Dividends paid	-352	-374	-394	-339
Financing cashflow	**-186**	**-476**	**-394**	**-339**
Net change in cash	**82**	**-851**	**22**	**64**
Free cashflow to s/holders	**328**	**-333**	**416**	**404**

For definitions of the items in this table, please click here.

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UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically, UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derive a $36.50 target price.

Our NAV yields a value of $38. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in line with multiples for other marketers. These values are partially offset by the UGI's net debt.

Our DDM values the company at $34. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation.

Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.5x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $29 and $47.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI’s stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz’s earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI's power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

Appendix A-1

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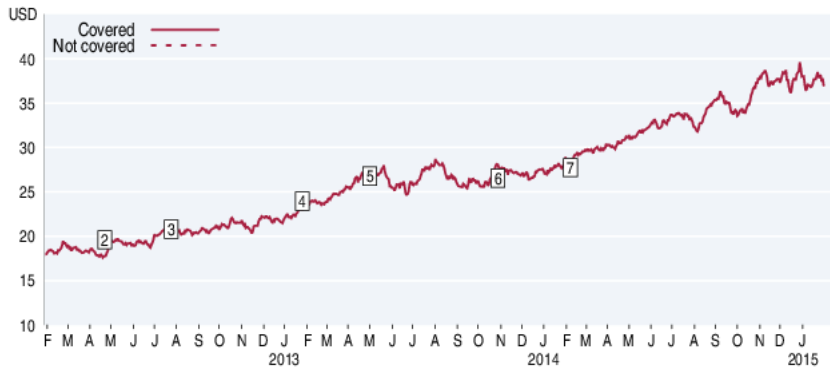
IMPORTANT DISCLOSURES

UGI Corp (UGI)
Ratings and Target Price History
Fundamental Research
Analyst: Faisel Khan, CFA

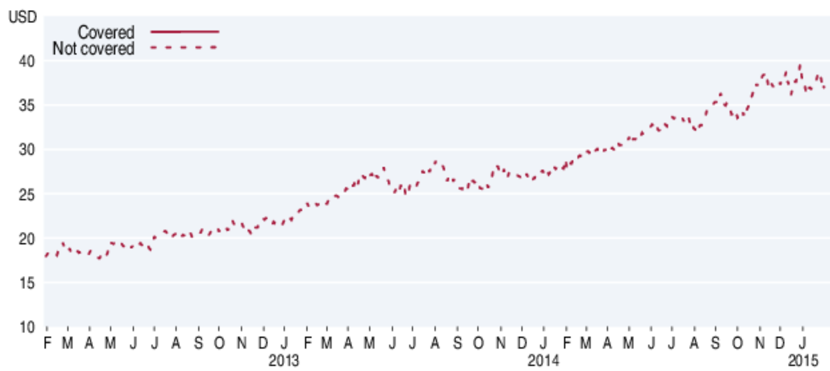


	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		
2	23-Apr-12	1	*20.67	17.75
3	25-Jul-12	1	*22.67	19.95
4	25-Jan-13	*2	*24.67	23.04
5	1-May-13	2	*26.67	26.99
6	29-Oct-13	2	*28.00	28.05
7	7-Feb-14	2	*29.33	28.41

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)
Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)
Analyst: Faisel Khan, CFA



* Indicates change

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	12 Month Rating			***Relative Rating***		
Data current as of 31 Dec 2014	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Research Global Fundamental Coverage	49%	40%	12%	0%	100%	0%
% of companies in each rating category that are investment banking clients	65%	62%	54%	0%	63%	0%

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Equities

8 May 2015 | 14 pages

North America

UGI & APU 2Q:15 Earnings Results

UGI Beats On Colder Weather & Margin Mgmt; APU In-Line

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Mirek Zak, CFA
mirek.zak@citi.com

- **UGI Results** — UGI reported EPS of $1.23/share (excl M2M hedges), slightly ahead of Citi and Consensus estimates. The beat was driven by colder weather and improved unit margins in Europe as well as sustained gas differentials in the Northeast. The announced 1Q dividend of $0.2275/share ($0.91 annualized) represents a 4.6% increase YoY.
- **Guidance Increased** — Mgmt increased FY2015 EPS guidance from a range of $1.88 - $1.98/share to $2.00 - $2.10/share, excluding Total related items, based on stronger 2Q performance.
- **Project Updates** — The Total acquisition is in the review phase with the ADLC and mgmt expects the deal to close in 3Q. UGI is progressing through the FERC pre-approval process on the PennEast Pipeline and still expects it in-service in 2017.
- **International** — UGI's international propane business reported operating income of $64.7 mil as colder weather in Western Europe and unit margin mgmt offset a warmer Eastern Europe. Results were slightly impacted by a weaker Euro but UGI's hedging strategy helped minimize the effect. The company hedges 3 years out, in decreasing amounts, layering in hedges over time helping soften the effect of FX volatility on results.
- **Gas Utility** — The gas utility business reported operating income of $139.3 mil as temps were 22% colder YoY helping drive higher throughput volumes on their systems. Additionally, the market for oil-to-gas conversions remains supportive.
- **Midstream & Marketing** — The midstream & marketing segment reported operating income of $101.9 mil benefitting from more sustained basis differentials and colder weather in the Northeast. Mgmt has been seeing stronger interest for longer-term peaking contracts on its systems in order to lock-in pipeline capacity in a market where mgmt believes infrastructure will continue to be constrained in the foreseeable future.
- **AmeriGas Results** — APU reported adj EBITDA of $345.8 mil, mostly in-line with our estimate of $356.8 mil and consensus of $336.3 mil as operating efficiencies, driven by lower fuel costs and truck repairs, helped offset lower volumes in the quarter. Retail propane volumes of 448.0 mil were down ~6% YoY as temps were 7% warmer YoY. Distributable cash flow of $285.4 mil resulted in distribution coverage of 1.08x on an LTM basis.
- **APU Guidance Reiterated** — Mgmt reiterated its FY2015 adj EBITDA guidance range of $660-$675 mil, in-line with our current expectation of $665 mil.
- **Recommendation** — We are maintaining our Neutral rating and target price of $36.50/share on UGI. We are also maintaining our Neutral/High Risk rating and target price of $46/unit on APU.

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Data Summary

			Price	Rating		Target Price					Current Fiscal Year EPS		Next Fiscal Year EPS	
Company	Ticker	Currency	07 May	Old	New	Old	New	Div Yld (%)	ETR (%)	Last Rpt Year	Old	New	Old	New
AmeriGas Part	APU	US$	46.63	2H	2H	46.00	46.00	7.6	6.3	Sep-14	1.39	1.39	3.06	3.06
UGI	UGI	US$	34.74	2	2	36.50	36.50	2.5	7.6	Sep-14	1.89	1.89	1.95	1.95

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
Source: Citi Research

UGI Beats On Colder Weather & Margin Mgmt; APU In-Line

Figure 1. Reported Results vs Citi Estimates - UGI

($ in Millions)	2Q:14A 3/31/14	1Q:15A 12/31/14	Results vs. Estimates 2Q:15A 3/31/15	2Q:15E 3/31/15	Sequential Change	YoY Change	Actual vs. Citi Est
Gross Margin Per Segment							
AmeriGas Propane	$608.2	$425.0	$595.1	$625.5	40.0%	(2.2%)	(4.9%)
UGI International	$199.8	$180.6	$196.5	$172.1	8.8%	(1.7%)	14.2%
Gas Utility	$201.3	$133.3	$209.8	$207.3	57.4%	4.2%	1.2%
Midstream & Marketing	$146.7	$71.1	$128.3	$103.6	80.5%	(12.5%)	23.8%
Segment Gross Margin	**$1,156.0**	**$810.0**	**$1,129.7**	**$1,108.5**	39.5%	(2.3%)	1.9%
Operating Income Per Segment							
AmeriGas Propane	$284.9	$139.2	$296.9	$307.5	113.3%	4.2%	(3.4%)
UGI International	$63.8	$53.5	$64.7	$52.4	20.9%	1.4%	23.4%
Gas Utility	$134.5	$71.8	$139.3	$154.9	94.0%	3.6%	(10.1%)
Midstream & Marketing	$121.4	$45.5	$101.9	$84.3	124.0%	(16.1%)	20.9%
Segment Income	**$604.6**	**$310.0**	**$602.8**	**$599.1**	94.5%	(0.3%)	0.6%
Adj Net Income to UGI Corp	**$222.1**	**$116.0**	**$215.7**	**$201.9**	**86.0%**	**(2.9%)**	**6.9%**
Adj EPS (excl hedges)	**$1.27**	**$0.66**	**$1.23**	**$1.17**	**86.4%**	**(3.0%)**	**5.1%**
Dividend Per Share (announced)	**$0.1967**	**$0.2175**	**$0.2275**	**$0.2175**	**4.6%**	**15.7%**	**4.6%**
Annualized	**$0.7867**	**$0.8700**	**$0.9100**	**$0.8700**	**4.6%**	**15.7%**	**4.6%**
Segment Stats							
Amerigas - Retail Gallons Sold (MMGal)	474.9	340.2	448.0	**474.9**	**31.7%**	**(5.7%)**	**(5.7%)**
UGI International - Retail Gallons Sold (MMGal)	162.8	179.8	190.4	**169.3**	**5.9%**	**17.0%**	**12.5%**
Gas Utility System Throughput - Core Market (Bcf)	41.8	23.2	44.3	**43.1**	**90.9%**	**6.0%**	**2.9%**
Gas Utility System Throughput - Total (Bcf)	78.5	56.8	81.0	**80.9**	**42.6%**	**3.2%**	**0.2%**

Source: Citi Research

Figure 2. Reported Results vs Citi Estimates - APU

($ in Millions)	2Q:14A 3/31/14	1Q:15A 12/31/14	Results vs. Estimates 2Q:15A 3/31/15	2Q:15E 3/31/15	Sequential Change	YoY Change	Actual vs. Citi Est
Propane Sold - Retail (MM Gallons)	**474.9**	**340.2**	**448.0**	474.9	31.7%	(5.7%)	(5.7%)
Total Gross Profit	**$608.2**	**$425.0**	**$595.8**	**$625.5**	**40.2%**	**(2.0%)**	**(4.7%)**
Operating Expenses*	$281.3	$246.7	$257.3	$275.7	4.3%	(8.5%)	(6.7%)
Other Expenses / (Income)	(7.2)	(10.1)	(7.4)	(7.0)	(27.2%)	2.1%	5.6%
EBITDA	$334.1	$188.5	$345.8	**$356.8**	**83.4%**	**3.5%**	**(3.1%)**
Adjusted EBITDA **	**$334.1**	**$188.5**	**$345.8**	**$356.8**	**83.4%**	**3.5%**	**(3.1%)**
Interest Expense	(42.0)	(41.0)	(41.1)	(40.8)	0.2%	(2.3%)	0.7%
Maintenance Capex	(16.7)	(17.0)	(14.8)	(16.8)	(13.2%)	(11.4%)	(12.2%)
Other	(2.9)	(0.9)	(4.5)	(4.5)	416.5%	55.1%	1.7%
Distributable Cash Flow	**$272.5**	**$129.6**	**$285.4**	**$294.7**	**120.2%**	**4.8%**	**(3.1%)**
Distributions per unit (announced)	**$0.8800**	**$0.8800**	**$0.9200**	**$0.8900**	**4.5%**	**4.5%**	**3.4%**
Distribution Coverage Ratio (LTM)	1.24x	1.06x	1.08x	1.11x	2.0%	(12.9%)	(2.4%)
EPS	**$2.50**	**($0.49)**	**$2.61**	**$2.74**	**(629.7%)**	**4.3%**	**(5.0%)**
Unit Analysis - Retail ($/gal)							
Cost Per Gallon	$1.70	$1.25	$1.05	$0.87	(16.1%)	(38.5%)	20.0%
Mt Belvieu Propane Price	$1.30	$0.77	$0.53	$0.57	(31.1%)	(59.0%)	(6.7%)

**Excludes integration costs*
***Inclusive of minority interest*

Source: Citi Research

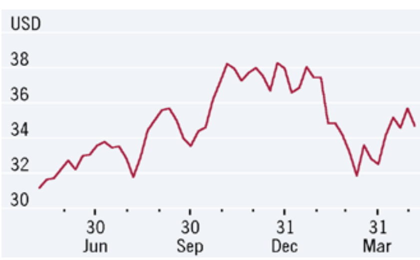
Company Focus

UGI Corp (UGI)

2Q Beat On Colder Weather & Margin Management

Neutral	2
Price (07 May 15)	US$34.74
Target price	US$36.50
Expected share price return	5.1%
Expected dividend yield	2.5%
Expected total return	7.6%
Market Cap	US$6,003M

Price Performance
(RIC: UGI.N, BB: UGI US)



- **UGI Results** — UGI reported EPS of $1.23/share (excl M2M hedges), slightly ahead of Citi and Consensus estimates. The beat was driven by colder weather and improved unit margins in Europe as well as sustained gas differentials in the Northeast. The announced 1Q dividend of $0.2275/share ($0.91 annualized) represents a 4.6% increase YoY.

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- **Project Updates** — The Total acquisition is in the review phase with the ADLC and mgmt expects the deal to close in 3Q. UGI is progressing through the FERC pre-approval process on the PennEast Pipeline and still expects it in-service in 2017.

- **International** — UGI's international propane business reported operating income of $64.7 mil as colder weather in Western Europe and unit margin mgmt offset a warmer Eastern Europe. Results were slightly impacted by a weaker Euro but UGI's hedging strategy helped minimize the effect. The company hedges 3 years out, in decreasing amounts, layering in hedges over time helping soften the effect of FX volatility on results.

- **Gas Utility** — The gas utility business reported operating income of $139.3 mil as temps were 22% colder YoY helping drive higher throughput volumes on their systems. Additionally, the market for oil-to-gas conversions remains supportive.

- **Midstream & Marketing** — The midstream & marketing segment reported operating income of $101.9 mil benefitting from more sustained basis differentials and colder weather in the Northeast. Mgmt has been seeing stronger interest for longer-term peaking contracts on its systems in order to lock-in pipeline capacity in a market where mgmt believes infrastructure will continue to be constrained in the foreseeable future.

- **Recommendation** — We maintain our Neutral rating and target price of $36.50/share on UGI.

EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons
2014A	0.67A	1.30A	0.09A	-0.02A	2.04A	1.99A
2015E	0.66A	1.40A	0.12E	-0.06E	1.89E	1.97E
Previous	0.66A	1.17E	0.12E	-0.06E	1.89E	na
2016E	0.86E	0.97E	0.15E	-0.04E	1.95E	2.14E
Previous	0.86E	0.97E	0.15E	-0.04E	1.95E	na
2017E	0.89E	1.00E	0.16E	-0.03E	2.03E	2.23E
Previous	0.89E	1.00E	0.16E	-0.03E	2.03E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

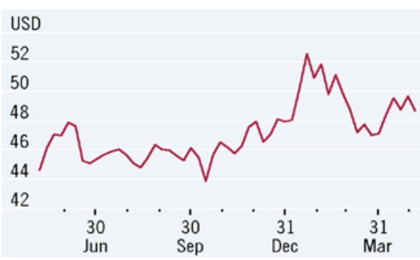
AmeriGas Partners LP (APU)

2Q In-line As Opex Mgmt Offsets Weaker Volumes

- Estimate Change

Neutral/High Risk	2H
Price (07 May 15)	US$46.63
Target price	US$46.00
Expected share price return	-1.4%
Expected dividend yield	7.6%
Expected total return	6.3%
Market Cap	US$4,331M

Price Performance
(RIC: APU.N, BB: APU US)



- **AmeriGas Results** — APU reported adj EBITDA of $345.8 mil, mostly in-line with our estimate of $356.8 mil and consensus of $336.3 mil as operating efficiencies, driven by lower fuel costs and truck repairs, helped offset lower volumes in the quarter. Retail propane volumes of 448.0 mil were down ~6% YoY as temps were 7% warmer YoY. Distributable cash flow of $285.4 mil resulted in distribution coverage of 1.08x on an LTM basis.

- **APU Guidance Reiterated** — Mgmt reiterated its FY2015 adj EBITDA guidance range of $660-$675 mil, in-line with our current expectation of $665 mil.

- **2nd Half Expectations** — The second half of FY2015 should see improvement over last year as various aspects of the business appear supportive. Higher priced inventory was sold off throughout 2Q which improved unit margins and management expects these levels to remain stable for the remainder of the year. We would also expect some of APU's operating efficiencies to be sustainable going forward as they were partially driven by lower diesel prices which we see remaining relatively low this year. Growth in National Accounts and the Cylinder Exchange business, assuming normal weather, should also provide volume growth during the summer. Finally, management had executed 5 acquisitions YTD and continues to see many opportunities in the market as acquisition multiples remain at historic levels of 5-6x.

- **Recommendation** — We maintain our Neutral/High Risk rating and target price of $46/unit on APU

Distributable Cash Flow ($ Millions)	2015E	2016E	2017E	2018E	2019E	2020
Adjusted EBITDA	$665.4	$690.8	$686.0	$681.3	$676.5	$671.9
Interest Expense	(164.7)	(164.7)	(163.2)	(161.7)	(160.3)	(159.1)
Tax	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)
Maintenance Capital Expenditures	(66.0)	(66.7)	(67.3)	(68.0)	(68.7)	(69.4)
Other Cash Adjustments	(3.5)	(5.0)	(4.9)	(4.9)	(4.8)	(4.7)
Distributable Cash Flow	$427.4	$450.5	$446.6	$442.7	$438.8	$434.8
Total Cash Distributions	359.5	364.4	366.8	366.8	366.8	366.8
Total Distribution Per Unit	$3.54	$3.58	$3.60	$3.60	$3.60	$3.60
Growth in Distribution Per Unit	2.9%	1.1%	0.6%	0.0%	0.0%	0.0%
Distribution Cash Flow Coverage:	1.19x	1.24x	1.22x	1.21x	1.20x	1.19x

Source: Citi Research

UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derives a $36.50 target price. Our NAV yields a value of $38. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in-line with multiples for other marketers. These values are partially offset by the UGI's net debt. Our DDM values the company at $34. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation. Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.5x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $29 and $47.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI’s stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz’s earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI’s power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM

market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

AmeriGas Partners LP

Company description

AmeriGas Partners, L.P. is structured as a master limited partnership (MLP) and is the largest propane distributor in the country, serving about ~2 million residential, commercial, industrial, and agricultural customers from ~2,000 distribution locations in 50 states, selling ~1.3 billion gallons of propane annually. The partnership operates an extensive storage and distribution network, using interstate natural gas liquids pipelines, railroad tank cars, barges, and delivery trucks to transport propane from suppliers to storage and distribution facilities. UGI Corp. is the MLP's general partner and owns 26% of the partnership.

Investment strategy

We rate AmeriGas Partners LP Neutral/High Risk (2H). While we believe these units offer investors an attractive yield with stable cash flows and adequate distribution coverage, the fundamentals of the retail propane sector remain challenged, limiting upside appreciation. AmeriGas will face a challenging environment ahead as margins may face headwinds from higher wholesale propane prices due to increased competition with foreign markets as export capacity comes online. We continue to see overall volumes in the industry continuing a structural decline of ~1-2% annually despite more normal temps, as economically viable alternatives such as natural gas and electrical heating become available. We view retail propane distributors such as APU as unregulated utilities. While margins can vary over time, customers rely on these services for basic space heating purposes. However, weather, economic conditions and price volatility tend to impact demand for propane which in turn impact cash flows. We estimate that 95% of the partnership’s distributions will be tax-deferred.

Valuation

Our 12-month target price for AmeriGas Partners, L.P. is $46.00 per unit. Our target price assumes that AmeriGas will increase its distributions to an annualized rate of $3.56/unit over the next 12 months and that the units should trade with a 7.75% yield. Our choice of the implied yield is a function of the MLP's growth outlook, risk profile, and the broader yield environment. In the current low interest rate environment we believe that investor demand for yield will continue to drive fund flows into MLPs with stable or growing distribution outlooks such as APU, which is also likely to drive yields lower over the next 12-months. We use internal rate of return (IRR) and discounted cash flow (DCF) methodologies to help support our implied yield valuation. These secondary valuation metrics are based on our 5-year operational forecast that takes into account near-term growth opportunities and/or risk factors. Our terminal yield and growth estimates take into account a more normalized yield environment and a slower pace of long-term industry growth. The long-term yield we use to value APU is 8.50%, which is anchored by our 2017 MLP index yield estimate of 7% (300 basis points above a 10-year Treasury yield of 4%) plus 150 basis points, in-line with historical levels. Based on terminal distribution growth of 0%, we derive an IRR of ~4.4% and a DCF of $42.28/unit. The equity value for APU based on our DCF model is lower than our implied yield valuation, but nonetheless supports our view on the partnership.

Risks

We rate AmeriGas Partners High Risk based on the consideration of key risk factors that include: 1) balance sheet strength, 2) distribution coverage, and 3) variability of cash flows. AmeriGas' balance sheet strength as measured by 2015 Net Debt/EBITDA is in-line with the MLP peer group at 3.7x (vs. 3.9x for the peer group). AmeriGas's distribution coverage ratio of 1.19x is slightly better than the peer group average of 1.17x. These positive attributes are balanced by a high level of seasonal volatility in cash flows. Risks to the MLP achieving our 12-month target price include: 1) a sharp increase in wholesale propane and/or heating oil costs that causes the partnership's retail margin to decline, 2) unfavorable weather conditions, such as a cool summer or a warm winter, that drive lower than expected volumes, and 3) a greater increase in interest rates that could make the partnership's relatively high yield less attractive. (Investors should recognize the volume of propane sold is directly affected by the severity of winter weather conditions since many customers of AmeriGas rely heavily on propane as a heating fuel.) Conversely, we believe the units could materially outperform our target price if the weather becomes more favorable (i.e., cool winter and/or warm summer) and the partnership is able to sell a greater amount of propane and/heating oil than anticipated.

Appendix A-1

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IMPORTANT DISCLOSURES

UGI Corp (UGI)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA

	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		
2	25-Jul-12	1	*22.67	19.95
3	25-Jan-13	*2	*24.67	23.04
4	1-May-13	2	*26.67	26.99
5	29-Oct-13	2	*28.00	28.05
6	7-Feb-14	2	*29.33	28.41
7	1-Feb-15	2	*36.50	36.99

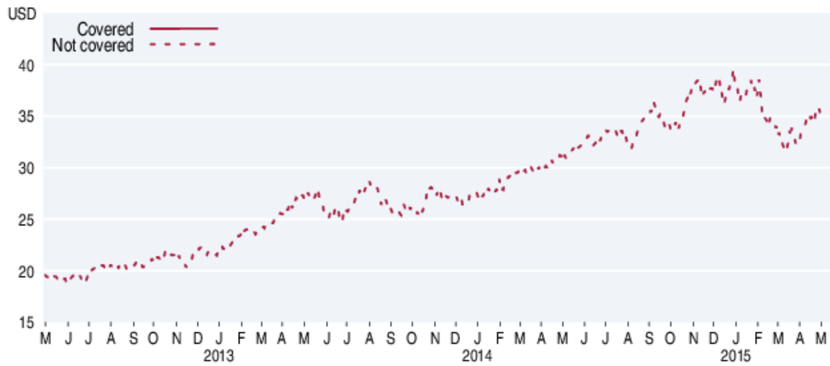
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA
Covered since March 31 2014

	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		
2	2-May-13	3H	*38.50	45.35
3	25-Oct-13	*2H	*45.50	44.95
4	30-Jan-14	2H	*43.50	42.93
5	28-Mar-14	2H	*44.50	41.99
6	28-Jul-14	2H	*46.00	46.10

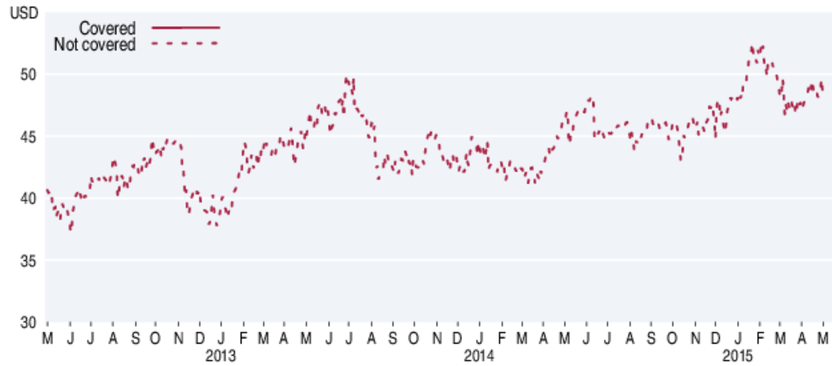
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA
Covered since March 31 2014



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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	12 Month Rating			*Relative Rating*		
Data current as of 31 Mar 2015	Buy	Hold	Sell	Buy	Hold	Sell
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% of companies in each rating category that are investment banking clients	65%	64%	54%	0%	63%	0%

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Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

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Citi Research

Equities

8 September 2015 | 15 pages

Master Limited Partnerships
North America

UGI & APU Complex

Model Estimate Updates

- **UGI Estimate Update** — We are updating our estimates to incorporate 1) UGI's last reported financial information, 2) adjusted cash flow estimates in the Energy Services segment, and 3) our changes to underlying performance at APU.
- **APU Estimate Update** — We are updating our estimates to incorporate 1) APU's last reported financial information, 2) a slower long-term volume decline based on the partnership's ability to offset customer attrition with constant M&A, and 3) slightly improved unit margins as commodity prices remain low.
- **Recommendation(s)** — We maintain our Neutral rating and target price of $36.50/share on UGI. We also maintain our Neutral High-Risk rating and target price of $46/unit on APU.

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Mirek Zak, CFA
mirek.zak@citi.com

			Price	Rating		Target Price					Current Fiscal Year EPS		Next Fiscal Year EPS	
Company	Ticker	Currency	08 Sep	Old	New	Old	New	Div Yld (%)	ETR (%)	Last Rpt Year	Old	New	Old	New
AmeriGas Part	APU	US$	43.46	2H	2H	46.00	46.00	8.5	14.4	Sep-14	1.39	2.09	3.06	2.79
UGI	UGI	US$	33.80	2	2	36.50	36.50	2.7	10.7	Sep-14	1.89	1.89	1.95	1.99

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
Source: Citi Research

Company Focus

UGI Corp (UGI)

Model Estimate Update

- Estimate Change

- **Estimate Update** — We are updating our estimates to incorporate 1) UGI's last reported financial information, 2) adjusted cash flows estimates in the Energy Services segment, and 3) our changes to underlying performance at APU.

- **Recommendation** — We maintain our Neutral rating and target price of $36.50/share on UGI.

Neutral	**2**
Price (08 Sep 15)	US$33.80
Target price	US$36.50
Expected share price return	8.0%
Expected dividend yield	2.7%
Expected total return	**10.7%**
Market Cap	US$5,840M

Price Performance
(RIC: UGI.N, BB: UGI US)

EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons
2014A	0.67A	1.30A	0.09A	-0.02A	2.04A	1.99A
2015E	**0.66A**	**1.23A**	**0.03A**	**-0.02E**	**1.89E**	**1.91E**
Previous	0.66A	1.40A	0.12E	-0.06E	1.89E	na
2016E	**0.74E**	**1.27E**	**0.01E**	**-0.03E**	**1.99E**	**2.15E**
Previous	0.86E	0.97E	0.15E	-0.04E	1.95E	na
2017E	**0.76E**	**1.31E**	**0.02E**	**-0.02E**	**2.07E**	**2.26E**
Previous	0.89E	1.00E	0.16E	-0.03E	2.03E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Model Estimate Update

Estimate Changes

We are updating our estimates to include 3Q:15 results as well as adjusting our energy services earnings upwards and improved underlying APU adjustments. (See APU note for details)

Figure 1. Estimate Changes – UGI

Adjusted EBITDA ($ Millions)	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Current	$143.2	$1,401.3	$1,508.0	$1,548.3	$1,583.1	$1,618.3	$1,653.9
Previous	$110.5	$1,397.0	$1,450.1	$1,477.5	$1,498.2	$1,519.5	$1,541.3
% Change	**29.6%**	**0.3%**	**4.0%**	**4.8%**	**5.7%**	**6.5%**	**7.3%**
Dividends per Share ($)	**4Q:15E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Current	$0.23	$0.89	$0.93	$0.97	$1.00	$1.04	$1.09
Previous	$0.22	$0.87	$0.90	$0.94	$0.98	$1.02	$1.06
% Change	**4.6%**	**2.3%**	**2.6%**	**2.6%**	**2.6%**	**2.6%**	**2.6%**
Earnings per Unit ($) *	**4Q:15E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Current	($0.02)	$1.89	$1.99	$2.07	$2.13	$2.20	$2.26
Previous	($0.06)	$1.89	$1.95	$2.03	$2.08	$2.14	$2.20
% Change	**(64.1%)**	**0.0%**	**2.2%**	**2.2%**	**2.5%**	**2.7%**	**3.0%**

** 2015 Excludes Total acquisition costs and contribution.*

Source: Citi Research

Company Focus

AmeriGas Partners LP (APU)

Model Estimate Update

- Estimate Change

- **Estimate Update** — We are updating our estimates to incorporate 1) APU's last reported financial information, 2) a slower long-term volume decline based on the partnership's ability to offset customer attrition with constant M&A, and 3) slightly improved unit margins as commodity prices remain low.

- **Recommendation** —We maintain our Neutral High-Risk rating and target price of $46/unit on APU.

Neutral/High Risk	**2H**
Price (08 Sep 15)	US$43.46
Target price	US$46.00
Expected share price return	5.8%
Expected dividend yield	8.5%
Expected total return	**14.4%**
Market Cap	US$4,037M

Price Performance
(RIC: APU.N, BB: APU US)

Distributable Cash Flow ($ Millions)	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020**
Adjusted EBITDA	$640.0	$666.6	$671.4	$676.1	$680.8	$685.5
Interest Expense	(162.7)	(161.0)	(161.1)	(161.6)	(162.6)	(163.7)
Tax	(3.4)	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)
Maintenance Capital Expenditures	(66.0)	(66.7)	(67.3)	(68.0)	(68.7)	(69.4)
Other Cash Adjustments	(3.9)	(4.9)	(4.9)	(4.9)	(4.9)	(4.9)
Distributable Cash Flow	**$404.0**	**$430.5**	**$434.4**	**$438.0**	**$441.1**	**$443.9**
Total Cash Distributions	368.9	388.0	402.8	417.6	428.7	436.1
Total Distribution Per Unit	**$3.60**	**$3.72**	**$3.80**	**$3.88**	**$3.94**	**$3.98**
Growth in Distribution Per Unit	4.7%	3.3%	2.2%	2.1%	1.5%	1.0%
Distribution Cash Flow Coverage:	**1.10x**	**1.11x**	**1.08x**	**1.05x**	**1.03x**	**1.02x**

Source: Citi Research

Model Estimate Update

Estimate Changes

We are updating our estimates for 3Q:15 results as well as adjusting our expectation of volume declines and margin levels going forward. We expect APU to have minimal volume loss over time as constant acquisitions help offset some of the natural attrition occurring in their customer base.

Figure 2. Estimate Changes – APU

Adjusted EBITDA ($mil) *	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Current	$56.7	$640.0	$666.6	$671.4	$676.1	$680.8	$685.5
Previous	$53.4	$654.7	$690.8	$686.0	$681.3	$676.5	$671.9
% Change	**6.2%**	**(2.2%)**	**(3.5%)**	**(2.1%)**	**(0.8%)**	**0.6%**	**2.0%**

Distributable Cash Flow ($ Millions)	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Current	($7.0)	$404.0	$430.5	$434.4	$438.0	$441.1	$443.9
Previous	($4.4)	$416.7	$450.5	$446.6	$442.7	$438.8	$434.8
% Change	**60.5%**	**(3.0%)**	**(4.4%)**	**(2.7%)**	**(1.1%)**	**0.5%**	**2.1%**

Distributions per Unit ($)	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Current	$0.92	$3.60	$3.72	$3.80	$3.88	$3.94	$3.98
Previous	$0.89	$3.54	$3.58	$3.60	$3.60	$3.60	$3.60
% Change	**3.4%**	**1.7%**	**3.9%**	**5.6%**	**7.8%**	**9.4%**	**10.6%**

Earnings per Unit ($)	4Q:15E	2015E	2016E	2017E	2018E	2019E	2020E
Current	($0.46)	$2.09	$2.79	$2.72	$2.65	$2.59	$2.55
Previous	($0.50)	$1.39	$3.06	$2.98	$2.90	$2.83	$2.75
% Change	**(8.5%)**	**49.9%**	**(8.7%)**	**(8.5%)**	**(8.7%)**	**(8.4%)**	**(7.3%)**

*Inclusive of minority interest.

Source: Citi Research

UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derives a $36.50 target price. Our NAV yields a value of $38. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in-line with multiples for other marketers. These values are partially offset by the UGI's net debt. Our DDM values the company at $34. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation. Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.5x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $29 and $47.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI’s stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz’s earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI’s power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM

market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

AmeriGas Partners LP

Company description

AmeriGas Partners, L.P. is structured as a master limited partnership (MLP) and is the largest propane distributor in the country, serving about ~2 million residential, commercial, industrial, and agricultural customers from ~2,000 distribution locations in 50 states, selling ~1.3 billion gallons of propane annually. The partnership operates an extensive storage and distribution network, using interstate natural gas liquids pipelines, railroad tank cars, barges, and delivery trucks to transport propane from suppliers to storage and distribution facilities. UGI Corp. is the MLP's general partner and owns 26% of the partnership.

Investment strategy

We rate AmeriGas Partners LP Neutral/High Risk (2H). While we believe these units offer investors an attractive yield with stable cash flows and adequate distribution coverage, the fundamentals of the retail propane sector remain challenged, limiting upside appreciation. AmeriGas will face a challenging environment ahead as margins may face headwinds from higher wholesale propane prices due to increased competition with foreign markets as export capacity comes online. We continue to see overall volumes in the industry continuing a structural decline of ~1-2% annually despite more normal temps, as economically viable alternatives such as natural gas and electrical heating become available. We view retail propane distributors such as APU as unregulated utilities. While margins can vary over time, customers rely on these services for basic space heating purposes. However, weather, economic conditions and price volatility tend to impact demand for propane which in turn impact cash flows. We estimate that 95% of the partnership’s distributions will be tax-deferred.

Valuation

Our 12-month target price for AmeriGas Partners, L.P. is $46.00 per unit. Our target price assumes that AmeriGas will increase its distributions to an annualized rate of $3.56/unit over the next 12 months and that the units should trade with a 7.75% yield. Our choice of the implied yield is a function of the MLP's growth outlook, risk profile, and the broader yield environment. In the current low interest rate environment we believe that investor demand for yield will continue to drive fund flows into MLPs with stable or growing distribution outlooks such as APU, which is also likely to drive yields lower over the next 12-months. We use internal rate of return (IRR) and discounted cash flow (DCF) methodologies to help support our implied yield valuation. These secondary valuation metrics are based on our 5-year operational forecast that takes into account near-term growth opportunities and/or risk factors. Our terminal yield and growth estimates take into account a more normalized yield environment and a slower pace of long-term industry growth. The long-term yield we use to value APU is 8.50%, which is anchored by our 2017 MLP index yield estimate of 7% (300 basis points above a 10-year Treasury yield of 4%) plus 150 basis points, in-line with historical levels. Based on terminal distribution growth of 0%, we derive an IRR of ~4.4% and a DCF of $42.28/unit. The equity value for APU based on our DCF model is lower than our implied yield valuation, but nonetheless supports our view on the partnership.

Risks

We rate AmeriGas Partners High Risk based on the consideration of key risk factors that include: 1) balance sheet strength, 2) distribution coverage, and 3) variability of cash flows. AmeriGas' balance sheet strength as measured by 2015 Net Debt/EBITDA is in-line with the MLP peer group at 3.7x (vs. 3.9x for the peer group). AmeriGas's distribution coverage ratio of 1.19x is slightly better than the peer group average of 1.17x. These positive attributes are balanced by a high level of seasonal volatility in cash flows. Risks to the MLP achieving our 12-month target price include: 1) a sharp increase in wholesale propane and/or heating oil costs that causes the partnership's retail margin to decline, 2) unfavorable weather conditions, such as a cool summer or a warm winter, that drive lower than expected volumes, and 3) a greater increase in interest rates that could make the partnership's relatively high yield less attractive. (Investors should recognize the volume of propane sold is directly affected by the severity of winter weather conditions since many customers of AmeriGas rely heavily on propane as a heating fuel.) Conversely, we believe the units could materially outperform our target price if the weather becomes more favorable (i.e., cool winter and/or warm summer) and the partnership is able to sell a greater amount of propane and/heating oil than anticipated.

Appendix A-1

Analyst Certification

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IMPORTANT DISCLOSURES

UGI Corp (UGI)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA

	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		
2	25-Jan-13	*2	*24.67	23.04
3	1-May-13	2	*26.67	26.99
4	29-Oct-13	2	*28.00	28.05
5	7-Feb-14	2	*29.33	28.41
6	1-Feb-15	2	*36.50	36.99

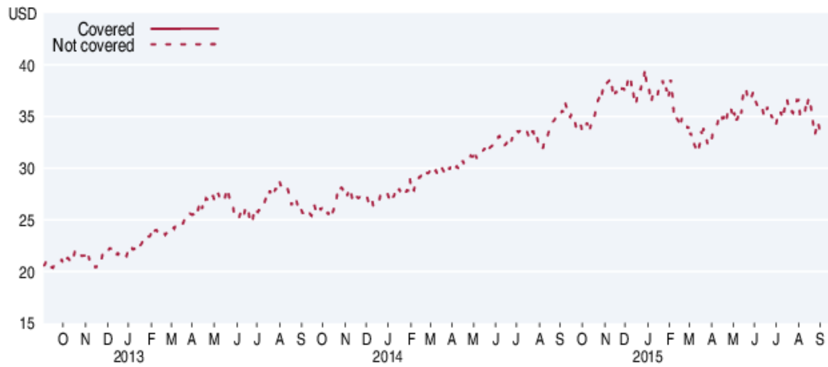
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA



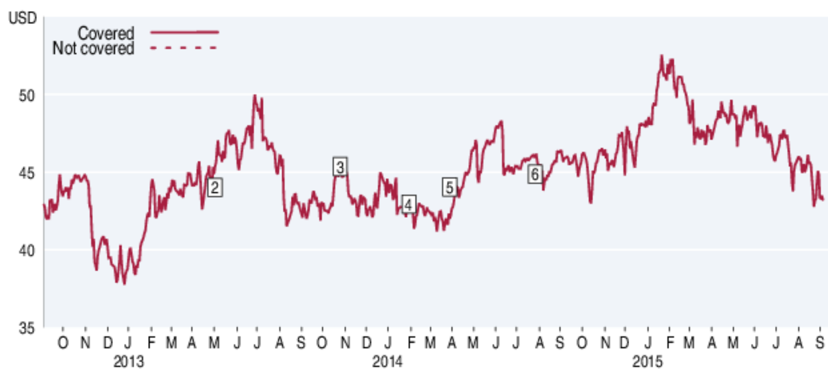
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA
Covered since March 31 2014



	Date	Rating	Target Price	Closing Price
1	8-Oct-11	Stock rating system changed		
2	2-May-13	3H	*38.50	45.35
3	25-Oct-13	*2H	*45.50	44.95
4	30-Jan-14	2H	*43.50	42.93
5	28-Mar-14	2H	*44.50	41.99
6	28-Jul-14	2H	*46.00	46.10

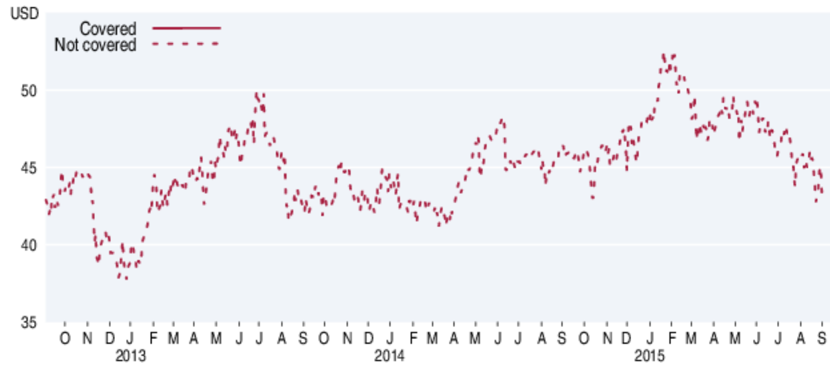
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA
Covered since March 31 2014



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	12 Month Rating			*Relative Rating*		
Data current as of 30 Jun 2015	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Research Global Fundamental Coverage	46%	41%	13%	0%	100%	0%
% of companies in each rating category that are investment banking clients	65%	64%	60%	0%	64%	0%

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Citi Research

Equities

17 November 2015 | 13 pages

Master Limited Partnerships
North America

UGI & APU Complex

Management Provides 2016 Guidance, 4Q Recap

Faisel Khan, CFA
+1-212-816-2825
faisel.khan@citi.com

Mirek Zak, CFA
mirek.zak@citi.com

- **2016 Guidance** — Management provided FY16 EPS guidance of $2.15 - $2.30/share for UGI, representing an ~11% increase over 2015 primarily driven by management's expectation of its Finagaz acquisition providing $0.15/unit accretion in FY16, with a further $0.08 – $0.12/unit over the next 3-4 years. Management also provided adjusted EBITDA guidance for APU of $660 - $690 million, assuming normal weather patterns. This represents an ~9% increase over 2015 and is in-line with our estimate of $667 million.
- **Backlog Update** — UGI expects to spend ~$450 million towards existing projects over 3 years, without the need to issue public equity. The bulk of this spend is going towards fee-based projects such as 1) the Sunbury Pipeline, 2) the newly announced Manning LNG expansion to double its fractionation capacity in the region, and 3) the PennEast Pipeline whose application has been filed with the FERC and expected in-service in late 2017.
- **UGI 4Q Results** — UGI reported EPS of $0.1/share (excl M2M hedges), relatively in-line with our estimates of $(0.02) and Consensus of $(0.03). The announced 4Q dividend of $0.2275/share ($0.91 annualized) represents a 4.6% increase YoY.
- **AmeriGas 4Q Results** — APU reported adjusted EBITDA of $39.7 million, below our estimate of $56.7 million and consensus of $58.2 million as stronger margins were not enough to offset warmer temps during the quarter. Retail propane volumes sold of 193.9 million gallons were down ~10% YoY as temps were ~38% warmer versus last year. We estimate DCF of $(15.4) million resulted in coverage of 1.07x on an LTM basis. The Board had previously announced a distribution of $0.92/unit ($3.68 annualized), up 4.5% YoY.
- **Winter Expectations for APU** —Temperatures have not been accommodating so far this winter season as temps remain somewhat elevated over historical norms. October has seen temperatures ~31% warmer than last on a HDD basis but note that the bulk of volumes are sold in the Dec-Feb time frame. We see margins being supportive this winter seasons as propane commodity prices remaining relatively low as domestic production continues to grow and propane inventories are at historic levels of over 100 MMBbls.
- **Recommendations** — We are maintaining our Neutral rating and target price of $36.50/share on UGI. We are maintaining our Neutral/High Risk rating on APU but decreasing our target price to $42/unit based on multiple valuation methodologies. Our new target price reflects a repricing of risk in the midstream space as well as discounted cash flow and EV / EBITDA valuation methodologies.

			Price	Rating		Target Price					Current Fiscal Year EPS		Next Fiscal Year EPS	
Company	Ticker	Currency	17 Nov	Old	New	Old	New	Div Yld (%)	ETR (%)	Last Rpt Year	Old	New	Old	New
AmeriGas Part	APU	US$	40.49	2H	2H	46.00	42.00	9.2	12.9	Sep-15	2.79	2.80	2.80	2.73
UGI	UGI	US$	34.13	2	2	36.50	36.50	2.7	9.6	Sep-15	1.99	1.99	2.07	2.07

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
Source: Citi Research

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Reported Results vs Citi Estimates

Figure 1. Reported Results vs Citi Estimates - UGI

($ in Millions)	4Q:14A 9/30/14	3Q:15A 6/30/15	Results vs. Estimates 4Q:15A 9/30/15	4Q:15E 9/30/15	Sequential Change	YoY Change	Actual vs. Citi Est
Gross Profit Per Segment							
AmeriGas Propane	$463.1	$266.8	$257.3	$271.8	(3.5%)	(44.4%)	(5.3%)
UGI International	$123.5	$137.1	$174.3	$152.2	27.1%	41.1%	14.5%
Gas Utility	$64.0	$78.1	$63.3	$66.5	(19.0%)	(1.1%)	(4.8%)
Midstream & Marketing	$40.6	$42.3	$42.9	$44.9	1.4%	5.7%	(4.5%)
Segment Gross Margin	**$691.2**	**$524.3**	**$537.8**	**$535.4**	2.6%	(22.2%)	0.5%
Operating Income Per Segment *							
AmeriGas Propane	$0.3	$1.0	($9.8)	$8.4	(1,105.7%)	(3,294.4%)	NM
UGI International	($10.0)	($0.3)	($5.1)	$6.8	1,600.0%	(49.0%)	NM
Gas Utility	$2.5	$15.1	$0.3	$20.7	(98.0%)	(88.0%)	(98.5%)
Midstream & Marketing	$14.9	$18.6	$18.8	$26.9	1.1%	26.2%	(30.1%)
Segment Income	**$7.7**	**$34.4**	**$4.2**	**$62.8**	(87.7%)	(45.2%)	(93.3%)
Adj Net Income to UGI Corp *	**($13.2)**	**$4.7**	**$1.9**	**($3.9)**	**(59.4%)**	**(114.4%)**	**NM**
Adj EPS *	**($0.08)**	**$0.03**	**$0.01**	**($0.02)**	**(62.5%)**	**(113.1%)**	**NM**
Dividend Per Share (announced)	**$0.2175**	**$0.2275**	**$0.2275**	**$0.2275**	**0.0%**	**4.6%**	**0.0%**
Annualized	**$0.8700**	**$0.9100**	**$0.9100**	**$0.9100**	**0.0%**	**4.6%**	**0.0%**
Segment Stats							
Amerigas - Retail Gallons Sold (MMGal)	211.0	202.2	193.9	215.2	(4.1%)	(8.1%)	(9.9%)
UGI International - Retail Gallons Sold (MMGal)	118.1	151.5	175.3	171.2	15.7%	48.4%	2.4%
Gas Utility System Throughput - Core Market (Bcf)	5.3	8.9	4.9	5.5	(44.9%)	(7.5%)	(10.2%)
Gas Utility System Throughput - Total (Bcf)	36.1	38.6	37.1	37.5	(3.9%)	2.8%	(1.0%)

**Excludes unrealized hedges.*

Source: Citi Research

Figure 2. Reported Results vs Citi Estimates - APU

($ in Millions)	4Q:14A 9/30/14	3Q:15A 6/30/15	Results vs. Estimates 4Q:15A 9/30/15	4Q:15E 9/30/15	Sequential Change	YoY Change	Actual vs. Citi Est
Propane Sold - Retail (MM Gallons)	**211.0**	**202.2**	**193.9**	215.2	(4.1%)	(8.1%)	(9.9%)
Total Gross Profit	**$262.2**	**$266.8**	**$257.3**	**$271.8**	**(3.5%)**	**(1.9%)**	**(5.3%)**
Operating Expenses*	$220.0	$223.3	$226.0	$222.1	1.2%	2.7%	1.7%
Other Expenses / (Income)	(5.9)	(5.5)	(8.3)	(7.0)	49.0%	39.7%	18.1%
EBITDA	$48.2	$49.0	$39.6	**$56.7**	**(19.2%)**	**(17.8%)**	**(30.2%)**
Adjusted EBITDA	**$48.1**	**$48.9**	**$39.7**	**$56.7**	**(18.8%)**	**(17.5%)**	**(30.0%)**
Interest Expense	(40.6)	(40.3)	(40.4)	(40.3)	0.4%	(0.4%)	0.2%
Maintenance Capex	(23.3)	(11.8)	(14.2)	(22.4)	20.6%	(38.9%)	(36.5%)
Other	(7.1)	(0.8)	(0.4)	(0.9)	(47.6%)	(94.1%)	(53.3%)
Distributable Cash Flow (Estimate)	**($23.0)**	**($4.0)**	**($15.4)**	**($7.0)**	**284.2%**	**(32.9%)**	**120.3%**
Distributions per unit (announced)	**$0.8800**	**$0.9200**	**$0.9200**	**$0.9200**	**0.0%**	**4.5%**	**0.0%**
Distribution Coverage Ratio (LTM)	1.20x	1.07x	1.07x	1.10x	0.3%	(10.6%)	(2.1%)
EPS	**($0.58)**	**($0.37)**	**($0.62)**	**($0.46)**	**70.3%**	**7.9%**	**36.0%**
Unit Analysis - Retail ($/gal)							
Cost Per Gallon	$1.25	$0.88	$0.67	$0.66	(23.3%)	(46.2%)	2.6%
Mt Belvieu Propane Price	$1.04	$0.47	$0.41	$0.41	(11.8%)	(60.3%)	1.6%

**Excludes integration costs*

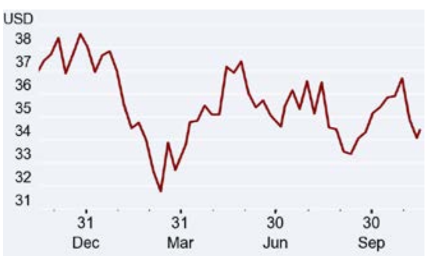
Source: Citi Research

Company Focus

■ Estimate Change

Neutral	2
Price (17 Nov 15)	US$34.13
Target price	US$36.50
Expected share price return	6.9%
Expected dividend yield	2.7%
Expected total return	9.6%
Market Cap	US$5,897M

Price Performance
(RIC: UGI.N, BB: UGI US)



UGI Corp (UGI)

Management Provides 2016 Guidance, 4Q In-Line

- **2016 Guidance** — Management provided FY16 EPS guidance of $2.15 - $2.30/share for UGI, representing an ~11% increase over 2015. This is primarily driven by management's expectation of its Finagaz acquisition providing $0.15/unit accretion in FY16, with a further $0.08 – $0.12/unit over the next 3-4 years.

- **Backlog Update** — UGI expects to spend ~$450 million towards existing projects over 3 years, without the need to issue public equity. The bulk of this spend is going towards fee-based projects such as 1) the Sunbury Pipeline, 2) the newly announced Manning LNG expansion to double its fractionation capacity in the region, and 3) the PennEast Pipeline whose application has been filed with the FERC and expected in-service in late 2017.

- **UGI Results** — UGI reported EPS of $0.1/share (excl M2M hedges), relatively in-line with our estimates of $(0.02) and Consensus of $(0.03). The announced 4Q dividend of $0.2275/share ($0.91 annualized) represents a 4.6% increase YoY.

- **Segment Performance** — APU reported gross profit of $257.3 million versus our estimate of $271.8 million as stronger margins were not enough to offset warmer temps during the quarter. UGI's international propane segment reported gross profit of $174.3 million with retail propane sales of 175.3 million gallons. The gas utility segment reported gross profit of $63.3 million supported by total system throughput of 37.1 Bcf for the quarter. The midstream & marketing segment reported gross profit of $42.9 million as basis differentials in 2015 remained less volatile versus 2014.

- **Recommendation** — We are maintaining our Neutral rating and target price of $36.50/share on UGI.

EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons
2015A	0.66A	1.23A	0.03A	0.01A	1.93A	2.01A
2016E	0.74E	1.27E	0.01E	-0.03E	1.99E	2.15E
Previous	0.74E	1.27E	0.01E	-0.03E	1.99E	na
2017E	0.76E	1.31E	0.02E	-0.02E	2.07E	2.29E
Previous	0.76E	1.31E	0.02E	-0.02E	2.07E	na
2018E	0.78E	1.33E	0.02E	-0.01E	2.12E	2.53E
Previous	0.78E	1.34E	0.02E	-0.01E	2.13E	na

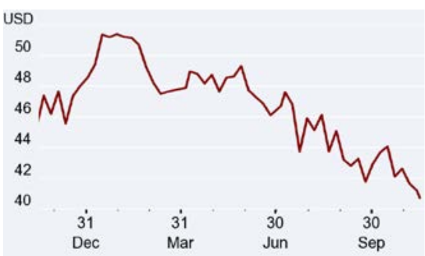
Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Company Focus

- Estimate Change
- Target Price Change

Neutral/High Risk	2H
Price (17 Nov 15)	US$40.49
Target price	US$42.00
from US$46.00	
Expected share price return	3.7%
Expected dividend yield	9.2%
Expected total return	12.9%
Market Cap	US$3,761M

Price Performance
(RIC: APU.N, BB: APU US)



AmeriGas Partners LP (APU)

Management Provides 2016 Guidance, 4Q Miss On Warm Temps

- **2016 Guidance** — Mgmt provided adjusted EBITDA guidance for APU of $660 - $690 million, assuming normal weather patterns. This represents a ~9% increase over 2015 and is in-line with our estimate of $667 million.

- **AmeriGas Results** — APU reported adj EBITDA of $39.7 mil, below our estimate of $56.7 mil and consensus of $58.2 mil as stronger margins were not enough to offset warmer temps during the quarter. Retail propane volumes sold of 193.9 million gallons were down ~10% YoY as temps were ~38% warmer versus last year. We estimate DCF of $(15.4) mil resulted in coverage of 1.07x on an LTM basis. The Board had previously announced a distribution of $0.92/unit ($3.68 annualized), up 4.5% YoY.

- **Winter Expectations for APU** —Temperatures have not been accommodating so far this winter season as temps remain somewhat elevated over historical norms. October has seen temperatures ~31% warmer than last on a HDD basis but note that the bulk of volumes are sold in the Dec-Feb time frame. We see margins being supportive this winter seasons as propane commodity prices remaining relatively low as domestic production continues to grow and propane inventories are at historic levels of over 100 MMBbls.

- **Recommendation** — We are maintaining our Neutral/High Risk rating on APU but decreasing our target price to $42/unit based on multiple valuation methodologies. Our new target price reflects a repricing of risk in the midstream space as well as discounted cash flow and EV / EBITDA valuation methodologies.

Distributable Cash Flow ($ Millions)	2016E	2017E	2018E	2019E	2020
Adjusted EBITDA	$666.8	$671.5	$676.3	$681.0	$685.7
Interest Expense	(161.3)	(161.0)	(161.2)	(161.8)	(162.6)
Tax	(3.6)	(3.6)	(3.6)	(3.6)	(3.6)
Maintenance Capital Expenditures	(58.4)	(59.0)	(59.6)	(60.2)	(60.8)
Other Cash Adjustments	(4.9)	(4.9)	(4.9)	(4.9)	(5.0)
Distributable Cash Flow	$438.6	$443.0	$446.9	$450.5	$453.8
Total Cash Distributions	388.0	402.8	417.6	428.7	436.1
Total Distribution Per Unit	$3.72	$3.80	$3.88	$3.94	$3.98
Growth in Distribution Per Unit	3.3%	2.2%	2.1%	1.5%	1.0%
Distribution Cash Flow Coverage:	1.13x	1.10x	1.07x	1.05x	1.04x

Source: Citi Research

UGI Corp

Company description

UGI Corp operates as a diversified gas utility, electric utility and global propane distribution company. The company's utility and power assets are located in Pennsylvania. The company's propane business is composed of a 46% equity interest in AmeriGas Partners and an international propane distribution unit with principal operations in Europe, where the company controls about a quarter of the market. UGI also operates an energy services business with generation and storage assets.

Investment strategy

We rate UGI a Neutral (2). The company provides stable cash flows through a combination of an electric and gas utility. In addition, the company has one of the largest propane businesses in the US and has an International Propane division that serves customers in Europe. Historically UGI has generated strong free cash flows from its domestic propane and utilities businesses enabling the company to make bolt-on acquisitions and increase its dividend over time. However, the propane business in the US looks challenged as commodity prices move higher, and customers migrate to alternative fuels.

Valuation

Our average multiple valuation methodologies derives a $36.50 target price. Our NAV yields a value of $38. We value regulated assets at a multiple of rate base (1.6x for gas utilities). The company's gas marketing segment is valued at 6x EBITDA, in-line with multiples for other marketers. These values are partially offset by the UGI's net debt. Our DDM values the company at $34. We calculate a hypothetical dividend, based on UGI's regulated capital growth, authorized returns and cost of equity to arrive at our DDM valuation. Our P/E and EV/EBITDA multiples are based on our proprietary analyses, which utilize current corporate spreads, betas and projected risk-free yields. For our P/E analysis, we use multiples of 16x, 13.6x, 16x and 10.5x for the company's Gas Utility, Propane, Electric Utility and Marketing/Energy Services assets. For our EV/EBITDA analysis, we use multiples of 8x and 6.5x for the company's Gas & Electric Utility/Propane businesses and Marketing/Energy Services assets. International propane operations are valued at a 15% discount to our gas utilities, due to exposure to weather and exchange rates. Our P/E and EV/EBITDA analyses yield values of $29 and $47.

Risks

The key risks to our investment thesis are: 1) Weather and exchange rates: Slightly affecting UGI's stable cash flows are sensitivities to weather and exchange rates. Flaga and Antargaz's earnings remain exposed to foreign currency fluctuations; 2) Demand fluctuation and industry evolution: Propane distributors compete in an unregulated market. While the barriers to entry are high, UGI competes with a number of propane distributors in the U.S. and Europe. Economics for other fuel types is also making it more economical for customers to switch into other fuels; 3) Regulation: Our earnings estimates assume normal weather and recovery of capital spent in excess of depreciation through higher customer rates. These rates depend on orders from Pennsylvania Public Utility Commission; 4) Commodity prices: Our margin assumptions at UGI's power plants are based on market prices and the capacity market in PJM. Higher fuel costs or regulatory impediments within the PJM

market could adversely affect our earnings estimates. If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

AmeriGas Partners LP

Company description

AmeriGas Partners, L.P. is structured as a master limited partnership (MLP) and is the largest propane distributor in the country, serving about ~2 million residential, commercial, industrial, and agricultural customers from ~2,000 distribution locations in 50 states, selling ~1.3 billion gallons of propane annually. The partnership operates an extensive storage and distribution network, using interstate natural gas liquids pipelines, railroad tank cars, barges, and delivery trucks to transport propane from suppliers to storage and distribution facilities. UGI Corp. is the MLP's general partner and owns 26% of the partnership.

Investment strategy

We rate AmeriGas Partners LP Neutral/High Risk (2H). While we believe these units offer investors an attractive yield with stable cash flows and adequate distribution coverage, the fundamentals of the retail propane sector remain challenged, limiting upside appreciation. AmeriGas will face a challenging environment ahead as margins may face headwinds from higher wholesale propane prices due to increased competition with foreign markets as export capacity comes online. We continue to see overall volumes in the industry continuing a structural decline of ~1-2% annually despite more normal temps, as economically viable alternatives such as natural gas and electrical heating become available. We view retail propane distributors such as APU as unregulated utilities. While margins can vary over time, customers rely on these services for basic space heating purposes. However, weather, economic conditions and price volatility tend to impact demand for propane which in turn impact cash flows. We estimate that 95% of the partnership’s distributions will be tax-deferred.

Valuation

Our 12-month target price for AmeriGas Partners, L.P. is $42/unit based on 2 valuation methodologies. These valuations are a 1) EV/EBITDA valuation of $40.16 and a 2) discounted cash flow (DCF) valuation of $43.73. Our EV / EBITDA valuation is based on using a 10.0x multiple on estimates one year out. Our DCF is based on our 5-year operational forecast that takes into account near-term growth opportunities and/or risk factors. Our terminal yield and growth estimates take into account a more normalized yield environment and a slower pace of long-term industry growth. Based on a long-term cost of equity of 9.00% and a growth rate of 0% in perpetuity, we derive a DCF valuation of $43.73. We use an internal rate of return (IRR) methodology to help support our primary valuations, which results in an IRR of ~10.6%.

Risks

We rate AmeriGas Partners High Risk based on the consideration of key risk factors that include: 1) balance sheet strength, 2) distribution coverage, and 3) variability of cash flows. AmeriGas' balance sheet strength as measured by 2015 Net Debt/EBITDA is in-line with the MLP peer group at 3.7x (vs. 3.9x for the peer group). AmeriGas's distribution coverage ratio of 1.07x is also in-line with the peer group average. These positive attributes are balanced by a high level of seasonal volatility in cash flows. Risks to the MLP achieving our 12-month target price include: 1) a sharp increase in wholesale propane and/or heating oil costs that causes the partnership's retail margin to decline, 2) unfavorable weather conditions, such as a cool summer or a warm winter, that drive lower than expected volumes, and 3) a greater increase in interest rates that could make the partnership's relatively high yield less attractive. (Investors should recognize the volume of propane sold is directly affected by the severity of winter weather conditions since many customers of AmeriGas rely heavily on propane as a heating fuel.) Conversely, we believe the units could materially outperform our target price if the weather becomes more favorable (i.e., cool winter and/or warm summer) and the partnership is able to sell a greater amount of propane and/heating oil than anticipated.

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

UGI Corp (UGI)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA

	Date	Rating	Target Price	Closing Price
1	08-Oct-11	Stock rating system changed		
2	25-Jan-13	*2	*24.67	23.04
3	01-May-13	2	*26.67	26.99
4	29-Oct-13	2	*28.00	28.05
5	07-Feb-14	2	*29.33	28.41
6	01-Feb-15	2	*36.50	36.99

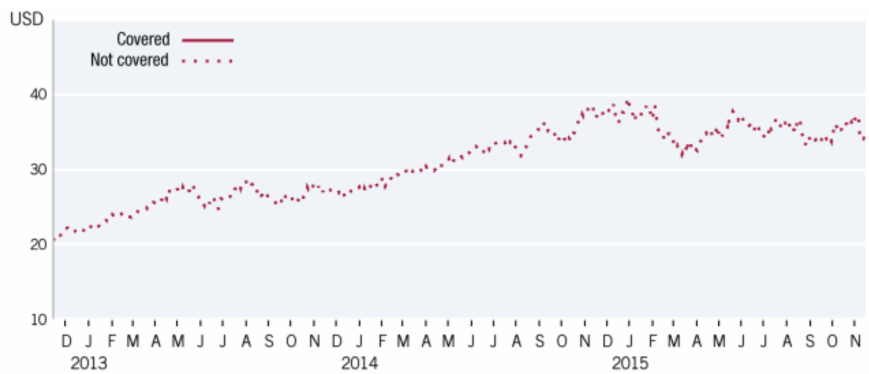
*Indicates Change

Rating/target price changes above reflect Eastern Standard Time

UGI Corp (UGI)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Faisel Khan, CFA



*Indicates Change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Fundamental Research

Analyst: Faisel Khan, CFA
Covered since March 31 2014

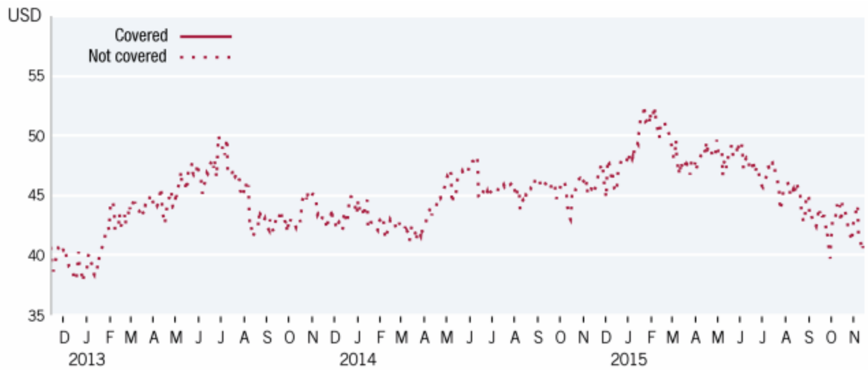
	Date	Rating	Target Price	Closing Price
1	08-Oct-11	Stock rating system changed		
2	02-May-13	3H	*38.50	45.35
3	25-Oct-13	*2H	*45.50	44.95
4	30-Jan-14	2H	*43.50	42.93
5	28-Mar-14	2H	*44.50	41.99
6	28-Jul-14	2H	*46.00	46.10

*Indicates Change

Rating/target price changes above reflect Eastern Standard Time

AmeriGas Partners LP (APU)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)
Analyst: Faisel Khan, CFA
Covered since March 31 2014



*Indicates Change

Rating/target price changes above reflect Eastern Standard Time

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of UGI Corp

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from UGI Corp.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from UGI Corp, AmeriGas Partners LP in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as investment banking client(s): UGI Corp.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: UGI Corp, AmeriGas Partners LP.

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Citi Research Equity Ratings Distribution

	12 Month Rating		
Data current as of 30 Sep 2015	Buy	Hold	Sell
Citi Research Global Fundamental Coverage	49%	39%	12%
% of companies in each rating category that are investment banking clients	65%	65%	60%

Guide to Citi Research Fundamental Research Investment Ratings:
Citi Research stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.
Risk rating takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk rating assigned.
Investment Ratings: Citi Research investment ratings are Buy, Neutral and Sell. Our ratings are a function of analyst expectations of expected total return ("ETR") and risk. ETR is the sum of the forecast price appreciation (or depreciation) plus the dividend yield for a stock within the next 12 months. The Investment rating definitions are: Buy (1) ETR of 15% or more or 25% or more for High risk stocks; and Sell (3) for negative ETR. Any covered stock not assigned a Buy or a Sell is a Neutral (2). For stocks rated Neutral (2), if an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Citi Research management not to assign a target price and, thus, not derive an ETR. Analysts may place covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and / or trading in the company's securities (e.g. trading suspension). As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis. To satisfy regulatory requirements, we correspond Under Review and Neutral to Hold in our ratings distribution table for our 12-month fundamental rating system. However, we reiterate that we do not consider Under Review to be a recommendation.

Prior to May 1, 2014 Citi Research may have also assigned a three-month relative call (or rating) to a stock to highlight expected out-performance (most preferred) or under-performance (least preferred) versus the geographic and industry sector over a 3 month period. The relative call may have highlighted a specific near-term catalyst or event impacting the company or the market that was anticipated to have a short-term price impact on the equity securities of the company. Absent any specific catalyst the analyst(s) may have indicated the most and least preferred stocks in the universe of stocks under consideration, explaining the basis for this short-term view. This three-month view may have been different from and did not affect a stock's fundamental equity rating, which reflected a longer-term total absolute return expectation. For purposes of NASD/NYSE ratings-distribution-disclosure rules, most preferred calls corresponded to a buy recommendation and least preferred calls corresponded to a sell recommendation. Any stock not assigned to a most preferred or least preferred call was considered non-relative-rated (NRR). For purposes of NASD/NYSE ratings-distribution-disclosure rules we corresponded NRR to Hold in our ratings distribution table for our 3-month relative rating system. However, we reiterate that we did not consider NRR to be a recommendation.

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

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Citigroup Global Markets Inc	Faisel Khan, CFA; Mirek Zak, CFA

OTHER DISCLOSURES

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Nathan Judge, CFA 215-665-4475 njudge@janney.com

Janney CAPITAL MARKETS

Gas and Electric Utilities

April 22, 2015

UGI Corporation (UGI) - BUY

Initiating at Buy: Well positioned to benefit from shale revolution

Price:	$34.57
Fair Value Estimate:	$43.00
52-Week Range:	$30.27 - $39.75
Market Cap (MM):	$5,974
Shr.O/S-Diluted (mm):	172.8
Average Daily Volume:	1,173,383
Dividend:	$0.89
Yield:	2.6%
Cash/Share:	$5.82
FCF Yield:	8.3%
Debt/Cap:	50%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$1.91E	$2.25E
Prior EPS:		NC	NC
Consensus	NM	1.91	2.00
P/E Ratio:	17.4x	18.1x	15.4x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	665.0E	--
Q3	143.0A	139.0E	--
Q4	89.0A	170.0E	--
Year:	1,368.0A	1,385.0E	1,505.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.23E	--
Q3	$0.10A	$0.13E	--
Q4	$(0.08)A	$(0.11)E	--

1 Year Price History for UGI

PORTFOLIO MANAGER BRIEF

UGI is one of the best positioned companies to take advantage of the hydrocarbon production increase in the US. We believe UGI will grow faster than the market expects due to better-than-expected performance from its midstream and international propane divisions. We also believe UGI is undergoing a transition from being viewed by investors as a low growth utility to that of a higher valued midstream energy infrastructure company. In our opinion, the recent pullback is a good buying opportunity. Our Fair Value Estimate is $43 (25% upside).

ANALYST NOTES

- UGI's strategic advantage as a large buyer of natural gas helps its midstream business. We expect that UGI will be able to invest considerably more in the next three years in its midstream business compared to the last decade.
- Lower propane prices result in better volume and margins. As one of the largest distributors of propane not only in the US but also in Europe, UGI should benefit as customers use more propane and switch less to competing fuels in both regions. UGI should also be able to retain a higher margin as prices fall. We see upside to expectations for this benefit in Europe.
- Our estimates are above consensus. We expect EPS to grow an average of 12% per annum, above consensus expectations of only 7%. Dividends should also increase at a faster pace than guidance or consensus expects.
- Better earnings and new pipeline project announcements over the next year should be positive catalysts.

INVESTMENT THESIS

We believe UGI will grow earnings faster than the market expects driven by better-than-expected performance from its midstream and international propane divisions. Over the next two years, we are forecasting a 12% EPS CAGR, well above the 7% than consensus expects. In addition, we believe that dividends will rise at an 8% pace, faster than consensus (4%) and management's guidance of a 4% growth rate. At a high level, we believe UGI is undergoing a transition from being viewed by investors as a low growth utility to that of a higher valued midstream energy infrastructure company as it is one of the best positioned companies to take advantage of the wet shale gas phenomenon. In our opinion, the recent 13% pullback is a good buying opportunity as lower commodity prices intrinsically benefit UGI. Our Fair Value Estimate is $43 (27% upside) with upside potential of $54 (53%) and a downside risk of $26 (-25%).

ISSUES TO CONSIDER

Key Issue	Our Position	Timing	Impact
Will Energy Services continue to grow?	**We believe so and we believe there is upside.** • UGI is benefiting from the intrinsic competitive advantage of being a customer of pipelines as well as its geographic proximity to a low cost source of supply, the Marcellus shale. We expect there will be new midstream projects announced that will sustain the segment's growth for the foreseeable future.	12-18 months	**+** O −
How will Europe fare with low LPG prices?	**Low LPG prices should improve margins and demand.** • European LPG prices have halved. As the largest distributor of LPG, we expect UGI to witness better margins as well as improved demand.	12-18 months	**+** O −
Will UGI form a pipeline MLP?	**It remains a possibility but as UGI is generating free cash flow, we do not expect this to occur in the near term.** • With the increasingly robust growth backlog and increasing scale, UGI's midstream business could become an MLP. However, UGI's cost of capital is low because funding for the projects are from free cash flow which is low cost.	24+ months	**+** O −

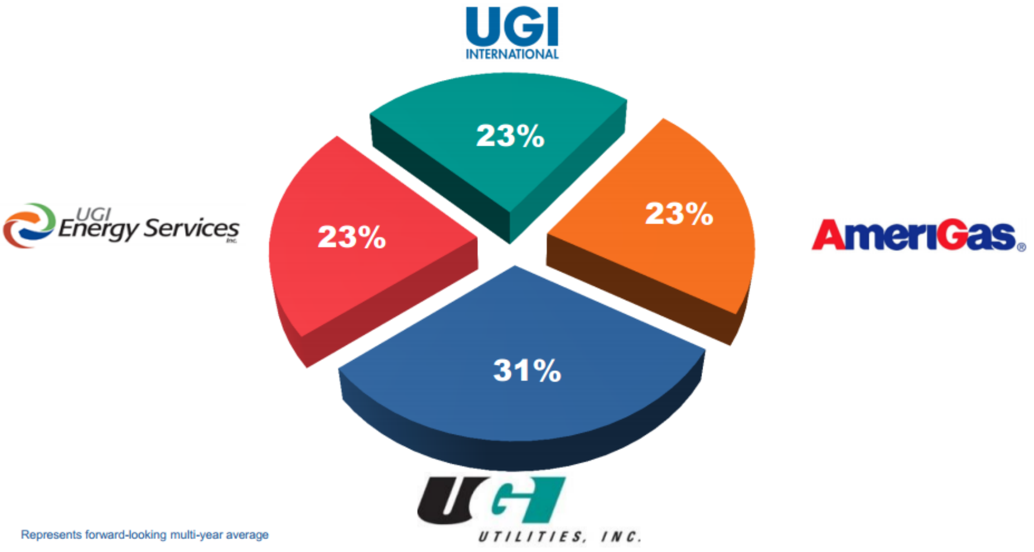
What is the bullish case?	A notable recovery in LPG demand, upside in margins from lower propane/LPG prices, and several new large midstream projects that propel growth into the double digits.	
What keeps us up at night?	We are concerned about project cost inflation across the industry. In addition, as an acquirer, there is a risk that UGI could make poor acquisitions, although past track record indicates this is unlikely.	
Valuation	UGI remains a good value especially considering the recent pullback. Our Fair Value Estimate is $43 (27% upside) with a bull upside potential of $54 (53%) and a bear downside risk of $26 (-25%).	

1. Company description

1.1.
Company description

UGI is comprised of four businesses: a US propane distributor (AmeriGas, APU: N), a European LPG/propane distributor (UGI International), a utility in eastern Pennsylvania (UGI Utilities), and a pipeline/marketing company (UGI Energy Services). Figure 1 shows the projected 2015 earnings by segment.

Figure 1: UGI projected post 2015 earnings by segment



Source: Company reports

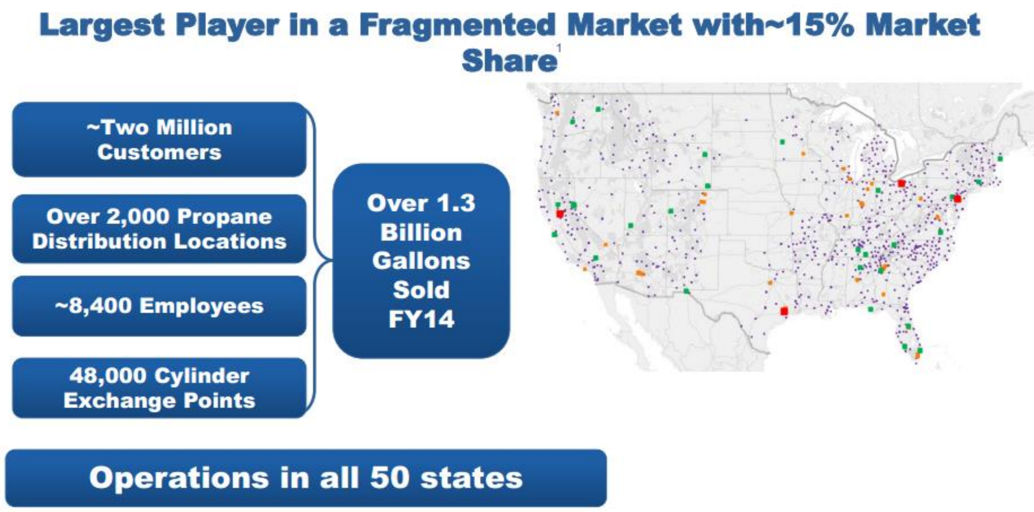
In more detail, the US propane segment represents ~25% of earnings and consists of UGI's ownership stake in AmeriGas Partners LP (APU, Neutral). The international propane segment, UGI International, represents ~25% of earnings. The UGI Utilities segment consists of several small, mainly natural gas local distribution companies (LDCs) in Eastern Pennsylvania, which represent another third of profits. The fourth business segment is UGI Energy Services and represents roughly a quarter of earnings. Energy Services consists of a natural gas and electricity retail marketing business (focused on small to medium size commercial and industrial customers) and midstream assets.

1.2.
Operating segments

AmeriGas

UGI owns 26% of AmeriGas LLP, a master limited partnership (MLP) and is the general partner (i.e. operator). AmeriGas, which represents 18% of our 2015 earnings estimate, is the largest US propane distribution company in the US, with a 16% market share.

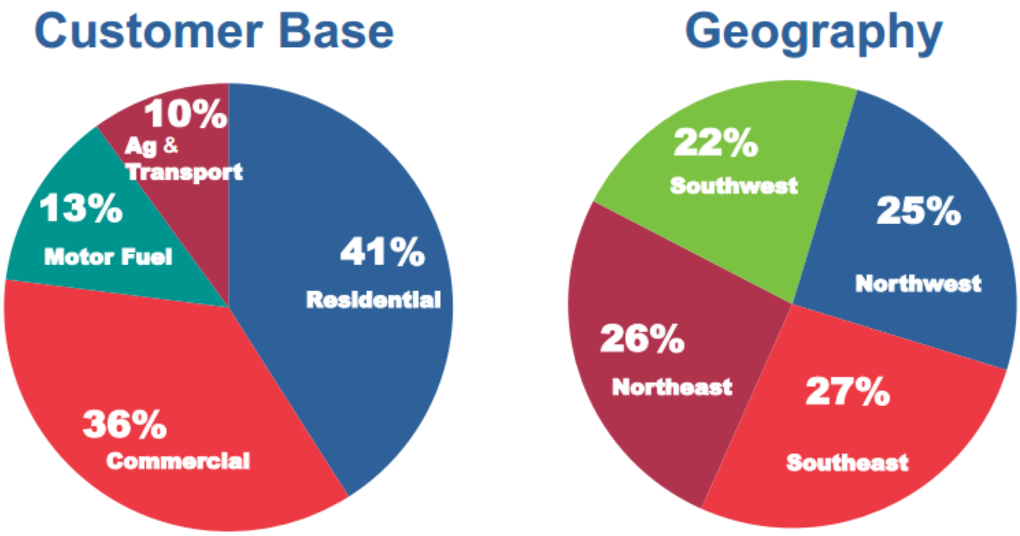
Figure 2: AmeriGas operational footprint



Source: Company reports

For AmeriGas, as seen on Figure 3, the largest use of propane (almost half) is for residential heating and cooking. Another third is for commercial and industrial customers, with transport, motor fuel and agriculture representing the remainder. AmeriGas is a national brand, with about equal exposure to all four major regions of the US.

Figure 3: AmeriGas customer base breakdown by type and geographic region



Source: Company reports

Many of AmeriGas's customers use storage tanks owned by AmeriGas, which strengthens brand loyalty as use of these tanks requires either a deposit or minimum volume contracts.

International LPG (UGI International)

UGI International is one of the largest propane distributors in Europe. Figure 4 illustrates how UGI's international propane operations compare with its US business. We believe that there are a lot of strategic similarities between the European propane business and its US counterpart.

Figure 4: UGI International Commonality with AmeriGas

CUSTOMER SEGMENTS	UNITED STATES	EUROPE
Bulk delivery business (250 – 1,000 gallons)	✓	✓
Cylinder exchange	✓	✓
Motor fuel – forklifts	✓	✓
Motor fuel – over the road autogas		✓

COMPETITIVE ADVANTAGES	UNITED STATES	EUROPE
Scale	✓	✓
"Hub and spoke" truck-based delivery logistics	✓	✓
Risk management – credit and supply	✓	✓
Safety	✓	✓
Customer service	✓	✓

Source: Company reports

UGI International has three principal sub-companies: Antargaz, Flaga, and AvantiGas. UGI established its footprint in Europe when it purchased Flaga in 1999. Flaga generally enjoys a faster rate of growth than its sister companies, given the faster underlying economic growth rates of the countries it serves, principally in Eastern Europe. Through both organic growth and acquisitions, Flaga's volumes have grown at a 19% annual rate over the last 15 years. Acquired in 2001, Antargaz is one of the major suppliers of propane in France. In mid-2014, UGI announced that it reached an agreement in principle to acquire Totalgaz. The transaction is expected to close in the next couple of months and would double the volumes of propane UGI delivers in France.

AvantiGas provides bulk propane distribution in the UK and has a 13% market share in the country. The company has a particularly large market share in the aerosol market. Its growth strategy focuses on geographic market expansion within the UK and a potential re-entry into retail mass market propane distribution.

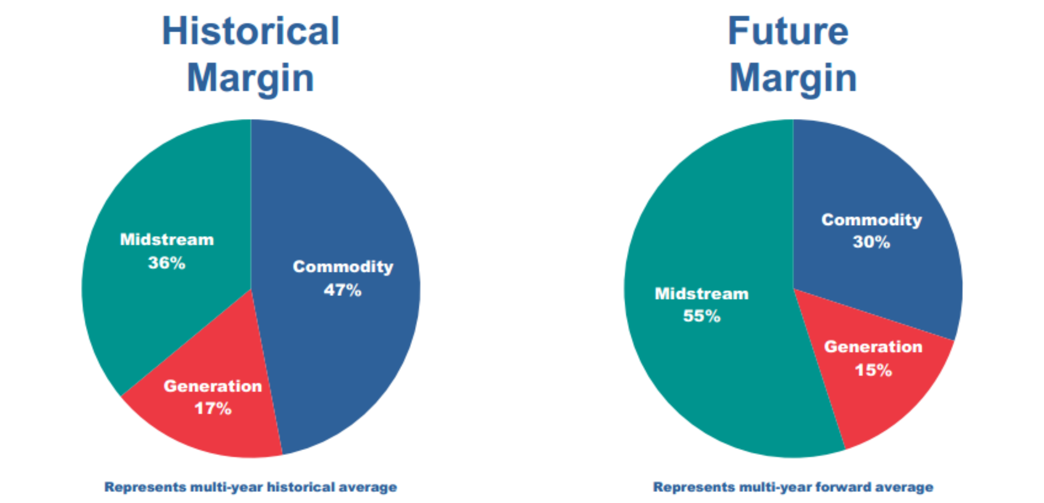
UGI Utilities

Roughly another third of UGI's profits are derived from Pennsylvania's largest natural gas local distribution company (LDC). In substantially all of its service territories, it is the only natural gas LDC. Unlike many utility groups across the US, UGI's natural gas utilities have seen increased net customer growth over the past several years, by 2% per annum on average. This impressive relative organic growth has been driven by three main factors: (a) UGI utilities service an area that has a high concentration of customers that use old heating oil furnaces, and conversions to UGI's natural gas LDCs have boosted sales; (b) the service territory is adjacent to the Marcellus shale, and economic activity here has begun to benefit from this; and (c) accelerated investment in pipe replacement.

UGI Energy Services

Energy Services consists of a natural gas and electricity retail marketing business (focused on small to medium size commercial and industrial customers) and midstream assets (LNG storage, propane storage, natural gas pipelines). As shown in figure 5, management expects the earnings contributions in the segment to shift toward the midstream assets due to planned growth investments.

Figure 5: Margin breakdown of Midstream and Marketing Energy Services segment



Source: Company presentation

UGI's midstream assets are geographically well positioned between the Marcellus and the major load centres in Eastern Pennsylvania. Given the low cost of Marcellus natural gas, there has been a strong level of interest for infrastructure projects from natural gas customers and as a result, the company is ramping up midstream cap ex as a result.

1.3. Management

John L. Walsh: Mr. Walsh is Director and President (since 2005) and Chief Executive Officer (since 2013) of UGI Corporation. In addition, Mr. Walsh serves as a Director and Vice Chairman of AmeriGas Propane, Inc. (since 2005) and UGI Utilities, Inc. (since 2005), both of which are subsidiaries of UGI Corporation. Previously, he also served as Chief Operating Officer of UGI Corporation (2005 to 2013) and as President and Chief Executive Officer of UGI Utilities, Inc. (2009 to 2011). 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).

Kirk R. Oliver: Mr. Oliver is Chief Financial Officer of UGI (since October 2012). From December 2011 until September 2012, Mr. Oliver served as Senior Managing Director & Chief Operating Officer of InfraREIT Capital Partners, LLC, a partnership that invests in infrastructure assets, primarily electric transmission and gas pipeline assets. Prior to joining InfraREIT Capital, Mr. Oliver served as Senior Vice President and Chief Financial Officer of Allegheny Energy, Inc., an electric utility company, from 2008 to 2011, and as a Senior Executive at Hunt Power, LLC, a company that develops and invests in electric and gas utility projects, from 2007 to 2008. Mr. Oliver served in various positions at TXU Corp. (now Energy Future Holdings Corp.), an electricity distribution, generation and transmission company in Texas, from 1998 to 2006, including as Executive Vice President and Chief Financial Officer from 2004 to 2006, Senior Vice President, Finance from 2000 to 2003 and Vice President, Treasurer and Assistant Secretary from 1998 to 1999. Prior to joining TXU Corp., Mr. Oliver spent eleven years as an investment banker in the Global Power and Energy Group at Lehman Brothers and six years at Motorola Inc.

Jerry E. Sheridan: Mr. Sheridan is President, Chief Executive Officer and a Director of AmeriGas Propane, Inc. (since March 2012). Previously, he served as Vice President - Operations and Chief Operating Officer (2011 to 2012) and as Vice President - Finance and Chief Financial Officer (2005 to 2011) of AmeriGas Propane, Inc. Mr. Sheridan served as President and Chief Executive Officer (2003 to 2005) of Potters Industries, Inc., a global manufacturer of engineered glass materials and a wholly-owned subsidiary of PQ Corporation, a global producer of inorganic specialty chemicals. In addition, Mr. Sheridan served as Executive Vice President (2003 to 2005) and as Vice President and Chief Financial Officer (1999 to 2003) of PQ Corporation. Mr. Sheridan also serves on the Management Board of CP Kelco (since 2013), a privately held company that provides innovative products and solutions through the use of nature-based chemistry.

Robert F. Beard: Mr. Beard is President and Chief Executive Officer of UGI Utilities, Inc. (since September 2011). He previously served as Vice President -Marketing, Rates and Gas Supply (2010 to 2011) and Vice President - Southern Region (2008 to 2010) of UGI Utilities, Inc. From 2006 until 2008, Mr. Beard served as Vice President - Operations and Engineering of PPL Gas Utilities Corporation and, from 2002 until 2006, he served as Director - Operations and Engineering of PPL Gas Utilities Corporation.

Bradley C. Hall: Mr. Hall is Vice President - New Business Development (since October 1994). He also serves as President of UGI Enterprises, Inc. (since 1994) and UGI Energy Services, LLC (formerly known as UGI Energy Services, Inc.) (since 1995). He joined the Company in 1982 and held various positions in UGI Utilities, Inc., including Vice President - Marketing and Rates.

Eric Naddeo. Antargaz Chief Executive Officer. Mr. Naddeo was appointed Director General of Antargaz effective October 12, 2011. Previously, he served as Deputy Managing Director since October 2009. From 2001 to 2009, he served as Logistics and Industrial Department Director. He joined Antargaz in 1990 and held various sales positions including Regional Manager.

Reinhard Schödlbauer Mr. Schödlbauer is the Chief Executive Officer of the FLAGA Group. Mr. Schödlbauer joined the FLAGA Group in 2001. He began his career with ELIN, one of the leading Austrian Engineering companies as a chief controller. Mr. Schödlbauer also held several management positions with VA-TECH and affiliates of VA-TECH as a financial director of a manufacturer of gas isolated switch gears (GIS).

Neil Murphy AvantiGas Managing Director. Mr. Murphy joined AvantiGas as the new Managing Director in August 2012. He most recently served as Director & General Manager at Air Products Electronics Division, Europe and Middle East. Prior to this, he has served in various senior management roles throughout Europe and North America.

1.4. Stock ownership

UGI is largely held by institutional investors (79.3% of float). The majority of the institutions that own shares of UGI are traditional investment managers and hedge funds. Insiders own 0.8% of UGI. The top 10 largest owners of UGI are listed on Figure 6.

Figure 6: Top 10 holders

	Holder Name	% of Outstanding	Holder Total Shares (000)
1	Wellington Management Co. LLP	9.9%	17,093
2	The Vanguard Group	8.1%	14,020
3	BlackRock Fund Advisors	5.9%	10,180
4	SSgA Funds Management	5.7%	9,835
5	Alliance Bernstein	2.8%	4,821
6	Deutsche Asset Management	2.1%	3,569
7	BMO Asset Management	1.7%	2,859
8	Dimensional Fund Advisors	1.6%	2,826
9	Clear Bridge Investments	1.5%	2,631
10	JP Morgan Investment Management	1.3%	2,324

Source: Factset

2. Catalysts and growth opportunities

2.1.
Catalysts and Stock Performance

We are bullish on UGI because we do not believe the market is adequately reflecting the opportunities for growth in the Energy Services (pipeline, midstream) and European LPG distribution businesses. As a result, we believe the company's dividend growth will exceed expectations and grow at an 8% per annum rate on average, rather than the 4% the market expects.

Figure 7 highlights the catalysts that we expect in the next year. Specifically, we are looking for announcements of additional pipeline projects and that overall, results have exceeded expectations partly due to strong European LPG results. We believe that better than expected results should also result in faster dividend growth than consensus expects.

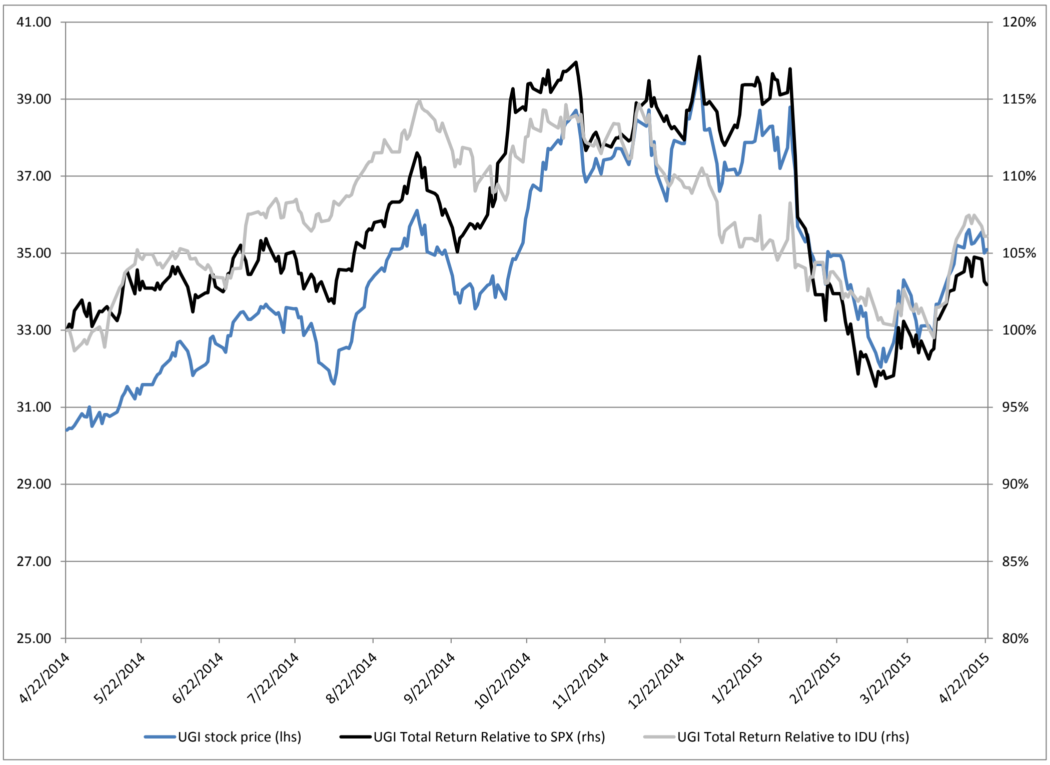
Figure 7: Catalysts

Timing	Catalyst	Comments
Quarterly	Better than expected results	Better weather and better margins from Europe
2016/2017	New midstream projects	New LNG and PennEast expansion projects
2017	Larger than expected dividend	We expect a dividend increase of 15% in 2017

Source: Janney Montgomery Scott

UGI has pulled back 15% since the company reported 2Q results on 6th February. We believe that the stock was weak following a disappointing quarter due to weak volumes in the European and US propane distribution businesses; however, after evaluating the quarter, we don't believe that the weakness is persisting, rather it reflected poor weather.

Figure 8: Stock price (one year absolute and relative performance)



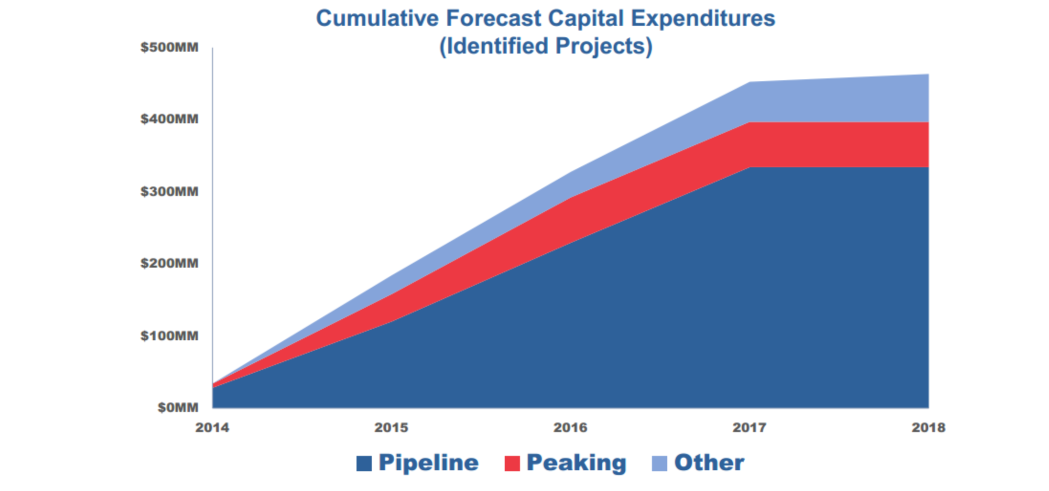
Source: Factset Janney Montgomery Scott

2.2.
Energy Services

A good portion of UGI's growth is being driven by the expansion of midstream assets in its Energy Services segment. We expect UGI will spend about $600m in cap ex in the segment, or about

50% more than what UGI is guiding to (see figure 9), by 2017. We calculate that this will contribute about $0.28 (15%) in incremental EPS by 2017.

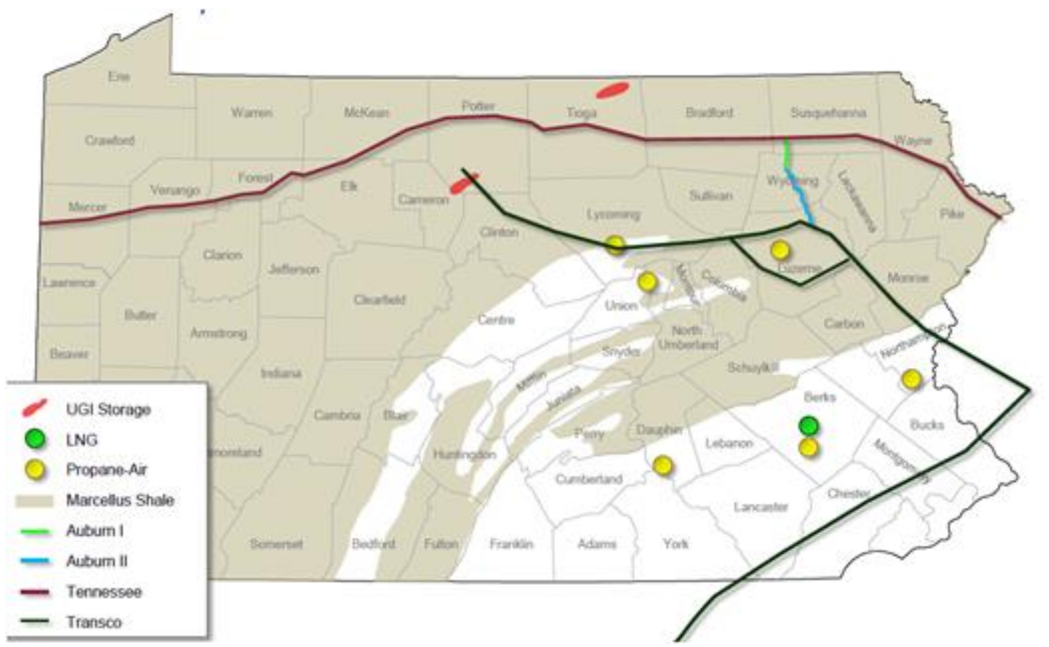
Figure 9: Cumulative Midstream Cap Ex projects (2014-2018)



Source: Company presentation

UGI's midstream growth should be greater than many companies due to its geographic location and its inherent position as a large buyer of natural gas, both for the utility and also for its natural gas marketing division. As can be seen on Figure 10 below, its assets are geographically well positioned between the Marcellus and the major load centres in Eastern Pennsylvania.

Figure 10: UGI midstream assets (Pennsylvania)

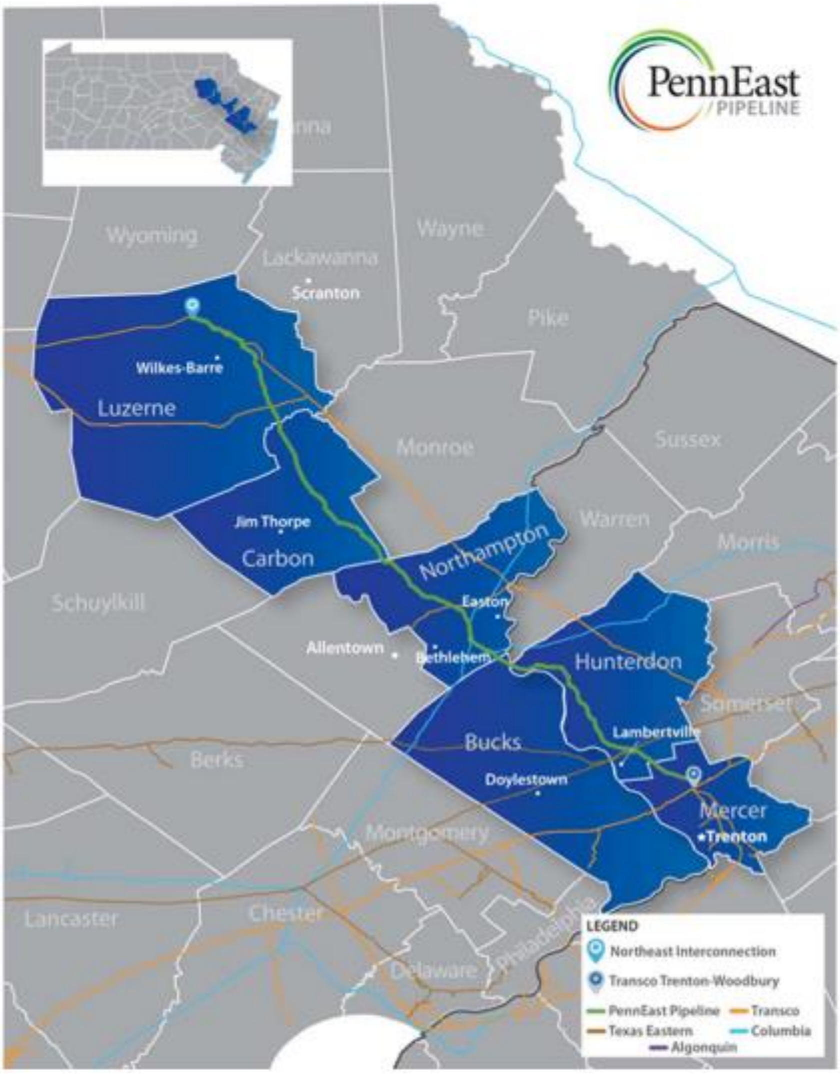


Source: Company presentation

Given the low cost of Marcellus natural gas, there has been a strong level of interest for infrastructure projects from natural gas customers and suppliers. For example, the Auburn I project linked up a Procter & Gamble manufacturing plant to Marcellus gas. The Auburn II expansion was to export gas from the P&G facility to market and was anchored by UGI's regulated LDCs, to get gas from the Northeast portion of the Marcellus to its customers as an effort to reduce their energy costs. Auburn III was an additional supplier push project.

One of the most notable of UGI's large projects is the PennEast pipeline, which will bring natural gas to southeast PA and New Jersey. UGI has a 20% equity stake in the project and will operate the pipeline.

Figure 11: PennEast Pipeline



Source: Company presentation

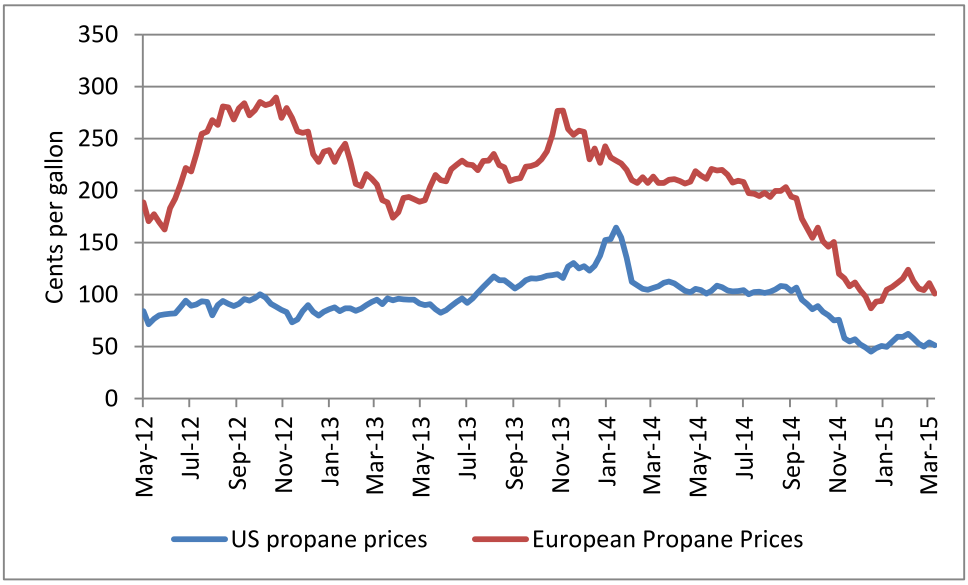
The PennEast pipeline is likely the base on which many further projects will be announced. The project is well positioned since most of the utilities in the region signed up for capacity on the pipe. In addition, PennEast provides access to very cheap natural gas in the dry gas region of the Marcellus play.

2.3. International Propane

There is a growing bull case for UGI's international LPG/propane business. As the US propane market becomes saturated with excess supply, US propane prices have decoupled from world propane prices making propane exports attractive. As a result, there are several large US propane export facility expansions that have been completed or are underway. Already, European propane prices have collapsed as a result of the increased supply from the US. UGI's distribution business naturally benefits from lower fuel costs and therefore we expect UGI's European businesses to post better than expected results over the next several years. As the higher international margins become evident over the next 18 months, we would expect earnings estimates to rise by 5 – 15% and the shares to respond positively.

As a start to the discussion, it is well documented how US propane prices have collapsed over the past couple of years as can be seen on figure 12 below. The significant increase in NGL production in the US following the pursuit of oil and wet gas shales by E&Ps has increased the supply of propane by about 50% in the last four years. Higher supply, mostly stagnant demand and lower oil prices have caused the US benchmark propane prices to drop considerably from levels 4 years ago.

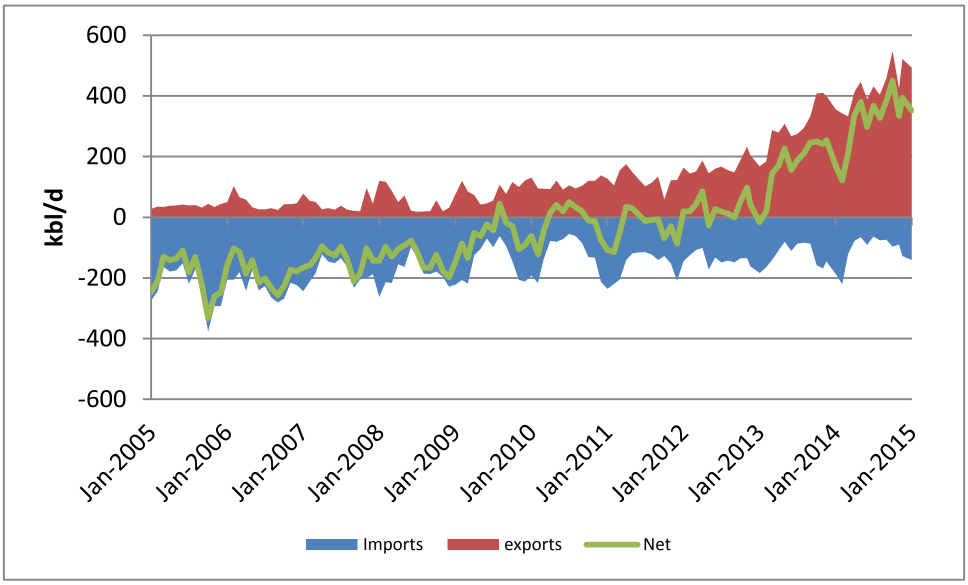
Figure 12: North West Europe, US propane prices, 2012 – present



Source: Bloomberg

Unsurprisingly, the US has shifted from a net importer of propane to a net exporter, as can be seen on figure 13 below. Since 2005, the US has gone from importing about 200,000 bbl/d to exporting about 400,000 bbl/d at the beginning of this year. Just as in America, the increased cheap supply of LPG, stagnant demand and falling oil prices have caused European propane prices to plummet 2/3rds in about a year.

Figure 13: Imports and Exports of propane and propylene, 2005 – present (kbbl/d)



Source: EIA

Even though there has been significant increases in export capacity, several companies are in the process of further expansion. As can be seen on figure 14, peak export capacity for propane looks to rise from 200,000 bbl/d in 2012 to as much as 1.7 million bbl/d by the end of 2016 (current peak exports are about 500,000 bbl/d).

Figure 14: US propane export capacity expansions through 2015

Company	Location	Completion target date	Additional monthly capacity (MMbbl)	Total monthly capacity (MMbbl)
Enterprise Products Partners	Houston Ship Channel	In place	7.5	7.5
Targa Resources	Galena Park, Texas	In place	6.5	14.0
Petrogas	Ferndale, Wash.	In place	0.9	14.9
Sunoco Logistics (Mariner East)	Marcus Hook, Pa.	In place	0.6	15.5
Enterprise Products Partners	Houston Ship Channel	Q1'15	1.5	17.0
Sunoco Logistics (Mariner South)	Nederland, Texas	Q1'15	6.0	23.0
Occidental Petroleum	Ingleside, Texas	Q2'15	1.8-3.0	24.8-26.0
Sunoco Logistics (Mariner East)*	Marcus Hook, Pa.	Mid-2015	1.5	26.3-27.5
Enterprise Products Partners	Houston Ship Channel	Q4'15	7.0	33.3-34.5
Phillips 66	Freeport, Texas	Q4'16	4.4	37.7-38.9
Sunoco Logistics (Mariner East 2)*	Marcus Hook, Pa.	Q4'16	8.3	46.0-47.2
Pembina Pipeline	Port of Portland, Ore.	Q1'18	1.1	47.1-48.3

* These projects will export ethane in addition to liquefied petroleum gas.

Source: SNL, Company reports

Most of the first tranche of US export increases, nearly all of which are slated to be shipped from Gulf of Mexico ports, will likely go to Latin America, which has been the case historically (of US propane exports in 2012, about 70% was shipped to Latin America). However, considering the significant ramp up of further US supply, the Latin America market looks to become over saturated, similar to the US.

After satisfying Latin America's LPG import demand, we estimate there will be about 10 - 12 million tonnes of low-cost US LPG looking for a home. The next lowest cost location to send LPG will be Europe. The US exports, combined with the redirect shipments from the North Sea and

RESEARCH ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE ON PAGES 22 - 24 OF THIS REPORT

West Africa (being redirected from being sent to Latin America), should create an influx of low cost LPG supply of around 13 – 15 million tons by the end of 2015 into Europe. Europe only uses about 30 million tonnes annually.

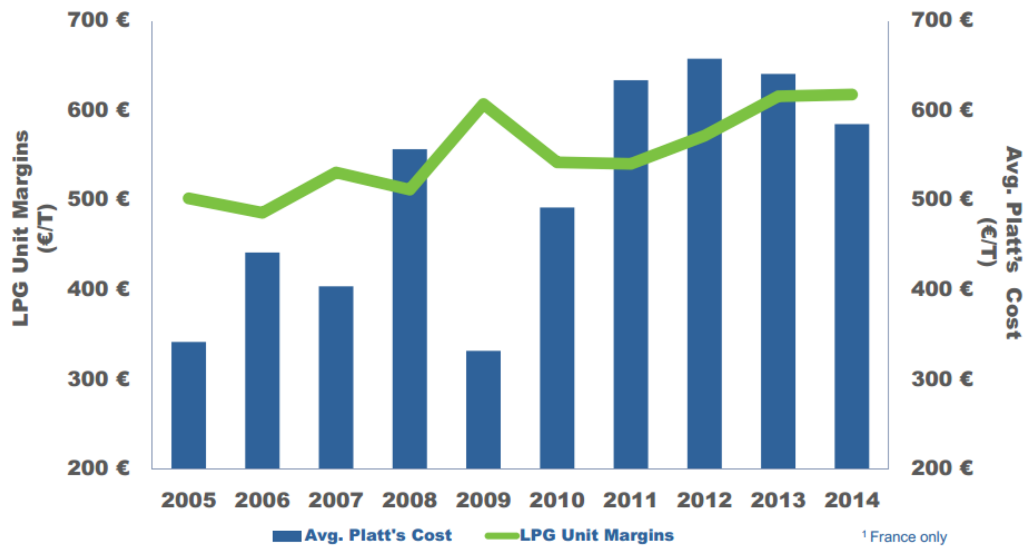
Therefore, we would increasingly expect European propane prices to begin clearing at US benchmark prices plus shipping. This would equate to about today's price, or $350/mt if the current Mont Belvieu forward curve was used. This is about half of the $758/mt average price quoted in Northwest Europe last year.

We would note that our outlook does not take into consideration the impact of increased supply from the Marcellus which may be increasingly shipped out of Philadelphia. Based on commentary from MarkWest and some E&P companies in the area, the cost of producing and shipping propane to Europe could be as low as $250/mt.

The net impact of propane exports from the US looks to be positive for UGI as it should materially enhance their international propane margins. As a result, our 2017 EPS estimate is about 8% higher than consensus.

To help gauge the impact of a 50% drop in European propane prices on UGI's profitability, we look at history. Fortunately, there appears to be several instances in the recent past to provide some insight. Following a sharp slowdown in the global economy during the 2008/2009 winter, European propane prices dropped by around 40% as seen on figure 15. Following this move, UGI's margin at its large French propane distribution company, Antargaz, saw margins jump by around 20%. Propane prices rebounded significantly the following year resulting in margin compression (albeit still better than 2008 levels).

Figure 15: European Propane prices and UGI's French subsidiary's margin (2005 – 2014)



Source: SNL, Company reports

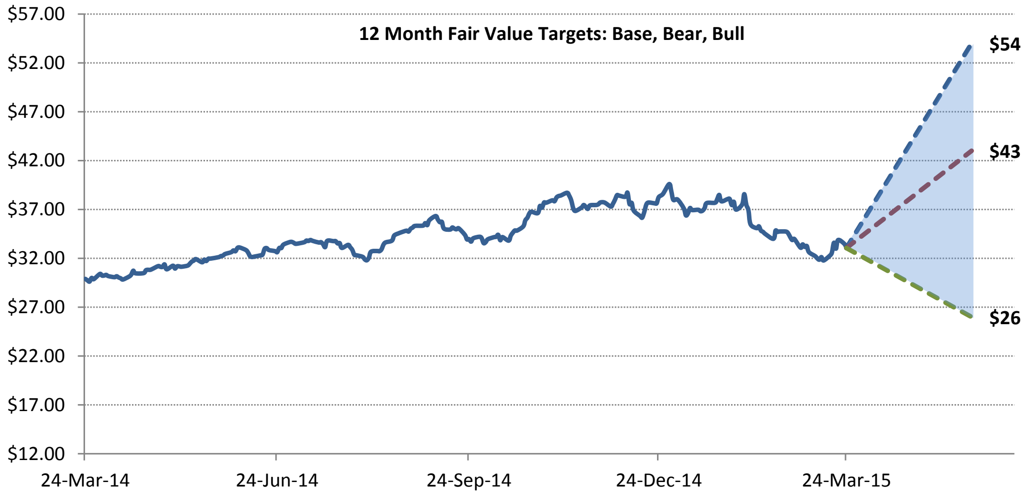
One difference this time though is that we expect prices will remain low. This should allow UGI to retain most of the uplift in margins going forward unlike in the 2010 period when 3/4 of the improvement in margins during 2009 was given up after propane prices spiked 50% in the following year.

3. Valuation

We believe UGI is undergoing a transition from being viewed by investors as a low growth utility to that of a higher valued midstream energy infrastructure company as it is one of the best positioned companies to take advantage of the increase in NGL rich gas production globally.

Based on our analysis, we place a fair value estimate on UGI of $43 per unit. On the bullish side, we would expect it could trade as high as $54, although if growth investments/acquisitions are not executed on, it could slip to $26 or less. Figure 16 shows the fair value ranges.

Figure 16: Historical price and 12 month fair value estimates: base, bear, bull



Source: Factset, Janney Montgomery Scott

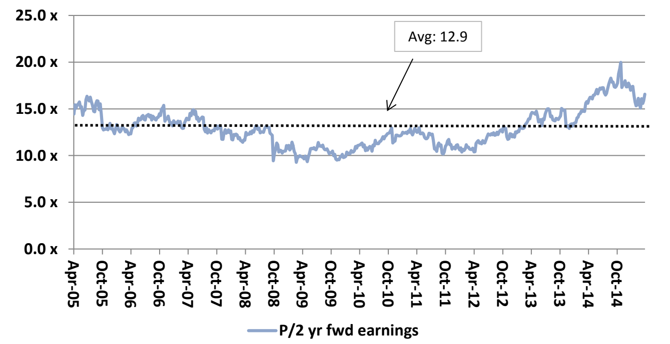
To derive our fair value estimates, we utilise a variety of valuation metrics including evaluating relative and historical P/E, EV/EBITDA, and utilising intrinsic valuation like DDM. We also look at a sum of the parts value as well.

Our fair value does not assume multiple expansion. Rather, we assume the current multiple FY15 PE multiple will be also placed on 2017 EPS a year from now.

3.1. Historic absolute and relative valuation multiples

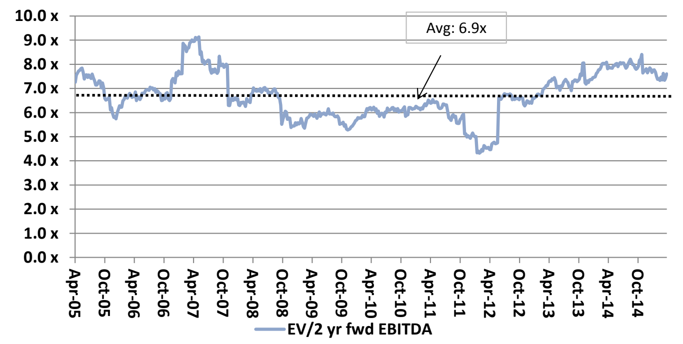
On a historical basis, UGI is trading at the upper third of its historical range. Figures 17 and 18 below show the historic forward P/E and EV/EBITDA multiples for UGI. The stock currently trades at a premium to historic multiples. We believe this reflects investors increasing understanding of the growth opportunities coming from the higher valued midstream assets. We note that there are numerous companies similar to UGI that have begun to witness higher valuations as the market reflects the growth prospects. Figures 17 and figure 18 show UGI's historical P/E and EV/EBITDA.

Figure 17: Price/forward 24 month earnings



Source: Factset

Figure 18: EV/forward 24 month EBITDA



Source: Factset

On a relative basis, UGI is notably cheaper than peers on a forward P/E and EV/EBITDA as shown in figure 19.

Figure 19: Peer valuation table

Company Name/Sector	Ticker	Rating	Stock Price	Market Cap	EBITDA Growth CAGR 2014 - 2017e	EV/EBITDA 2015e	EV/EBITDA 2016e	EV/EBITDA 2017e	Yield 2015e	P/E 2015e	P/E 2016e	P/E 2017e	Net Debt/EBITDA 2015e
UGI Corporation	UGI	Buy	34.66	5,973	7%	7.6x	7.0x	6.8x	2.5%	18.3x	15.8x	14.7x	2.4
Spectra Energy Corp	SE		37.88	25,215	5%	14.8x	13.4x	11.9x	4.0%	31.0x	27.5x	24.3x	5.1
Dominion Resources, Inc.	D		72.59	42,416	9%	12.0x	11.0x	10.4x	3.5%	19.6x	18.6x	17.8x	4.5
Kinder Morgan Inc Class P	KMI		44.16	93,962	11%	12.3x	11.3x	10.5x	4.5%				5.7
Williams Companies, Inc.	WMB		52.50	38,606	17%	16.0x	15.9x	14.7x	4.6%				4.9
CenterPoint Energy, Inc.	CNP		20.87	8,883	2%	8.8x	8.3x	7.8x	4.8%	19.4x	17.9x	16.8x	4.2
Energen Corporation	EGN		70.79	5,034	4%	8.3x	8.3x	5.7x	0.1%				1.0
OGE Energy Corp.	OGE		32.35	6,465	2%	10.4x	10.0x	10.2x	3.2%		15.9x	15.0x	3.2
Questar Corporation	STR		24.00	4,208	3%	9.4x	9.1x	8.6x	3.5%	18.6x	17.9x	17.3x	2.6
National Fuel Gas Company	NFG		63.63	5,360	5%	7.9x	7.3x	6.4x	2.4%	23.1x	21.9x	17.5x	1.9
Average						**11.2x**	**10.6x**	**9.6x**	**3.4%**	**22.7x**	**20.4x**	**18.7x**	**3.8x**

Source: Company reports

3.2. Sum of the Parts

Our sum-of-the-parts analysis (Figure 20) indicates that a $50+ per share fair value target is appropriate which indicates our $43 fair value price is conservative.

Figure 20: Sum of the Parts Analysis

Business	EV	Ownership	Methodology	Multiple	Comment
Amerigas LP units	1,776	26%	EV/EBITDA	10.0	Ownership of 26% of common units
Amerigas GP units	640	2%	Cash flow multiple	20.0	2% general partner
International	2,826	100%	EV/EBITDA	9.0	Discounted multiple to US business
Utility	3,385	100%	EV/EBITDA	7.0	Average for utility
Marketing and Midstream	3,768	100%	EV/EBITDA	12.0	Discounted multiple to pipeline companies/MLPs
Total EV	12,395				
Net Debt YE 2015	3,609				
Equity Value	**8,786**				
Shares Outstanding	173				
Share Price	**50.85**				

Source: Factset, Janney Montgomery Scott

3.3. Dividend discount model

Utilising a dividend discount model (figure 21), UGI also screens as cheap based on our base case of a discount rate of 5.6% and a long-term (post 2021) growth rate of 2%.

Figure 21: DDM valuation matrix

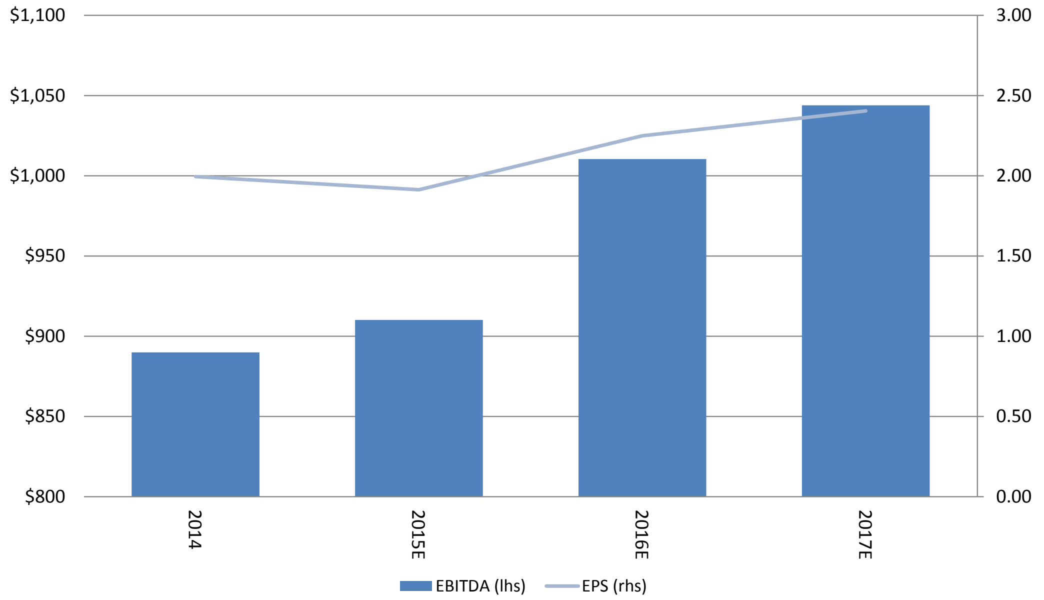
	2015	2016	2017	2018	2019	2020	2021	2022
Dividend	0.87	0.91	1.13	1.41	1.55	1.71	1.88	2.07
Discounted DPS	0.9	0.9	1.01	1.19	1.24	1.29	1.34	1.40
Risk free rate	5.0%							
Equity Risk premium	2.5%							
Beta	0.80							
Company-Specific Risk	2.0%							
Cost of Equity	9.00%							
CAPM weighting	50%							
Yield Cost of Equity	2.5%							
Yield COE weighting	50%							
Cost of Equity	**5.8%**							
Medium term growth rate	10.0%							
Terminal growth rate	2.0%							
Terminal multiple	27.2							
Terminal discount factor	0.68							
Discounted DPS -> 2022	9.21							
Terminal value of DPS ($/share)	38.03							
Value per share ($)	**$ 47.25**							

Source: Capital IQ, Janney Montgomery Scott

4. Financials

Over the next two years, we are forecasting a 12% EPS CAGR, well above the 7% than consensus expects. We are expecting EBITDA to rise 9% in 2015 from 2014 levels principally because of investment in the energy services businesses and the addition of the Total LPG distribution business in France.

Figure 22: Historical and earnings per share & EBITDA (2014 – 2017e)



Source: Company Reports, Janney Montgomery Scott

We forecast that the company will grow dividends by 7% on average over the 2015 – 2017 (see figure 23). However, we believe that the growth will be lumpy and the dividend growth will be around 4% for the next two years with a large step up in 2017. We note that management's guidance is for 4% and consensus also expects similar levels of growth.

Figure 23: Earnings model (2013 – 2017e)

		2013A		2014A		1Q15a		2Q15e		3Q15e		4Q15e		2015e		2016e		2017e	
EBITDA																			
Amerigas		591		655	11%	189		356		55		51		650	-1%	678	4%	707	4%
Int'l propane		234		201	-14%	75		80		21		30		206	3%	286	39%	299	4%
Utilities		250		290	16%	86		99		30		47		272	-6%	280	3%	288	3%
Midstream & Marketing		108		222	105%	52		130		33		42		256	15%	261	2%	266	2%
Corporate																			
Total EBITDA	3%	1,183	36%	1,368	16%	401		665		139		170		1,385	1%	1,505	9%	1,560	4%
EBITDA ex minority		752		890										910		1,010		1,044	
DD&A																			
Amerigas		-206		-197		-49		-49		-48		-55		-201		-205		-209	
Int'l propane		-82		-83		-21		-21		-21		-30		-93		-131		-136	
Utilities		-52		-54		-14		-14		-14		-15		-57		-60		-63	
Midstream & Marketing		-18		-18		-4		-4		-4		-6		-18		-18		-18	
Corporate		-6.2																	
Total DD&A		-363		-352		-89		-88		-87		-105		-369		-414		-426	
Operating Income																			
Amerigas	-12%	392		472		140		306		7		-4		449		473		497	
Int'l propane	30%	152		118		54		59		0		1		113		156		163	
Utilities		198		236		72		85		16		42		215		220		225	
Midstream & Marketing		91		199		46		126		29		38		238		271		299	
Corporate		-1		-19		-145		105		1		4		-35	0%	-20.0		-20.0	0%
Total EBIT		833	48%	1,006	21%	165		682		53		81		981	-2%	1,100	12%	1,165	6%
Loss fom equity investees		-0.4		-0.1		-1.0		0.0		0.0		1		0.0		0.0		0.0	
Interest Expense																			
Amerigas		-165		-166		-41		-42		-41		-40		-164		-169		-172	
Int'l propane		-30		-30		-7		-8		-8		-11		-33		-48		-48	
Utilities		-37		-37		-10		-9		-10		-7		-36		-35		-35	
Midstream & Marketing		-3		-3		-1		-1		-1		-1		-3		-3		-3	
Corporate		-3		-3		-1		-1		-1		0		-2		0		0	
Interest Expense		-239		-238		-59		-59		-60		-59		-237		-255		-258	
Pretax income		593		768		105		622		-7		24		743		844		906	
Income taxes	-	162		-235	-	23		-193		0		-7		-189		-215		-231	
Tax rate		27%		31%		22%		31%		31%		31%		25%		25%		25%	
Adjusted Earnings		431		533		82		429		-7		16		554		629		675	
Noncontrolling interests	-	150	-	195		34	-	212		31	-	35	-	217	-	231	-	246	
Adjusted income		282		337		116		217		23	-	19		337		399		429	
After Tax Adjustment		-7		12		82		0		0		0		0		0		0	
Net Income	-14%	282	41%	350	24%	116	-6%	217	-2%	21		-21		337	-4%	399	18%	429	8%
Amerigas	-60%	47	198%	65	36%	19	-26%	52	22%	-4		1		68	5%	71	5%	75	5%
Int'l propane	59%	86	33%	54	-38%	32	-3%	31	-20%	-8		-10		48	-11%	65	35%	69	7%
Utilities	-23%	95	17%	119	25%	37	-15%	77	3%	16	189%	-13	182%	117	-2%	120	3%	123	3%
Midstream & Marketing	-31%	53	46%	123	131%	26	48%	75	-6%	17	70%	23	49%	141	15%	161	14%	178	10%
Corporate		0		-11		2		-18	35%	-1		-21		-37		-18		-16	
EPS	-27%	**1.63**	-8%	**1.99**	23%	**0.66**	-8%	**1.23**	-4%	**0.13**	33%	**-0.11**		**1.91**	-4%	**2.25**	18%	**2.40**	7%
Shares Out		173.3		175.2		175.8		176.1		176.4		176.7		176.2		177.4		178.6	
Dividend/share		0.7450		0.8200	10%	0.2175	15%	0.218	11%	0.226	4%	0.226	4%	0.887	8%	0.923	4%	1.012	10%

Source: Company reports

Figure 24 Balance Sheet statement

	2014	2015	2016	2017
BALANCE SHEET SUMMARY				
+ Current assets	1,537	1,537	1,537	1,537
- Current liabilities	1,040	1,040	1,040	1,040
Total Working Capital	**497**	**497**	**497**	**497**
Property, plant, and equipment, net	4,410	4,492	4,590	4,691
Total non-current assets	3,926	3,926	3,926	3,926
Total Invested Capital	**8,833**	**8,915**	**9,014**	**9,114**
- Cash & equiv	30	30	30	30
+ Current maturities of debt	0	0	0	0
+ Long-term debt	3,775	3,974	4,224	4,465
Net debt	**3,745**	**3,944**	**4,193**	**4,435**
Avg net debt	3,649	3,844	4,069	4,314
Non-current liabilities	1,242	1,301	1,360	1,419
Preferred securities	0	0	0	0
Total stockholders equity	4,686	5,080	5,580	6,099
Total liabilities and stockholder equity	**10,742**	**11,395**	**12,203**	**13,023**
Assets	9,873	9,955	10,054	10,154
CASH FLOW SUMMARY				
Uses of Cash				
Net Interest expense (includes AFUDC)	-238	-237	-255	-258
Taxes				
Income taxes	-235	-189	-215	-231
Total cap ex	-456	-451	-512	-527
Short term debt maturing	-110	0	0	0
Acquisitions				
Common Dividends	-374	-405	-500	-520
Total Uses of Cash	-1,413	-1,282	-1,482	-1,536
Sources of Cash pre financing				
EBIT	1,006	981	1,100	1,165
Unconsolidated interests	-195	-217	-231	-246
DD&A	352	369	414	426
Working capital	-50	-50	-50	-50
	1,113	1,083	1,232	1,295
Financing requirements	-300	-199	-250	-241
Free Cash Flow	217	205	250	278
Distributable Cash Flow	383	384	447	479
Net Debt	3,745	3,944	4,193	4,435
Shareholder Equity	4,686	5,080	5,580	6,099
Capital Employed	8,430	9,024	9,773	10,534
ROIC	6.8%	6.4%	6.7%	6.5%
Book Value per Share at end of period	26.74	28.83	31.45	34.14
Avg Book Value per share	25.82	27.78	30.14	32.79
EBITDA/interest	5.8	5.8	5.9	6.0
FFO/interest	3.7	3.9	4.1	4.3
Discretionary Cash flow interest cover	1.6	1.6	1.8	1.9
FFO to debt	18%	18%	19%	19%
Net debt to total capital	44%	44%	43%	42%

Source: Company Reports, Janney Montgomery Scott

5. Risks

Propane to natural gas conversions.

Natural gas as a fuel for heating, cooking, etc. is significantly cheaper than other fuels, including propane. There are other benefits as well, including reliability. Clearly, there is every incentive for not only those using heating oil but also propane to convert to natural gas. Therefore, there is a risk that propane to natural gas conversions will threaten volumes.

However, we think that this risk is: 1) already discounted in the valuation, and 2) a bit overblown. It is worth bearing in mind that the economics have been extremely attractive for some time. In fact, they were even more attractive a year or two ago than currently. So, if customers were likely to convert, we would expect that they would have switched already. If anything, the pace of conversions is probably decelerating.

Here are some stats that support our thesis that the risk is somewhat overblown. AmeriGas loses only about 0.15% of customers annually to natural gas conversions. In addition, of the customers that UGI converted to natural gas from other fuels in the past year, only 1.7% were propane customers.

Why are there not more conversions if the economics are so attractive? Most propane customers are not close to a gas main, and therefore they cannot get access to natural gas. Indeed, most propane customers are in rural, low-density locations, and utilities do not expand the natural gas distribution network out given the significant costs.

Oil price collapse.

While this sounds counter-intuitive (most investors think of propane prices as being tied to oil prices), lower oil prices mean lower propane prices, which is good for UGI. Actually, the amount of drilling for oil, given the high prices, is the reason why propane is cheap in the US. A drastic drop in the number of oil rigs/well completed would likely put pressure on propane supply, pushing up prices, which tends to suppress margin expansion and volume increases.

Warm winter weather.

Warm winter weather likely results in reduction to guidance. As seen following the most recent quarterly results which were shy of expectations mostly due to warm weather, investors don't take kindly to reductions in expectations even it is for temporary things such as weather.

Forex exposure.

Approximately 23% of UGI's earnings and, more importantly, about 13% of its cash flow come from European operations. However, UGI rateably hedges its FX exposure over a three-year period. Therefore, every 10% move in the €/$ relationship (we currently assume €1.07/$1 through 2017) has an impact of less than 1% on 2015 and 2016 EPS. By 2017, the impact could be as high as $0.06/share (~2%).

Southern Europe economic malaise spreads to Eastern Europe.

Most of the growth in UGI's international propane business is in the faster-growing Eastern European markets. While these markets have held up, a slowdown in their economic expansion would likely reduce UGI profit expectations.

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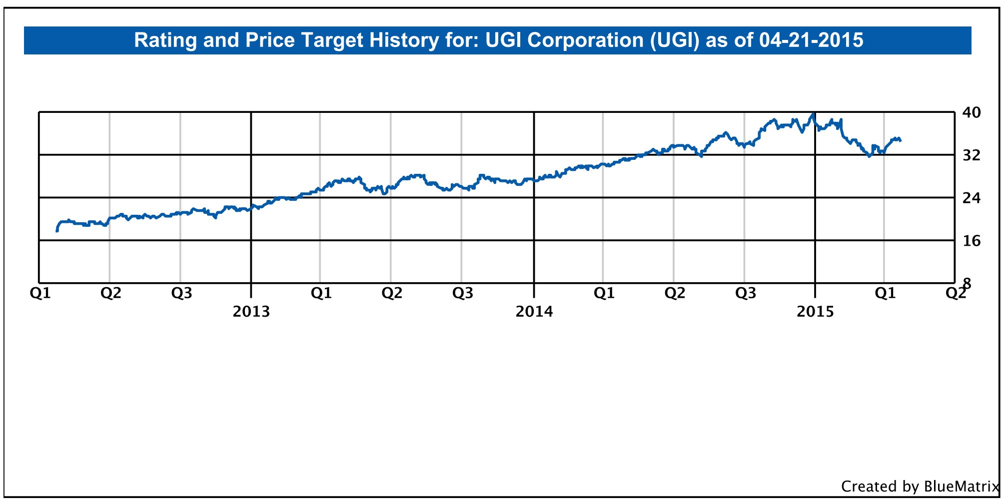

Janney Montgomery Scott Ratings Distribution as of 3/31/15

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NEUTRAL [N]	137	49.28	14	10.22
SELL [S]	1	0.36	0	0.00

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RESEARCH DEPARTMENT

Janney Montgomery Scott

Andrew Maddaloni, Director of Research

(215) 665-6234

TECHNOLOGY and MEDIA

Internet Commerce & Services

Shawn C. Milne – Managing Director	(415) 981-9539
Mike Carroll - Associate	(617) 367-3278

Entertainment & Digital Media

Tony Wible, CFA – Managing Director	(908) 470-3160
Murali Sankar, CFA – Vice President	(212) 888-2525

Digital Advertising

Murali Sankar, CFA – Vice President	(212) 888-2525

IT Outsourcing / Professional Services

Joseph D. Foresi – Managing Director	(617) 557-2972
Robert Simmons, CFA – Associate	(646) 840-3219

CONSUMER and RETAIL

Food, Agribusiness & Foodservice

Eric J. Larson, CFA – Managing Director	(952) 886-7215
Kristen Owen, CFA – Associate	(215) 665-6213

Gaming/Lodging, Travel & Leisure

Brian McGill – Managing Director	(215) 665-6485
Tyler Batory – Associate	(215) 665-4448

Restaurants

Mark Kalinowski – Managing Director	(212) 940-6997
Ryan Kidd – Associate	(215) 665-6385

Branded Apparel, Footwear, and Retail

Eric Tracy – Managing Director	(202) 955-4340
Michael Karapetian – Vice President	(202) 955-4341

Hardline Retailers

David Strasser – Managing Director	(646) 840-4609
Sarang Vora – Sr. Associate	(646) 840-4605

Softline Retail – Specialty Apparel

Adrienne Yih – Managing Director	(202) 499-4493
Gabriella Carbone – Sr. Associate	(212) 888-2359

ACCOUNTING & TAX POLICY

Forensic Accounting

Michael Gyure – Director	(440) 364-7473

FINANCIALS

BDCs

Mitchel Penn, CFA – Managing Director	(410) 583-5976

Consumer & Specialty Finance/Mid-Cap Banks

Sameer Gokhale, CPA – Managing Director	(646) 840-3215
Owen Lau, CFA – Sr. Associate	(646) 840-3213

Insurance

Robert Glasspiegel, CFA – Managing Director	(860) 856-5730
Larry Greenberg, CFA – Managing Director	(860) 856-5731
Ryan Byrnes – Vice President	(860) 856-5732
Lutjon Celkupa - Associate	(860) 856-5734

REITs

Robert Stevenson – Managing Director	(646) 840-3217

INFRASTRUCTURE

MLPs & Energy Infrastructure

Nathan Judge, CFA – Managing Director	(215) 665-4475
Michael Gyure – Director	(440) 364-7473

Utilities & Water Infrastructure

Michael Gaugler – Managing Director	(215) 665-1359
Katherine Burke - Associate	(646) 840-3207

HEALTHCARE

Biotechnology

David Lebowitz, MPH, CFA – Managing Director	(212) 940-6985

Life Sciences Technology

Paul Knight – Managing Director	(212) 888-2696
Bryan Kipp - Associate	(212) 888-2387

Specialty Pharmaceuticals

Chiara Russo – Vice President	(617) 557-2984

TECHNICAL ANALYSIS

Technical Strategy

Dan Wantrobski, CMT – Managing Director	(215) 665-4446

SUPERVISORY ANALYSTS

Richard Jacobs - Director	(215) 665-6290
Irene H. Buhalo – Vice President	(215) 665-6510
Holly Guthrie – Vice President	(215) 665-1268

Nathan Judge, CFA 215-665-4475 njudge@janney.com

Janney CAPITAL MARKETS

Gas and Electric Utilities

April 29, 2015

UGI Corporation (UGI) - BUY

UGI increases dividend 4.6%, expecting acceleration of growth in 18 months

Price:	$35.61
Fair Value Estimate:	$43.00
52-Week Range:	$30.75 - $39.75
Market Cap (MM):	$6,153
Shr.O/S-Diluted (mm):	172.8
Average Daily Volume:	1,169,132
Dividend:	$0.89
Yield:	2.5%
Cash/Share:	$5.82
FCF Yield:	8.1%
Debt/Cap:	50%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$1.91E	$2.25E
Prior EPS:		NC	NC
Consensus	NM	1.92	2.03
P/E Ratio:	17.9x	18.6x	15.8x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	665.0E	--
Q3	143.0A	139.0E	--
Q4	89.0A	170.0E	--
Year:	1,368.0A	1,385.0E	1,505.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.23E	--
Q3	$0.10A	$0.13E	--
Q4	$(0.08)A	$(0.11)E	--

1 Year Price History for UGI

Flash Takeaways

Last night, UGI increased its dividend 4.6%, which was a bit faster than expectations. Looking further out, we expect the dividend to be increased meaningfully in the medium term, providing a catalyst for the stock. We reiterate our Buy rating.

Analysts Notes

- Dividend increase slightly better than consensus expected. We had expected the dividend to rise by 4% while consensus forecast a more modest 2.3% increase.
- Strong record of dividend increases. The annual increase over the past three years has been 8.1% on average. Last year, the company initially raised the dividend 4.5% in the 2nd quarter but raised it a further 10.5% the following quarter, a 15.5% YoY increase.
- We expect another step up in the dividend in the next 24 months. We expect earnings growth to accelerate, reflecting robust improvement in its international propane operations as well as strong growth in its midstream energy services segment. All told, our 2017 EPS estimate is about 10% above consensus. This higher level of profit should lead to a step up in the dividend.
- Valuation does not reflect growth opportunities. We observe that UGI's PE and EV/EBITDA ratios are +20% lower than its peers despite having faster growth and a better balance sheet. We expect this will normalize as investors increasingly perceive UGI as a higher-valued energy infrastructure company rather than as a utility.

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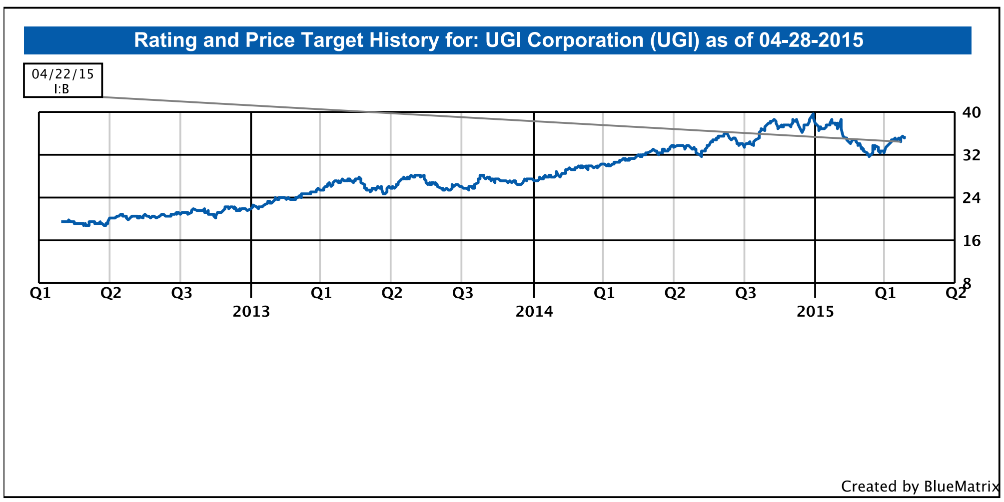

Janney Montgomery Scott Ratings Distribution as of 3/31/15

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SELL [S]	1	0.36	0	0.00

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Janney
CAPITAL MARKETS

Nathan Judge, CFA 215-665-4475 njudge@janney.com

Gas and Electric Utilities

May 5, 2015

UGI Corporation (UGI) - BUY

2Q15 above consensus, Raises FY15 guidance midpoint 6%

Price:	$35.40
Fair Value Estimate:	$43.00
52-Week Range:	$30.75 - $39.75
Market Cap (MM):	$6,117
Shr.O/S-Diluted (mm):	172.8
Average Daily Volume:	1,170,104
Dividend:	$0.89
Yield:	2.5%
Cash/Share:	$5.82
FCF Yield:	8.1%
Debt/Cap:	50%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.05E	$2.25E
Prior EPS:		$1.91	NC
Consensus	NM	1.91	2.04
P/E Ratio:	17.8x	17.3x	15.7x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	661.5A	--
Q3	143.0A	193.5E	--
Q4	89.0A	148.4E	--
Year:	1,368.0A	1,404.4E	1,505.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.23A	--
Q3	$0.10A	$0.17E	--
Q4	$(0.08)A	$(0.01)E	--

1 Year Price History for UGI

Flash Takeaways

UGI's 2Q15 EPS was $1.23, 3% above consensus (in line with our expectations). Given strong business momentum, management raised its 2015 EPS guidance from $1.88 to $1.98 (consensus: $1.91) to $2.00 - $2.10. We are raising our FY15 EPS estimate to $2.05, or 7%. Overall, we believe this bolsters our longer term bullish view that UGI's results will be better than expected and investors should Buy.

Analysts Notes

- 2Q15 results above consensus. Relative to our expectations, the areas that stood out most to us were the improvement in the Utilities segment and the 879bp gross margin improvement in the international propane segment, despite FX and severe weather headwinds.
- Our 2015 EPS estimate increases 7% to $2.05 from $1.91. We have raised our estimates at the utilities and the international propane segments.
- Our 2016 and beyond estimates appear increasingly conservative. As a reminder, our 2017 EPS estimate is 10% above consensus, and we believe that our estimate may not reflect the full upside earnings power of the company.
- Please refer to our note published on 22 April 2014 titled "UGI: Initiating at Buy; Well positioned to benefit from shale revolution" for a full report on our investment thesis.

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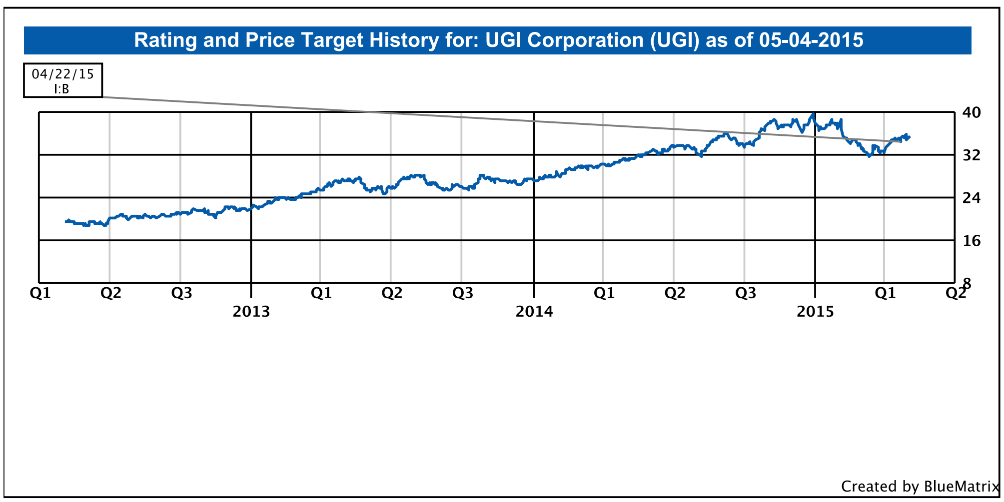

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SELL [S]	1	0.36	0	0.00

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Janney CAPITAL MARKETS

Nathan Judge, CFA 215-665-4475 njudge@janney.com

Gas and Electric Utilities

May 15, 2015

UGI Corporation (UGI) - BUY

New midstream investment bolsters our investment thesis

Price:	$36.47
Fair Value Estimate:	$43.00
52-Week Range:	$31.41 - $39.75
Market Cap (MM):	$6,291
Shr.O/S-Diluted (mm):	172.5
Average Daily Volume:	1,150,004
Dividend:	$0.89
Yield:	2.4%
Cash/Share:	$5.82
FCF Yield:	11.3%
Debt/Cap:	50%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.05E	$2.25E
Prior EPS:		NC	NC
Consensus	NM	1.98	2.09
P/E Ratio:	18.3x	17.8x	16.2x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	661.5A	--
Q3	143.0A	193.5E	--
Q4	89.0A	148.4E	--
Year:	1,368.0A	1,404.4E	1,505.0E

Quarterly EPS:

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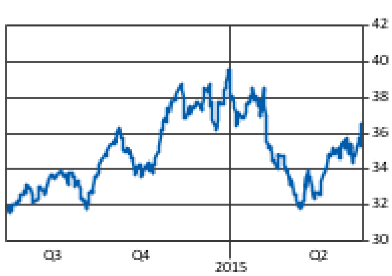


1 Year Price History for UGI

Flash Takeaways

UGI announced that it will invest $60m in a new midstream investment. As a reminder, part of our bullish thesis on UGI is that earnings will likely exceed consensus partly because the midstream segment will be able to invest $150m more than guidance over the 2015-2017 time frame. This announcement bolsters our confidence, and we would expect that consensus expectations will continue to increase. We reiterate our Buy rating.

Analysts Notes

- UGI will invest $60m in building a new LNG facility in Pennsylvania. We expected that the company would likely build a new LNG facility (although most investors unlikely included this in their forecasts) given the strong economics underpinning the LNG assets in the region.
- The investment bolsters our thesis that midstream investment would be above guidance and consensus expectations. Management had previously guided to a total of $450m of investment in the Midstream segment by 2017. We are more bullish, with expectations of $600m over the same time period. We still see investment opportunity at the Auburn line, PennEast expansions as well as new lines to service electricity generators.
- We expect that consensus will continue to move higher towards our 2017 EPS estimate of $2.40 (consensus is $2.23). We also believe there is upside to our outlook if the company is able to capture more margin expansion than expected in Europe due to lower LGP prices.
- With a 20%+ discount to its nearest peers, we believe valuation is attractive.

IMPORTANT DISCLOSURES

Research Analyst Certification

I, Nathan Judge, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

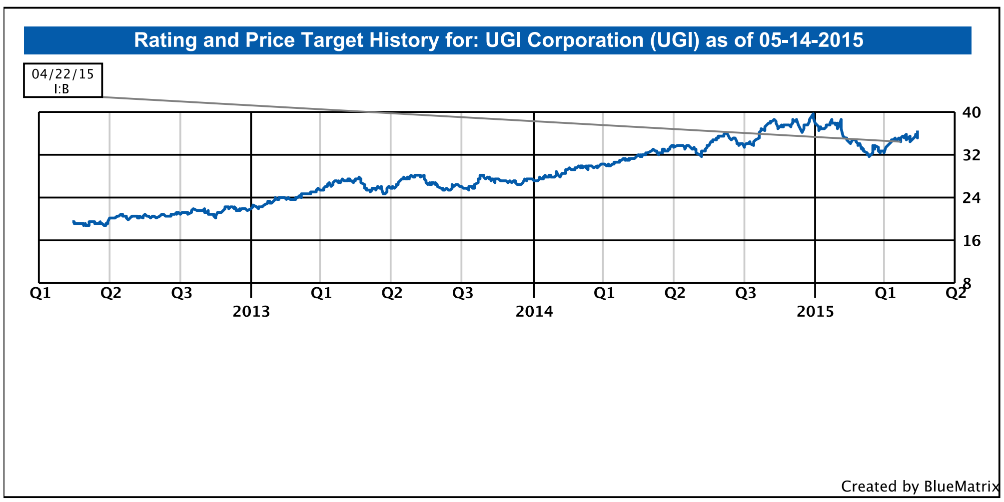
Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from UGI Corporation in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.
NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.
SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 3/31/15

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [B]	140	50.36	21	15.00
NEUTRAL [N]	137	49.28	14	10.22
SELL [S]	1	0.36	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

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Nathan Judge, CFA 215-665-4475 njudge@janney.com

Janney CAPITAL MARKETS

Gas and Electric Utilities

May 18, 2015

UGI Corporation (UGI) - BUY

Totalgaz acquisition approval sets stage for margin upside

Price:	$37.17
Fair Value Estimate:	$43.00
52-Week Range:	$31.44 - $39.75
Market Cap (MM):	$6,412
Shr.O/S-Diluted (mm):	172.5
Average Daily Volume:	1,145,318
Dividend:	$0.89
Yield:	2.4%
Cash/Share:	$5.82
FCF Yield:	11.1%
Debt/Cap:	50%

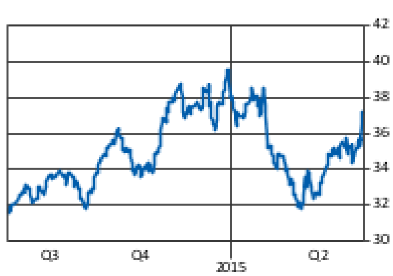
FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.05E	$2.25E
Prior EPS:		NC	NC
Consensus	NM	1.98	2.09
P/E Ratio:	18.7x	18.1x	16.5x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	661.5A	--
Q3	143.0A	193.5E	--
Q4	89.0A	148.4E	--
Year:	1,368.0A	1,404.4E	1,505.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.23A	--
Q3	$0.10A	$0.17E	--
Q4	$(0.08)A	$(0.01)E	--



1 Year Price History for UGI

Flash Takeaways

On Friday after the close, UGI announced that it had received final regulatory approval for its acquisition of Totalgaz (a European propane distribution business). We believe the closing of this acquisition sets the stage for margin upside in UGI's European propane business relative to consensus expectations. Our 2017 EPS estimate of $2.40 is 6% higher than consensus.

Analysts Notes

- Acquisition recap: The purchase price of Totalgaz is expected to be 400-450m Euros. Totalgaz distributed 265 million retail gallons of LPG in 2013; the acquisition will increase UGI Europe retail LPG volumes by ~45%. While we (and we believe consensus) have included Totalgaz in our estimates, the completion of the deal increases clarity around growth.
- Margin upside from European LPG business: As we noted in our April 22nd note 'Initiating at Buy: Well positioned to benefit from shale revolution', we expect greater margin expansion in UGI's European business than consensus expects. As the US propane market becomes saturated with excess supply, US propane is being exported. This is putting downward pressure on European LPG prices which naturally benefits UGI's European propane distribution business. The lower fuel costs results in higher margins. As the higher international margins become evident over the next 18 months, we would expect consensus earnings estimates to rise by 5 – 15% and the shares to respond positively.
- Additional upside from Totalgaz synergies: Management has noted that there is the potential for synergies in the European business but they've downplayed how (or when) this would occur. Our estimates do not include acquisition synergies but we note that UGI is a top tier management team with a history of under promising and over delivering. The most recent example of this is the recent 6% raise in the midpoint in 2015 EPS guidance following the strong fiscal 2Q15 results.

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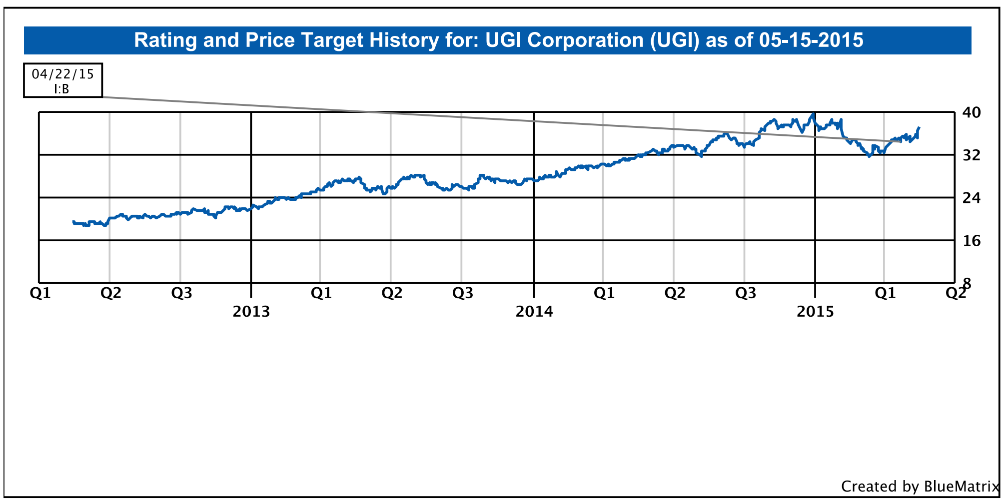

Janney Montgomery Scott Ratings Distribution as of 3/31/15

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [B]	140	50.36	21	15.00
NEUTRAL [N]	137	49.28	14	10.22
SELL [S]	1	0.36	0	0.00

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Nathan Judge, CFA 215-665-4475 njudge@janney.com

Janney CAPITAL MARKETS

Gas and Electric Utilities

August 4, 2015

UGI Corporation (UGI) - BUY

3Q15 weak on weather

Price:	$36.64
Fair Value Estimate:	$43.00
52-Week Range:	$31.53 - $39.75
Market Cap (MM):	$6,320
Shr.O/S-Diluted (mm):	172.5
Average Daily Volume:	868,710
Dividend:	$0.89
Yield:	2.4%
FCF Yield:	11.5%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.05E	$2.25E
Prior EPS:		NC	NC
Consensus	NM	1.95	2.13
P/E Ratio:	18.4x	17.9x	16.3x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	661.5A	--
Q3	143.0A	193.5E	--
Q4	89.0A	148.4E	--
Year:	1,368.0A	1,404.4E	1,505.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.26A	--
Q3	$0.10A	$0.09A	--
Q4	$(0.08)A	$0.04E	--

1 Year Price History for UGI

Flash Takeaways

UGI's 3Q15 EPS was $0.09 compared to the consensus expectation of $0.16/share and our estimate of $0.17. 2015 EPS guidance of $2.00 - $2.10 was reiterated although management now expects to be at the lower end of the range. We and consensus are already at the low end ($2.05 and $2.00, respectively) so we do not expect any change in consensus full year estimates. Weather was much worse than we expected, although the improvement in international margins was a bright spot.

Analysts Notes

- 3Q15 results missed due to weather. Relative to our expectations, APU and the Antargaz division of International Propane's results suffered from worse than expected weather (18.5% and 23.7% worse than normal, respectively). APU lowered its full year guidance as a result of weather.
- International margins and Midstream were ahead. The international propane margin rose by 11% points from last year, some 350bp more than we expected. In addition, Midstream and Marketing posted earnings ahead of our expectations.
- Our 2015 and beyond estimates remain unchanged. We see a stronger fourth quarter to offset the poor weather in Q315 due to better international margins and Midstream profits so we are retaining our 2015 EPS estimate. As a reminder, our 2017 EPS estimate is above consensus, and we believe that our estimate may not reflect the full upside earnings power of the company.
- Conference call at 9:00am (dial in: 877-201-0168). We expect positive commentary on the call around the midstream business. UGI's strategic advantage as a large buyer of natural gas helps its midstream business. We will also be looking for updates on the Total acquisition, which closed in fiscal 3Q15.

 RESEARCH ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE ON PAGES 3 - 4 OF THIS REPORT

INVESTMENT THESIS

We believe UGI will grow earnings faster than the market expects driven by better-than-expected performance from its midstream and international propane divisions. Over the next two years, we are forecasting a 12% EPS CAGR, well above the 7% than consensus expects. In addition, we believe that dividends will rise at an 8% pace, faster than consensus (4%) and management's guidance of a 4% growth rate. At a high level, we believe UGI is undergoing a transition from being viewed by investors as a low growth utility to that of a higher valued midstream energy infrastructure company as it is one of the best positioned companies to take advantage of the wet shale gas phenomenon. Our Fair Value Estimate is $43 with upside potential of $54 and a downside risk of $26.

ISSUES TO CONSIDER

Key Issue	Our Position	Timing	Impact
Will Energy Services continue to grow?	**We believe so and we believe there is upside.** • UGI is benefiting from the intrinsic competitive advantage of being a customer of pipelines as well as its geographic proximity to a low cost source of supply, the Marcellus shale. We expect there will be new midstream projects announced that will sustain the segment's growth for the foreseeable future.	12-18 months	+ O −
How will Europe fare with low LPG prices?	**Low LPG prices should improve margins and demand.** • European LPG prices have halved. As the largest distributor of LPG, we expect UGI to witness better margins as well as improved demand.	12-18 months	+ O −
Will UGI form a pipeline MLP?	**It remains a possibility but as UGI is generating free cash flow, we do not expect this to occur in the near term.** • With the increasingly robust growth backlog and increasing scale, UGI's midstream business could become an MLP. However, UGI's cost of capital is low because funding for the projects are from free cash flow which is low cost.	24+ months	+ O −

What is the bullish case?	A notable recovery in LPG demand, upside in margins from lower propane/LPG prices, and several new large midstream projects that propel growth into the double digits.	
What keeps us up at night?	We are concerned about project cost inflation across the industry. In addition, as an acquirer, there is a risk that UGI could make poor acquisitions, although past track record indicates this is unlikely.	
Valuation	Our Fair Value Estimate is $43 with a bull upside potential of $54 and a bear downside risk of $26.	

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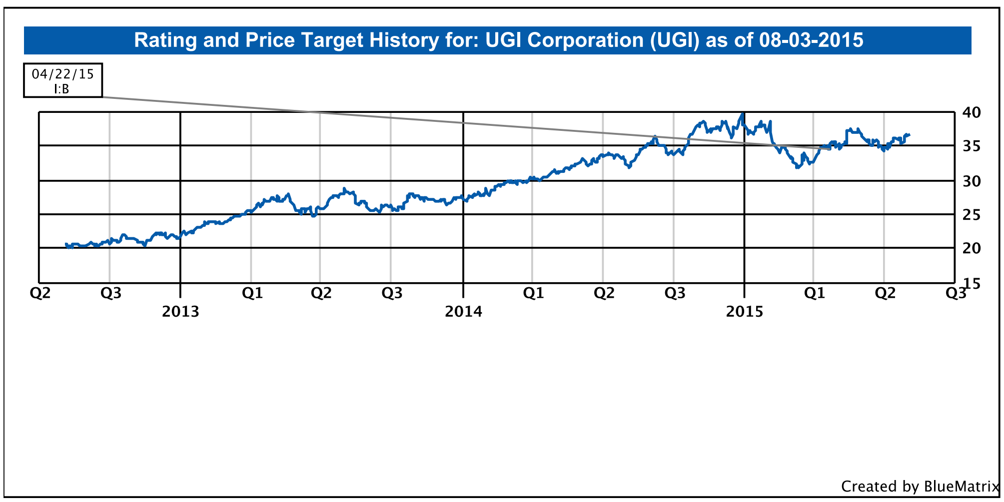
Price Charts



Janney Montgomery Scott Ratings Distribution as of 6/30/15

			IB Serv./Past 12 Mos.*	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [B]	112	54.34	31	27.68
NEUTRAL [N]	94	45.63	13	13.83
SELL [S]	0	0.00	0	0.00

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Nathan Judge, CFA 215-665-4475 njudge@janney.com

Master Limited Partnership

Price:	$36.81
Fair Value Estimate:	$43.00
52-Week Range:	$31.54 - $39.75
Market Cap (MM):	$6,361
Shr.O/S-Diluted (mm):	172.8
Average Daily Volume:	764,938
Dividend:	$0.89
Yield:	2.4%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.00E	$2.25E
Prior EPS:		$2.05	NC
P/E Ratio:	18.5x	18.4x	16.4x

Quarterly Adjusted EBITDA ($M):			
Q1	490.0A	401.0A	--
Q2	691.0A	690.0A	--
Q3	143.0A	124.0A	--
Q4	89.0A	128.0E	--
Year:	1,368.0A	1,342.0E	1,456.0E

Quarterly EPS:			
Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.26A	--
Q3	$0.10A	$0.03A	--
Q4	$(0.08)A	NA	--

1 Year Price History for UGI

November 4, 2015

UGI Corporation (UGI) - BUY

Falling European LPG prices should benefit UGI

Flash Takeaways

During the past couple of weeks, there has been commentary from other companies indicating that European LPG prices could fall further. We believe that lower LPG prices could result in higher than expected margins and better demand growth in UGI's European business over the medium term. Consensus earnings estimates could rise by 5 – 15% from the benefit of lower LPG prices. We would note that we do not expect much impact on UGI's fiscal 4Q15 (out on Nov 10th) as it is summer, the low demand period, but rather 2016. We reiterate our Buy rating.

Analysts Notes

- Lower shipping costs increase likelihood of increased LPG exports and thus downward pressure on global LPG prices. On EPD's (No Rating) third quarter earnings call, the company noted a downward trend in LPG shipping costs that would improve economics to ship US LPG to global markets. As an example, the company noted that shipping cost from Houston to Europe have fallen ~50% since July as a result of the increase in shipping carriers available to transport LPG, and EPD expects them to fall further. In public presentations, both Antero Resources (No Rating) and Targa Resources (No Rating) have also indicated the potential for lower shipping cost due to this trend. Lower shipping costs have the potential to reduce European LPG prices by another 20%+.
- Low LPG prices are good for UGI's European operations. As the US propane market has become saturated with excess supply, US propane is being exported. This is putting downward pressure on European LPG prices, which naturally benefits UGI's European propane distribution business. The lower fuel costs results in higher margins. As the higher international margins become evident over the next 18 months, we would expect consensus earnings estimates to rise by 5%+ and the shares to respond positively.
- FY16 Guidance likely in line with consensus. We would expect management to provide guidance of $2.10 - $2.20 compared to consensus of $2.15. While this is below our estimate of $2.25, we would point out that management has a strong history of beating expectations and raising guidance. We also include some of the tailwind of falling European LPG prices in our expectations.
- Additional upside in Europe from Totalgaz synergies: Management has noted that there is the potential for synergies in the European business, but they've downplayed how (or when) this would occur. Our estimates do not include acquisition synergies, but we note that UGI is a top tier management team with a history of under promising and over delivering.

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Enterprise Products Partners, LP currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC currently acts as a market-maker in the securities of Enterprise Products Partners, LP.

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Enterprise Products Partners, LP in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from Enterprise Products Partners, LP in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from UGI Corporation and Enterprise Products Partners, LP in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

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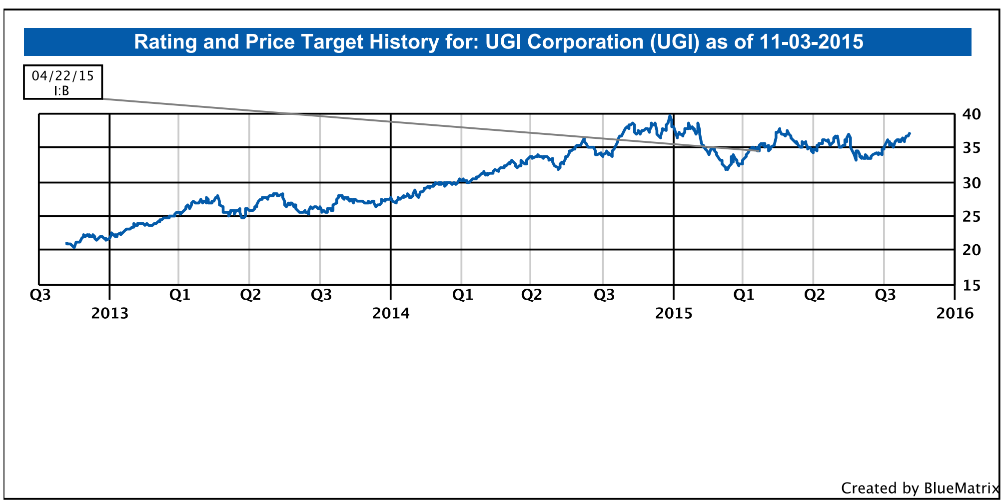

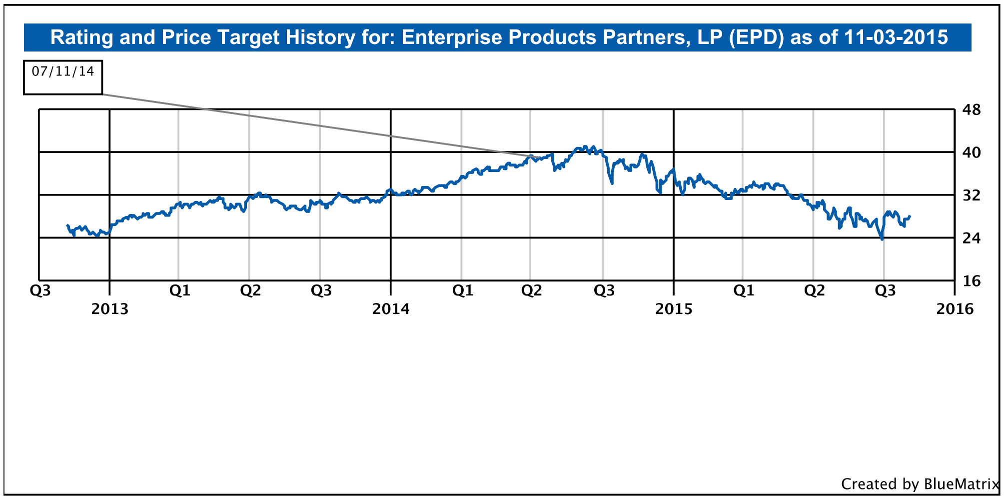

Janney Montgomery Scott Ratings Distribution as of 9/30/15

			IB Serv./Past 12 Mos.*	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [B]	93	51.67	14	15.05
NEUTRAL [N]	86	47.78	13	15.12
SELL [S]	1	0.56	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

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Master Limited Partnership

November 10, 2015

UGI Corporation (UGI) - BUY

UGI 4Q15 & FY16 guidance above consensus

Price:	$34.80
Fair Value Estimate:	$43.00
52-Week Range:	$31.54 - $39.75
Market Cap (MM):	$6,013
Shr.O/S-Diluted (mm):	172.8
Average Daily Volume:	747,963
Dividend:	$0.89
Yield:	2.6%

FYE: Sept	2014A	2015E	2016E
EPS:	$1.99A	$2.01A	$2.25E
Prior EPS:		$2.00	NC
P/E Ratio:	17.5x	17.3x	15.5x

Quarterly Adjusted EBITDA ($M):

Q1	490.0A	401.0A	--
Q2	691.0A	690.0A	--
Q3	143.0A	124.0A	--
Q4	89.0A	128.0E	--
Year:	1,368.0A	1,342.0E	1,456.0E

Quarterly EPS:

Q1	$0.72A	$0.66A	--
Q2	$1.29A	$1.26A	--
Q3	$0.10A	$0.03A	--
Q4	$(0.08)A	$0.01A	--

1 Year Price History for UGI

Flash Takeaways

UGI reported fiscal 2015 results ahead of consensus and in line with our estimate. EPS came in at $2.01 vs consensus at $1.94; (Janney $2.00). Even more bullish is that initial 2016 EPS guidance of $2.15- $2.30 was above consensus ($2.15) and translates to 11% YoY growth at the midpoint. Our bullish thesis has been partly due to our expectations that UGI will be growing faster than consensus expects (Janney 2016 EPS: $2.25). We would also note that UGI has a strong history of beating its beginning-of-year guidance. We reiterate our Buy rating.

Analysts Notes

- 4Q15 results. UGI reported a 4Q15 EPS $0.01 compared to consensus expectations for a $0.03/share loss. Relative to our expectations, better than expected performance in the Midstream & Marketing segment and UGI International more than offset lower than expected earnings in the AmeriGas segment (warmer than normal weather).
- Fiscal 2016 outlook better than we and likely consensus expected. Management expects FY16 EPS to be between $2.15 and $2.30. We were expecting $2.10 - $2.20 and for this to rise over time to our estimate of $2.25. Consensus, excluding our estimate, is $2.12 and at the bottom end of guidance range. We would note that UGI's actual full year EPS has exceeded the midpoint of guidance at the beginning of the year for several years now.
- Conference call at 9:00am (dial in: 877-201-0168

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IMPORTANT DISCLOSURES

Research Analyst Certification

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The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

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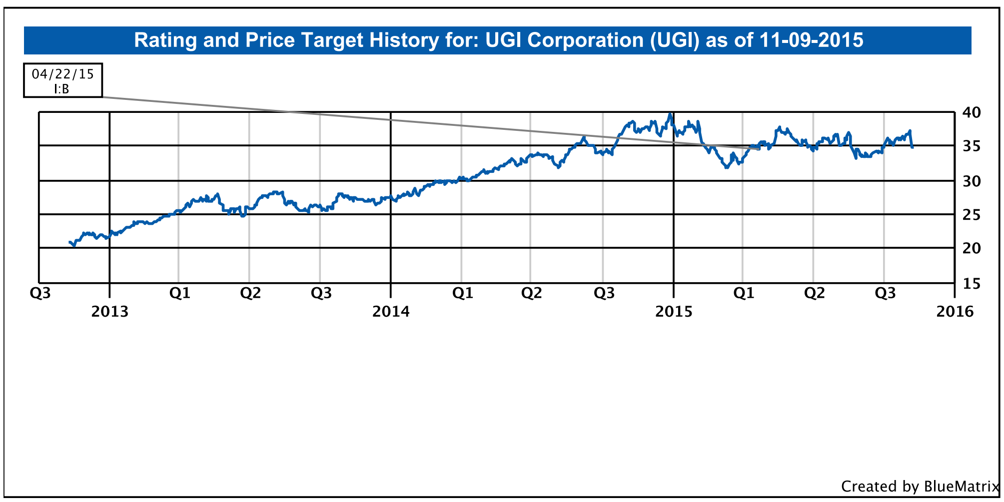
BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 9/30/15

			IB Serv./Past 12 Mos.*	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [B]	93	51.67	14	15.05
NEUTRAL [N]	86	47.78	13	15.12
SELL [S]	1	0.56	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

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FLASH NOTE

Company Update

USA | Energy | Natural Gas

February 3, 2014

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)
F1Q Operationally In Line

HOLD
Price target $43.00
Price $42.16

Key Takeaway

UGI reported F1Q EPS of $1.06 (excluding MTM & foreign tax adjustments), shy of our $1.08 forecast, but ahead of the Street's $1.03 mean estimate. Stronger than anticipated F1Q operating results were offset by above-forecast tax & minority interest expense to produce in-line Net Income; however, a higher diluted share count caused EPS to fall short of our expectation. Mgmt reiterated its F2014 EPS guidance of $2.60-$2.70.

AmeriGas Propane: Fueled by ~14% colder y/y temps, APU total sales volumes rose ~9%. These higher deliveries, along with elevated unit margins, drove F1Q EBITDA to $230mm, a ~9.5% increase y/y. APU affirmed its F2014 EBITDA guidance of $245-$275mm.

UGI International: While APU enjoyed colder than normal (and colder y/y) F1Q temps, Antargaz & Flaga both faced warmer than normal conditions. In particular, Flaga faced temps that were ~10% warmer y/y, which crimped operating results. However, total volumes were positively impacted by the BP Poland acquisition which closed in late F2013.

Gas Utility: With weather ~7% colder y/y, the PA utilities experienced increased throughput volumes & higher total margin. These effects drove a ~18% y/y rise in Utility EBIT.

Midstream & Marketing: Midstream & Marketing results climbed >30% y/y as nearly all component units experienced better performance. In addition, we note that the $160mm Auburn II Pipeline was placed into service in early Jan, which should aid F2Q results.

Share buyback: Last week, the Board authorized a repurchase program of up to 10mm shares, its first significant buyback in ~15 years. We expect the authorization will largely be used to offset comp dilution & look forward to additional color on tomorrow's call.

Dial-in info for tomorrow's call: Tomorrow @ 9AM ET. Dial-in: 1(877)-201-0168

Key Issues for the call: 1) further color on recent share repurchase authorization; 2) current state of US & international LPG markets; 3) update on in-service projects (Auburn pipeline extension, Polish LPG business, etc.) and current backlog; and, 4) appetite for acquisitions & areas in which mgmt sees the most opportunity.

UGI F1Q Results Review:

Recurring Operating Income	Actual F1Q14A	JEF Expectations F1Q14E		Year-over-Year F1Q13A	
Operating Income ($MM)					
AmeriGas Propane	$179.7	$160.7	11.8%	$139.9	28.5%
Utilities	$82.1	$74.2	10.6%	$69.8	17.6%
Midstream & Marketing	$36.2	$30.0	20.6%	$27.5	31.6%
International Propane	$56.9	$78.2	-27.3%	$57.8	-1.6%
Corporate & Other	$8.8	($1.6)	NM	$1.1	NM
Total Operating Income	**$363.7**	**$341.6**	**6.5%**	**$298.7**	**21.8%**
Income (Loss) from Equity Investees	$0.0	($0.1)	NM	$0.0	NM
Interest Expense	($59.3)	($61.5)	-3.6%	($60.3)	-1.7%
Other Items	$1.5	$0.0	NM	$1.4	NM
Minority Interests	($95.5)	($82.2)	16.1%	($68.0)	40.4%
Income Tax Benefit (Expense)	($86.9)	($74.2)	17.2%	($65.7)	32.3%
Recurring Net Income	**$123.5**	**$123.6**	**-0.1%**	**$106.1**	**16.4%**
Diluted Shares Outstanding	116.5	114.9	1.4%	114.5	1.7%
Recurring Earnings Per Share (EPS)	**$1.06**	**$1.08**	-1.5%	**$0.90**	17.2%
Capital Expenditures	**$101.6**	**$98.0**	3.7%	**$91.3**	11.3%
Dividend Per Share	**$0.28**	**$0.28**	0.0%	**$0.27**	4.6%

Source: UGI reports and Jefferies estimates

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
* Jefferies LLC

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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Risk which may impede the achievement of our Price Target

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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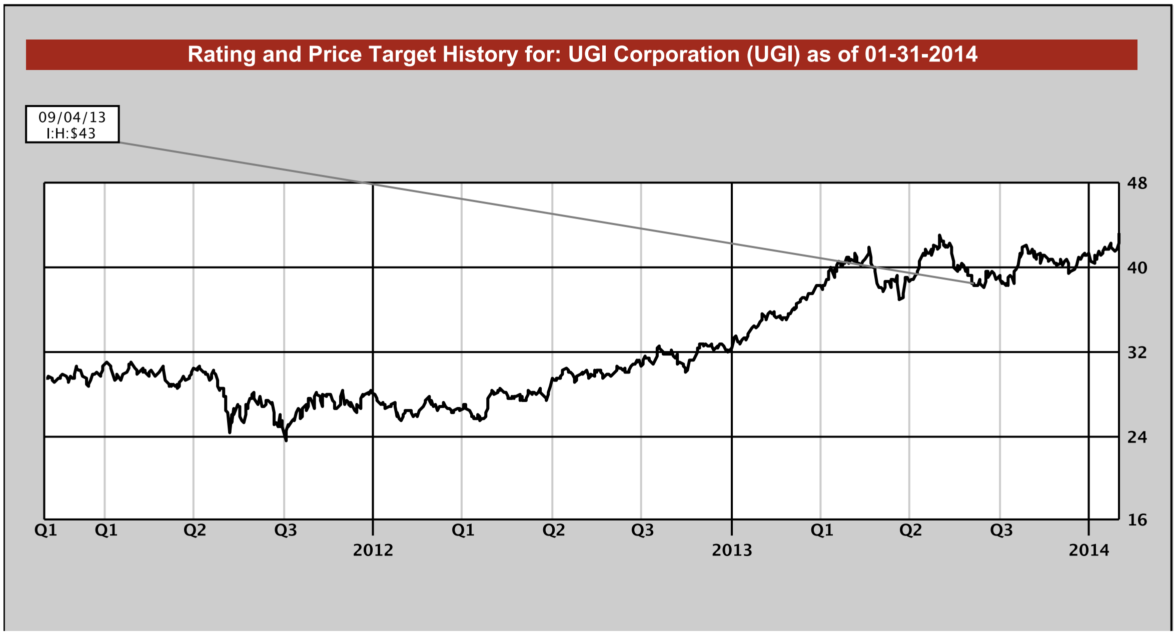

Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	888	48.87%	207	23.31%
HOLD	783	43.09%	122	15.58%
UNDERPERFORM	146	8.04%	4	2.74%

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

FLASH NOTE

Company Update

USA | Energy | Natural Gas

May 7, 2014

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)

Harnessing the Weather

HOLD
Price target $46.00
Price $46.78

Key Takeaway

UGI reported adjusted F2Q14 EPS of $1.90 (excluding items), well ahead of our $1.65 forecast & the Street's $1.58 mean estimate. Sharply better than expected Utilities and Midstream & Marketing performance, the beneficiaries of extreme winter weather, drove the beat. With robust FYTD results, mgmt sizably lifted its F14 EPS guidance to $2.95-$3.05, from $2.60-$2.70. We expect the market reaction to be very positive.

APU: Despite ~10% colder y/y temps, regional supply shortages limited APU's total volume growth to ~1.4% y/y. However, an ~8.4% y/y rise in unit margins drove EBITDA to $331mm, a ~7.2% increase y/y. With FYTD results, APU lifted its F14 EBITDA guidance to $260-$275mm.

UGI International: Antargaz & Flaga both faced significantly warmer than normal temps (16.5% & 18.1%, respectively), which crimped results. However, total sales declines were mitigated by the BP Poland acquisition which closed in late F13.

Utilities: With F2Q temps ~17% colder y/y, the PA Utilities experienced record throughput, driving a ~27% y/y rise in EBIT. Results sharply exceeded our expectations.

Midstream & Marketing: With extreme regional temps, strong demand for gas & electricity, and volatile basis differentials, M&M EBIT climbed nearly 3-fold y/y. In fact, F2Q results surpass any prior *annual* result. Separately, UGI announced $80mm in incremental PA midstream expansions. The Auburn Loop & Union Dale Lateral projects entail the construction of new 9" & 12" pipelines and will add a total of 300 MMcf/d of Marcellus transport capacity. Project in-service is anticipated in fall 2014 & fall 2015, respectively.

Dividend raised for 27th consecutive year. On April 29th, UGI announced a 1.25¢ boost in its quarterly dividend, bringing total cash payouts to 29.5¢/share ($1.18/share annualized). The ~4.4% raise was in-line with our expectation and marks the Company's 27th consecutive annual increase; UGI has paid uninterrupted dividends for 130 years.

Conference call info: Tomorrow @ 9AM ET. Dial-in: 877.201.0168; PC: 22699403. Key issues include: 1) current state of US & European LPG markets; 2) update on growth projects & backlog; and 3) acquisition appetite & opportunities.

UGI F2Q14 Results Review:

Recurring Operating Income	Actual F2Q14A	JEF Expectations F2Q14E		Year-over-Year F2Q13A	
Operating Income ($MM)					
AmeriGas Propane	$284.9	$277.3	2.7%	$257.5	10.6%
Utilities	$134.5	$109.8	22.4%	$105.7	27.2%
Midstream & Marketing	$121.4	$50.2	141.8%	$44.0	175.7%
International Propane	$63.8	$95.7	-33.3%	$81.6	-21.8%
Corporate & Other	($16.0)	($1.7)	NM	($2.7)	NM
Total Operating Income	**$588.6**	**$531.4**	**10.8%**	**$488.7**	**20.4%**
Income (Loss) from Equity Investees	$0.0	($0.1)	NM	$0.1	NM
Interest Expense	($59.5)	($59.6)	0.0%	($60.1)	-0.9%
Other Items	$7.7	$0.0	NM	$1.4	NM
Minority Interests	($173.4)	($162.9)	6.5%	($154.3)	12.4%
Income Tax Benefit (Expense)	($141.3)	($117.4)	20.4%	($100.6)	40.5%
Recurring Net Income	**$222.1**	**$191.5**	**16.0%**	**$175.3**	**26.7%**
Diluted Shares Outstanding	116.7	116.4	0.3%	115.2	1.3%
Recurring Earnings Per Share (EPS)	**$1.90**	**$1.65**	15.6%	**$1.50**	26.9%
Capital Expenditures	**$83.4**	**$86.7**	-3.9%	**$93.5**	-10.8%
Dividend Per Share	**$0.28**	**$0.28**	0.0%	**$0.27**	4.6%

Source: UGI reports & Jefferies estimates
Note: Recurring results exclude the impact of one-time items.

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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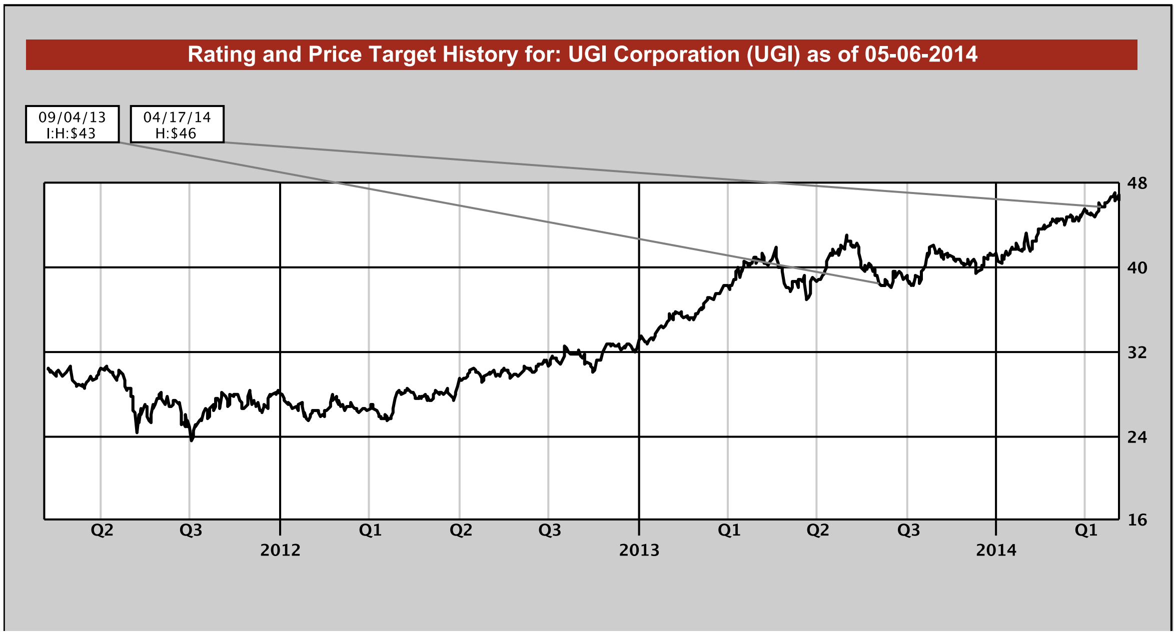

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Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	910	49.75%	245	26.92%
HOLD	773	42.26%	134	17.34%
UNDERPERFORM	146	7.98%	5	3.42%

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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May 12, 2014

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EQUITY RESEARCH

UGI Corporation (UGI)

Capitalizing on Weather & Volatility

HOLD
Price target $46.00
Price $46.71

Key Takeaway

UGI reported F2Q EPS of $1.90 (excluding items), well ahead of our $1.65 forecast & the $1.58 Street mean estimate. Sharply better than expected Utilities and Midstream & Marketing performance, the beneficiaries of extreme winter weather, drove the beat. With robust YTD results, mgmt boosted its F14 EPS guidance to $2.95-$3.05, from $2.60-$2.70. We are formally revising our model following the conference call & 10-Q filing.

APU: Despite ~10% colder y/y temps, regional supply shortages limited APU's total volume growth to ~1.4% y/y. However, an ~8.4% y/y rise in unit margins drove EBITDA to $331mm, a ~7.2% increase y/y. With FYTD results, APU lifted its F14 EBITDA guidance to $260-$275mm. This guidance implies negative y/y F2H results & mgmt spoke to several issues (April weather, repair & maintenance expenses, etc.) which underpin that expectation.

UGI International: Antargaz & Flaga both faced significantly warmer than normal temps (16.5% & 18.1%, respectively), which crimped results. However, total sales declines were mitigated by the BP Poland acquisition which closed in late F13.

Utilities: With F2Q temps ~17% colder y/y, the PA Utilities experienced record throughput, driving a ~27% y/y rise in EBIT. Results sharply exceeded our expectations.

Midstream & Marketing: With extreme regional temps, strong demand for gas & electricity, and volatile basis differentials, M&M EBIT climbed nearly 3-fold y/y. In fact, F2Q results surpass any prior *annual* result. Separately, UGI announced $80mm in incremental PA midstream expansions. The Auburn Loop & Union Dale Lateral projects entail the construction of new 9" & 12" pipelines and will add a total of 300 MMcf/d of Marcellus transport capacity. Project in-service is anticipated in fall 2014 & fall 2015, respectively.

Dividend raised for 27th consecutive year. On April 29th, UGI announced a 1.25¢ boost in its quarterly dividend, bringing total cash payouts to 29.5¢/share ($1.18/share annualized). The ~4.4% raise was in line with our expectation and marks the company's 27th consecutive annual increase; UGI has paid uninterrupted dividends for 130 years.

Valuation/Risks

Our $46 price target is derived via a combination of DCF, SOP, and target yield approaches. We project a 4.2% dividend CAGR through 2018 with payout ratios of 40-45%. Risks include: Non-normal weather (US & Europe), severe and rapid fluctuations in LPG prices, an inability to execute on organic initiatives, and changes in roll-up opportunities and/or deal multiples.

USD	*Prev.*	2013A	*Prev.*	2014E	*Prev.*	2015E	*Prev.*	2016E
EBITDA (MM)	--	1,034.7	*1,127.5*	1,162.3	*1,160.0*	1,139.5	*1,203.9*	1,182.7
DPS	--	1.11	--	1.16	--	1.21	--	1.26
Cons. EPS	--	2.44	*2.73*	3.04	*3.02*	2.91	*2.96*	2.99
EPS								
Dec	--	0.90	--	1.06A	--	--	--	--
Mar	--	1.50	*1.65*	1.90A	--	--	--	--
Jun	--	0.14	*0.14*	0.16	--	--	--	--
Sep	--	(0.10)	*(0.13)*	(0.12)	--	--	--	--
FY Sep	--	2.44	*2.71*	3.00	*2.90*	2.92	*3.06*	3.05
FY P/E		19.1x		15.6x		16.0x		15.3x

Financial Summary

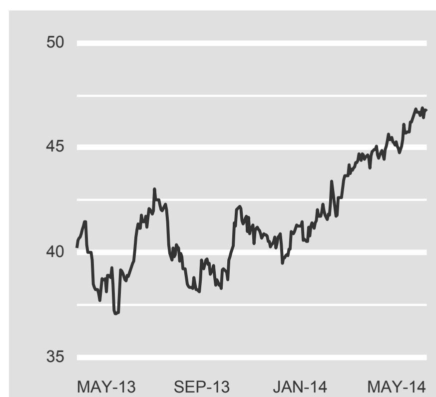
Net Debt (MM):	**$3,380.1**
Net Debt/Capital:	**54.7%**
Long-Term Debt (MM):	**$3,548.6**
Dividend Yield:	**2.5%**

Market Data

52 Week Range:	**$48.35 - $36.43**
Total Entprs. Value (MM):	**$8,756.4**
Market Cap. (MM):	**$5,376.3**
Shares Out. (MM):	**115.1**
Float (MM):	**114.1**
Avg. Daily Vol.:	**595,093**

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

Price Performance



UGI Corporation (UGI)

HOLD: $46 Price Target

Scenarios

Target Investment Thesis

- Heritage yields $60mm in net synergies; ongoing, periodic acquisitions of small, independent US operators offset the structural decline in propane sales.
- UGI utilities continue to convert fuel-oil customers at an elevated pace.
- Normal weather conditions exist.
- Additional midstream projects are secured and successfully executed upon.
- F2015 EPS & DPS: $2.92, $1.21; Target Yield: 2.75%; Target Price $46

Upside Scenario

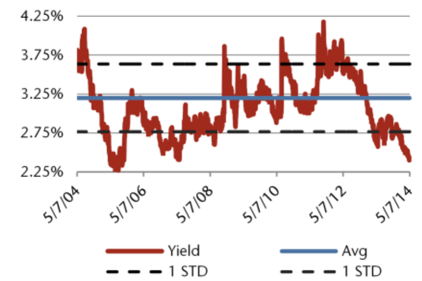
- Heritage integration produces annual net operating synergies in excess of APU's $60mm estimate; acquisitions accelerate.
- Fuel oil customer conversions accelerate in the US and Europe; significantly colder-than-normal winter weather conditions pervade all operating regions.
- High-quality midstream projects, backed by capacity-payments are signed and drive upside for Marketing & Midstream
- F2015 EPS & DPS: $3.05, $1.22; Target Yield: 2.50%; Target Price: $50

Downside Scenario

- Heritage yields <$60mm in net synergies, accretive bolt-on acquisitions become difficult to find/close and US LPG sales track the market's ~3% annual decline.
- Customer conversions across all delivery platforms slow and European acquisitions become more challenging.
- Significantly warmer than normal temps afflict all operating regions during the important winter heating season.
- F2015 EPS & DPS: $2.75, $1.20; Target Yield: 3.25%; Target Price: $35

Long Term Analysis

Historical Dividend Yield



Source: FactSet, Jefferies estimates

Long Term Financial Model Drivers

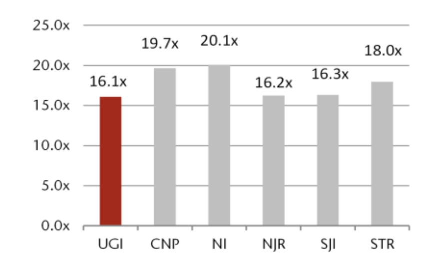
LT Earnings CAGR	**6.0%**
5-Year Dividend CAGR	**4.25%**
Earnings Payout Ratio	**40-45%**
Terminal Cash Flow Growth Rate	**1.5%**

Other Considerations

US propane demand fell at a ~3% annual rate from 2005-2011 due to conservation, recession, and inter-fuel competition. Meanwhile, the Btu level of PA natural gas has been rising due to PADD 1 ethane rejection, creating a headwind for UGI's volumetric-based utility rates. Finally, competitive factors led to the cancellation of several high-multiple pipeline projects, prompting UGI's first investment in lower-multiple gas production operations.

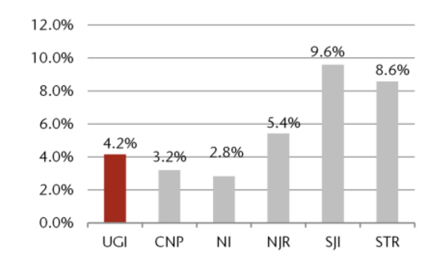
Peer Group

Group FY2 P/Es



Source: FactSet, Jefferies estimates

3-Year Historical Dividend CAGRs



Source: FactSet, Jefferies estimates

Recommendation / Price Target

Ticker	Rec.	PT
UGI	**Hold**	**$46**
CNP	NC	NC
NI	Hold	$34
NJR	NC	NC
SJI	NC	NC
STR	Hold	$24

Catalysts

- Expect F2015 EPS guidance to be provided in conjunction with F2014 results in mid-October; we project an initial EPS range of $2.85-$2.95.
- The announcement of additional midstream projects could also act as a catalyst given the high-quality nature of such investments & the markets current focus on domestic energy infrastructure.

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 1: UGI Consolidated Income Statement

Consolidated Income Statement	2008	2009	2010	2011	2012	1Q	2Q	3Q	4Q	2013	1Q	2Q	3QE	4QE	2014E	2015E	2016E	2017E	2018E
Revenues	$6,648.3	$5,737.8	$5,591.4	$6,091.3	$6,519.2	$2,023.2	$2,537.1	$1,372.3	$1,259.8	$7,192.4	$2,315.9	$3,163.2	$1,592.7	$1,402.5	$8,474.4	$8,332.2	$8,394.6	$8,399.3	$8,409.5
(Cost of Sales)	($4,744.7)	($3,670.6)	($3,584.0)	($4,019.0)	($4,111.2)	($1,218.8)	($1,500.6)	($827.9)	($780.0)	($4,327.3)	($1,429.9)	($2,001.3)	($1,031.5)	($912.0)	($5,374.7)	($5,295.5)	($5,308.4)	($5,298.0)	($5,278.0)
Gross Margin	$1,903.6	$2,067.2	$2,007.5	$2,072.3	$2,408.0	$804.5	$1,036.5	$544.4	$479.8	$2,865.2	$886.0	$1,162.0	$561.2	$490.5	$3,099.7	$3,036.8	$3,086.2	$3,101.3	$3,131.5
(Operating & Administrative)	($1,152.9)	($1,237.0)	($1,175.2)	($1,253.9)	($1,591.7)	($426.9)	($465.8)	($404.7)	($394.6)	($1,692.0)	($431.5)	($492.0)	($403.4)	($401.7)	($1,728.6)	($1,700.1)	($1,705.0)	($1,679.9)	($1,667.4)
(Depreciation & Amortization)	($184.4)	($200.8)	($210.2)	($227.9)	($316.0)	($87.1)	($87.3)	($91.9)	($93.7)	($360.1)	($94.0)	($87.7)	($90.2)	($91.8)	($363.7)	($371.4)	($382.8)	($394.7)	($406.7)
Other Income (Loss)	$18.9	$16.0	$56.4	$25.6	$16.4	$5.7	$2.8	$5.3	($2.6)	$11.2	$3.2	$6.3	$3.3	$0.3	$13.2	$13.6	$16.6	$17.1	$17.6
Operating Income	$585.2	$645.5	$678.5	$616.0	$516.7	$296.1	$486.2	$53.1	($11.1)	$824.3	$363.7	$588.6	$70.9	($2.6)	$1,020.6	$978.9	$1,015.0	$1,043.7	$1,074.9
(Income from Equity Investees)	($2.9)	($3.1)	($2.1)	($0.9)	($0.3)	$0.0	$0.1	$0.0	($0.5)	($0.4)	$0.0	$0.0	($0.1)	($0.1)	($0.2)	($0.4)	($0.4)	($0.4)	($0.4)
(Extraordinary Items)	$0.7	($7.6)	($22.8)	($26.8)	$11.9	$1.4	$1.4	$2.6	$4.7	$10.1	$1.5	$7.7			$9.2	$0.0	$0.0	$0.0	$0.0
(Interest Expense)	($142.5)	($141.1)	($133.8)	($138.0)	($221.5)	($60.3)	($60.1)	($59.2)	($59.5)	($239.1)	($59.3)	($59.5)	($56.4)	($53.6)	($228.8)	($225.0)	($240.1)	($256.1)	($267.1)
(Minority Interest, prnc. in AmeriGas)	($89.8)	($123.3)	($94.7)	($74.7)	$13.2	($68.0)	($154.3)	$29.8	$42.8	($149.7)	($95.5)	($173.4)	$16.0	$31.0	($221.9)	($210.9)	($215.2)	($217.2)	($218.8)
Income before Taxes	$350.8	$370.4	$425.1	$375.6	$320.0	$169.2	$273.3	$26.3	($23.6)	$445.2	$210.4	$363.4	$30.5	($25.4)	$578.8	$542.6	$559.3	$570.1	$588.6
(Income Tax Expense)	($134.7)	($152.4)	($155.6)	($137.4)	($105.5)	($65.7)	($100.6)	($10.0)	$11.8	($164.5)	($86.9)	($141.3)	($11.4)	$11.4	($228.2)	($203.5)	($209.8)	($216.6)	($223.7)
(Preferred Dividends)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income before Other Items	$216.1	$218.0	$269.4	$238.3	$214.5	$103.5	$172.7	$16.3	($11.8)	$280.7	$123.5	$222.1	$19.0	($14.0)	$350.6	$339.1	$349.6	$353.4	$364.9
Net Income - Recurring	$216.1	$218.0	$269.4	$238.3	$214.5	$103.5	$172.7	$16.3	($11.8)	$280.7	$123.5	$222.1	$19.0	($14.0)	$350.6	$339.1	$349.6	$353.4	$364.9
EPS (Adjusted Diluted)	**$1.99**	**$1.99**	**$2.44**	**$2.12**	**$1.90**	$0.90	$1.50	$0.14	($0.10)	**$2.44**	$1.06	$1.90	$0.16	($0.12)	**$3.00**	**$2.92**	**$3.05**	**$3.13**	**$3.29**
Shares Outstanding - Basic	107.4	108.5	109.6	111.7	112.6	113.1	113.7	114.2	114.6	113.9	114.8	115.2	115.4	115.7	115.3	114.6	112.9	111.2	109.5
Shares Outstanding - Diluted	108.5	109.3	110.5	112.4	113.0	114.5	115.2	116.2	114.6	115.1	116.5	116.7	117.0	117.3	116.9	116.2	114.5	112.8	111.1
EBIT	$495.4	$522.2	$583.8	$541.3	$529.9	$228.1	$331.9	$82.9	$31.7	$674.6	$268.2	$415.2	$86.9	$28.3	$798.7	$768.0	$799.8	$826.6	$856.1
EBITDA	$679.8	$722.9	$794.0	$769.3	$845.9	$315.2	$419.2	$174.8	$125.5	$1,034.7	$362.2	$502.9	$177.1	$120.1	$1,162.3	$1,139.5	$1,182.7	$1,221.3	$1,262.8

General Forecast Assumptions:																			
Rolling 5-year EPS CAGRs										**4%**					**9%**	**4%**	**8%**	**11%**	**6%**
Tax Rate	**38.4%**	**41.2%**	**36.6%**	**36.6%**	**33.0%**	39%	37%	38%	50%	**36.9%**	41%	39%	38%	45%	**39.4%**	**37.5%**	**37.5%**	**38.0%**	**38.0%**
Dividends per Share	**$0.76**	**$0.79**	**$0.90**	**$1.02**	**$1.06**	$0.2700	$0.2700	$0.2825	$0.2825	**$1.11**	$0.2825	$0.2825	$0.2950	$0.2950	**$1.16**	**$1.21**	**$1.26**	**$1.31**	**$1.36**
								4.6%					4.4%						
Payout Ratio	**38%**	**39%**	**37%**	**48%**	**56%**	30%	18%	202%	-274%	**45%**	27%	15%	181%	-248%	**39%**	**41%**	**41%**	**42%**	**41%**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 2: UGI Consolidated Balance Sheet

Consolidated Balance Sheet (MM)	2008	2009	2010	2011	2012	1Q	2Q	3Q	4Q	2013	1Q	2Q	3QE	4QE	2014E	2015E	2016E	2017E	2018E
Cash & Equivalents	$245	$280	$261	$239	$320	$348	$446	$402	$389	$389	$418	$494	$210	$213	$213	$213	$213	$213	$213
Accounts Receivable	$509	$406	$468	$547	$633	$999	$1,125	$753	$746	$746	$1,204	$1,323	$866	$831	$831	$799	$811	$811	$818
Inventory	$401	$363	$314	$363	$357	$379	$292	$304	$366	$366	$412	$324	$392	$446	$446	$479	$473	$472	$463
Other Current Assets	$156	$136	$178	$158	$195	$194	$158	$104	$127	$127	$193	$140	$140	$140	$140	$140	$140	$140	$140
Total Current Assets	**$1,311**	**$1,185**	**$1,220**	**$1,306**	**$1,505**	**$1,920**	**$2,022**	**$1,562**	**$1,627**	**$1,627**	**$2,228**	**$2,281**	**$1,608**	**$1,629**	**$1,629**	**$1,630**	**$1,637**	**$1,636**	**$1,634**
Tangible Fixed Assets - Net	**$2,450**	**$2,904**	**$3,053**	**$3,205**	**$4,233**	**$4,271**	**$4,287**	**$4,325**	**$4,480**	**$4,480**	**$4,517**	**$4,519**	**$4,537**	**$4,581**	**$4,581**	**$4,688**	**$4,785**	**$4,874**	**$4,951**
Goodwill	$1,490	$1,582	$1,563	$1,562	$2,818	$2,835	$2,814	$2,834	$2,874	$2,874	$2,885	$2,886	$2,886	$2,886	$2,886	$2,886	$2,886	$2,886	$2,886
Other intangible fixed assets (e.g. Deferred Income Taxes)	$372	$166	$150	$148	$658	$647	$630	$609	$608	$608	$599	$608	$608	$608	$608	$608	$608	$608	$608
Investment in affiliates	$63	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other investments	$0	$206	$388	$443	$496	$495	$484	$499	$420	$420	$436	$426	$426	$426	$426	$426	$426	$426	$426
Non-Current Assets	**$1,924**	**$1,954**	**$2,101**	**$2,153**	**$3,972**	**$3,977**	**$3,928**	**$3,942**	**$3,901**	**$3,901**	**$3,919**	**$3,920**	**$3,920**	**$3,920**	**$3,920**	**$3,920**	**$3,920**	**$3,920**	**$3,920**
Total assets	**$5,685**	**$6,043**	**$6,374**	**$6,663**	**$9,710**	**$10,168**	**$10,236**	**$9,829**	**$10,009**	**$10,009**	**$10,664**	**$10,721**	**$10,065**	**$10,130**	**$10,130**	**$10,239**	**$10,341**	**$10,430**	**$10,505**
Trade payables and other ST liabilities	$966	$840	$901	$892	$1,155	$1,286	$1,279	$994	$1,130	$1,130	$1,391	$1,330	$1,233	$1,308	$1,308	$1,306	$1,309	$1,306	$1,301
Short term debt	$218	$258	$774	$186	$332	$498	$340	$332	$295	$295	$489	$325	$0	$105	$105	$111	$116	$122	$124
Total current liabilities	**$1,184**	**$1,097**	**$1,675**	**$1,078**	**$1,487**	**$1,783**	**$1,619**	**$1,326**	**$1,425**	**$1,425**	**$1,880**	**$1,655**	**$1,233**	**$1,414**	**$1,414**	**$1,416**	**$1,425**	**$1,428**	**$1,426**
Long term debt	$1,987	$2,039	$1,432	$2,110	$3,348	$3,358	$3,340.5	$3,298	$3,542	$3,542	$3,549	$3,549	$3,398	$3,406	$3,406	$3,581	$3,755	$3,946	$4,025
Debt deemed provisions (e.g. pensions)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred taxes (Revenue)	$497	$511	$601	$714	$940	$951	$946	$957	$962	$962	$980	$984	$987	$983	$983	$1,024	$1,052	$1,069	$1,072
Other long term liabilities	$440	$579	$604	$570	$617	$630	$614	$618	$532	$532	$536	$530	$511	$493	$493	$391	$296	$198	$221
Total liabilities	**$4,108**	**$4,226**	**$4,313**	**$4,472**	**$6,391**	**$6,722**	**$6,519**	**$6,199**	**$6,461**	**$6,461**	**$6,945**	**$6,718**	**$6,129**	**$6,295**	**$6,295**	**$6,412**	**$6,528**	**$6,641**	**$6,744**
Common equity	$1,418	$1,591	$1,825	$1,978	$2,233	$2,335	$2,490	$2,498	$2,493	$2,493	$2,610	$2,795	$2,728	$2,628	$2,628	$2,620	$2,607	$2,582	$2,554
Preferred equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Minority interests	$159	$225	$237	$213	$1,086	$1,111	$1,227	$1,132	$1,055	$1,055	$1,109	$1,207	$1,207	$1,207	$1,207	$1,207	$1,207	$1,207	$1,207
Shareholders' Equity	**$1,577**	**$1,817**	**$2,062**	**$2,191**	**$3,319**	**$3,446**	**$3,717.3**	**$3,630**	**$3,548**	**$3,548**	**$3,719**	**$4,002**	**$3,935**	**$3,835**	**$3,835**	**$3,827**	**$3,813**	**$3,789**	**$3,761**
Total liabilities and equity	**$5,685**	**$6,043**	**$6,374**	**$6,663**	**$9,710**	**$10,168**	**$10,236**	**$9,829**	**$10,009**	**$10,009**	**$10,664**	**$10,721**	**$10,065**	**$10,130**	**$10,130**	**$10,239**	**$10,341**	**$10,430**	**$10,505**
Check	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Balance Sheet Assumptions	2008	2009	2010	2011	2012	1Q	2Q	3Q	4Q	2013	1Q	2Q	3QE	4QE	2014E	2015E	2016E	2017E	2018E
Working Capital	100	65	59	176	29	286	297	166	108	108	419	457	164	108	108	112	114	116	119
Changes in Working Capital	***(61)***	***53***	***(65)***	***(143)***	***85***	*(234)*	*(9)*	*128*	*71*	***(44)***	*(223)*	*(126)*	*293*	*56*	***(1)***	***(4)***	***(2)***	***(2)***	***(3)***
Average Collection Period	**28**	**26**	**31**	**33**	**35**	45	40	49	54	**38**	48	38	50	55	**36**	**35**	**35**	**35**	**36**
Inventory Days	**31**	**36**	**32**	**33**	**32**	29	18	33	43	**31**	27	15	35	45	**30**	**33**	**33**	**33**	**32**
Average Payable Period	**75**	**83**	**92**	**81**	**103**	97	77	108	133	**95**	89	60	110	132	**89**	**90**	**90**	**90**	**90**
Cash	$245	$280	$261	$239	$320	$348	$446	$402	$389	$389	$418	$494	$210	$213	$213	$213	$213	$213	$213
Total Debt	$2,206	$2,296	$2,206	$2,296	$3,679	$3,856	$3,681	$3,630	$3,837	$3,837	$4,038	$3,874	$3,398	$3,511	$3,511	$3,691	$3,871	$4,068	$4,150
Total Net Debt	**$1,960**	**$2,016**	**$1,946**	**$2,058**	**$3,360**	**$3,508**	**$3,234**	**$3,228**	**$3,448**	**$3,448**	**$3,620**	**$3,380**	**$3,188**	**$3,298**	**$3,298**	**$3,479**	**$3,658**	**$3,855**	**$3,937**
Preferred Securities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Shareholders' Equity	$1,418	$1,591	$1,825	$1,978	$2,233	$2,335	$2,490	$2,498	$2,493	$2,493	$2,610	$2,795	$2,728	$2,628	$2,628	$2,620	$2,607	$2,582	$2,554
Net Debt/Capital	**58%**	**56%**	**52%**	**51%**	**60%**	60%	57%	56%	58%	**58%**	58%	55%	54%	56%	**56%**	**57%**	**58%**	**60%**	**61%**
EBIT(1-T)	$361	$370	$428	$404	$424	$162	$231	$73	$44	$510	$181	$274	$76	$40	$570	$565	$590	$610	$632
Invested capital	$3,378	$3,608	$3,770	$4,036	$5,593	$5,843	$5,724	$5,726	$5,941	$5,941	$6,229	$6,175	$5,917	$5,927	$5,927	$6,099	$6,264	$6,437	$6,491
ROIC	9%	10%	12%	10%	8%	8%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%	10%
ROE	13%	13%	14%	11%	7%	7%	7%	8%	8%	8%	8%	9%	9%	9%	9%	9%	9%	9%	10%
EBITDA	$680	$723	$794	$769	$846	$315	$419	$175	$125	$1,035	$362	$503	$177	$120	$1,162	$1,139	$1,183	$1,221	$1,263
Net Debt/EBITDA	**3.0x**	**2.9x**	**2.5x**	**2.6x**	**3.7x**	3.6x	3.4x	3.3x	3.2x	**3.2x**	3.1x	2.9x	2.9x	2.9x	**2.9x**	**3.0x**	**3.0x**	**3.1x**	**3.1x**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 3: UGI Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement (MM)	2008	2009	2010	2011	2012	1Q	2Q	3Q	4Q	2013	1Q	2Q	3QE	4QE	2014E	2015E	2016E	2017E	2018E
Operating activities																			
Net income	$216	$259	$356	$308	$187	$171	$326	($15)	($54)	$428	$218	$388	$19	($14)	$610	$339	$350	$353	$365
Depreciation, amortization	$184	$201	$210	$228	$316	$87	$87	$92	$97	$363	$94	$88	$90	$92	$364	$371	$383	$395	$407
Deferred taxes	($1)	$27	$63	$83	$83	$2	$17	$17	$13	$49	($20)	$33	$3	($4)	$12	$41	$28	$17	$3
Net change in working capital	($61)	$53	($65)	($143)	$85	($234)	($9)	$128	$71	($44)	($223)	($126)	$293	$56	($1)	($4)	($2)	($2)	($3)
Other, including changes in provisions and other liabilities	$126	$126	$35	$79	$37	$6	$28	($16)	($11)	$6	$5	$28	($2)	$0	$31	$19	$25	$22	$23
Cash from operating activities	**$464**	**$665**	**$599**	**$555**	**$708**	**$31**	**$450**	**$206**	**$115**	**$802**	**$73**	**$410**	**$404**	**$130**	**$1,016**	**$766**	**$783**	**$785**	**$795**
Investing activities																			
Capital expenditure - tangible fixed assets	($232)	($302)	($347)	($361)	($339)	($91)	($94)	($107)	($194)	($486)	($133)	($91)	($104)	($123)	($452)	($458)	($458)	($463)	($463)
Investment in affiliates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net disposals/(acquisitions)	$11	($280)	($16)	($53)	($1,581)	$0	($24)	($1)	($55)	($79)	($21)	($1)	($4)	($13)	($37)	($22)	($22)	($22)	($22)
Other investment	($68)	$62	($36)	($2)	$15	($2)	$5	($3)	$12	$12	$5	$3	$0	$0	$8	$0	$0	$0	$0
Cash from investing activities	**($290)**	**($520)**	**($399)**	**($415)**	**($1,905)**	**($93)**	**($113)**	**($111)**	**($237)**	**($553)**	**($149)**	**($89)**	**($108)**	**($136)**	**($481)**	**($479)**	**($479)**	**($484)**	**($484)**
Financing activities																			
Inc./(dec.) in short term debt	($133)	$13	$38	($75)	$27	$168	($155)	($42)	$92	$62	$194	($162)	($325)	$105	($188)	$5	$5	$6	$2
Inc./(dec.) in long term debt	$90	$36	($95)	$97	$1,250	($6)	($3)	($19)	$87	$58	($4)	($4)	($151)	$8	($151)	$175	$175	$191	$79
Inc./(dec.) in equity	$21	$11	$28	$27	$300	$11	$9	$9	$8	$36	$2	$4	$9	$9	$24	$40	$40	$40	$40
Common stock dividends paid	($162)	($176)	($188)	($208)	($301)	($86)	($86)	($90)	($90)	($352)	($90)	($91)	($95)	($95)	($371)	($388)	($403)	($418)	($433)
Other cash from financing	$3	$1	$4	$6	$2	$1	$3	$1	$4	$9	$0	$5	($18)	($18)	($31)	($120)	($120)	($120)	$0
Inc./(dec.) in preffered equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from financing activities	**($180)**	**($115)**	**($214)**	**($152)**	**$1,279**	**$88**	**($233)**	**($141)**	**$100**	**($186)**	**$101**	**($247)**	**($580)**	**$9**	**($716)**	**($287)**	**($303)**	**($301)**	**($312)**
Cash flow increase/(decrease) in cash	($5)	$31	($14)	($13)	$82	$25	$105	($46)	($22)	$62	$25	$75	($284)	$3	($181)	$0	$1	($0)	($0)
Non-cash movements in cash	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Forex Adjustments	($1)	$4	($5)	($9)	($0)	$3	($7)	$2	$9	$7	$4	$0	$0	$0	$4	$0	$0	$0	$0
Net change in cash	**($7)**	**$35**	**($19)**	**($22)**	**$81**	**$28**	**$98**	**($44)**	**($13)**	**$69**	**$29**	**$75**	**($284)**	**$3**	**($177)**	**$0**	**$1**	**($0)**	**($0)**
Cash at the beginning of the year		**$245**	**$280**	**$261**	**$239**	**$320**	**$348**	**$446**	**$402**	**$320**	**$389**	**$418**	**$494**	**$210**	**$389**	**$213**	**$213**	**$213**	**$213**
Cash at the end of the year	**$245**	**$280**	**$261**	**$239**	**$320**	**$348**	**$446**	**$402**	**$389**	**$389**	**$418**	**$494**	**$210**	**$213**	**$213**	**$213**	**$213**	**$213**	**$213**

Cash Paid for Income Taxes	**$135**	**$130**	**$129**	**$49**	**$33**	**$65**	**$84**	**($6)**	**($83)**	**$60**	**$107**	**$109**	**$8**	**($7)**	**$159**	**$163**	**$182**	**$200**	**$221**
Cash Paid for Interest	**$145**	**$136**	**$131**	**$135**	**$169**					**$244**					**$241**	**$234**	**$246**	**$258**	**$267**
Cash Tax Rate	**38.4%**	**35.2%**	**30.2%**	**12.9%**	**10.4%**	38.2%	30.7%	-21.5%	351.6%	**13.5%**	50.7%	29.9%	27.5%	27.5%	**27.5%**	**30.0%**	**32.5%**	**35.0%**	**37.5%**
Cash Interest Rate	**6.4%**	**5.8%**	**5.9%**	**5.9%**	**4.9%**					**6.5%**					**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

Analyst Certification

I, Christopher Sighinolfi, CFA, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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Buy - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

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Underperform - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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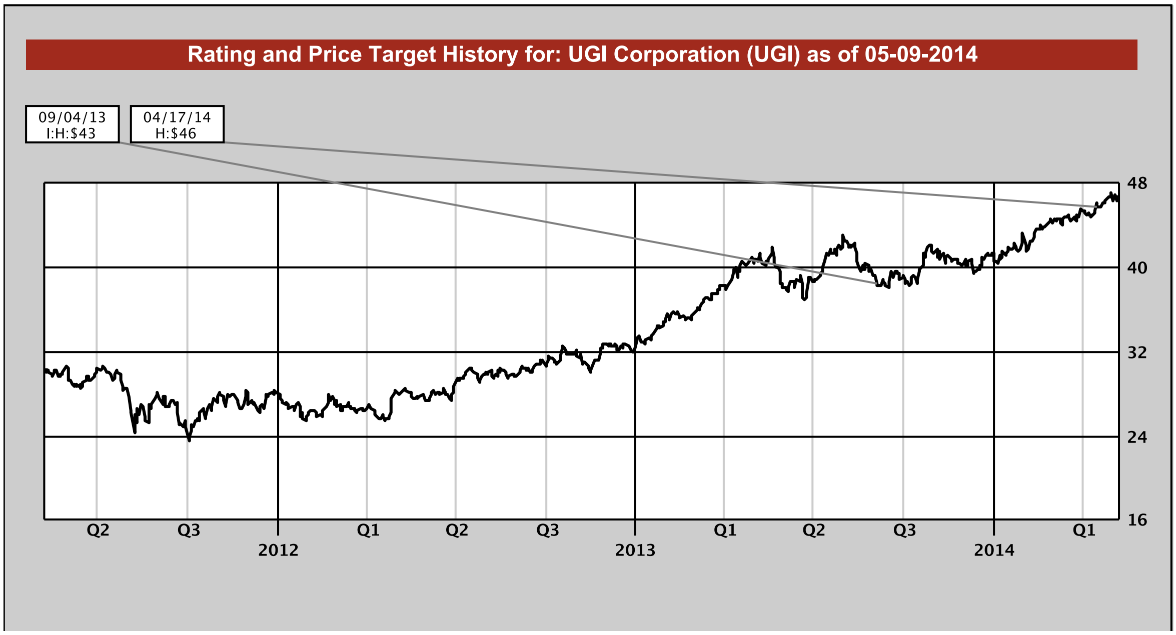
Other Companies Mentioned in This Report

- AmeriGas Partners, L.P. (APU: $45.08, BUY)
- NiSource Inc. (NI: $35.94, HOLD)
- Questar Corp. (STR: $23.40, HOLD)



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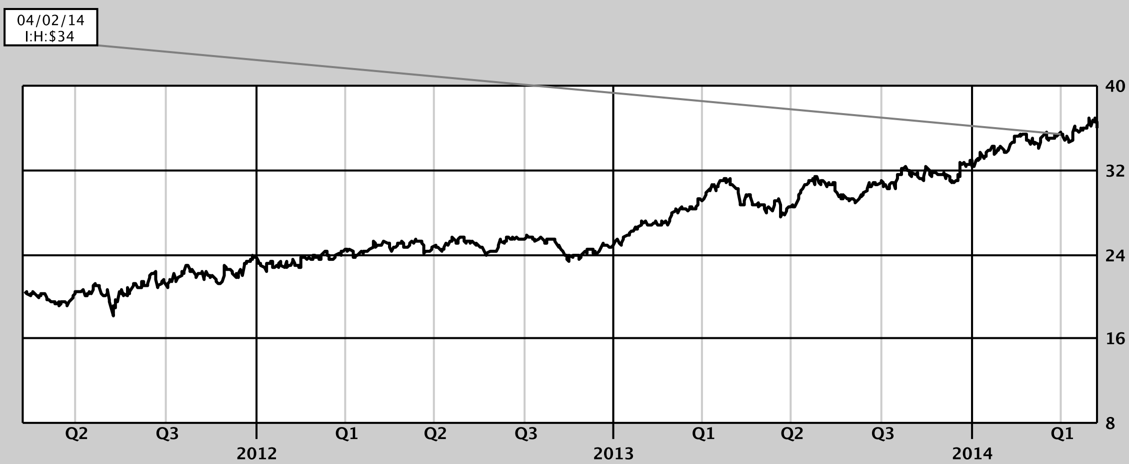
Rating and Price Target History for: AmeriGas Partners, L.P. (APU) as of 05-09-2014

Rating and Price Target History for: NiSource Inc. (NI) as of 05-09-2014



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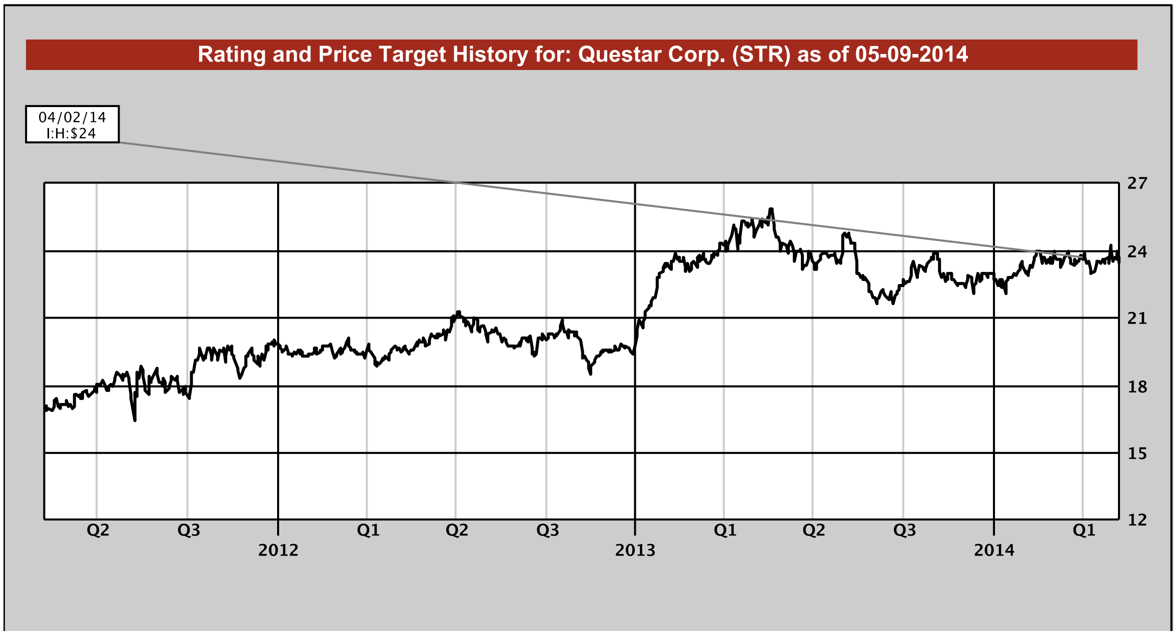

Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	910	49.78%	246	27.03%
HOLD	772	42.23%	133	17.23%
UNDERPERFORM	146	7.99%	5	3.42%

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

FLASH NOTE

Company Update

USA | Energy | Natural Gas

July 2, 2014

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)

UGI to Acquire Total's French LPG Distribution Assets

HOLD
Price target $46.00
Price $50.53

Key Takeaway

This morning UGI announced an agreement in principle to acquire Total's LPG distribution business in France for ~€400-450mm, subject to approval. The deal is expected to close in 1H15, and we estimate it could be ~10% accretive to UGI's 2015 EPS.

UGI to add to French LPG distribution business. UGI announced this morning it has reached an agreement to acquire Total's LPG distribution business in France for €400-450mm (~$545-615mm). The business distributed over 265mm retail gallons of LPG in 2013, while UGI distributed ~592mm gallons across Europe including ~285mm in France & Benelux. The deal is expected to be funded through a combination of cash on hand & debt.

Deal in historical perspective. UGI's French distribution business, Antargaz, is one of only a few major distributors in France, and acquiring Totalgaz will nearly double its market share by volume. We feel it is unlikely management would have announced the deal were they not confident it was going to receive the necessary regulatory approvals, but we remain cautious of the indicated closing timeline. When UGI announced it had reached a deal to acquire BP's Polish LPG distribution business in November 2012, the expected closing date was some time in the first half of 2013. The acquisition did not receive regulatory approval until August 2013 after a thorough federal examination of the competitive landscape, and it finally closed in September of that year. We remain optimistic that this deal can be closed relatively quickly but expect a full inquiry into the effect on consumers and LPG distribution industry and look for an update on UGI's F3Q earnings call.

Acquisition to be accretive within first full year. We estimate this deal will be ~7.5-10% accretive to EPS within the first full year of integration. This assumes 265mm retail gallons of LPG at a $1.15/gal. gross margin, which was the F2013 average for UGI's International Propane business. It also assumes UGI uses the ~$200mm in international cash it had at the end of F2Q with the remainder of the deal funded by debt at a ~6% coupon.

Estimated Deal Breakdown:

	FY2013	Total Acquisition Assumption
Retail Gallons Sold	**592**	**265**
Gross Margin	$681	$305
Gross Margin per Gallon	$1.15	$1.15
O&M	$452	$202
O&M as % of Margin	66.4%	66.4%
D&A	$82	$37
D&A $/Gal Sold	$0.138	$0.138
Acquisition Capital (€)		€400-€450
Acquisition Capital ($)		$574
International Cash (as of 2Q)		$206
Debt Raise		$368
Interest Expense	$30	$22
Tax Expense	$33	$15
Tax Rate	28.8%	34.0%
Net Income	$83	$29
Share Count		117
2015E EPS		$2.92
Accretion		**8.46%**

Source: UGI & Jefferies estimates

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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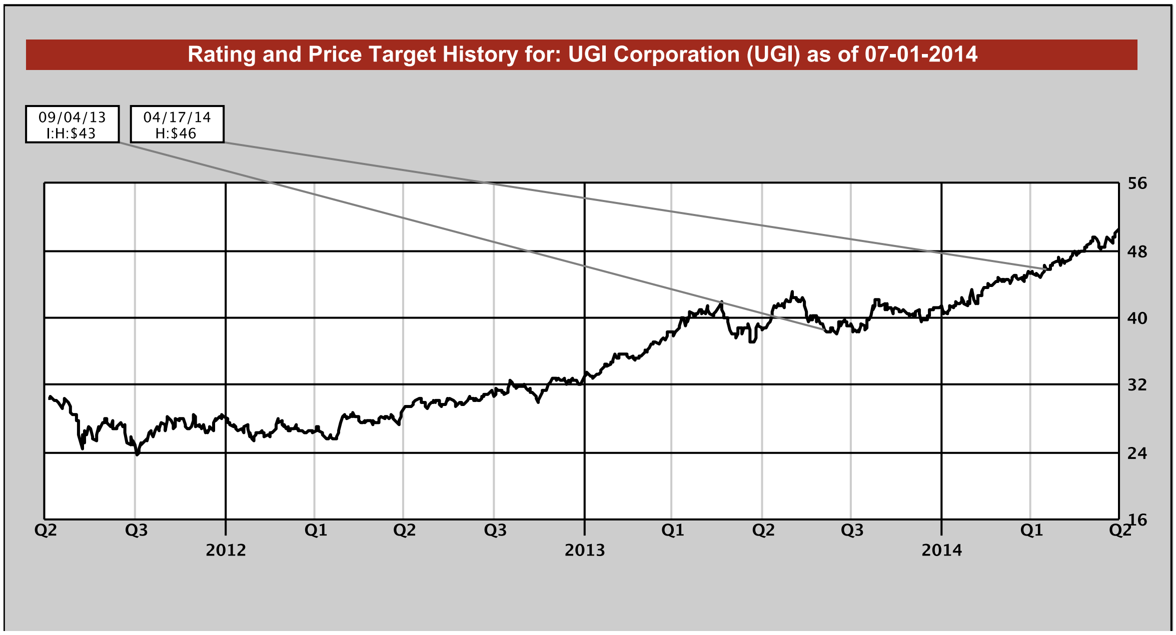

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HOLD	738	40.37%	119	16.12%
UNDERPERFORM	147	8.04%	8	5.44%

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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FLASH NOTE

Company Update

USA | Energy | Natural Gas

July 29, 2014

EQUITY RESEARCH

UGI Corporation (UGI)

Results Broadly In-line; Div. Raised ~10%

HOLD
Price target $48.00
Price $49.72

Key Takeaway

UGI reported adj. F3Q14 EPS of $0.15 (ex items), in-line with our $0.15 forecast & below the Street's $0.17 mean est. While aggregate Op Income broadly matched our expectations, APU, Utilities, and Int. Propane all fell short of our forecasts, but were offset by a sizable Midstream & Marketing beat. We expect the market reaction to be positive on the back of UGI's separate ~10% dividend increase announcement this evening.

Warm weather hits distribution operations. APU EBITDA contracted ~20% y/y due to a ~6.5% drop in sales volumes (on weather that was ~10% warmer) and elevated O&A costs, despite a ~4% y/y expansion in unit margins. UGI International also faced sharply warmer than normal temps (19.8% at Antargaz, 15.5% at Flaga), which crimped results; however, total sales declines were somewhat mitigated by the BP Poland acquisition which closed in late F13. Also, the PA Utilities fell short of our expectations due in part to weather that was 6.3% warmer than normal.

Midstream & Marketing posts another strong quarter. With non-normal temps, volatile basis differentials, and contributions from recent development projects, M&M EBIT climbed nearly 4-fold y/y. In fact, F3Q results surpass any prior year F3Q by a wide margin.

French LPG acquisition. Earlier this month, UGI announced it had reached an agreement to acquire Total's French LPG distribution business for €400-450mm ($545-615mm). The business will double Antargaz's annual distribution volumes, and the deal is expected to close in 1H15; we estimate it could be ~10% accretive to EPS once integrated.

UGI pops dividend ~10%. In conjunction with F3Q earnings, UGI announced a ~3¢ boost in its quarterly dividend, bringing total cash payouts to 32.63¢/share ($1.30/share annualized). The ~10% raise was unexpected, though we note UGI's historical practice of boosting dividends when its payout ratio falls to the low-end of its targeted 35-45% range, as was last seen with 2010's 25% boost. The new $1.30 run-rate implies a ~43% payout on the midpoint of mgmt's affirmed $2.95-$3.05 F14 EPS guidance.

3-for-2 stock split. UGI's Board also approved a plan to issue 3 common shares for every 2 outstanding. The new shares will be distributed on 9.5 to shareholders of record on 8.22.

Conference call info: Tomorrow @ 9AM ET. Dial-in: 877.201.0168.

UGI F3Q14 Results Review:

Recurring Operating Income	Actual F3Q14A	JEFe F3Q14e		Year-over-Year F3Q13A	
Operating Income ($MM)					
AmeriGas Propane	$7.2	$12.7	-43.5%	$6.6	8.6%
Utilities	$17.1	$18.9	-9.4%	$16.1	6.2%
Midstream & Marketing	$26.1	$8.7	198.5%	$8.2	216.4%
International Propane	$6.8	$26.8	-74.6%	$21.0	-67.6%
Corporate & Other	$5.5	($1.2)	NM	$1.1	NM
Total Operating Income	**$62.7**	**$65.9**	**-4.9%**	**$55.7**	**12.6%**
Income (Loss) from Equity Investees	($0.1)	($0.1)	NM	$0.0	NM
Interest Expense	($60.1)	($56.5)	6.4%	($59.2)	1.6%
Other Items	($3.5)	$0.0	NM	$2.6	NM
Minority Interests	$33.3	$19.4	71.5%	$29.8	11.7%
Income Tax Benefit (Expense)	($15.2)	($10.8)	41.0%	($10.0)	51.6%
Recurring Net Income	**$17.1**	**$18.0**	**-5.0%**	**$18.8**	**-9.2%**
Diluted Shares Outstanding	117.0	117.0	0.0%	116.2	0.7%
Recurring Earnings Per Share (EPS)	**$0.15**	**$0.15**	-5.0%	**$0.14**	4.3%
Capital Expenditures	**$98.7**	**$83.4**	18.3%	**$106.8**	-7.6%
Dividend Per Share	**$0.295**	**$0.295**	0.0%	**$0.2825**	4.4%

Source: UGI reports & Jefferies estimates
Note: Recurring results exclude the impact of one-time items.

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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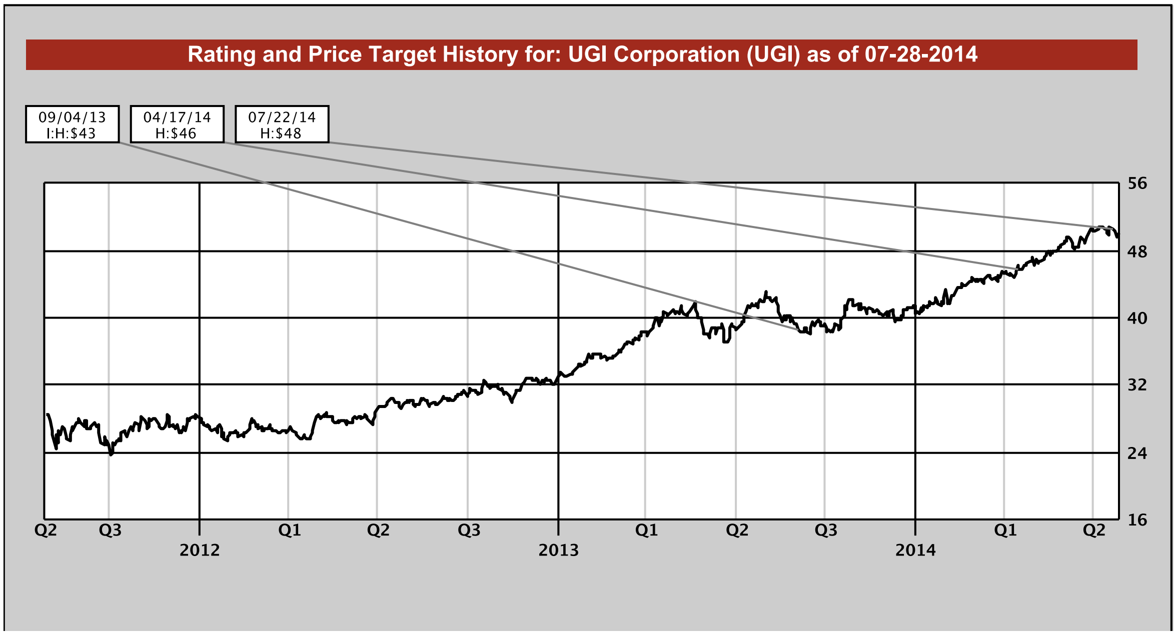

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Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	961	51.58%	251	26.12%
HOLD	754	40.47%	121	16.05%
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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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INDUSTRY NOTE

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November 3, 2014

EQUITY RESEARCH AMERICAS

Master Limited Partnerships
What to Expect if You're Expecting

Key Takeaway

On Nov. 6th, UGI & APU will hold a joint Investor Day in NYC to review business operations & discuss strategic plans. We expect investors will seek color on larger-ticket items such as the pending French LPG acquisition from Total, the recently-announced PennEast pipeline project, and additional Midstream investment opportunities. We also expect mgmt to formally unveil F2015 EPS guidance for UGI and EBITDA guidance for APU.

Operational review & F15 guidance. The biennial Investor Day presents mgmt with a forum to review operations & illustrate strategic growth initiatives. We expect F15 guidance will be included in mgmt's outlook and anticipate UGI F15 EPS guidance of $1.85-$1.95 and APU EBITDA guidance of $660-$690mm. We also expect an affirmation of UGI's 4% dividend & APU's 5% distribution growth outlooks; payout increases are typically announced in April. Finally, we note that beneficial weather impacts aided F14 results at APU, UGI Utilities, and UGI Midstream & Marketing, and our forecasts assume normal weather in F15. The timing of UGI's French LPG acquisition from Total may also influence its EPS guidance.

A continued focus on Midstream. In mid-August UGI announced it had partnered with AGL Resources, NJ Resources, South Jersey Industries, & PSEG Power to build the PennEast Pipeline. The project is part of a string of recent announcements from UGI as the company looks to expand its fee-based, FERC-regulated footprint. Other recent projects include the Auburn pipelines & Temple LNG facility expansion. Given UGI's strategic eastern PA position, close to the State's prolific gas resources and geographically straddling its infrastructure gap (as evidenced by volatile basis differentials), we believe mgmt will continue to seek ways to expand its midstream offering and that these efforts will be a key focus for the Investor Day.

Propane outlook. The average F4Q Mt. Beliveu propane price fell ~3% q/q, to ~$1.03/gal, as strong field-level supply growth & lower y/y petchem demand has simultaneously helped replenish US inventories. US propane stocks as of 10/24 were 24% higher y/y & 20% above the corresponding 5-year average. Falling wholesale prices not only incent usage, they can create margin opportunities for APU if it passes these declines to customers at a measured pace. Given supply disruptions & volatile prices last winter, we believe APU may benefit y/y with more normal weather and lower & more stable pricing. We expect mgmt will also spend time discussing its propane outlook & APU consolidation opportunities.

French LPG acquisition update. In early July, UGI announced an agreement to acquire Total's French LPG distribution business for €400-450mm. UGI's French distribution business, Antargaz, is one of the Country's few major distributors, and acquiring Totalgaz will nearly double its market share. Deal close was initially projected for 1H15 and we look forward to an update on the transaction, including potential financial impacts. As ~80-85% of International Propane EBITDA is historically generated in F1H, the timing of deal closure may significantly influence F15 results; we have formally incorporated the transaction in our model (F3Q15 close) and believe it will be 5-7% accretive to full-year F16 EPS.

Valuation/Risks. Our $36 UGI price target is derived via Discounted Cash Flow (DCF), Sum-of-the-Parts (SOP), and target yield approaches; we lifted our PT to $36, from $34, given the Total acquisition and a roll-forward of our model. Our $52 APU price target is derived via a Distribution Discount Model (DDM) and target yield approach. Non-normal US and European weather conditions (particularly during the winter heating season), severe fluctuations in LPG prices, and rising interest rates all pose risks to our EPS & dividend projections and to our price targets.

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

Company Name	Ticker	Mkt. Cap (MM)	Rating	Price	Price Target	Cons. Next FY	Current EPS Estimates 2014	2015	2016	Previous Est. 2015	2016
AmeriGas Partners	APU	$4,287.3	BUY	$46.15	$52.00	--	$2.86	$2.85	$2.88	$2.86	$2.88
UGI Corporation	UGI	$6,497.8	HOLD	$37.69	$36.00▲	$2.10	$2.01	$1.89	$2.15	$1.94	$2.04

Key Investor Day Discussion Topics

The upcoming Investor Day for UGI & APU presents management with a forum to review operations & illustrate strategic growth initiatives. We expect every subsidiary head to be present and anticipate the discussion to principally focus on the following topic areas:

Extreme Mid-Atlantic temps, strong demand for electricity & gas, and volatile basis differentials propelled UGI's Marketing & Midstream F2Q14 net income up nearly three-fold y/y to a level that surpassed any prior annual result; along with beneficial APU & Utility weather impacts, this creates a headwind for F2015 EPS guidance

Operational review & F2015 guidance. As beneficial weather aided F2014 results at APU, UGI Utilities, and UGI Midstream & Marketing, we expect management to review operations, note the y/y challenge presented to F2015 results from normal weather, and emphasize the investments it has and is making in stable, regulated assets. In particular, we highlight that 10% colder than normal F2014 temps, including 19% colder than normal conditions in the all-important F2Q period, helped drive a ~27% y/y jump in Utility net income. Additionally, extreme Mid-Atlantic temps, strong demand for electricity & gas, and volatile basis differentials propelled Marketing & Midstream F2Q net income up nearly three-fold y/y to a level that surpassed any prior *annual* result. We expect F2015 guidance will be included in management's outlook and anticipate respective UGI EPS & APU EBITDA guidance of $1.85-$1.95 & $660-$690mm. We also expect an affirmation of UGI's 4% dividend & APU's 5% distribution growth outlooks; payout boosts are usually announced in April. The timing of UGI's LPG acquisition may influence its EPS guidance.

Broad capital deployment, but Midstream focus remains. While investor interest has centered on UGI's midstream operations & opportunities, we note that it has invested heavily in each of its businesses over the last several years. The purchase of PPL's PA Gas assets bolstered its Utility operations, APU acquired Heritage Propane, and International Propane has closed on a slew of acquisitions. We believe this diverse approach to capital deployment will continue, but think investor interest will remain focused on Midstream. In particular, we expect an update on the PennEast Pipeline, a $1B project UGI unveiled in mid-August with partners GAS, NJR, SJI and PSEG Power. Given UGI's strategic eastern PA position, close to the State's prolific gas resources and geographically straddling its infrastructure gap, we believe management will continue seeking midstream expansions.

Propane outlook. The avg. F4Q Mt. Beliveu propane price fell ~3% q/q, to ~$1.03/gal, as soaring field-level supplies & lower y/y petchem demand has replenished stocks. US propane inventories as of 10/24 were 24% higher y/y & 20% above the corresponding 5-year average. Falling wholesale prices, aided by oil's price decline, not only incent usage, they can also create APU margin opportunities as it passes these declines to customers at a measured pace. Given supply disruptions & volatile prices last winter, we believe APU may benefit y/y with more normal weather and lower & more stable pricing.

French LPG acquisition. In July, UGI agreed to acquire Total's French LPG distribution business for €400-450mm. UGI's French operation, Antargaz, is a major distributor and Totalgaz will nearly double its market share. Deal close is projected for 1H15 and we look forward to an update on the transaction, including potential financial impacts. As 80-85% of International Propane EBITDA is historically generated in F1H, the timing of deal closure may significantly influence F2015 results; we have formally incorporated the transaction in our model (F3Q15 close) and believe it will be 5-7% accretive to full-year F2016 EPS.

Valuation

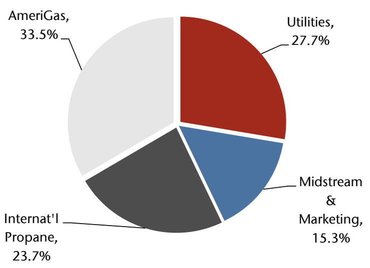
Our $36 UGI price target is derived via DCF, SOP, and target yield approaches. Our $52 APU price target is achieved via a DDM & target yield approach. We project respective 5-year (F2014-F19E) UGI dividend and APU distribution CAGRs of ~5.25% and ~4.5%.

Risks

Non-normal US and European weather, severe and rapid fluctuations in LPG prices, an inability to close accretive acquisitions or execute organic growth initiatives, and rising interest rates all pose risks to our EPS and dividend projections and to our price targets.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Chart 1: F15E EBIT Composition



Source: Jefferies estimates

Company Overview

UGI Corporation (NYSE: UGI) is a holding company which, via its subsidiaries, distributes and markets energy products and services in the United States and Europe. UGI distributes propane and butane (referred to as liquefied petroleum gases or "LPG") to domestic and international retail markets, provides natural gas and electric service through regulated utilities, markets energy commodities, owns and manages midstream energy assets, and provides household heating, ventilation, and electrical services.

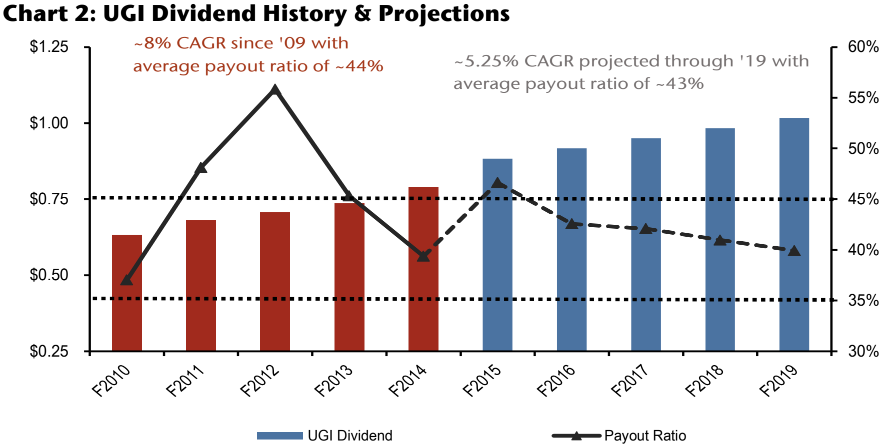
Consistent with previous UGI Investor Days, we expect management will offer a deep-dive on all segment of the company and outline operations & growth prospects for each, as well as discuss targeted growth rates for the next several years. We further discuss our expectations for each segment in the sections below.

Exhibit 1: UGI Corp. Organizational Structure

Source: UGI presentations

The company celebrates its 130th year of consecutive dividend payments in 2014 and has raised its dividend in each of the last 27 years. UGI's dividend has grown at a CAGR of ~8% since 2009 (we note that it was still boosted during the 2008-2009 crisis) and we project a continued ~5.25% CAGR through 2019 with an average payout ratio of ~43%.

Chart 2: UGI Dividend History & Projections



Source: UGI Reports, Jefferies Estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Jefferies

Anticipating F2015 Guidance

UGI & APU typically provide year-ahead guidance with their F4Q earnings releases in November; however, given that F4Q is not scheduled to be formally released until after the Investor Day, we expect F2015 guidance to be offered as part of the presentation.

UGI F2015 Guidance

For UGI, we currently expect EPS guidance of $1.85-$1.95, assuming normal weather and a F3Q15 close of Totalgaz; however, as propane distribution operations typically generate ~80-85% of their annual EBITDA in F1H, the timing of deal close could influence guidance and F2015 results. We acknowledge and know from first-hand experience the challenges inherent in forecasting, but note that the accuracy of UGI's year-ahead guidance has historically hinged on weather dynamics; Exhibit 2 below details UGI guidance accuracy. We also expect management will affirm its historic 4% UGI dividend growth guidance.

Exhibit 2: UGI Guidance Accuracy

Metric	F2008	F2009	F2010	F2011	F2012	F2013	F2014	F2015E
EPS Guidance Range	$1.30-$1.37	$1.40-$1.47	$1.47-$1.53	$1.53-$1.60	$1.57-$1.63	$1.65-$1.72	$1.73-$1.80	$1.85-$1.95
Actual Recurring EPS	$1.33	$1.33	$1.62	$1.41	$1.27	$1.63	$2.01	$1.89
% Difference From Mid-Point	**0%**	**-7%**	**8%**	**-10%**	**-21%**	**-3%**	**14%**	**0%**

Source: UGI reports
Note: Guided EPS ranges were initially 10¢, but have been adjusted for the recent 2-for-3 share split. F2014 actual & F2015 guidance & actual are JEFe.

APU F2015 Guidance

For APU, we currently expect F15 EBITDA guidance of $660-$690mm, assuming normal weather. As with UGI, the accuracy of APU's year-ahead guidance has historically hinged on weather dynamics, as illustrated in Exhibit 3. We also expect management will affirm its historic 5% APU distribution growth guidance.

Exhibit 3: APU Guidance Accuracy

	F2008	F2009	F2010	F2011	F2012	F2013	F2014	F2014
EBITDA Guidance Range ($MM)	$300-$310	$315-$325	$335-$345	$345-$355	$345-$355	$330-$360	$645-$675	$660-$690
Actual Adjusted EBITDA	$315.3	$341.5	$340.2	$335.3	$380.5	$617.7	$667.0	$672.0
% Difference From Mid-Point	**3%**	**7%**	**0%**	**-4%**	**9%**	**-4%**	**1%**	**0%**

Source: APU reports
Note: Heritage Propane was acquired in F2012, after initial EBITDA guidance has been issued. F2014 actual & F2015 guidance & actual are JEFe.

Segment Overview and Asset Profile

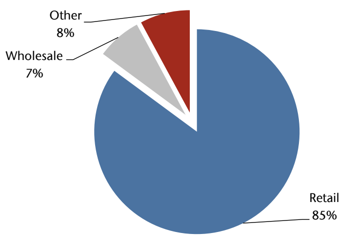
UGI's business segments can easily be divided into 'Propane' and 'Domestic Gas and Electric' operations, as are explained below and depicted in Exhibit 1 on the prior page.

- **Propane**: Domestic propane distribution is conducted via AmeriGas Partners, L.P. (APU), the nation's largest propane distributor, while European propane operations are primarily performed by Antargaz (France), AvantiGas (United Kingdom), and Flaga (Eastern Europe).

- **Domestic Gas and Electric**: UGI has both regulated and unregulated domestic natural gas & electric operations. The company's regulated operations are conducted by UGI Utilities, which operates both gas and electric distribution companies, largely serving residential and industrial customers in eastern Pennsylvania. UGI Energy Services houses the company's unregulated gas and electric assets, including gas peaking plants, power generation facilities, FERC-regulated natural gas storage fields and pipelines, and an LNG plant. These operations are concentrated in the Mid-Atlantic region.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Chart 3: F15E Revenue Comp.



Source: Jefferies estimates

AmeriGas Propane, L.P. (APU)

UGI's domestic propane distribution operations are conducted by AmeriGas Propane, L.P. (NYSE: APU), a publicly-traded Master Limited Partnership formed in 1994. Based on annual sales volumes, AmeriGas is the largest retail propane distributor in the US, serving ~2.3 million residential, commercial, industrial, agricultural, and motor fuel customers in all 50 states. The partnership has 2,100 distribution locations nationwide and we estimate it has contributed ~20% of UGI's average consolidated F2010-F2014 net income.

Distribution Practices & Product Uses

AmeriGas Partners distributes propane and related equipment and supplies to residential, commercial, industrial, motor fuel, and agricultural customers throughout the US and its operations are generally conducted in rural and suburban areas where natural gas is not readily available. APU district offices consist of a business office, appliance showroom, warehouse, and service facility, with one or more 18,000-30,000 gallon storage tanks on-site. To facilitate its transportation and distribution needs, AmeriGas is also licensed as an interstate carrier throughout the continental US and in the Canadian provinces of Ontario, British Columbia, and Quebec.

AmeriGas distributed approximately 1.37 billion gallons of propane over the last twelve months, with ~93% to retail accounts. No single customer represented more than 5% of consolidated APU revenues in the last fiscal year and none is expected to in the future.

Residential customers use propane primarily for space heating, water heating and cooking purposes. Commercial users, which include hotels, restaurants, warehouses, and retail stores, generally use propane for the same purposes. Industrial customers use propane to fire furnaces, as a cutting gas and in other process applications. Some large-scale heating accounts and local gas utility customers use propane as a supplemental fuel to meet their peak load deliverability requirements. Propane can be burned in internal combustion engines to power road vehicles, forklifts, and stationary engines while its agricultural uses include tobacco curing, chicken brooding, and crop drying. In its wholesale operations, APU sells propane to large industrial end-users and as well as other distributors.

Retail deliveries are typically made using bobtail and rack trucks, which deposit propane into stationary storage tanks on the customer's premises. These storage tanks range in capacity from 120-1,200 gallons and are mostly owned by APU and leased to customers.

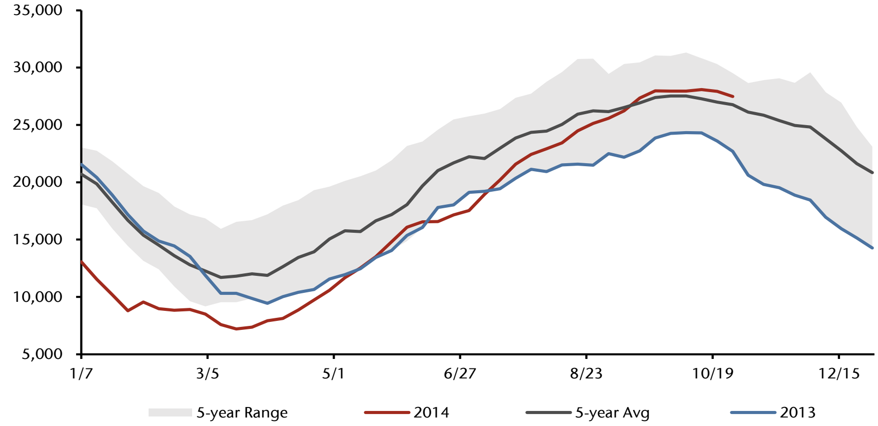
Propane Outlook

The average F4Q14 Mt. Beliveu propane price fell ~3% q/q, to ~$1.03/gallon, as surging field-level supplies & lower y/y petrochemical demand have replenished US inventories. US propane stocks as of October 24th (latest available EIA data) were 24% higher y/y and 20% above their corresponding 5-year weekly average. With the recent slide in global crude oil prices, Mt. Beliveu propane prices have come under further pressure, declining to the ~$0.90/gallon territory. Falling wholesale prices not only incent usage, they can create margin opportunities for APU if it passes declines to customers at a measured pace.

Last fall/winter, the Midwest experienced a rare and potent combination of record crop drying demand and extreme winter temperatures. Propane, predominantly used as a heating agent, fell into short supply amid these demand shocks and the situation was exacerbated by the 3Q13 start-up of propane exports from Targa's Galena terminal. In fact, as depicted in Chart 4 on the following page, propane inventories reached as low as 7.2 MMBbl in PADD 2, rendering the region ~47% under-supplied vs. its 5-year average.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

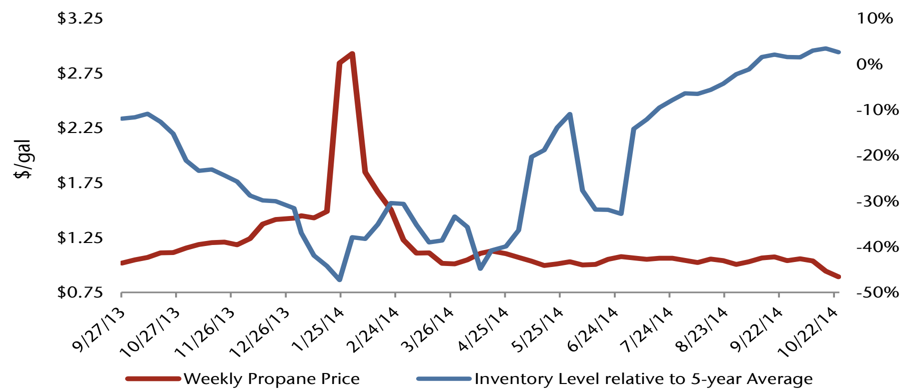
Chart 4: PADD 2 Propane Stockpiles (MBbl)



Source: EIA

With limited supplies and persistent demand, Midwest propane prices responded quickly and dramatically. Specifically, Conway propane prices reached as high as $4.30/gallon on individual days in late January, nearly twice the value of crude oil at that time. After propane distribution companies encouraged conservation and employed short-filling practices and NGL transport companies altered transportation routes to increase supply capacity to the Midwest, inventories began to normalize and weekly prices returned to relatively normal levels (Chart 5).

Chart 5: Conway Propane Prices and PADD 2 Inventory Level Relationship



Source: EIA, Bentek

While it is difficult to quantify last year's absolute crop-drying demand given the weather variability in the equation, according to industry sources, we believe the demand was ~50 MBbl/d between the months of September and October (~15% of total PADD 2 demand). In September, the United States Department of Agriculture (USDA) estimated that US corn production would surpass last year's totals and could lead to another strong crop-drying season. Specifically, the USDA is forecasting a 3% increase in corn production y/y to 14.4 billion bushels. The USDA's latest *Crop Progress & Condition Report*, released October 27th, indicates that just 46% of US corn had been harvested by October 26th vs. ~56% at this point a year ago and a ~65% average harvest rate by this point over the last five years. Despite this, the effect of crop drying demand has already started to take effect as the EIA has reported a significantly larger y/y net October storage withdrawal in PADD 2. In fact, over the last four weeks, we have withdrawn a net 1.56 MMBbl of propane in PADD 2, more than three times the amount withdrawn over the same 2013 period.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Our current F1Q15 Mt. Belvieu propane price forecast is ~$1.09/gallon which assumed a 50% pricing relationship to the $91/Bbl WTI NYMEX strip at the time we last marked it in Sept. Following the crash in global crude prices, propane has averaged ~95¢/gallon thus far in the quarter and is currently ~90¢/gallon. If oil prices continue to fall and/or remain at depressed levels, APU may be well positioned this heating season as, all else equal, lower prices help incent usage and declining prices are supportive to margins. We look for detail on management's propane outlook and what it could mean for APU in F2015.

International Propane

Exhibit 4: Int'l Propane

Source: UGI Reports

UGI's international propane operations are conducted by Antargaz, AvantiGas, and Flaga, principally serving France, Scandinavia, Austria, UK, and most of Central Europe. The European customer base consists of residential, commercial, agricultural, and motor fuel users. Together these subsidiaries serve roughly 300,000 customers and have ~15 million cylinders in circulation. We forecast UGI's international propane segment contributed, on average, approximately 25% of total F2010-F2014 UGI net income.

Update on French LPG Acquisition

In early July, UGI agreed to acquire Total's French LPG distribution business for €400-450mm. The business distributed over 265mm retail gallons of LPG in 2013, while UGI distributed ~592mm gallons across Europe. The deal is expected to be funded through a combination of cash on hand and debt. UGI's French distribution business, Antargaz, is one of only a few major distributors in France, and acquiring Totalgaz will nearly double its market share by volume. We feel it is unlikely management would have announced the deal were they not confident it was going to receive the necessary regulatory approvals, but we remain cautious of the indicated closing timeline. When UGI announced it had reached a deal to acquire BP's Polish LPG distribution business in November 2012, the expected closing date was some time in the first half of 2013. The acquisition did not receive regulatory approval until August 2013 after a thorough federal examination of the competitive landscape, and it finally closed in September of that year. We anticipate a thorough update on the deal and the closing timeline at the Investor Day.

Marketing and Midstream

Through its Marketing and Midstream (aka Energy Services) segment, UGI provides a variety of services. It sells natural gas, liquid fuels, and electricity to ~18,000 commercial and industrial customers at nearly 43,000 locations in nine states along the east coast and in the District of Columbia. It operates natural gas liquefaction, storage, and vaporization facilities as well as propane storage and propane air-mixing stations in Pennsylvania. It has interests in two power generation facilities, operates a solar park, and controls 15 Bcf of FERC-regulated natural gas storage. We estimate the Marketing and Midstream segment constituted nearly 25% of average F2010-F2014 net income.

Midstream Outlook

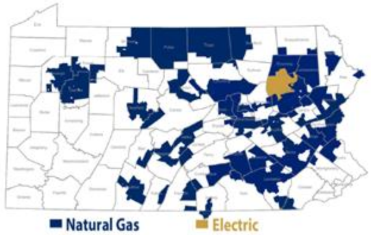
In August UGI announced a partnership with AGL Resources, NJ Resources, South Jersey Industries, & PSEG Power to build the PennEast Pipeline. The 100-mile pipeline will bring up to 1.0 Bcf/d of Marcellus gas to ~4.7 million homes in Pennsylvania & New Jersey. The pipeline is expected to cost $1B and construction could begin in 2017 following federal, state, and local approvals. After Spectra Energy (SE) joined the project last week, UGI will own a 20% equity stake in the pipeline and act as its project manager and operator. The pipeline is supported by long term fee-based agreements and a formal FERC application is expected in 3Q15. We anticipate PennEast will be discussed in greater detail on Thursday.

We also anticipate that management may discuss incremental expansion projects across its midstream portfolio, including additional expansions of its gas storage facilities, LNG peaking facility, Auburn pipeline system, etc.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Natural Gas Utilities

Exhibit 5: UGI Utilities Service Territory



Source: UGI Presentations

UGI operates three natural gas utilities serving ~600K customers in eastern, northeastern, and central PA. While its rate structure remains volumetric sensitive (no decoupling or weather-normalization provisions), it is seeing growth in rates & customer accounts. The utility's last rate case approval came in August 2011, when the PA PUC approved an $8.9mm annual revenue boost as part of a base rate case at Central Penn Gas. In addition, the utilities have recently seen accelerated levels of customer conversions & upgrades and UGI estimates there are 250K potential customers in proximity to its mains.

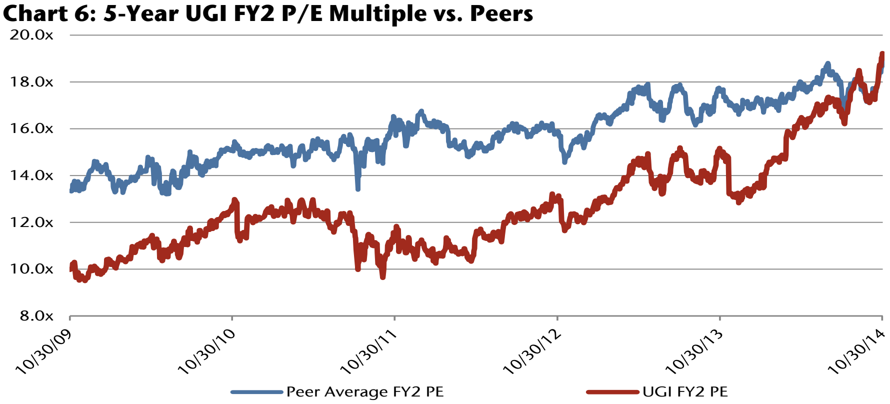
Over the last five fiscal years (2010-2014), we estimate the utilities have represented roughly 35% of UGI's average consolidated net income and note that these operations compare well to stand-alone utilities such as ATO, GAS, NWN, SWX, and WGL.

Discounted P/E Multiple No More

While acquisitions and organic growth initiatives have allowed UGI to diversify its business mix, they have also rendered the company less comparable to peers and insulated its operations from sizable, stand-alone growth drivers. For a time this created a drag on its consolidated FY2 P/E multiple, something we believed was understandable given the market's desire for streamlined investments, but fundamentally unjustified as UGI historically generated faster earnings growth & greater quantities of reinvestable free cash flow than its peers. As disciplined stewards of shareholder capital, UGI's executive team is value-conscious, not image-conscious, which has led it to make investments in profitable, but unloved businesses at the point when they are least popular. The PPL Gas acquisition announced in early 2008, the Heritage Propane acquisition announced in late 2011, and the slew of European LPG acquisitions over the last few years are all evidence of this trend. While these deals delivered EPS & cash flow growth, the practice of buying out-of-favor assets when they are most out-of-favor was not helpful to UGI's consolidated multiple.

With the growth in Marcellus Shale production and resulting infrastructure gap, UGI has gained renewed investor respect given its expanding midstream portfolio. In addition, its Incentive Distribution Rights (IDRs) in APU have come into focus following the Heritage acquisition as annual GP cash flows have grown from ~$2mm in F08 to ~$27mm in F14; we expect APU will crest the 50% IDR splits following its next distribution raise. As the market has become focused on Midstream investments and C-Corp GP stories, we believe investors have bid up the value of UGI's midstream opportunities and IDR cash flows. While UGI's FY2 P/E multiple trailed that of peer by an average of ~3.1x since 2009, it now carries a FY2 P/E multiple ~0.3x *ahead* of its group average (Chart 6).

Chart 6: 5-Year UGI FY2 P/E Multiple vs. Peers



Source: FactSet, Jefferies estimates

Note: September 2008-Present

Note: Peer group includes: ATO, CNP, GAS, NI, NJR, NWN, PNY, SJI, STR, SWX, WGL

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

While we continue to view UGI as one of the better long-term stewards of investor capital, we highlight that its FY2 P/E multiple has effectively doubled over the last three years and, at 19.2x consensus F15 EPS, no longer represents a discount to peers. Furthermore, given broad investments across its portfolio we note UGI's is no more Midstream exposed than it was several years ago (anticipated F15E EBIT composition is very similar to F12 actuals when its P/E multiple was much lower). Finally, due to beneficial F14 weather impacts, we note the likelihood of a sequential EPS decline in F15.

UGI Valuation Analysis

Our $36 UGI price target is derived via a combination of Discounted Cash Flow (DCF), Sum-of-the-Parts (SOP), and target yield approaches. We equal-weight these outcomes and offer a detailed explanation of each approach below.

Target Yield Analysis

A target yield approach simply seeks to build-up a forward-year equity value based on the anticipated dividend run-rate in one year's time. We expect UGI to lift its dividend once by this point next year (in April) to a rate of $0.225/quarter, resulting in an annualized run-rate in F1Q16 of $0.90/share. Over the last three, five, and ten year timeframes, UGI has carried an average dividend yield of ~3.0%, ~3.1%, and ~3.0%, respectively. As we do not project UGI dividend growth to materially exceed its respective trailing five & ten year CAGRs of 8.2% and 7.1%, and see the likelihood of rising interest rates next year, we have capitalized this anticipated F1Q16 dividend at the historic 3.0% rate in our target yield analysis. The outcome implies a share price of $30 as illustrated in Exhibit 6 to the left.

Exhibit 6: Target Yield Analysis

Target Yield Analysis	
F1Q16 Dividend	$0.225
Historical 4-year average	3.01%
Taget Yield	3.00%
Implied Price Target	**$30.00**

Source: Jefferies estimates

Discounted Cash Flow

As UGI receives cash payments annually from its various operating subsidiaries, we have included a consolidated Discounted Cash Flow (DCF) into our valuation analysis.

Exhibit 7: DCF Valuation Analysis

Discounted Cash Flow	2015E	2016E	2017E	2018E	2019E
EBIT	$982.4	$1,082.1	$1,125.2	$1,166.7	$1,209.0
(Minority Interests in EBIT)	($210.2)	($216.3)	($219.0)	($216.5)	($219.7)
Total EBIT	$772.2	$865.8	$906.2	$950.2	$989.3
(Taxes on EBIT)	($270.3)	($303.0)	($317.2)	($356.3)	($371.0)
NOPAT	$501.9	$562.8	$589.0	$593.9	$618.3
D&A	$262.0	$292.5	$305.6	$318.3	$330.9
(Capex)	($383.1)	($385.5)	($388.1)	($390.3)	($392.3)
(Changes in NWC)	$5.6	$7.7	($2.5)	($2.8)	($4.3)
Free Cash Flow to the Firm	$386.4	$477.5	$504.0	$519.1	$552.6
Terminal Value					$9,627.0
PV of Cash Flows	$359.9	$420.3	$419.1	$407.9	$7,557.5
Implied Enterprise Value	$9,164.7				
(Net Debt, Excl proportional APU net debt)	($2,277.5)				
(Pension & Operating Lease Obligation)	($182.8)				
Plus Inventory	$172.8				
Implied Equity Value	$6,877.3				
Shares Outstanding	175.6				
Implied Share Price	**$41.00**				

Source: Jefferies estimates

Note: We assume 75% of current inventory can be monetized quickly as this mitigates the impact of working capital fluctuations on cash balances; Price target rounded to the nearest $1.00.

Sum-of-the-Parts

Our Sum-of-the-Parts (SOP) analysis seeks to aggregate stand-alone valuations for UGI's diverse collection of businesses. We ascribe EBITDA multiples for the Utilities, Midstream, and International propane businesses and equity values to UGI's LP and GP stakes in APU.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 8: Sum-of-the-Parts Valuation

Sum-of-the-Parts Valuation			
Operating Segment	**F2016E EBITDA**	**Multiple**	**Implied EV**
Utilities	$276.9	8.50x	$2,354.0
Midstream & Marketing	$158.0	8.75x	$1,382.4
International Propane & Other	$381.2	7.00x	$2,668.4
		Implied Enterprise Value	$6,404.8
		(Net Debt, Excl Net Debt of AmeriGas)	($1,672.5)
		(Pension & Operating Lease Obligation, Excl APU)	($126.9)
		Plus Inventory	$274.5
		Equity Value of Non-AmeriGas Portfolio	$4,879.9
		Equity in AmeriGas	$1,453.6
		Implied Equity Value of UGI	$6,333.5
		Shares Outstanding	175.6
		Implied Share Price	**$36.10**

Source: Jefferies estimates

Note: We ascribe the LDC peer group average multiple to the utility. Similarly, the multiple ascribed to International Propane represents a ~30% discount to APU given market & currency exposures; we note that acquisitions have been done at ~5x EBITDA. Marketing and Midstream comprises merchant power gen, fee-based midstream, energy marketing, E&P JV, etc. so the multiple is based on a blend of comps. APU valuation consists of: 1) ~23.8mm LP units multiplied by our $52 APU price target, tax effected and hit for an assumed 15% liquidity discount and 2) a 20.0x multiple is applied to estimated F16E GP distributions, which are taxed at 35%. The price target is rounded to the nearest $1.00.

APU Valuation Analysis

Our $52 price target is derived from a combination of target yield analysis and a two-stage Distribution Discount Model (DDM). Our target yield analysis implies a value of $51/unit, based on a projected F1Q16 annual distribution run-rate of $3.69 and a target yield of 7.25%. Meanwhile, our DDM, which assumes a 7.8% cost of equity, a 10.0% terminal cost of equity (IDR drag), and a 1.0% terminal distribution growth rate, implies a price of $52. We forecast a 4.5% compound annual growth rate (CAGR) in partnership distributions through F2019E with a terminal LP coverage ratio of approximately 1.1x.

Exhibit 9: Target Yield Analysis

Target Yield Analysis	
Projected 1Q16 Distribution	$0.92
Historical 4-year average Yield	7.17%
Taget Yield	7.25%
Implied Price Target	**$51.00**

Source: Jefferies estimates

Exhibit 10: Distribution Discount Model (DDM) Valuation

Distribution Discount Model	2015E	2016E	2017E	2018E	2019E
Available distributable cash flow per LP Unit	$4.50	$4.54	$4.60	$4.62	$4.65
Actual paid distribution per unit	$3.61	$3.78	$3.95	$4.12	$4.29
LP Coverage ratio	1.25x	1.20x	1.17x	1.12x	1.09x
Actual paid distribution growth	4.8%	4.7%	4.5%	4.3%	4.1%
Terminal value of paid distribution					$48
PV of paid distributions per unit	$3.28	$3.19	$3.10	$3.00	$2.90
Sum of PV of paid distributions per unit	$15.46				
PV of terminal value	$32.50				
Equity value per unit	$47.96				
12-Month Price Target	**$52.00**				

Source: Jefferies estimates

Note: Our price target calculations are rounded to the nearest $1.00.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 11: UGI Consolidated Statement of Income

Consolidated Income Statement	2009	2010	2011	2012	2013	1Q	2Q	3Q	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Revenues	$5,737.8	$5,591.4	$6,091.3	$6,519.2	$7,192.4	$2,315.9	$3,163.2	$1,486.7	$1,402.9	$8,368.8	$2,356.0	$3,064.9	$1,765.7	$1,571.1	$8,757.7	$9,388.2	$9,436.3	$9,465.7	$9,493.5
(Cost of Sales)	($3,670.6)	($3,584.0)	($4,019.0)	($4,111.2)	($4,327.3)	($1,429.9)	($2,001.3)	($926.5)	($900.3)	($5,258.0)	($1,454.7)	($1,939.7)	($1,120.8)	($1,012.7)	($5,527.9)	($5,934.2)	($5,953.0)	($5,944.9)	($5,941.7)
Gross Margin	$2,067.2	$2,007.5	$2,072.3	$2,408.0	$2,865.2	$886.0	$1,162.0	$560.3	$502.6	$3,110.8	$901.3	$1,125.2	$644.9	$558.4	$3,229.8	$3,454.0	$3,483.3	$3,520.8	$3,551.8
(Operating & Administrative)	($1,237.0)	($1,175.2)	($1,253.9)	($1,591.7)	($1,692.0)	($431.5)	($492.0)	($415.9)	($398.3)	($1,737.7)	($452.6)	($490.1)	($468.4)	($448.0)	($1,859.1)	($1,957.8)	($1,931.4)	($1,914.5)	($1,892.5)
(Depreciation & Amortization)	($200.8)	($210.2)	($227.9)	($316.0)	($360.1)	($94.0)	($87.7)	($90.1)	($98.3)	($370.0)	($95.3)	($95.7)	($105.2)	($105.9)	($402.1)	($430.8)	($441.4)	($452.3)	($463.4)
Other Income (Loss)	$16.0	$56.4	$25.6	$16.4	$11.2	$3.2	$6.3	$8.4	$0.4	$18.3	$2.2	$3.0	$3.6	$5.0	$13.8	$16.7	$14.7	$12.7	$13.2
Operating Income	$645.5	$678.5	$616.0	$516.7	$824.3	$363.7	$588.6	$62.7	$6.4	$1,021.4	$355.5	$542.4	$74.8	$9.5	$982.4	$1,082.1	$1,125.2	$1,166.7	$1,209.0
(Income from Equity Investees)	($3.1)	($2.1)	($0.9)	($0.3)	($0.4)	$0.0	$0.0	($0.1)	($0.1)	($0.2)	($0.1)	($0.1)	($0.1)	($0.1)	($0.4)	($0.4)	$1.4	$7.1	$7.7
(Extraordinary Items)	($7.6)	($22.8)	($26.8)	$11.9	$10.1	$1.5	$7.7	($3.5)		$5.7					$0.0	$0.0	$0.0	$0.0	$0.0
(Interest Expense)	($141.1)	($133.8)	($138.0)	($221.5)	($239.1)	($59.3)	($59.5)	($60.1)	($57.8)	($236.7)	($57.4)	($58.2)	($61.2)	($66.1)	($243.0)	($268.0)	($278.7)	($287.1)	($290.3)
(Minority Interest, prnc. in AmeriGas)	($123.3)	($94.7)	($74.7)	$13.2	($149.7)	($95.5)	($173.4)	$33.3	$31.3	($204.3)	($86.7)	($165.0)	$14.6	$27.3	($209.8)	($215.9)	($220.4)	($223.6)	($227.3)
Income before Taxes	$370.4	$425.1	$375.6	$320.0	$445.2	$210.4	$363.4	$32.3	($20.2)	$585.8	$211.3	$319.1	$28.2	($29.3)	$529.2	$597.9	$627.6	$663.1	$699.0
(Income Tax Expense)	($152.4)	($155.6)	($137.4)	($105.5)	($164.5)	($86.9)	($141.3)	($15.2)	$9.1	($234.3)	($79.2)	($119.7)	($10.6)	$11.0	($198.5)	($224.2)	($238.5)	($252.0)	($265.6)
(Preferred Dividends)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income before Other Items	$218.0	$269.4	$238.3	$214.5	$280.7	$123.5	$222.1	$17.1	($11.1)	$351.5	$132.1	$199.4	$17.6	($18.3)	$330.8	$373.7	$389.1	$411.1	$433.4
Net Income - Recurring	$218.0	$269.4	$238.3	$214.5	$280.7	$123.5	$222.1	$17.1	($11.1)	$351.5	$132.1	$199.4	$17.6	($18.3)	$330.8	$373.7	$389.1	$411.1	$433.4
EPS (Adjusted Diluted)	**$1.33**	**$1.62**	**$1.41**	**$1.27**	**$1.63**	$0.71	$1.27	$0.10	($0.06)	**$2.01**	$0.75	$1.14	$0.10	($0.11)	**$1.89**	**$2.15**	**$2.26**	**$2.40**	**$2.55**
Shares Outstanding - Basic	162.8	164.8	168.0	168.9	170.9	172.2	172.8	173.1	172.8	172.7	172.5	172.2	172.0	171.7	172.1	171.0	169.9	168.8	167.7
Shares Outstanding - Diluted	163.8	166.3	168.7	169.5	172.7	174.7	175.1	175.6	175.3	175.2	175.0	174.8	174.5	174.2	174.6	173.5	172.4	171.3	170.2
EBIT	$522.2	$583.8	$541.3	$529.9	$674.6	$268.2	$415.2	$96.0	$37.7	$817.1	$268.8	$377.4	$89.5	$36.8	$772.6	$866.2	$904.8	$943.2	$981.7
EBITDA	$722.9	$794.0	$769.3	$845.9	$1,034.7	$362.2	$502.9	$186.1	$136.0	$1,187.1	$364.1	$473.1	$194.7	$142.8	$1,174.7	$1,297.0	$1,346.2	$1,395.5	$1,445.1

Source: UGI reports, Jefferies estimates

Note: Reported results exclude the impact of non-recurring items and forecasts ignore anticipated Heritage-related transition and integration costs at APU.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 12: UGI Consolidated Balance Sheet

Consolidated Balance Sheet (MM)	2009	2010	2011	2012	2013	1Q	2Q	3Q	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Cash & Equivalents	$280	$261	$239	$320	$389	$418	$494	$438	$205	$205	$257	$262	$214	$227	$227	$232	$233	$233	$233
Accounts Receivable	$406	$468	$547	$633	$746	$1,204	$1,323	$785	$839	$839	$1,194	$1,320	$940	$935	$935	$900	$905	$908	$910
Inventory	$363	$314	$363	$357	$366	$412	$324	$332	$445	$445	$436	$346	$402	$495	$495	$561	$563	$562	$562
Other Current Assets	$136	$178	$158	$195	$127	$193	$140	$83	$83	$83	$83	$83	$83	$83	$83	$83	$83	$83	$83
Total Current Assets	**$1,185**	**$1,220**	**$1,306**	**$1,505**	**$1,627**	**$2,228**	**$2,281**	**$1,639**	**$1,572**	**$1,572**	**$1,970**	**$2,012**	**$1,639**	**$1,740**	**$1,740**	**$1,776**	**$1,783**	**$1,786**	**$1,788**
Tangible Fixed Assets - Net	**$2,904**	**$3,053**	**$3,205**	**$4,233**	**$4,480**	**$4,517**	**$4,519**	**$4,543**	**$4,594**	**$4,594**	**$4,608**	**$4,612**	**$5,153**	**$5,212**	**$5,212**	**$5,276**	**$5,333**	**$5,385**	**$5,425**
Goodwill	$1,582	$1,563	$1,562	$2,818	$2,874	$2,885	$2,886	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885	$2,885
Other intangible fixed assets (e.g. Deferred Income Taxes)	$166	$150	$148	$658	$608	$599	$608	$590	$590	$590	$590	$590	$590	$590	$590	$590	$590	$590	$590
Investment in affiliates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other investments	$206	$388	$443	$496	$420	$436	$426	$420	$420	$420	$420	$420	$420	$420	$420	$420	$420	$420	$420
Non-Current Assets	**$1,954**	**$2,101**	**$2,153**	**$3,972**	**$3,901**	**$3,919**	**$3,920**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**	**$3,895**
Total assets	**$6,043**	**$6,374**	**$6,663**	**$9,710**	**$10,009**	**$10,664**	**$10,721**	**$10,078**	**$10,062**	**$10,062**	**$10,473**	**$10,519**	**$10,688**	**$10,848**	**$10,848**	**$10,947**	**$11,012**	**$11,066**	**$11,109**
Trade payables and other ST liabilities	$840	$901	$892	$1,155	$1,130	$1,391	$1,330	$1,039	$1,272	$1,272	$1,475	$1,471	$1,287	$1,425	$1,425	$1,463	$1,468	$1,466	$1,465
Short term debt	$258	$774	$186	$332	$295	$489	$325	$175	$106	$106	$111	$109	$122	$127	$127	$130	$133	$134	$134
Total current liabilities	**$1,097**	**$1,675**	**$1,078**	**$1,487**	**$1,425**	**$1,880**	**$1,655**	**$1,214**	**$1,378**	**$1,378**	**$1,586**	**$1,580**	**$1,410**	**$1,552**	**$1,552**	**$1,593**	**$1,601**	**$1,600**	**$1,599**
Long term debt	$2,039	$1,432	$2,110	$3,348	$3,542	$3,549	$3,549	$3,478	$3,420	$3,420	$3,590	$3,515	$3,953	$4,108	$4,108	$4,206	$4,305	$4,329	$4,337
Debt deemed provisions (e.g. pensions)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred taxes (Revenue)	$511	$601	$714	$940	$962	$980	$984	$986	$983	$983	$988	$996	$997	$996	$996	$1,011	$1,030	$1,033	$1,036
Other long term liabilities	$579	$604	$570	$617	$532	$536	$530	$519	$501	$501	$486	$494	$468	$442	$442	$391	$336	$363	$389
Total liabilities	**$4,226**	**$4,313**	**$4,472**	**$6,391**	**$6,461**	**$6,945**	**$6,718**	**$6,197**	**$6,281**	**$6,281**	**$6,649**	**$6,584**	**$6,827**	**$7,098**	**$7,098**	**$7,201**	**$7,272**	**$7,325**	**$7,362**
Common equity	$1,591	$1,825	$1,978	$2,233	$2,493	$2,610	$2,795	$2,771	$2,671	$2,671	$2,714	$2,826	$2,751	$2,640	$2,640	$2,636	$2,630	$2,631	$2,637
Preferred equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Minority interests	$225	$237	$213	$1,086	$1,055	$1,109	$1,207	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110	$1,110
Shareholders' Equity	**$1,817**	**$2,062**	**$2,191**	**$3,319**	**$3,548**	**$3,719**	**$4,002**	**$3,881**	**$3,780**	**$3,780**	**$3,824**	**$3,935**	**$3,860**	**$3,750**	**$3,750**	**$3,745**	**$3,740**	**$3,741**	**$3,747**
Total liabilities and equity	**$6,043**	**$6,374**	**$6,663**	**$9,710**	**$10,009**	**$10,664**	**$10,721**	**$10,078**	**$10,062**	**$10,062**	**$10,473**	**$10,519**	**$10,688**	**$10,848**	**$10,848**	**$10,947**	**$11,012**	**$11,066**	**$11,109**
Check	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Balance Sheet Assumptions	2009	2010	2011	2012	2013	1Q	2Q	3Q	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Working Capital	65	59	176	29	108	419	457	161	95	95	238	279	138	88	88	81	83	87	90
Changes in Working Capital	***53***	***(65)***	***(143)***	***85***	***(44)***	*(223)*	*(126)*	*286*	*66*	***3***	*(143)*	*(41)*	*141*	*51*	***7***	***6***	***(2)***	***(4)***	***(3)***
Average Collection Period	**26**	**31**	**33**	**35**	**38**	48	38	48	55	**37**	47	39	48	55	**39**	**35**	**35**	**35**	**35**
Inventory Days	**36**	**32**	**33**	**32**	**31**	27	15	32	46	**31**	28	16	33	45	**33**	**35**	**35**	**35**	**35**
Average Payable Period	**83**	**92**	**81**	**103**	**95**	89	60	101	130	**88**	93	68	105	130	**94**	**90**	**90**	**90**	**90**
Cash	$280	$261	$239	$320	$389	$418	$494	$438	$205	$205	$257	$262	$214	$227	$227	$232	$233	$233	$233
Total Debt	$2,296	$2,206	$2,296	$3,679	$3,837	$4,038	$3,874	$3,653	$3,526	$3,526	$3,701	$3,623	$4,075	$4,235	$4,235	$4,336	$4,438	$4,463	$4,471
Total Net Debt	**$2,016**	**$1,946**	**$2,058**	**$3,360**	**$3,448**	**$3,620**	**$3,380**	**$3,214**	**$3,321**	**$3,321**	**$3,444**	**$3,361**	**$3,862**	**$4,008**	**$4,008**	**$4,105**	**$4,205**	**$4,230**	**$4,238**
Preferred Securities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Shareholders' Equity	$1,591	$1,825	$1,978	$2,233	$2,493	$2,610	$2,795	$2,771	$2,671	$2,671	$2,714	$2,826	$2,751	$2,640	$2,640	$2,636	$2,630	$2,631	$2,637
Net Debt/Capital	**56%**	**52%**	**51%**	**60%**	**58%**	58%	55%	54%	55%	**55%**	56%	54%	58%	60%	**60%**	**61%**	**62%**	**62%**	**62%**
EBIT(1-T)	$370	$428	$404	$424	$510	$181	$274	$81	$47	$583	$190	$258	$79	$48	$574	$642	$666	$691	$716
Invested capital	$3,608	$3,770	$4,036	$5,593	$5,941	$6,229	$6,175	$5,985	$5,991	$5,991	$6,158	$6,187	$6,612	$6,648	$6,648	$6,740	$6,836	$6,861	$6,875
ROIC	10%	12%	10%	8%	9%	9%	9%	10%	10%	10%	10%	9%	9%	9%	9%	10%	10%	10%	10%
ROE	13%	14%	11%	7%	8%	8%	9%	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%	11%	12%
EBITDA	$723	$794	$769	$846	$1,035	$362	$503	$186	$136	$1,187	$364	$473	$195	$143	$1,175	$1,297	$1,346	$1,395	$1,445
Net Debt/EBITDA	**2.9x**	**2.5x**	**2.6x**	**3.7x**	**3.2x**	3.1x	2.9x	2.9x	2.9x	**2.9x**	2.8x	2.9x	3.0x	3.1x	**3.1x**	**3.1x**	**3.1x**	**3.0x**	**2.9x**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 13: UGI Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement (MM)	2009	2010	2011	2012	2013	1Q	2Q	3Q	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Operating activities																			
Net income	$259	$356	$308	$187	$428	$218	$388	($13)	($11)	$581	$132	$199	$18	($18)	$331	$374	$389	$411	$433
Depreciation, amortization	$201	$210	$228	$316	$363	$94	$88	$90	$98	$370	$95	$96	$105	$106	$402	$431	$441	$452	$463
Deferred taxes	$27	$63	$83	$83	$49	($20)	$33	$8	($4)	$18	$5	$8	$1	($1)	$13	$15	$19	$3	$3
Net change in working capital	$53	($65)	($143)	$85	($44)	($223)	($126)	$286	$66	$3	($143)	($41)	$141	$51	$7	$6	($2)	($4)	($3)
Other, including changes in provisions and other liabilities	$126	$35	$79	$37	$6	$5	$28	$4	$0	$36	$5	$28	($6)	($6)	$21	$29	$25	$27	$26
Cash from operating activities	**$665**	**$599**	**$555**	**$708**	**$802**	**$73**	**$410**	**$375**	**$150**	**$1,008**	**$94**	**$290**	**$258**	**$132**	**$775**	**$855**	**$873**	**$890**	**$923**
Investing activities																			
Capital expenditure - tangible fixed assets	($302)	($347)	($361)	($339)	($486)	($133)	($91)	($101)	($127)	($453)	($104)	($94)	($110)	($160)	($468)	($468)	($468)	($468)	($468)
Investment in affiliates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net disposals/(acquisitions)	($280)	($16)	($53)	($1,581)	($79)	($21)	($1)	($2)	($22)	($45)	($5)	($5)	($537)	($5)	($553)	($27)	($32)	($37)	($37)
Other investment	$62	($36)	($2)	$15	$12	$5	$3	$3	$0	$11	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from investing activities	**($520)**	**($399)**	**($415)**	**($1,905)**	**($553)**	**($149)**	**($89)**	**($100)**	**($149)**	**($487)**	**($109)**	**($99)**	**($647)**	**($165)**	**($1,020)**	**($494)**	**($499)**	**($504)**	**($504)**
Financing activities																			
Inc./(dec.) in short term debt	$13	$38	($75)	$27	$62	$194	($162)	($164)	($69)	($201)	$5	($2)	$14	$5	$21	$3	$3	$1	$0
Inc./(dec.) in long term debt	$36	($95)	$97	$1,250	$58	($4)	($4)	($54)	($58)	($120)	$170	($75)	$438	$154	$688	$99	$99	$24	$8
Inc./(dec.) in equity	$11	$28	$27	$300	$36	$2	$4	($20)	$9	($5)	$10	$10	$10	$10	$40	$40	$40	$40	$40
Common stock dividends paid	($176)	($188)	($208)	($301)	($352)	($90)	($91)	($95)	($98)	($374)	($98)	($98)	($103)	($102)	($401)	($418)	($434)	($451)	($467)
Other cash from financing	$1	$4	$6	$2	$9	$0	$5	$3	($18)	($10)	($20)	($20)	($20)	($20)	($80)	($80)	($80)	$0	$0
Inc./(dec.) in preffered equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from financing activities	**($115)**	**($214)**	**($152)**	**$1,279**	**($186)**	**$101**	**($247)**	**($330)**	**($234)**	**($710)**	**$67**	**($185)**	**$339**	**$47**	**$267**	**($356)**	**($373)**	**($385)**	**($419)**
Cash flow increase/(decrease) in cash	$31	($14)	($13)	$82	$62	$25	$75	($55)	($233)	($188)	$52	$6	($49)	$13	$22	$5	$1	$0	$0
Non-cash movements in cash	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Forex Adjustments	$4	($5)	($9)	($0)	$7	$4	$0	($0)	$0	$4	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net change in cash	**$35**	**($19)**	**($22)**	**$81**	**$69**	**$29**	**$75**	**($55)**	**($233)**	**($184)**	**$52**	**$6**	**($49)**	**$13**	**$22**	**$5**	**$1**	**$0**	**$0**
Cash at the beginning of the year	**$245**	**$280**	**$261**	**$239**	**$320**	**$389**	**$418**	**$494**	**$438**	**$389**	**$205**	**$257**	**$262**	**$214**	**$205**	**$227**	**$232**	**$233**	**$233**
Cash at the end of the year	**$280**	**$261**	**$239**	**$320**	**$389**	**$418**	**$494**	**$438**	**$205**	**$205**	**$257**	**$262**	**$214**	**$227**	**$227**	**$232**	**$233**	**$233**	**$233**

Cash Paid for Income Taxes	**$130**	**$129**	**$49**	**$33**	**$60**	**$107**	**$109**	**$7**	**($6)**	**$217**	**$74**	**$112**	**$10**	**($10)**	**$185**	**$209**	**$220**	**$249**	**$262**
Cash Paid for Interest	**$136**	**$131**	**$135**	**$169**	**$244**					**$245**					**$254**	**$279**	**$285**	**$289**	**$290**
Cash Tax Rate	**35.2%**	**30.2%**	**12.9%**	**10.4%**	**13.5%**	50.7%	29.9%	21.7%	27.5%	**37.0%**	35.0%	35.0%	35.0%	35.0%	**35.0%**	**35.0%**	**35.0%**	**37.5%**	**37.5%**
Cash Interest Rate	**5.8%**	**5.9%**	**5.9%**	**4.9%**	**6.5%**					**6.5%**					**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 14: APU Consolidated Statement of Income

Consolidated Income Statement ('000s)	2009	2010	2011	2012	2013	Dec-1Q	Mar-2Q	Jun-3Q	Sep-4QE	2014E	Dec-1QE	Mar-2QE	Jun-3QE	Sep-4QE	2015E	2016E	2017E	2018E	2019E
Mt. Belvieu Propane Price ($/gallon)	**$0.78**	**$1.12**	**$1.41**	**$1.14**	**$0.92**	$1.19	$1.31	$1.06	$1.04	**$1.15**	$1.09	$1.24	$1.19	$1.19	**$1.18**	**$1.32**	**$1.32**	**$1.32**	**$1.32**
Propane Revenue / Gallon	$2.00	$2.11	$2.36	$2.38	$2.14	$2.36	$2.79	$2.44	$2.38	$2.53	$2.36	$2.79	$2.44	$2.38	$2.53	$2.53	$2.53	$2.53	$2.53
Propane Cost / Gallon	$1.20	$1.31	$1.55	$1.46	$1.17	$1.37	$1.70	$1.42	$1.47	$1.52	$1.37	$1.71	$1.45	$1.47	$1.53	$1.52	$1.51	$1.51	$1.50
Propane Margin / Gallon	**$0.80**	**$0.80**	**$0.82**	**$0.92**	**$0.975**	$0.991	$1.086	$1.015	$0.905	**$1.017**	$0.990	$1.075	$0.99	$0.915	**$1.009**	**$1.01**	**$1.02**	**$1.025**	**$1.032**
VOLUMES (gallons in 000's)	**-5.0%**	**-2.4%**	**-2.3%**	**12.4%**	**19.9%**	9.2%	1.4%	-6.5%	0.0%	**1.9%**	-3.2%	-2.3%	0.0%	0.0%	**-1.82%**	**0.35%**	**0.45%**	**0.51%**	**0.51%**
Retail	928,200	893,400	874,200	1,017,500	1,245,200	374,100	474,900	215,600	205,400	1,270,000	360,726	463,028	215,600	205,400	1,244,753	1,248,892	1,254,700	1,261,306	1,267,946
Wholesale	119,700	129,200	124,800	105,600	101,800	37,500	35,300	10,100	19,950	102,850	37,594	35,388	10,125	20,000	103,107	103,622	103,881	104,141	104,402
Total Gallons Sold (000's)	1,047,900	1,022,600	999,000	1,123,100	1,347,000	411,600	510,200	225,700	225,350	1,372,850	398,320	498,416	225,725	225,400	1,347,860	1,352,515	1,358,581	1,365,447	1,372,348
								93%											
REVENUES																			
Retail Propane	$1,976,000	$1,996,200	$2,173,500	$2,536,300	$2,775,800	$918,000	$1,365,500	$525,365	$488,645	$3,297,509	$850,372	$1,290,000	$525,365	$488,850	$3,154,586	$3,165,179	$3,179,897	$3,196,639	$3,213,469
Wholesale Propane	$115,900	$162,600	$186,953	$141,300	$108,966	52,302	55,923	24,611	47,460	$180,296	88,623	98,592	24,673	47,599	$259,487	$260,794	$261,446	$262,100	$262,755
Total Propane Revenues	$2,091,890	$2,158,800	$2,360,439	$2,677,631	$2,884,766	970,302	1,421,423	549,976	536,105	$3,477,806	938,995	1,388,592	550,038	536,449	$3,414,073	$3,425,973	$3,441,343	$3,458,739	$3,476,224
Other	$168,205	$161,542	$177,520	$243,985	$281,777	75,524	72,200	63,261	64,056	$275,041	80,055	76,532	67,057	67,900	$291,544	$309,036	$327,579	$347,233	$368,067
Total Revenues	$2,260,095	$2,320,342	$2,537,959	$2,921,616	$3,166,543	$1,045,826	$1,493,623	$613,237	$600,161	$3,752,847	$1,019,051	$1,465,124	$617,094	$604,348	$3,705,617	$3,735,009	$3,768,922	$3,805,972	$3,844,292
COSTS & EXPENSES																			
Propane Costs	1,254,332	1,340,615	1,546,161	1,642,658	1,571,574	562,448	867,213	320,839	332,274	2,082,774	544,699	852,665	327,082	330,319	2,054,765	2,055,342	2,055,511	2,058,949	2,060,778
Propane Gross Profit	837,558	818,185	814,278	1,034,973	1,313,192	407,854	554,210	229,137	203,831	1,395,032	394,296	535,927	222,955	206,130	1,359,308	1,370,631	1,385,832	1,399,790	1,415,446
Cost of Other Sales	62,172	54,456	59,126	77,071	88,479	20,259	18,255	22,822	25,028	86,364	21,475	19,350	24,191	26,530	91,546	97,039	102,861	109,033	115,574
Depreciation & Amortization Expenses	83,788	87,400	94,710	169,123	202,871	52,322	49,157	47,857	55,358	204,694	51,906	51,906	51,906	51,906	207,624	210,654	213,784	217,014	220,244
Operating & Administrative Expenses	615,152	602,710	620,576	846,223	917,389	237,548	281,318	222,360	201,840	943,066	239,483	266,074	203,266	205,456	914,279	917,479	919,773	922,072	924,377
Other Income, net	(16,005)	(19,904)	(25,563)	(26,521)	(32,503)	(6,444)	(7,242)	(7,848)	(9,278)	(30,812)	(6,541)	(7,351)	(7,966)	(9,417)	(31,274)	(31,743)	(32,219)	(32,702)	(33,193)
Total Costs & Expenses	1,999,439	2,065,277	2,295,010	2,708,554	2,747,810	866,133	1,208,701	606,030	605,221	3,286,085	851,022	1,182,645	598,479	604,793	3,236,939	3,248,770	3,259,709	3,274,365	3,287,781
Total Operating Income / (Loss)	260,656	255,065	242,949	213,062	418,733	179,693	284,922	7,207	(5,060)	466,762	168,029	282,479	18,615	(444)	468,678	486,239	509,213	531,607	556,511
EBITDA	**$341,477**	**$340,184**	**$335,258**	**$380,539**	**$617,735**	**$230,241**	**$331,232**	**$55,052**	**$50,521**	**$667,046**	**$218,273**	**$331,513**	**$70,596**	**$51,666**	**$672,048**	**$692,413**	**$718,368**	**$743,837**	**$771,811**
		0%	-1%	14%	62%					8%					1%	3%	4%	4%	4%
Interest Expense	(70,340)	(65,106)	(63,518)	(142,641)	(165,432)	(41,590)	(42,046)	(41,328)	(40,461)	(165,425)	(41,090)	(41,140)	(40,160)	(40,323)	(162,671)	(164,770)	(169,242)	(175,781)	(184,480)
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax Earnings	190,316	189,959	179,431	70,421	253,301	138,103	242,876	(34,121)	(45,521)	301,337	126,938	241,339	(21,546)	(40,768)	306,007	321,469	339,970	355,827	372,031
Income Tax (Expense) / Benefit	(2,593)	(3,265)	(390)	(1,931)	(1,671)	(1,431)	74	(847)	(916)	(3,120)	(1,078)	66	(288)	(910)	(2,211)	(2,428)	(2,272)	(2,281)	(2,196)
Net Income before Minority Interest	187,723	186,694	179,041	68,490	251,630	136,672	242,950	(34,968)	(46,437)	298,217	125,860	241,404	(21,834)	(41,678)	303,795	319,042	337,698	353,546	369,835
Less: Minority Interest	(2,967)	(2,281)	(2,401)	(1,646)	(3,869)	(1,774)	(2,847)	(12)	224	(4,409)	(1,661)	(2,872)	75	205	(4,254)	(4,479)	(4,628)	(4,784)	(4,944)
Net Income before Accounting Changes	184,756	184,413	176,640	66,844	247,761	134,898	240,103	(34,980)	(46,213)	293,808	124,199	238,532	(21,759)	(41,473)	299,542	314,562	333,069	348,762	364,891
Less: Cumulative Effect of Acctg Changes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**184,756**	**184,413**	**176,640**	**66,844**	**247,761**	**134,898**	**240,103**	**(34,980)**	**(46,213)**	**293,808**	**124,199**	**238,532**	**(21,759)**	**(41,473)**	**299,542**	**314,562**	**333,069**	**348,762**	**364,891**
Less: General Partner's Interest	(6,737)	(4,768)	(6,422)	(13,119)	(21,498)	(6,740)	(7,794)	(6,155)	(7,418)	(28,107)	(7,390)	(7,390)	(9,853)	(9,853)	(34,485)	(47,198)	(62,888)	(78,579)	(94,270)
Net Income Available to Limited Partners	178,019	179,645	170,218	53,725	226,263	128,158	232,309	(41,135)	(53,631)	265,701	116,809	231,143	(31,612)	(51,326)	265,057	267,364	270,181	270,183	270,621
Net Income per Limited Partner Unit	**$3.12**	**$3.15**	**$2.98**	**$0.66**	**$2.44**	**$1.38**	**$2.50**	**($0.44)**	**($0.58)**	**$2.86**	**$1.26**	**$2.49**	**($0.34)**	**($0.55)**	**$2.85**	**$2.88**	**$2.91**	**$2.91**	**$2.91**
% Change from Prior Comparable Period	*14%*	*1%*	*-5%*	*-78%*	*269%*	*32%*	*9%*	*38%*	*1%*	*17%*	*-9%*	*-1%*	*-23%*	*-4%*	*0%*	*1%*	*1%*	*0%*	*0%*
LP Units owned by UGI	24,691	24,691	24,691	23,992	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757	23,757
Average # of Units Outstanding	57,059	57,102	57,146	81,459	92,869	92,943	92,934	92,888	92,943	92,927	92,943	92,943	92,943	92,943	92,943	92,943	92,943	92,943	92,943

Source: APU Reports, Jefferies Estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Chart 7: APU Consolidated Balance Sheet

Consolidated Balance Sheet ('000s)	2009	2010	2011	2012	2013	Dec-1Q	Mar-2Q	Jun-3Q	Sep-4QE	2014E	Dec-1QE	Mar-2QE	Jun-3QE	Sep-4QE	2015E	2016E	2017E	2018E	2019E
Cash & equivalents	59,213	7,726	8,632	60,102	12,635	30,303	38,461	14,655	15,814	15,814	20,857	23,368	14,210	15,880	15,880	16,810	17,207	17,227	17,380
Accounts receivable	141,998	179,747	234,634	267,647	292,210	517,207	570,322	313,694	330,089	330,089	509,525	586,050	308,547	332,392	332,392	345,488	356,163	355,858	359,441
Inventory	87,940	114,122	135,815	163,746	158,928	184,141	185,545	148,881	181,566	181,566	170,204	177,397	149,620	181,438	181,438	194,926	195,583	196,462	197,267
Other current assets	27,356	24,263	14,738	31,873	36,919	53,313	21,888	15,495	15,495	15,495	15,495	15,495	15,495	15,495	15,495	15,495	15,495	15,495	15,495
Total current assets	**316,507**	**325,858**	**393,819**	**523,368**	**500,692**	**784,964**	**816,216**	**492,725**	**542,964**	**542,964**	**716,081**	**802,310**	**487,872**	**545,204**	**545,204**	**572,720**	**584,447**	**585,042**	**589,584**
Tangible fixed assets	**628,899**	**642,778**	**645,755**	**1,499,225**	**1,437,514**	**1,417,768**	**1,401,449**	**1,389,832**	**1,386,323**	**1,386,323**	**1,371,042**	**1,355,761**	**1,340,480**	**1,325,199**	**1,325,199**	**1,266,046**	**1,208,762**	**1,153,249**	**1,094,505**
Goodwill	665,663	678,721	691,910	1,914,808	1,936,608	1,934,435	1,934,585	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581	1,934,581
Other intangible fixed assets	32,611	37,590	41,542	535,996	493,649	487,445	478,139	468,543	468,543	468,543	468,543	468,543	468,543	468,543	468,543	468,543	468,543	468,543	468,543
Investment in affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other investments	13,884	11,272	22,709	43,934	41,383	40,643	39,291	44,251	44,251	44,251	44,251	44,251	44,251	44,251	44,251	44,251	44,251	44,251	44,251
Non-Current Assets	**712,158**	**727,583**	**756,161**	**2,494,738**	**2,471,640**	**2,462,523**	**2,452,015**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**	**2,447,375**
Total assets	**1,657,564**	**1,696,219**	**1,795,735**	**4,517,331**	**4,409,846**	**4,665,255**	**4,669,680**	**4,329,932**	**4,376,662**	**4,376,662**	**4,534,498**	**4,605,445**	**4,275,727**	**4,317,778**	**4,317,778**	**4,286,140**	**4,240,584**	**4,185,666**	**4,131,464**
Trade payables and other ST liabilities	338,380	349,139	350,829	590,239	488,060	576,840	466,534	358,820	556,803	556,803	595,715	591,323	418,936	556,410	556,410	584,779	594,897	597,572	600,020
Short term debt	82,225	111,123	100,164	80,606	128,914	220,884	207,817	102,200	101,580	101,580	131,277	126,869	125,132	127,891	127,891	130,623	134,908	140,880	148,555
Total current liabilities	**420,605**	**460,262**	**450,993**	**670,845**	**616,974**	**797,724**	**674,351**	**461,020**	**658,383**	**658,383**	**726,992**	**718,191**	**544,068**	**684,301**	**684,301**	**715,402**	**729,805**	**738,452**	**748,574**
Long term debt	783,419	771,279	928,858	2,297,363	2,288,097	2,286,859	2,286,222	2,285,128	2,271,255	2,271,255	2,330,036	2,251,794	2,220,972	2,269,939	2,269,939	2,318,437	2,394,481	2,500,483	2,636,697
Debt deemed provisions (e.g. pensions)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority Interests	11,866	12,038	12,823	39,452	39,034	39,509	41,136	39,564	39,564	39,564	39,564	39,564	39,564	39,564	39,564	39,564	39,564	39,564	39,564
Other long term liabilities	77,215	71,792	64,405	80,563	80,638	84,124	78,814	85,772	91,469	91,469	95,197	112,136	115,479	116,161	116,161	139,265	166,279	191,215	216,233
Long Term Liabilties	**1,293,105**	**1,315,371**	**1,457,079**	**3,088,223**	**3,024,743**	**3,208,216**	**3,080,523**	**2,871,484**	**3,060,670**	**3,060,670**	**3,191,789**	**3,121,685**	**2,920,083**	**3,109,965**	**3,109,965**	**3,212,668**	**3,330,128**	**3,469,714**	**3,641,069**
Subordinated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Common Unitholders	367,708	372,220	340,180	1,455,702	1,354,187	1,404,834	1,559,217	1,434,093	0	0	0	0	0	0	0	0	0	0	0
General Partner	3,698	3,751	3,436	16,975	15,930	16,439	18,006	16,751	0	0	0	0	0	0	0	0	0	0	0
Accumulated Other Comprehensive Income	(6,947)	4,877	(4,960)	(43,569)	14,986	35,766	11,934	7,604	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	**364,459**	**380,848**	**338,656**	**1,429,108**	**1,385,103**	**1,457,039**	**1,589,157**	**1,458,448**	**1,315,992**	**1,315,992**	**1,342,709**	**1,483,760**	**1,355,644**	**1,207,813**	**1,207,813**	**1,073,472**	**910,456**	**715,952**	**490,394**
Total liabilities and equity	**1,657,564**	**1,696,219**	**1,795,735**	**4,517,331**	**4,409,846**	**4,665,255**	**4,669,680**	**4,329,932**	**4,376,662**	**4,376,662**	**4,534,498**	**4,605,445**	**4,275,727**	**4,317,778**	**4,317,778**	**4,286,140**	**4,240,584**	**4,185,666**	**4,131,464**
Check	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance sheet assumptions	86,322	(50,683)	(94,895)	133,179	(83,736)	(160,088)	(183,744)	188,267	148,903	(6,662)	(129,163)	(88,109)	132,892	81,811	(2,569)	1,784	(1,213)	2,100	(1,939)
Revenue	2,260,095	2,320,342	2,537,959	2,921,616	3,166,543	1,045,826	1,493,623	613,237	600,161	3,752,847	1,019,051	1,465,124	617,094	604,348	3,705,617	3,735,009	3,768,922	3,805,972	3,844,292
Operating Expenses	1,999,439	2,065,277	2,295,010	2,708,554	2,747,810	866,133	1,208,701	606,030	605,221	3,286,085	851,022	1,182,645	598,479	604,793	3,236,939	3,248,770	3,259,709	3,274,365	3,287,781
Accounts receivable (as % of sales)	6%	8%	9%	9%	9%	49%	38%	51%	55%	9%	50%	40%	50%	55%	9%	9%	9%	9%	9%
Inventory (as % of operating expenses)	4%	6%	6%	6%	6%	21%	15%	25%	30%	6%	20%	15%	25%	30%	6%	6%	6%	6%	6%
Trade payable & other S.T. liabilities	17%	17%	15%	22%	18%	67%	39%	59%	92%	17%	70%	50%	70%	92%	17%	18%	18%	18%	18%
Cash	59,213	7,726	8,632	60,102	12,635	30,303	38,461	14,655	15,814	15,814	20,857	23,368	14,210	15,880	15,880	16,810	17,207	17,227	17,380
Total Debt	865,644	882,402	1,029,022	2,377,969	2,417,011	2,507,743	2,494,039	2,387,328	2,372,834	2,372,834	2,461,313	2,378,663	2,346,104	2,397,830	2,397,830	2,449,060	2,529,389	2,641,363	2,785,252
Total Net Debt	806,431	874,676	1,020,390	2,317,867	2,404,376	2,477,440	2,455,578	2,372,673	2,357,020	2,357,020	2,440,456	2,355,295	2,331,894	2,381,951	2,381,951	2,432,250	2,512,182	2,624,136	2,767,871
Common Securities	367,708	372,220	340,180	1,455,702	1,354,187	1,404,834	1,559,217	1,434,093	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	364,459	380,848	338,656	1,429,108	1,385,103	1,457,039	1,589,157	1,458,448	1,315,992	1,315,992	1,342,709	1,483,760	1,355,644	1,207,813	1,207,813	1,073,472	910,456	715,952	490,394
Net Debt/Capital	**68.9%**	**69.7%**	**75.1%**	**61.9%**	**63.4%**	63.0%	60.7%	61.9%	64.2%	**64.2%**	64.5%	61.4%	63.2%	66.4%	**66.4%**	**69.4%**	**73.4%**	**78.6%**	**84.9%**
Net Debt / TTM EBITDA	**2.5x**	**2.6x**	**3.0x**	**5.2x**	**3.8x**	3.7x	3.6x	3.7x	3.6x	**3.6x**	3.7x	3.6x	3.5x	3.5x	**3.5x**	**3.5x**	**3.4x**	**3.5x**	**3.5x**
EBITDA / Interest	**4.9x**	**5.2x**	**5.3x**	**2.7x**	**3.7x**	3.9x	4.1x	4.0x	4.0x	**4.0x**	4.0x	4.0x	4.1x	4.1x	**4.1x**	**4.2x**	**4.2x**	**4.2x**	**4.2x**

Source: APU Reports, Jefferies Estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Chart 8: APU Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement ('000s)	2009	2010	2011	2012	2013	Dec-1Q	Mar-2Q	Jun-3Q	Sep-4QE	2014E	Dec-1QE	Mar-2QE	Jun-3QE	Sep-4QE	2015E	2016E	2017E	2018E	2019E
Operating activities																			
Net income	224,643	167,494	140,924	12,671	225,091	136,672	242,950	(37,749)	(53,631)	288,242	116,809	231,143	(31,612)	(51,326)	265,014	267,364	270,181	270,183	270,621
Depreciation & Conservation Amortization	83,788	87,400	94,710	169,123	202,871	52,322	49,157	47,857	55,358	204,694	51,906	51,906	51,906	51,906	207,624	210,654	213,784	217,014	220,244
Deferred taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net change in working capital	86,322	(50,683)	(94,895)	133,179	(83,736)	(160,088)	(183,744)	188,267	148,903	(6,662)	(129,163)	(88,109)	132,892	81,811	(2,569)	1,784	(1,213)	2,100	(1,939)
Other, including changes in provisions and other liabilities	(27,255)	14,605	48,112	29456	11,377	6,374	23,657	(2,484)	5,697	33,244	3,728	16,939	3,343	682	24,692	23,104	27,013	24,937	25,018
Cash from operating activities	**367,498**	**218,816**	**188,851**	**344,429**	**355,603**	**35,280**	**132,020**	**195,891**	**156,326**	**519,517**	**43,280**	**211,878**	**156,530**	**83,073**	**494,761**	**502,906**	**509,765**	**514,233**	**513,944**
Investing activities																			
Capital expenditure - tangible fixed assets	(78,739)	(83,170)	(77,228)	(103,140)	(111,058)	(23,269)	(27,740)	(29,282)	(29,709)	(110,000)	(31,250)	(31,250)	(31,250)	(31,250)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Acquisitions	(50,092)	(34,345)	(34,032)	(1,425,002)	(19,946)	(1,442)	(491)	14,505	(32,572)	(20,000)	(7,500)	(7,500)	(7,500)	(7,500)	(30,000)	(35,000)	(40,000)	(45,000)	(45,000)
Net disposals/(acquisitions)	49,306	2,586	5,131	8,082	22,113	2,321	4,175	(8,429)	10,433	8,500	2,125	2,125	2,125	2,125	8,500	8,500	8,500	8,500	8,500
Other investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash from investing activities	**(79,525)**	**(114,929)**	**(106,129)**	**(1,520,060)**	**(108,891)**	**(22,390)**	**(24,056)**	**(23,206)**	**(51,848)**	**(121,500)**	**(36,625)**	**(36,625)**	**(36,625)**	**(36,625)**	**(146,500)**	**(151,500)**	**(156,500)**	**(161,500)**	**(161,500)**
Financing activities																			
Inc./(dec.) in short term debt	0	91,000	4,500	(45,600)	67,000	91,900	(10,800)	(105,500)	(620)	(25,020)	29,697	(4,408)	(1,737)	2,759	26,311	2,732	4,284	5,972	7,674
Inc./(dec.) in long term debt	(71,659)	(83,107)	86,356	1,267,182	(30,531)	(1,621)	(2,979)	(1,062)	(13,873)	(19,535)	58,781	(78,242)	(30,822)	48,967	(1,315)	48,498	76,044	106,002	136,214
Inc./(dec.) in equity	(338)	583	616	280,337	0	195	(782)	758	0	171	0	0	0	0	0	0	0	0	0
Common stock dividends paid	(165,282)	(161,626)	(171,821)	(271,839)	(327,000)	(84,208)	(84,242)	(89,147)	(89,208)	(346,805)	(89,180)	(89,180)	(95,593)	(95,593)	(369,544)	(398,058)	(429,549)	(461,040)	(492,531)
Other cash from financing	(2,390)	(2,224)	(1,467)	(2,979)	(3,648)	(1,488)	(1,003)	(1,540)	383	(3,648)	(912)	(912)	(912)	(912)	(3,648)	(3,648)	(3,648)	(3,648)	(3,648)
Cash from financing activities	**(239,669)**	**(155,374)**	**(81,816)**	**1,227,101**	**(294,179)**	**4,778**	**(99,806)**	**(196,491)**	**(103,319)**	**(394,838)**	**(1,613)**	**(172,741)**	**(129,063)**	**(44,778)**	**(348,196)**	**(350,476)**	**(352,868)**	**(352,713)**	**(352,290)**
Cash flow increase/(decrease) in cash	48,304	(51,487)	906	51,470	(47,467)	17,668	8,158	(23,806)	1,159	3,179	5,042	2,512	(9,158)	1,670	65	930	397	20	154
Non-cash movements in cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forex Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net change in cash	**48,304**	**(51,487)**	**906**	**51,470**	**(47,467)**	**17,668**	**8,158**	**(23,806)**	**1,159**	**3,179**	**5,042**	**2,512**	**(9,158)**	**1,670**	**65**	**930**	**397**	**20**	**154**
Cash at the beginning of the year	**10,909**	**59,213**	**7,726**	**8,632**	**60,102**	**12,635**	**30,303**	**38,461**	**14,655**	**12,635**	**15,814**	**20,857**	**23,368**	**14,210**	**15,814**	**15,880**	**16,810**	**17,207**	**17,227**
Cash at the end of the year	**59,213**	**7,726**	**8,632**	**60,102**	**12,635**	**30,303**	**38,461**	**14,655**	**15,814**	**15,814**	**20,857**	**23,368**	**14,210**	**15,880**	**15,880**	**16,810**	**17,207**	**17,227**	**17,380**
Cash paid for income taxes																			
Cash Interest paid, net of amount capitalized	69,745	65,147	66,269	104,248	161,562														
Free Cash Flow after distributions	122,691	(57,739)	(89,099)	(1,447,470)	(80,288)	(71,318)	23,722	83,538	15,270	51,212	(82,524)	86,073	24,312	(49,144)	(21,283)	(46,651)	(76,284)	(108,307)	(140,087)

Source: APU Reports, Jefferies Estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Attachment SDR-ROR-10-52
A.P. Kelly
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UGI Corporation (UGI)

HOLD: $36 Price Target

THE LONG VIEW

Scenarios

Target Investment Thesis

- Announced big-ticket projects (Totalgaz acquisition & PennEast pipeline) are completed on time & budget, contributing to EBITDA growth in F15 & beyond.
- UGI utilities continue to convert fuel-oil customers at an elevated pace.
- Normal weather conditions exist in all regions.
- Additional midstream projects are secured and successfully executed upon.
- F2015 EPS & DPS: $1.89, $0.885; Target Yield: 3.0%; Target Price $36

Upside Scenario

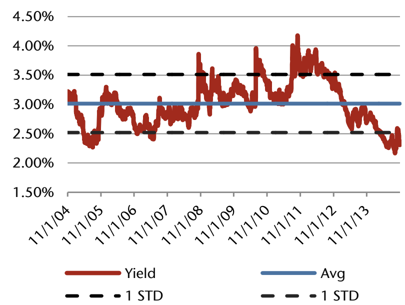
- Projects completed early and under-budget, with utilization ramp faster than anticipated
- Fuel oil customer conversions accelerate in the US and Europe; significantly colder-than-normal winter weather conditions pervade all operating regions.
- Additional high-quality midstream projects, backed by capacity-payments, drive upside for Marketing & Midstream
- F2015 EPS & DPS: $2.15, $0.915; Target Yield: 2.75%; Target Price: $40

Downside Scenario

- Projects delayed and experience cost overruns due to operational issues and drag on total UGI results
- Customer conversions across all delivery platforms slow and European acquisitions become more challenging.
- Significantly warmer than normal temps afflict all operating regions during the important winter heating season.
- F2015 EPS & DPS: $1.70, $0.865; Target Yield: 3.25%; Target Price: $30

Long Term Analysis

Historical Dividend Yield



Source: FactSet, Jefferies estimates

Long Term Financial Model Drivers

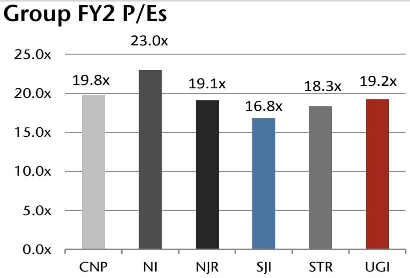
LT Earnings CAGR	7.5%
5-Year Dividend CAGR	5.25%
Earnings Payout Ratio	40-45%
Terminal Cash Flow Growth Rate	1.5%

Other Considerations

While investor focus has centered on UGI's midstream operations & opportunities, we note that the company has invested heavily in each of its businesses over the last 5 years. The purchase of PPL's PA Gas assets bolstered the Utility operations, APU acquired Heritage Propane from ETP, and International Propane has closed on a slew of acquisition from BG, BP, Shell, & Total. We believe this balanced approach to capital deployment will continue.

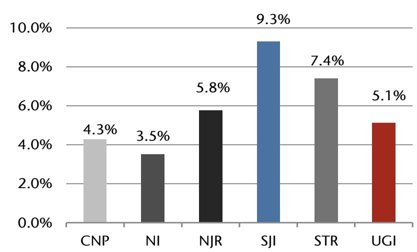
Peer Group

Group FY2 P/Es



Source: FactSet, Jefferies estimates

3-Year Historical Dividend CAGRs



Source: FactSet, Jefferies estimates

Recommendation / Price Target

Ticker	Rec.	PT
UGI	**Hold**	**$36**
CNP	NC	NC
NI	Hold	$40
NJR	NC	NC
SJI	NC	NC
STR	Hold	$25

Catalysts

- Expect F2015 EPS guidance to be provided at Nov. 6th Investor Day; we project an initial EPS range of $1.85-$1.95 & formally forecast F15 EPS of $1.89.
- The announcement of additional midstream projects could also act as a catalyst given the high-quality nature of such investments & the markets current focus on domestic energy infrastructure.

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

AmeriGas Partners, L.P. (APU)

BUY: $52 Price Target

THE LONG VIEW

Scenarios

Target Investment Thesis

- Propane continues to capture incremental fuel oil market share, helping to mitigate its LT structural demand decline.
- Ongoing, periodic acquisitions of small, independent operators offset the structural decline in propane sales.
- Acquisitions also enable improved asset utilization, allowing unit-margin growth.
- Normal weather conditions exist.
- 2015 EBITDA: $672mm; 5-year distribution CAGR: 4.5%; Target Price: $52

Upside Scenario

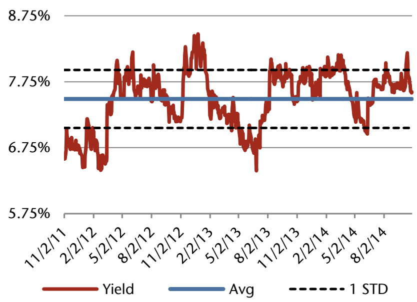
- Accelerated conversions of fuel-oil customers supplement acquisition activities, driving strong sales growth and margin expansion.
- Significantly colder-than-normal winter weather conditions produce robust sales during peak margin environment.
- Propane prices remain significantly depressed, helping to mitigate customer conservation
- 2015 EBITDA: $725mm; 5-year distribution CAGR: 5.0%; Target Price: $60

Downside Scenario

- Rival fuel sources begin capturing propane market share, accelerating its LT structural demand decline.
- APU is unable to close accretive, bolt-on acquisitions and sales track the historic structural decline of the broad market.
- Persistently warmer than normal temps crimp sales, margins, and cash flows.
- Rising US propane exports elevate prices, further pressuring sales and margins.
- 2015 EBITDA: $625mm; 5-year distribution CAGR: 3.5%; Target Price: $40

Long Term Analysis

Historical Distribution Yield



Source: FactSet, Jefferies estimates

Long Term Financial Model Drivers

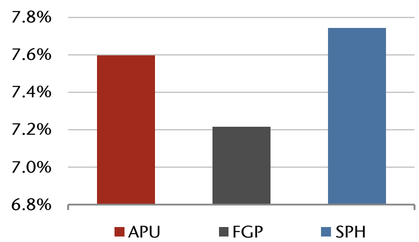
LT EBITDA CAGR	**~3.0%**
Terminal Distribution Growth Rate	**1.0%**
Annual Unit-Margin Growth	**0.3%**
Acquisition Sales Contribution	**~2.0%**

Other Considerations

US retail propane consumption declined at a ~1.3% annual rate from 2003-2013 due to structural conservation, economic recession, and competition from rival fuel sources. We expect a modest economic recovery, muted product prices, and a nascent housing recovery to help mitigate this structural decline in the near-term. In addition, we believe APU's ongoing roll-up acquisition strategy will enable market share growth and unit margin expansion.

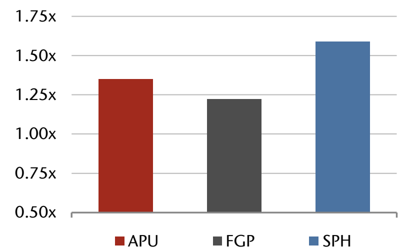
Peer Group

Group Distribution Yields



Source: FactSet

TTM Distribution Coverage



Source: Company Reports, Jefferies estimates

Recommendation / Price Target

Ticker	**Rec.**	**PT**
APU	**Buy**	**$52**
FGP	NC	NC
SPH	NC	NC

Catalysts

- Expect F2015 EBITDA guidance to be provided in conjunction with Investor Day on Nov. 6th; we project F2015 EBITDA of ~$672mm.
- A second severe winter weather season could aid y/y results as APU largely relies on volumetric sales and, to a lesser extent, the unit margin expansion following periods of elevated wholesale propane pricing

Company Description

AmeriGas Partners, L.P. (NYSE: APU) is the nation's largest retail propane marketer, serving more than 2.3 million customers in all 50 states from roughly 2,100 distribution locations. AmeriGas is a master limited partnership (MLP) and UGI Corporation (NYSE: UGI) is its sole General Partner and owns an approximate 26% Limited Partner interest. AmeriGas is organized under the laws of the state of Delaware and headquartered in King of Prussia, PA..

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Jefferies

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Other Companies Mentioned in This Report

- AmeriGas Partners, L.P. (APU: $46.15, BUY)
- BP plc (BP: $43.46, BUY)
- NiSource Inc. (NI: $42.06, HOLD)
- PPL Corp. (PPL: $34.99, BUY)
- Questar Corp. (STR: $24.11, HOLD)
- Spectra Energy Corp. (SE: $39.13, HOLD)
- Total SA (FP FP: €47.42, HOLD)
- UGI Corporation (UGI: $37.69, HOLD)

Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	1006	52.10%	261	25.94%
HOLD	784	40.60%	141	17.98%
UNDERPERFORM	141	7.30%	6	4.26%

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Jefferies

COMPANY NOTE

Estimate Change

USA | Energy | Natural Gas

December 12, 2014

EQUITY RESEARCH

UGI Corporation (UGI)

Updating Model

HOLD
Price target $36.00
Price $37.68

Key Takeaway

We are publishing an updated model following F4Q results.

UGI provided F15 guidance at its biennial Investor Day in November, including F15 EPS of $1.88 - $1.98, adjusted F15 EBITDA at APU of $685mm, and a 6%-10% EPS CAGR through F17.

Valuation/Risks

Our $36 price target is derived via a combination of DCF, SOP, and target yield approaches. We project a ~5% dividend CAGR through 2019 with a ~40%-45% payout ratio. Risks: non-normal weather (US & Europe), severe and rapid fluctuations in LPG prices, an inability to execute on organic initiatives, and changes in roll-up opportunities and deal multiples present risks to our estimates.

Financial Summary

Net Debt (MM):	**$3,214.3**
Net Debt/Capital:	**53.7%**
Long-Term Debt (MM):	**$3,477.8**
Dividend Yield:	**2.1%**

Market Data

52 Week Range:	**$38.87 - $26.06**
Total Entprs. Value (MM):	**$9,710.3**
Market Cap. (MM):	**$6,496.0**
Shares Out. (MM):	**172.4**
Float (MM):	**170.9**
Avg. Daily Vol.:	**1,013,617**

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

USD	*Prev.*	**2014A**	*Prev.*	**2015E**	*Prev.*	**2016E**	*Prev.*	
EBITDA (MM)	*1,181.2*	1,173.2	*1,169.6*	1,163.4	*1,292.1*	1,281.3	--	--
DPS	--	0.79	--	0.88	--	0.92	--	--
Cons. EPS	--	2.02	--	1.96	--	2.10	--	--
EPS								
Dec	--	0.71	*0.76*	0.78	--	--	--	--
Mar	--	1.27	*1.14*	1.17	--	--	--	--
Jun	--	0.10	*0.10*	0.12	--	--	--	--
Sep	--	(0.08)	*(0.10)*	(0.18)	--	--	--	--
FY Sep	*1.99*	2.00	--	1.90	*2.16*	2.13	--	--
FY P/E		18.8x		19.8x		17.7x		16.8x

Price Performance

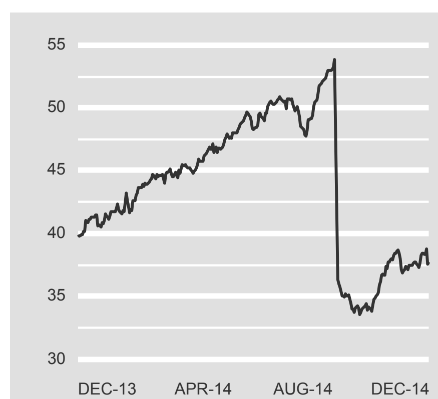

Exhibit 1: UGI Consolidated Income Statement

Consolidated Income Statement	2010	2011	2012	2013	1Q	2Q	3Q	4Q	2014	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Revenues	$5,591.4	$6,091.3	$6,519.2	$7,191.6	$2,315.9	$3,163.2	$1,486.7	$1,311.4	$8,277.3	$2,359.1	$3,066.0	$1,767.2	$1,558.3	$8,750.7	$9,386.8	$9,436.2	$9,466.8	$9,495.5
(Cost of Sales)	($3,584.0)	($4,019.0)	($4,111.2)	($4,332.7)	($1,429.9)	($2,001.3)	($926.5)	($818.0)	($5,175.7)	($1,454.7)	($1,940.5)	($1,115.8)	($965.0)	($5,476.0)	($5,891.5)	($5,909.9)	($5,904.0)	($5,898.4)
Gross Margin	$2,007.5	$2,072.3	$2,408.0	$2,859.0	$886.0	$1,162.0	$560.3	$493.4	$3,101.7	$904.4	$1,125.5	$651.4	$593.3	$3,274.7	$3,495.3	$3,526.3	$3,562.8	$3,597.1
(Operating & Administrative)	($1,175.2)	($1,253.9)	($1,591.7)	($1,693.5)	($431.5)	($492.0)	($415.9)	($413.2)	($1,752.6)	($453.3)	($490.2)	($468.8)	($496.1)	($1,908.5)	($2,003.9)	($1,980.2)	($1,961.8)	($1,940.4)
(Depreciation & Amortization)	($210.2)	($227.9)	($316.0)	($360.3)	($94.0)	($87.7)	($90.0)	($91.2)	($362.9)	($92.5)	($93.7)	($104.1)	($105.7)	($396.0)	($426.7)	($438.8)	($451.0)	($463.4)
Other Income (Loss)	$56.4	$25.6	$16.4	$17.9	$3.2	$6.3	$8.4	$1.6	$19.5	$5.3	$6.1	$6.7	$4.8	$22.9	$23.3	$26.2	$26.6	$27.1
Operating Income	$678.5	$616.0	$516.7	$823.1	$363.7	$588.6	$62.8	($9.4)	$1,005.6	$363.9	$547.7	$85.2	($3.8)	$993.0	$1,087.9	$1,133.5	$1,176.7	$1,220.3
(Income from Equity Investees)	($2.1)	($0.9)	($0.3)	($0.4)	$0.0	$0.0	($0.1)	$0.0	($0.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.8	$7.5	$8.1
(Extraordinary Items)	($22.8)	($26.8)	$11.9	$10.1	$1.5	$7.7	($3.5)	$6.1	$11.8					$0.0	$0.0	$0.0	$0.0	$0.0
(Interest Expense)	($133.8)	($138.0)	($221.5)	($239.1)	($59.3)	($59.5)	($60.1)	($58.7)	($237.7)	($59.0)	($58.0)	($60.9)	($66.2)	($244.2)	($271.1)	($285.9)	($297.9)	($305.2)
(Minority Interest, prnc. in AmeriGas)	($94.7)	($74.7)	$13.2	($147.7)	($95.5)	($173.4)	$33.3	$40.2	($195.4)	($90.5)	($166.3)	$9.6	$21.6	($225.7)	($233.3)	($236.5)	($240.0)	($245.1)
Income before Taxes	$425.1	$375.6	$320.0	$446.0	$210.4	$363.4	$32.3	($21.8)	$584.3	$214.3	$323.4	$33.8	($48.4)	$523.2	$583.5	$612.9	$646.3	$678.2
(Income Tax Expense)	($155.6)	($137.4)	($105.5)	($163.9)	($86.9)	($141.3)	($15.2)	$8.2	($235.2)	($80.4)	($121.3)	($12.7)	$18.1	($196.2)	($218.8)	($232.9)	($245.6)	($257.7)
(Preferred Dividends)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income before Other Items	$269.4	$238.3	$214.5	$282.1	$123.5	$222.1	$17.1	($13.6)	$349.1	$133.9	$202.1	$21.1	($30.2)	$327.0	$364.7	$380.0	$400.7	$420.5
Net Income - Recurring	$269.4	$238.3	$214.5	$282.1	$123.5	$222.1	$17.1	($13.6)	$349.1	$133.9	$202.1	$21.1	($30.2)	$327.0	$364.7	$380.0	$400.7	$420.5
EPS (Adjusted Diluted)	**$1.62**	**$1.41**	**$1.27**	**$1.63**	$0.71	$1.27	$0.10	($0.08)	**$2.00**	$0.78	$1.17	$0.12	($0.18)	**$1.90**	**$2.13**	**$2.24**	**$2.38**	**$2.51**
Shares Outstanding - Basic	164.8	168.0	168.9	170.9	172.2	172.8	173.1	172.9	172.7	172.6	172.3	172.0	171.7	172.1	170.9	169.7	168.5	167.3
Shares Outstanding - Diluted	166.3	168.7	169.5	172.7	174.7	175.1	175.6	172.9	174.6	172.6	172.3	172.0	171.7	172.1	170.9	169.7	168.5	167.3
EBIT	$583.8	$541.3	$529.9	$675.4	$268.2	$415.2	$96.1	$30.8	$810.2	$273.3	$381.4	$94.8	$17.8	$767.4	$854.7	$897.0	$936.7	$975.3
EBITDA	$794.0	$769.3	$845.9	$1,035.7	$362.2	$502.9	$186.1	$122.0	$1,173.2	$365.8	$475.1	$198.9	$123.5	$1,163.4	$1,281.3	$1,335.8	$1,387.7	$1,438.7

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 2: UGI Consolidated Balance Sheet

Consolidated Balance Sheet (MM)	2010	2011	2012	2013	1Q	2Q	3Q	4Q	2014	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Cash & Equivalents	$261	$239	$320	$389	$418	$494	$438	$420	$420	$180	$180	$147	$147	$147	$118	$79	$79	$80
Accounts Receivable	$468	$547	$633	$746	$1,204	$1,323	$785	$685	$685	$1,231	$1,321	$932	$864	$864	$887	$892	$895	$898
Inventory	$314	$363	$357	$366	$412	$324	$332	$423	$423	$436	$346	$400	$472	$472	$557	$559	$558	$558
Other Current Assets	$178	$158	$195	$127	$193	$140	$83	$136	$136	$136	$136	$136	$136	$136	$136	$136	$136	$136
Total Current Assets	**$1,220**	**$1,306**	**$1,505**	**$1,627**	**$2,228**	**$2,281**	**$1,639**	**$1,663**	**$1,663**	**$1,983**	**$1,983**	**$1,615**	**$1,619**	**$1,619**	**$1,698**	**$1,666**	**$1,668**	**$1,670**
Tangible Fixed Assets - Net	**$3,053**	**$3,205**	**$4,233**	**$4,480**	**$4,517**	**$4,519**	**$4,543**	**$4,544**	**$4,544**	**$4,588**	**$4,613**	**$5,183**	**$5,285**	**$5,285**	**$5,420**	**$5,538**	**$5,649**	**$5,747**
Goodwill	$1,563	$1,562	$2,818	$2,874	$2,885	$2,886	$2,885	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833	$2,833
Other intangible fixed assets (e.g. Deferred Income Taxes)	$150	$148	$658	$608	$599	$608	$590	$576	$576	$576	$576	$576	$576	$576	$576	$576	$576	$576
Investment in affiliates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other investments	$388	$443	$496	$420	$436	$426	$420	$477	$477	$477	$477	$477	$477	$477	$477	$477	$477	$477
Non-Current Assets	**$2,101**	**$2,153**	**$3,972**	**$3,901**	**$3,919**	**$3,920**	**$3,895**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**	**$3,886**
Total assets	**$6,374**	**$6,663**	**$9,710**	**$10,009**	**$10,664**	**$10,721**	**$10,078**	**$10,093**	**$10,093**	**$10,457**	**$10,483**	**$10,684**	**$10,791**	**$10,791**	**$11,005**	**$11,090**	**$11,203**	**$11,303**
Trade payables and other ST liabilities	$901	$892	$1,155	$1,130	$1,391	$1,330	$1,039	$1,143	$1,143	$1,475	$1,472	$1,282	$1,358	$1,358	$1,461	$1,473	$1,476	$1,475
Short term debt	$774	$186	$332	$295	$489	$325	$175	$288	$288	$111	$108	$122	$128	$128	$133	$137	$140	$142
Total current liabilities	**$1,675**	**$1,078**	**$1,487**	**$1,425**	**$1,880**	**$1,655**	**$1,214**	**$1,431**	**$1,431**	**$1,586**	**$1,579**	**$1,404**	**$1,486**	**$1,486**	**$1,593**	**$1,611**	**$1,616**	**$1,616**
Long term debt	$1,432	$2,110	$3,348	$3,542	$3,549	$3,549	$3,478	$3,434	$3,434	$3,596	$3,482	$3,954	$4,124	$4,124	$4,291	$4,441	$4,520	$4,588
Debt deemed provisions (e.g. pensions)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred taxes (Revenue)	$601	$714	$940	$962	$980	$984	$986	$1,005	$1,005	$1,021	$1,045	$1,048	$1,044	$1,044	$1,059	$1,077	$1,081	$1,084
Other long term liabilities	$604	$570	$617	$532	$536	$530	$519	$560	$560	$545	$553	$527	$508	$508	$446	$359	$395	$430
Total liabilities	**$4,313**	**$4,472**	**$6,391**	**$6,461**	**$6,945**	**$6,718**	**$6,197**	**$6,430**	**$6,430**	**$6,748**	**$6,660**	**$6,933**	**$7,162**	**$7,162**	**$7,389**	**$7,489**	**$7,611**	**$7,718**
Common equity	$1,825	$1,978	$2,233	$2,493	$2,610	$2,795	$2,771	$2,659	$2,659	$2,705	$2,819	$2,747	$2,625	$2,625	$2,611	$2,597	$2,588	$2,581
Preferred equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Minority interests	$237	$213	$1,086	$1,055	$1,109	$1,207	$1,110	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004	$1,004
Shareholders' Equity	**$2,062**	**$2,191**	**$3,319**	**$3,548**	**$3,719**	**$4,002**	**$3,881**	**$3,663**	**$3,663**	**$3,709**	**$3,823**	**$3,751**	**$3,629**	**$3,629**	**$3,616**	**$3,601**	**$3,592**	**$3,586**
Total liabilities and equity	**$6,374**	**$6,663**	**$9,710**	**$10,009**	**$10,664**	**$10,721**	**$10,078**	**$10,093**	**$10,093**	**$10,457**	**$10,483**	**$10,684**	**$10,791**	**$10,791**	**$11,005**	**$11,090**	**$11,203**	**$11,303**
Check	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Balance Sheet Assumptions	2010	2011	2012	2013	1Q	2Q	3Q	4Q	2014	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Working Capital	59	176	29	108	419	457	161	101	101	328	332	187	113	113	119	113	113	116
Changes in Working Capital	***(65)***	***(143)***	***85***	***(44)***	*(223)*	*(126)*	*286*	*57*	***(6)***	*(227)*	*(4)*	*145*	*73*	***(13)***	***(6)***	***6***	***0***	***(4)***
Average Collection Period	**31**	**33**	**35**	**38**	48	38	48	48	**30**	48	39	48	51	**36**	**35**	**35**	**35**	**35**
Inventory Days	**32**	**33**	**32**	**31**	27	15	32	48	**30**	28	16	33	45	**31**	**35**	**35**	**35**	**35**
Average Payable Period	**92**	**81**	**103**	**95**	89	60	101	129	**81**	93	68	105	130	**91**	**91**	**91**	**91**	**91**
Cash	$261	$239	$320	$389	$418	$494	$438	$420	$420	$180	$180	$147	$147	$147	$118	$79	$79	$80
Total Debt	$2,206	$2,296	$3,679	$3,837	$4,038	$3,874	$3,653	$3,722	$3,722	$3,707	$3,590	$4,076	$4,251	$4,251	$4,423	$4,578	$4,659	$4,730
Total Net Debt	**$1,946**	**$2,058**	**$3,360**	**$3,448**	**$3,620**	**$3,380**	**$3,214**	**$3,302**	**$3,302**	**$3,527**	**$3,410**	**$3,929**	**$4,104**	**$4,104**	**$4,305**	**$4,499**	**$4,580**	**$4,650**
Preferred Securities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Shareholders' Equity	$1,825	$1,978	$2,233	$2,493	$2,610	$2,795	$2,771	$2,659	$2,659	$2,705	$2,819	$2,747	$2,625	$2,625	$2,611	$2,597	$2,588	$2,581
Net Debt/Capital	**52%**	**51%**	**60%**	**58%**	58%	55%	54%	55%	**55%**	57%	55%	59%	61%	**61%**	**62%**	**63%**	**64%**	**64%**
EBIT(1-T)	$428	$404	$424	$512	$181	$274	$81	$39	$575	$193	$260	$82	$36	$571	$636	$664	$691	$718
Invested capital	$3,770	$4,036	$5,593	$5,941	$6,229	$6,175	$5,985	$5,961	$5,961	$6,231	$6,228	$6,676	$6,729	$6,729	$6,916	$7,096	$7,168	$7,231
ROIC	12%	10%	8%	9%	9%	10%	10%	9%	9%	10%	9%	9%	9%	9%	9%	9%	10%	10%
ROE	14%	11%	7%	8%	8%	9%	9%	9%	10%	9%	9%	9%	9%	10%	10%	11%	11%	12%
EBITDA	$794	$769	$846	$1,036	$362	$503	$186	$122	$1,173	$366	$475	$199	$124	$1,163	$1,281	$1,336	$1,388	$1,439
Net Debt/EBITDA	**2.5x**	**2.6x**	**3.7x**	**3.2x**	3.1x	2.9x	2.9x	2.9x	**2.9x**	2.9x	2.9x	3.0x	3.2x	**3.2x**	**3.3x**	**3.3x**	**3.3x**	**3.2x**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Exhibit 3: UGI Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement (MM)	2010	2011	2012	2013	1Q	2Q	3Q	4Q	2014	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E
Operating activities																		
Net income	$356	$308	$187	$428	$218	$388	($13)	($60)	$533	$134	$202	$21	($30)	$327	$365	$380	$401	$420
Depreciation, amortization	$210	$228	$316	$363	$94	$88	$90	$91	$363	$93	$94	$104	$106	$396	$427	$439	$451	$463
Deferred taxes	$63	$83	$83	$49	($20)	$33	$8	$46	$67	$16	$24	$3	($4)	$39	$15	$18	$3	$3
Net change in working capital	($65)	($143)	$85	($44)	($223)	($126)	$286	$57	($6)	($227)	($4)	$145	$73	($13)	($6)	$6	$0	($4)
Other, including changes in provisions and other liabilities	$35	$79	$37	$6	$5	$28	$4	$13	$49	$5	$28	($6)	$1	$28	$38	$33	$36	$34
Cash from operating activities	**$599**	**$555**	**$708**	**$802**	**$73**	**$410**	**$375**	**$147**	**$1,005**	**$20**	**$344**	**$267**	**$146**	**$777**	**$839**	**$877**	**$891**	**$918**
Investing activities																		
Capital expenditure - tangible fixed assets	($347)	($361)	($339)	($486)	($133)	($91)	($101)	($131)	($457)	($131)	($114)	($137)	($203)	($585)	($535)	($525)	($525)	($525)
Investment in affiliates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net disposals/(acquisitions)	($16)	($53)	($1,581)	($79)	($21)	($1)	($2)	($14)	($37)	($5)	($5)	($537)	($5)	($553)	($27)	($32)	($37)	($37)
Other investment	($36)	($2)	$15	$12	$5	$3	$3	($5)	$6	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from investing activities	**($399)**	**($415)**	**($1,905)**	**($553)**	**($149)**	**($89)**	**($100)**	**($150)**	**($488)**	**($137)**	**($119)**	**($673)**	**($209)**	**($1,138)**	**($562)**	**($557)**	**($562)**	**($562)**
Financing activities																		
Inc./(dec.) in short term debt	$38	($75)	$27	$62	$194	($162)	($164)	$115	($17)	($177)	($4)	$15	$5	($160)	$5	$5	$2	$2
Inc./(dec.) in long term debt	($95)	$97	$1,250	$58	($4)	($4)	($54)	($6)	($68)	$162	($113)	$471	$170	$690	$167	$150	$79	$68
Inc./(dec.) in equity	$28	$27	$300	$36	$2	$4	($20)	($15)	($29)	$10	$10	$10	$10	$40	$40	$40	$40	$40
Common stock dividends paid	($188)	($208)	($301)	($352)	($90)	($91)	($95)	($98)	($374)	($98)	($98)	($103)	($102)	($401)	($418)	($434)	($450)	($467)
Other cash from financing	$4	$6	$2	$9	$0	$5	$3	$4	$12	($20)	($20)	($20)	($20)	($80)	($100)	($120)	$0	$0
Inc./(dec.) in preffered equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from financing activities	**($214)**	**($152)**	**$1,279**	**($186)**	**$101**	**($247)**	**($330)**	**($0)**	**($476)**	**($123)**	**($225)**	**$373**	**$63**	**$88**	**($306)**	**($359)**	**($329)**	**($357)**
Cash flow increase/(decrease) in cash	($14)	($13)	$82	$62	$25	$75	($55)	($4)	$42	($239)	$0	($33)	$0	($272)	($29)	($39)	$0	$0
Non-cash movements in cash	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Forex Adjustments	($5)	($9)	($0)	$7	$4	$0	($0)	($16)	($12)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net change in cash	**($19)**	**($22)**	**$81**	**$69**	**$29**	**$75**	**($55)**	**($19)**	**$30**	**($239)**	**$0**	**($33)**	**$0**	**($272)**	**($29)**	**($39)**	**$0**	**$0**
Cash at the beginning of the year	**$280**	**$261**	**$239**	**$320**	**$389**	**$418**	**$494**	**$438**	**$389**	**$420**	**$180**	**$180**	**$147**	**$420**	**$147**	**$118**	**$79**	**$79**
Cash at the end of the year	**$261**	**$239**	**$320**	**$389**	**$418**	**$494**	**$438**	**$419**	**$420**	**$180**	**$180**	**$147**	**$147**	**$147**	**$118**	**$79**	**$79**	**$80**

Cash Paid for Income Taxes	**$129**	**$49**	**$33**	**$60**	**$106**	**$106**	**$8**	**($78)**	**$142**	**$64**	**$97**	**$10**	**($15)**	**$157**	**$204**	**$215**	**$242**	**$254**
Cash Paid for Interest	**$131**	**$135**	**$169**	**$244**					**$228**					**$234**	**$267**	**$281**	**$293**	**$305**
Cash Tax Rate	**30.2%**	**12.9%**	**10.4%**	**13.5%**	50.4%	29.0%	26.0%	358.9%	**24.2%**	30.0%	30.0%	30.0%	30.0%	**30.0%**	**35.0%**	**35.0%**	**37.5%**	**37.5%**
Cash Interest Rate	**5.9%**	**5.9%**	**4.9%**	**6.5%**					**6.0%**					**6.0%**	**6.2%**	**6.3%**	**6.4%**	**6.5%**

Source: UGI reports, Jefferies estimates

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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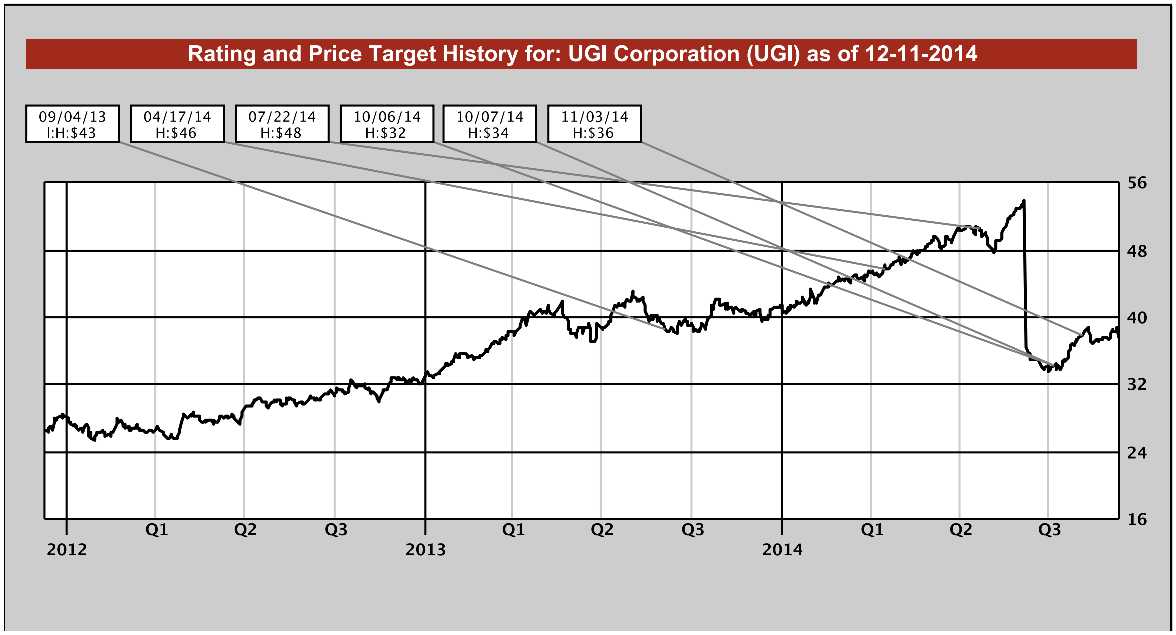
Other Companies Mentioned in This Report

- UGI Corporation (UGI: $37.68, HOLD)



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Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
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HOLD	809	40.49%	141	17.43%
UNDERPERFORM	146	7.31%	5	3.42%

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

FLASH NOTE

Company Update

USA | Energy | Natural Gas

May 4, 2015

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)

They Are Who We Thought They Were: F2Q Results In Line

HOLD
Price target $36.00
Price $35.40

Key Takeaway

UGI reported adjusted F2Q15 EPS of $1.26 (ex items), in line with our $1.25 forecast & above the Street's $1.20 mean estimate. Operationally, APU, the Utilities, and International Propane collectively matched our forecast; however, Midstream & Marketing again captured outsized margin opportunities to deliver its second highest quarterly results. With F1H under its belt, mgmt raised its F15 EPS guidance to $2.00-$2.10, from $1.88-$1.98.

Distribution operations broadly in line. While a ~7% y/y decline in F2Q heating degree days caused a ~9% y/y drop in APU sales, disciplined operational focus & a ~60% y/y drop in wholesale propane prices enabled unit-margin expansion and a ~3% y/y rise in EBITDA. International Propane also faced warmer than normal temps (0.6% at Antargaz, 10.9% at Flaga), but colder weather y/y enabled higher volumes & a ~1.4% y/y rise in operating income. Finally, the Utilities were broadly in line with expectations & generated a ~3.6% y/y increase in operating income on weather that was ~2% colder y/y.

Midstream & Marketing posts another strong quarter. Though M&M EBIT fell ~16.1% from F2Q14's record performance, it again capitalized on cold mid-Atlantic weather, volatile natural gas basis differentials, and contributions from recent development projects to post its second-highest quarterly results. With the Temple LNG liquefaction expansion now online (a ~50% capacity increase), a persistent regional infrastructure gap, and a proven ability to optimize its assets effectively, we believe M&M may be capable of more consistently delivering higher-margin results. We look to the call for mgmt's latest thoughts on M&M.

Guidance raised. With F1H reported, mgmt lifted its F15 EPS guidance to $2.00-$2.10, from $1.88-$1.98, and reiterated an expectation to close its acquisition of Total's French LPG operations this quarter. APU maintained its F15 EBITDA guidance of $635-$665mm.

UGI raises dividend. On April 28th, UGI announced a 22.75¢ per share dividend, up 1¢ q/q and up ~15.5% y/y. We continue to expect long-term increases at a rate of ~5% per year, and note that 2015 marks the 28th consecutive year of dividend increases.

Conference call info: Tomorrow @ 9AM ET. Dial-in: 877.201.0168. Key issues for the call include 1) update on French LPG acquisition, 2) near-term & long-term outlook on M&M business, 3) propane market outlook, & 4) more detailed rationale for guidance increase.

UGI F2Q15 Results Review:

Recurring Operating Income	Actual F2Q15A	JEFe F2Q15E		Year-over-Year F2Q14A	
Operating Income ($MM)					
AmeriGas Propane	$296.9	$293.0	1.4%	$284.9	4.2%
Utilities	$139.3	$136.3	2.2%	$134.5	3.6%
Midstream & Marketing	$101.9	$80.5	26.6%	$121.4	-16.0%
International Propane	$72.7	$78.3	-7.2%	$63.8	13.9%
Corporate & Other	$48.0	($4.2)	NM	($16.0)	NM
Total Operating Income	$658.8	$583.9	NM	$591.2	11.4%
Income (Loss) from Equity Investees	($0.1)	$0.0	NM	$0.0	NM
Interest Expense	($58.2)	($61.1)	-4.8%	($59.5)	-2.3%
Other Items	$0.0	$0.0	NM	$7.7	NM
Minority Interests	($235.7)	($171.6)	NM	($173.4)	35.9%
Income Tax Benefit (Expense)	($144.3)	($131.7)	NM	($141.3)	2.1%
Recurring Net Income	$220.5	$219.5	NM	$224.6	-1.8%
Diluted Shares Outstanding	175.6	175.5	0.1%	175.1	0.3%
Recurring Earnings Per Share (EPS)	$1.26	$1.25	0.4%	$1.27	-1.0%
Capital Expenditures	$91.0	$111.5	-18.5%	$91.3	-0.4%
Dividend Per Share	$0.22	$0.22	0.0%	$0.19	15.5%

Source: UGI reports and Jefferies estimates
Note: Recurring results exclude the impact of one-time items; some figures in the reported column remain JEFe as we will not have full information until the 10Q is filed.

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
* Jefferies LLC

Company Description

UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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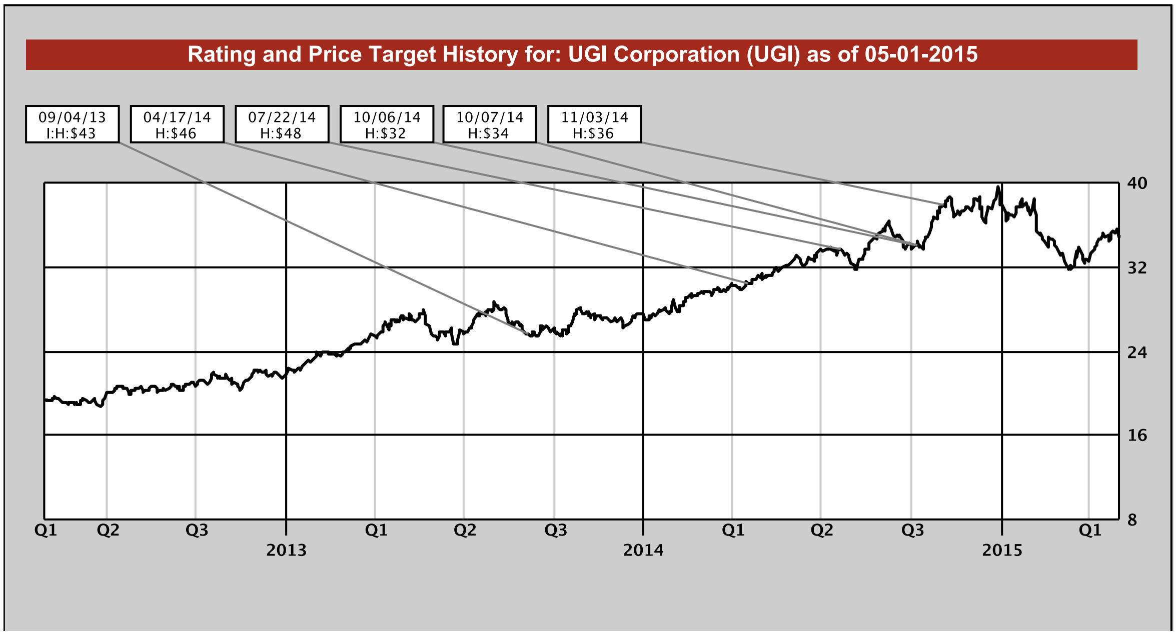

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Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	1060	51.11%	287	27.08%
HOLD	843	40.65%	160	18.98%
UNDERPERFORM	171	8.24%	11	6.43%

Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

FLASH NOTE

Company Update

USA | Energy | Natural Gas

August 3, 2015

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)

Broad-based Weakness in F3Q

HOLD
Price target $38.00
Price $36.64

Key Takeaway

UGI reported adjusted F3Q15 EPS of $0.08 (ex items), below our $0.15 forecast & the Street's $0.16 mean estimate. Operationally, each segment missed our projection, however, the largest miss was at APU where above-forecast costs caused a sizable EBIT miss. Mgmt maintained its F15 EPS guidance of $2.00-$2.10 (ex. Totalgaz transaction costs), though noted with YTD results it would likely be at the low-end of the range.

Distribution operations miss. Despite a ~10% y/y decline in F3Q heating degree days, APU's $226.5mm quarterly gross profit matched our $226.4mm estimate; however, above-forecast operational costs caused APU's $49mm in EBITDA to fall short of our $65mm estimate. UGI Int'l also faced warmer than normal temps (24% at Antargaz, 2% at Flaga), which led to ~25% fewer total gallons sold and a segment miss on the quarter (after transaction adjustments). Finally, the Utilities were also below expectations & generated an ~11.7% y/y decrease in operating income on weather that was ~22% warmer than normal.

Midstream & Marketing results also below expectations. Though there is a seasonality to the M&M business in which 2H results lag 1H, segment results in F3Q fell shy of expectations and were down ~29% y/y. With the Temple LNG liquefaction expansion now online (a ~50% capacity increase), a persistent regional infrastructure gap, and a proven ability to optimize its assets effectively, we believe M&M may be capable of more consistently delivering higher-margin results, but we look to the call for mgmt's latest thoughts on M&M given reported F3Q results. We also look forward to an update on development projects.

Guidance maintained. With F3Q results, mgmt affirmed its F15 EPS guidance of $2.00-$2.10, though noted results would likely fall within the low-end of the rage. As a reminder, UGI lifted its EPS guidance from an initial range of $1.88-$1.98 with F2Q results and mgmt noted that guidance excludes all Totalgaz-related acquisition expenses, which we estimate to be ~10¢ thus far this year.

Dividend maintained. UGI maintained its 22.75¢ per share dividend in F3Q, which is flat q/q and up ~4.6% y/y . We continue to expect long-term increases at a rate of ~5% per year, and note that 2015 marks the 28th consecutive year of dividend increases.

Conference call info: Tomorrow @ 9AM ET. Dial-in: 877.201.0168.

UGI F3Q15 Results Review:

Recurring Operating Income	Actual F3Q15A	JEFe F3Q15E		Year-over-Year F3Q14A	
Operating Income ($MM)					
AmeriGas Propane	$0.8	$16.2	-94.9%	$7.2	-88.6%
Utilities	$15.1	$17.9	-15.5%	$17.1	-11.7%
Midstream & Marketing	$18.6	$29.3	-36.4%	$26.1	-28.7%
International Propane	$15.0	$15.8	-5.1%	$6.8	120.6%
Corporate & Other	$21.9	$2.4	NM	$5.5	NM
Total Operating Income	$71.5	$81.5	NM	$65.3	9.4%
Income (Loss) from Equity Investees	$0.0	($0.1)	NM	($0.1)	NM
Interest Expense	($67.5)	($56.4)	19.7%	($60.1)	12.3%
Other Items	($4.9)	$0.0	NM	($3.5)	NM
Minority Interests	$25.5	$16.5	NM	$33.3	-23.4%
Income Tax Benefit (Expense)	($10.0)	($15.6)	NM	($15.2)	-34.5%
Recurring Net Income	$14.6	$25.9	NM	$19.7	-25.8%
Diluted Shares Outstanding	175.6	175.3	0.1%	175.6	0.0%
Recurring Earnings Per Share (EPS)	$0.08	$0.15	-43.7%	$0.10	-14.7%
Capital Expenditures	$113.5	$153.3	-26.0%	$101.1	12.3%
Dividend Per Share	$0.23	$0.23	0.0%	$0.20	15.7%

Source: UGI reports and Jefferies estimates
Note: Recurring results exclude the impact of one-time items; some figures in the reported column remain JEFe as we will not have full information until the 10Q is filed.

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Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
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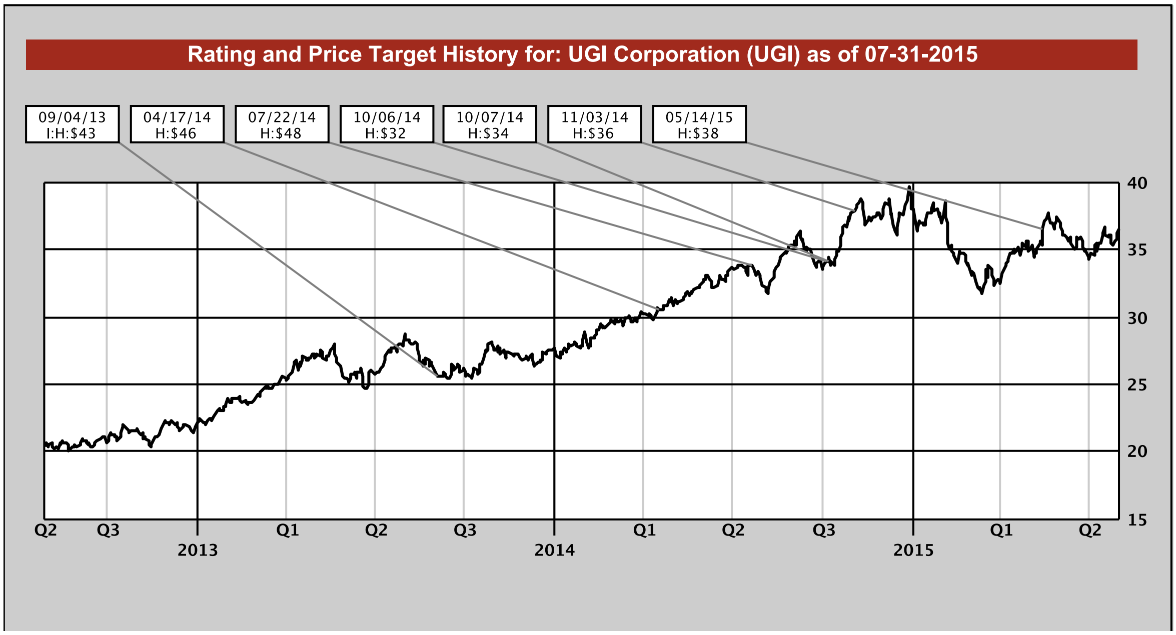

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HOLD	825	39.76%	161	19.52%
UNDERPERFORM	149	7.18%	13	8.72%

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

FLASH NOTE

Company Update

USA | Energy | Natural Gas

November 9, 2015

Jefferies

EQUITY RESEARCH

UGI Corporation (UGI)

F2016 Guidance In-Line

HOLD
Price target $38.00
Price $34.80

Key Takeaway

UGI reported adjusted F4Q EPS of 1¢ (ex items), beating our 6¢ LPS forecast & the Street's 3¢ mean LPS estimate. Operationally, every segment except Int'l Propane missed our expectations with the largest miss coming at APU due to a warm Sept. (+38% y/y) and elevated costs. Despite the segment misses, below-the-line items boosted F4Q results, delivering the bottom-line beat. Mgmt initiated F16 EPS guidance of $2.15-$2.30, in-line with $2.20 JEFe.

Domestic distribution operations miss, Int'l beats. While APU's quarterly gross profit of $219mm surpassed our $215mm estimate, elevated operating costs prompted EBITDA of $40mm to fall short of our $56mm estimate. Utility results also fell short of expectations as ~54% warmer than normal F4Q weather caused a $2.2mm y/y drop in operating income. However, UGI International posted $4.5mm in F4Q operating income, excluding acquisition & transition expenses, above our $4.7mm loss projection. We look forward to tomorrow's call for more color on operational performance & outlooks.

Midstream & Marketing results a touch shy of JEF expectations. Though there is a seasonality to the M&M business in which F2H results typically lag F1H, Op Income of $18.8mm in F4Q fell a touch below our $20.6mm expectation but was up ~26% y/y. With the Auburn Loop expansion now online (a 150 KDth/d capacity increase), a persistent regional infrastructure gap, and a proven ability to optimize its assets effectively, we believe M&M may be capable of more consistently delivering higher-margin results, but we look to the call for mgmt's latest outlook. We also look forward to an update on development projects including the PennEast & Sunbury pipelines & Manning LNG facility.

F16 EPS guidance initiated. With results, mgmt initiated F16 EPS guidance of $2.15-$2.30, noting an expectation for strong contributions from recent midstream expansions, including the Auburn III pipeline & Temple LNG liquefaction build-out, utility infrastructure investments, and the Finagaz acquisition; guidance assumes normal weather. We note that our $2.20 F16 EPS forecast & the Street's current $2.15 consensus estimate are both within mgmt's guidance range: El Niño weather conditions may pose a challenge to F16 results.

Dividend maintained. UGI maintained its 22.75¢ per share dividend in F4Q, which is flat q/q and up ~4.6% y/y . We continue to expect long-term increases at a rate of ~5% per year, and note that 2015 marks the 28th consecutive year of dividend increases.

Conference call info: Tomorrow @ 9AM ET. Dial-in: 877.201.0168.

UGI F4Q15 Results Review:

Recurring Operating Income	Actual F4Q15A	JEFe F4Q15E		Year-over-Year F4Q14A	
Operating Income ($MM)					
AmeriGas Propane	($9.8)	$6.4	-251.8%	$0.3	NM
Utilities	$0.3	$4.0	-92.6%	$2.5	-88.0%
Midstream & Marketing	$18.8	$20.6	-8.5%	$14.9	26.2%
International Propane	$4.5	($4.7)	195.2%	($10.0)	145.0%
Corporate & Other	($10.8)	($4.4)	-145.2%	($17.1)	37.1%
Total Operating Income	**$3.1**	**$21.9**	**-86.1%**	**($6.8)**	**NM**
Income (Loss) from Equity Investees	($0.1)	$0.0	NM	$0.0	NM
Interest Expense	($57.2)	($59.9)	-4.4%	($58.7)	-2.5%
Other Items	$7.1	$0.0	NM	$6.1	16.4%
Minority Interests	$43.3	$22.4	NM	$40.2	7.7%
Income Tax Benefit (Expense)	$5.8	$5.9	NM	$8.2	-29.3%
Recurring Net Income	**$1.9**	**($9.8)**	**NM**	**($11.1)**	**NM**
Diluted Shares Outstanding	173.3	173.0	0.2%	172.9	0.2%
Recurring Earnings Per Share (EPS)	**$0.01**	**($0.06)**	-119.6%	**($0.08)**	-114.0%
Capital Expenditures	**$145.5**	**$234.8**	-38.0%	**$131.3**	10.8%
Dividend Per Share	**$0.23**	**$0.23**	0.0%	**$0.22**	4.6%

Source: UGI reports and Jefferies estimates
Note: Recurring results exclude the impact of one-time items; some figures in the reported column remain JEFe as we will not have full information until the 10-Q is filed.

Christopher Sighinolfi, CFA *
Equity Analyst
(212) 707-6420 csighino@jefferies.com
Christopher Tillett *
Equity Associate
(212) 284-4697 ctillett@jefferies.com
Corey Goldman *
Equity Associate
(212) 284-3411 cgoldma1@jefferies.com
Henry Mullen *
Equity Associate
(212) 284-1738 hmullen@jefferies.com
* Jefferies LLC

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UGI Corporation (NYSE: UGI) is a holding company that, through subsidiaries, distributes, stores, transports and markets energy products and services. It is the sole General Partner of AmeriGas Partners, L.P. (NYSE: APU), the largest US propane distributor, in which it also owns an approximate 26% Limited Partner interest. UGI distributes natural gas and electricity to approximately 635,000 customers in eastern PA, operates merchant power and midstream assets in the Mid-Atlantic, and has LPG distribution operations in France and Eastern Europe. The company was founded in 1882, is organized under the laws of the state of Pennsylvania, and is headquartered in King of Prussia, PA.

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Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.
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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

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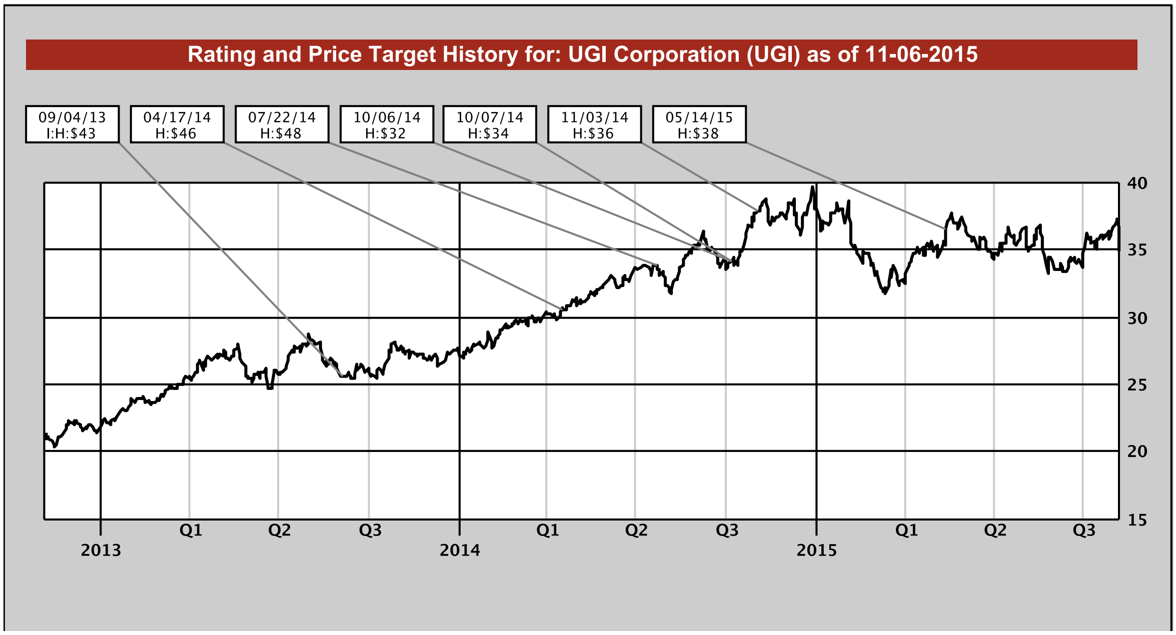

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HOLD	835	39.55%	165	19.76%
UNDERPERFORM	150	7.11%	17	11.33%

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Christopher Sighinolfi, CFA, Equity Analyst, (212) 707-6420, csighino@jefferies.com

UGI UTILITIES, INC.
FY 2015 MANAGEMENT INCENTIVE PLAN

Introduction

The FY 2015 Management Incentive Plan is designed to better align and reward all of our efforts to profitably grow our Company while we safely and reliably deliver energy to our customers and to the many communities we serve.

The goal of the plan is to reward performance in five areas that are within the control or influence of employees:

- Financial Performance
- Employee Safety
- Customer Satisfaction
- Growth
- Public Safety/Reliability

Details about the plan are included in this document. If you have any questions or concerns, please send an email to Compensation@ugi.com.

Our Company succeeds when everyone works together as a team to achieve desired business results. And when those results are created, everyone is eligible to participate in the sharing of that success. Thank you for your continuing efforts and hard work on behalf of our Company, and for your focus on making UGI the best Company it can be.

FY 2015 Management Incentive Plan Design

What is Variable Pay?
Variable Pay is the portion of your total compensation that is “at risk” based on goal achievement – financial, safety, customer satisfaction and growth goals.

Who is Eligible for the Plan?
For an employee to be eligible for the 2015 Utilities Incentive Plan, he or she must:

- Be a UGI Utilities, Inc. full time regular exempt employee in grades 18 to 24
- Be an external new hire or rehire employed prior to 04/01/2015
    - If employed on or after 04/01/2015 will be eligible for the FY 2016 Incentive Plan
- Receive a summary performance rating of Met, Exceeded Some or Exceeded Objectives for their most recent review

The incentive payout will be prorated based upon the percentage of time worked during the fiscal year in the following situations:

- Employees hired between 10/01/2014 and 03/31/2015
- Employees who have transitioned to an exempt position in grades 18 to 24 with UGI Utilities, Inc. (either by transferring from another UGI Corporation business unit or by changing from non-exempt to exempt status)
- Employees who have been absent due to illness or in a no pay status for 30 or more consecutive calendar days
- Employees with service of at least one full calendar month who are separated due to position elimination, retirement, death or transfer to another UGI Corporation business unit
    - Under this circumstance, the incentive will be awarded based upon the actual incentive payout percent and the payout, if any, will be made in December 2015. The payout will be calculated using the last base rate in effect with UGI Utilities, Inc.

Employees will not be eligible for the incentive, if they:

- Voluntarily terminate or are terminated for cause prior to the payout date
- Receive a Met Some Objectives or Did Not Meet Objectives summary performance rating for their most recent review. Exceptions may be granted only by the President and CEO of UGI Utilities, Inc.
    - Please note that those employees with a summary performance rating of Met Some Objectives because they are new to the position (typically under one year) will be eligible for a prorated incentive with approval by the department Vice President

Employees not actively at work at the time of the incentive payout will receive the incentive payment when they return to work:

- When the employee returns to work, the incentive payment will be processed after the supervisor conducts the performance review discussion
- In the event the employee does not return to work, the incentive payment will be processed upon final determination of the employee’s status (i.e. LTD claim approved, LTD claim denied and employment terminated or death)

When Does the Plan Activate?
At least 90% of the FY 2015 net income budget of $115 million must be achieved in order to activate the bonus plan. This trigger is used to ensure that any potential incentive payouts under this Plan are aligned with the overall success of the Company.

The incentive will be leveraged based on percent of net income achieved as shown below:

% of Net Income	Net Income Amount (million)	% of Payout
90%	$103.50	50%
100%	$115.00	100%
125%	$143.75	150%

How Does the Incentive Pay Out?
The target incentive payout is a percentage of an employee's base rate of pay in effect on the close of the fiscal year (09/30) as outlined in chart below:

Grade	Target Incentive %
18	5.0%
19	7.5%
20	7.5%
21	10.0%
22	10.0%
23	20.0%
24	20.0%

What is the Implementation Schedule?
The plan begins 10/01/2014 for FY 2015 and the payout, if any, will be made in December 2015. The plan will be reviewed annually to ensure that the incentive philosophy and overall program are operating fairly and efficiently and in accordance with the Company's goals. The President and CEO of UGI Utilities, Inc. has the authority to change the plan at any time. This includes, but is not limited to, changing goals, percent payout, and termination of the plan.

What are the Goals?
The goal of the plan is to reward performance in five areas that are within the control or influence of employees:

- Financial Performance
- Employee Safety
- Customer Satisfaction
- Growth
- Public Safety/Reliability

While one-time events can impact our business, any modifications or adjustments must be approved by the President and CEO of UGI Utilities, Inc. See below for descriptions of how each plan component will be weighted and measured.

Weight	Plan Components	Description	FY 2015 Target
25%	Employee Safety	12.5%: OSHA Recordable Incidence Rate	1.55
		12.5%: Recordable Accident Rate	4.53
25%	Customer Satisfaction	Metrix Matrix Survey Rating	9.0
25%	Growth	Customer Margin	$16.5 million
25%	Public Safety/Reliability		
	Gas Division	12.5%: Emergency Response Rate	97.2%
		12.5%: Total Damage Rate	1.9
	Electric Division	25%: Reliability Index Values: SAIDI / SAIFI / CAIDI	140 / .83 / 169
	Utilities Headquarters and Call Center	6.25%: Emergency Response Rate	97.2%
		6.25%: Total Damage Rate	1.9
		12.5%: Reliability Index Values: SAIDI / SAIFI / CAIDI	140 / .83 / 169

5/6/2013

UGI UTILITIES, INC.
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 16, 2012)

I. **Purpose**. The purpose of the UGI Utilities, Inc. Executive Annual Bonus Plan (the "Plan") is to provide a means whereby UGI Utilities, Inc. (the "Company") may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the overall success of the Company. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees' total compensation is based on achievement of performance goals relating to the eligible employees' business and/or area of responsibility. The Plan was originally effective as of October 1, 2006 and has been amended and restated as of November 16, 2012.

II. **Definitions.** Whenever used in this Plan, the following terms will have the respective meanings set forth below:

2.1 "*Affiliate*" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

2.2 "*Board*" means the board of directors of the Company as constituted from time to time.

2.3 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.4 "*Committee*" means (i) for Senior Management, the Compensation and Management Development Committee of the Board or its successor and (ii) for eligible employees who are not members of Senior Management, the Chief Executive Officer of the Company or his designee.

2.5 "*Company*" means UGI Utilities, Inc., a Pennsylvania corporation, or any successor thereto.

2.6 "*Employer*" means the Company and its Affiliates.

2.7 *"Equity Plan"* means the UGI Corporation 2013 Omnibus Incentive Compensation Plan, as in effect from time to time, or a successor plan.

2.8 "*Participant*" means an eligible employee or other individual who provides services to the Company or its Affiliates and who is described in Section III as a participant in the Plan.

2.9 "*Plan*" means this UGI Utilities, Inc. Executive Annual Bonus Plan, as in effect from time to time.

2.10 "*Senior Management*" means those employees who are designated as executive officers by the Board pursuant to Rule 3b-**7**of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.

2.11 *"Stock Award"* shall have the meaning given that term under the Equity Plan.

III. Participation. All salaried employees of the Company and its Affiliates in grade level 34 or above shall be eligible to participate in the Plan for each fiscal year. The Company's fiscal year begins on October 1. The Committee may also designate in writing that one or more senior level employees of an Affiliate shall be Participants in the Plan for a fiscal year, in its sole discretion.

IV. Annual Bonus.

4.1 **Target Bonus.** At the beginning of each fiscal year, the Committee shall establish target bonuses as a percentage of each Participant's salary for the fiscal year. Each Participant shall be eligible to receive an annual bonus for the fiscal year based on the achievement of business/financial performance goals, and the Participant's individual performance goals, if applicable, during the fiscal year. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied.

4.2 **Performance Goals**.

(a) Business/Financial Goals. At the beginning of each fiscal year, the Committee shall establish the business/financial performance goals for the fiscal year and leverage tables that apply to the performance goals.

(b) Individual Goals. The Committee shall determine which Participants shall have individual performance goals as part of their bonus calculation. At the beginning of each fiscal year, the Committee shall establish each Participant's individual performance goals for the year, if applicable, and shall set leverage tables that will apply to individual performance goals. The portion of the target bonus attributable to individual performance will be payable only if the business/financial performance goals are achieved at the threshold level of performance.

(c) Weighting. At the time the Committee establishes performance goals for each fiscal year, the Committee will determine the weighting for each Participant with respect to the business/financial goals and the individual goals. The weighting of the two types of goals need not be uniform as to all Participants.

(d) Communication of Goals. The Committee shall provide for the communication of the performance goals and corresponding leverage tables to the Participants.

4.3 **Determination and Approval of Bonus Payments.**

(a) At the end of the fiscal year, the Committee shall determine the amount of each Participant's bonus, if any, based on the achievement of the business/financial performance goals and, if applicable, the achievement of the individual performance goals. The Committee shall have sole discretion to determine whether and to what extent the performance goals have been met. The Committee may adjust the performance results for extraordinary items or other events, as the Committee deems appropriate.

(b) If the threshold level of business/financial performance is not achieved, no bonuses will be paid.

(c) With respect to Participants whose annual bonus under the Plan is based solely on the achievement of business/financial performance goals, the Committee shall have discretion to increase or decrease the amount of the annual bonus by 50% more or less than the amount otherwise determined, based on the Participant's contribution to the achievement of the business/financial performance goals, other contributions that have a significant impact on Company performance, or other factors.

4.4 **Newly Hired Employees, Promotions and Transfers**. Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the fiscal year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee. If a Participant is transferred to an Affiliate of the Company (or into a position with a different annual bonus target percentage) during the fiscal year, the Participant's performance goals may be adjusted to reflect the change in Employer or position. If a Participant is transferred into a position that is not eligible to participate in the Plan during the fiscal year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee.

4.5 **Payment of Annual Bonus.** Each annual bonus for a fiscal year shall be paid to the Participant in a single lump sum payment between September 30 and December 31 of the calendar year in which the fiscal year ends, except as provided below. Annual bonuses for a fiscal year shall be paid in cash; provided that the Committee may determine that part or all of a Participant's annual bonus shall be paid in the form of a Stock Award under the Equity Plan. Unless the Committee determines otherwise, to the extent that an officer of the Company who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, shall not have satisfied any ownership requirement then applicable to such officer, as set forth in the UGI Corporation Stock Ownership Policy, up to 10% of the gross amount of the officer's annual bonus shall be paid in fully vested Stock Awards under the Equity Plan.

4.6 **Withholding Tax.** Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise, withholding taxes with respect to any portion of a bonus paid in the form of a Stock Award shall be deducted from the cash portion of such bonus.

V. <u>Termination of Employment</u>. Except as provided below, a Participant must be employed by the Employer on the last day of the fiscal year for which the bonus is earned in order to receive a bonus for the year. If a Participant's employment terminates on account of retirement, death or disability, the Committee may determine in its sole discretion that an annual bonus will be paid for the year of termination. The Committee may take into account factors such as Company performance, individual performance and the portion of the year elapsed prior to termination. The annual bonus, if any, shall be paid within 60 days after the date of termination.

VI. **Administration**. The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan. Any action required of the Committee under the Plan shall be made in the Committee's sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant's acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VII. **General Provisions**.

7.1 **Transferability.** No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. In the event of a Participant's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant's estate.

7.2 **Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

7.3 **No Rights to Employment.** Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the Employer, or affect the right of the Employer to terminate a Participant's employment at any time for cause or for no cause whatsoever.

7.4 **Section 409A**. The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A.

7.5 **Termination and Amendment of the Plan.** The Compensation and Management Development Committee may amend or terminate the Plan at any time.

7.6 **Successors.** The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

7.7 **Applicable Law.** The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

5/6/2013

UGI CORPORATION
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 16, 2012)

I. **Purpose**. The purpose of the UGI Corporation Executive Annual Bonus Plan (the "Plan") is to provide a means whereby UGI Corporation (the "Company") may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the growth of the Company and the enhancement of shareholder value. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees' total compensation is based on achievement of performance goals relating to the eligible employees' business and/or area of responsibility. The Plan was originally effective as of October 1, 2006 and has been amended and restated as of November 16, 2012.

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2.5 "*Company*" means UGI Corporation, a Pennsylvania corporation, or any successor thereto.

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2.9 "*Plan*" means this UGI Corporation Executive Annual Bonus Plan, as in effect from time to time.

2.10 "*Senior Management*" means those employees who are designated as executive officers by the Board pursuant to Rule 16a-1 of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.

2.11 *"Stock Award"* shall have the meaning given that term under the Equity Plan.

III. Participation. All salaried employees of the Company and its Affiliates (other than UGI Utilities, Inc., AmeriGas Propane, Inc. and their subsidiaries) in grade level 70 or above shall be eligible to participate in the Plan for each fiscal year. The Company's fiscal year begins on October 1. The Committee may also designate in writing that one or more senior level directors or employees of an Affiliate shall be Participants in the Plan for a fiscal year, in its sole discretion.

IV. Annual Bonus.

4.1 **Target Bonus.** At the beginning of each fiscal year, the Committee shall establish target bonuses as a percentage of each Participant's salary for the fiscal year. Each Participant shall be eligible to receive an annual bonus for the fiscal year based on the achievement of business/financial performance goals, and the Participant's individual performance goals, if applicable, during the fiscal year. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied.

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(b) If the threshold level of business/financial performance is not achieved, no bonuses will be paid.

(c) With respect to Participants whose annual bonus under the Plan is based solely on the achievement of business/financial performance goals, the Committee shall have discretion to increase or decrease the amount of the annual bonus by 50% more or less than the amount otherwise determined, based on the Participant's contribution to the achievement of the business/financial performance goals, other contributions that have a significant impact on Company performance, or other factors.

4.4 **Newly Hired Employees, Promotions and Transfers**. Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the fiscal year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee. If a Participant is transferred to an Affiliate of the Company (or into a position with a different annual bonus target percentage) during the fiscal year, the Participant's performance goals may be adjusted to reflect the change in Employer or position. If a Participant is transferred into a position that is not eligible to participate in the Plan during the fiscal year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the fiscal year, as determined by the Committee.

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4.6 **Withholding Tax.** Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise, withholding taxes with respect to any portion of a bonus paid in the form of a Stock Award shall be deducted from the cash portion of such bonus.

V. Termination of Employment. Except as provided below, a Participant must be employed by the Employer on the last day of the fiscal year for which the bonus is earned in order to receive a bonus for the year. If a Participant's employment terminates on account of retirement, death or disability, the Committee may determine in its sole discretion that an annual bonus will be paid for the year of termination. The Committee may take into account factors such as Company performance, individual performance and the portion of the year elapsed prior to termination. The annual bonus, if any, shall be paid within 60 days after the date of termination.

VI. Administration. The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan. Any action required of the Committee under the Plan shall be made in the Committee's sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant's acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VII. General Provisions.

7.1 **Transferability.** No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. In the event of a Participant's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant's estate.

7.2 **Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

7.3 **No Rights to Employment.** Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the Employer, or affect the right of the Employer to terminate a Participant's employment at any time for cause or for no cause whatsoever.

7.4 **Section 409A**. The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A.

7.5 **Termination and Amendment of the Plan.** The Compensation and Management Development Committee may amend or terminate the Plan at any time.

7.6 **Successors.** The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

7.7 **Applicable Law.** The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

UGI CORPORATION

2013 OMNIBUS INCENTIVE COMPENSATION PLAN

Effective as of September 5, 2014

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UGI CORPORATION

2013 OMNIBUS INCENTIVE COMPENSATION PLAN

Effective as of September 5, 2014

1. Purpose

The purpose of the UGI Corporation 2013 Omnibus Incentive Compensation Plan (the "Plan") is to provide (i) designated employees of UGI Corporation ("UGI") and its subsidiaries, and (ii) non-employee members of the board of directors of UGI with the opportunity to receive grants of stock options, stock units, performance units, stock awards, stock appreciation rights, dividend equivalents, other stock-based awards and cash awards. UGI believes that by providing equity based and cash based incentive compensation, the Plan will encourage the participants to contribute materially to the growth of UGI, thereby benefiting UGI's shareholders, and will more closely align the economic interests of the participants with those of the shareholders.

The Plan was adopted by the Board effective January 24, 2013, subject to shareholder approval of the Plan. The Plan is hereby amended and restated effective September 5, 2014 to reflect the Stock Split.

2. Definitions

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

(a) "*Base Amount*" means the base amount for a Stock Appreciation Right, as described in Section 11.

(b) "*Board*" means UGI's Board of Directors as constituted from time to time.

(c) "*Cash Award*" means awards to be settled in cash as described in Section 14.

(d) "*Certificate*" means a certificate, or electronic book entry equivalent, for a share of Stock.

(e) "*Change of Control*" means a change of control of UGI as described on the attached Exhibit A, or as modified by the Board from time to time. The Committee may provide for a more limited definition of "Change of Control" in a Grant Letter if necessary or appropriate to comply with the requirements of Section 409A of the Code.

(f) "*Code*" means the Internal Revenue Code of 1986, as amended.

(g) "*Committee*" means (i) with respect to Grants to Employees, the Compensation and Management Development Committee of the Board or its successor, and (ii) with respect to Grants made to Non-Employee Directors, the Board or its delegate.

(h) "*Company*" means UGI and any Subsidiary.

(i) *"Date of Grant"* means the effective date of a Grant; provided, however, that no retroactive Grants will be made.

(j) *"Dividend Equivalent"* means an amount determined by multiplying the number of shares of Stock subject to a Grant by the per-share cash dividend, or the per-share fair market value (as determined by the Committee) of any dividend in consideration other than cash, paid by UGI on its Stock.

(k) *"Employee"* means an employee of the Company (including an officer or director who is also an employee). For purposes of the Plan, the term "Employee" shall also include a chief executive officer or other officer or person who performs management and policymaking functions with respect to a Subsidiary of UGI located outside the United States. In no event shall any of the following persons be considered an Employee for purposes of the Plan: (i) independent contractors, (ii) persons performing services pursuant to an arrangement with a third party leasing organization or (iii) any person whom the Company determines, in its sole discretion, is not a common law employee, whether or not any such person is later determined to have been a common law employee of the Company.

(l) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

(m) *"Fair Market Value"* of Stock means, unless the Committee determines otherwise with respect to a particular Grant, the last reported sale price of a share of Stock on the New York Stock Exchange during regular trading hours on the day on which Fair Market Value is being determined, as reported on the composite tape for transactions on the New York Stock Exchange. In the event that there are no Stock transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Stock transactions on that exchange. Notwithstanding the foregoing, in the case of a broker-assisted exercise pursuant to Section 7(f), the Fair Market Value will be the actual sale price of the shares issued upon exercise of the Option.

(n) *"Grant"* means an Option, Stock Unit, Performance Unit, Stock Award, Stock Appreciation Right, Dividend Equivalent, Other Stock-Based Award or Cash Award granted under the Plan.

(o) *"Grant Letter"* means the written instrument that sets forth the terms and conditions of a Grant, including all amendments thereto.

(p) *"Non-Employee Director"* means a member of the Board who is not an employee of the Company.

(q) *"Option"* means an option to purchase shares of Stock, as described in Section 7.

(r) *"Option Price"* means an amount per share of Stock purchasable under an Option, as designated by the Committee.

(s) *"Other Stock-Based Award"* means any Grant based on, measured by or payable in Stock (other than Grants described in Sections 7, 8, 9, 10, 11 and 12 of the Plan) as described in Section 13.

(t) *"Participant"* means an Employee or Non-Employee Director designated by the Committee to participate in the Plan.

(u) *"Performance Unit"* means an award of a phantom unit representing a share of Stock, as described in Section 9.

(v) *"Plan"* means this 2013 Omnibus Incentive Compensation Plan, as in effect from time to time.

(w) *"Stock"* means the common stock of UGI or such other securities of UGI as may be substituted for Stock pursuant to Section 5(e) or Section 18.

(x) "*Stock Appreciation Right*" means a stock appreciation right with respect to a share of Stock as described in Section 11.

(y) *"Stock Award"* means an award of Stock as described in Section 10.

(z) *"Stock Split"* means the three-for-two split of the Stock that was approved by the Board effective as of September 5, 2014.

(aa) *"Stock Unit"* means an award of a phantom unit representing a share of Stock, as described in Section 8.

(bb) *"Subsidiary"* means any corporation or partnership, at least 20% of the outstanding voting stock, voting power or partnership interest of which is owned, directly or indirectly, by UGI.

(cc) "*Target Amount"* means a target number of shares of Stock to be issued based on achievement of the performance goals and satisfaction of all conditions for payment of Performance Units at the 100% level.

(dd) "*UGI"* means UGI Corporation, a Pennsylvania corporation or any successor thereto.

3. <u>Administration</u>

(a) Committee. The Plan shall be administered and interpreted by the Compensation and Management Development Committee of the Board or its successor with respect to grants to Employees. The Compensation and Management Development Committee shall be comprised, unless otherwise determined by the Board, solely of not less than two (2) members who shall be (i) "non-employee directors" within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Exchange Act, (ii) "outside directors" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Code, and (iii) "independent directors," as determined in accordance with the independence standards established by the stock exchange on which the Stock is at the time primarily traded. The Plan shall be administered and interpreted by the Board, or by a committee of directors to whom the Board has delegated responsibility, with respect to grants to Non-Employee Directors. The Board or committee, as applicable, that has authority with respect to a specific Grant shall be referred to as the

"Committee" with respect to that Grant. Ministerial functions may be performed by Company employees as appropriate.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the Participants to whom Grants shall be made under the Plan, (ii) determine the type, size and terms and conditions of the Grants to be made to each such Participant, (iii) determine the time when the Grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued Grant, subject to the provisions of Section 20 below, and (v) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated Participants.

4. Grants

(a) Grants under the Plan may consist of Options as described in Section 7, Stock Units as described in Section 8, Performance Units as described in Section 9, Stock Awards as described in Section 10, Stock Appreciation Rights as described in Section 11, Dividend Equivalents as described in Section 12, Other Stock-Based Awards as described in Section 13 and Cash Awards as described in Section 14. All Grants shall be subject to such terms and conditions as the Committee deems appropriate and as are specified in writing by the Committee to the Participant in the Grant Letter.

(b) All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

(c) The Committee may make Grants that are contingent on, and subject to, shareholder approval of the Plan or an amendment to the Plan.

5. Shares Subject to the Plan[1]

(a) Shares Authorized. The total aggregate number of shares of Stock that may be issued under the Plan is 21,750,000 shares, subject to adjustment as described below. The shares may be authorized but unissued shares of Stock or reacquired shares of Stock for purposes of the

[1] The share numbers set forth herein have been adjusted to reflect the Stock Split.

Plan. Shares of Stock will be issued under this Plan with respect to Dividend Equivalents that are credited after the effective date of this Plan on Stock Units or Performance Units granted under the 2004 Plan before January 24, 2013.

(b) Share Counting. The number of shares of Stock reserved for Grants under this Plan shall be reduced on a one-for-one basis for each share of Stock subject to an Option or Stock Appreciation Right and shall be reduced by a fixed ratio of 4.67 shares of Stock for each share of Stock subject to a Stock Unit, Performance Unit, Stock Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan. For administrative purposes, when the Committee makes a Grant payable in Stock, the Committee shall reserve, and count against the share limit, shares equal to the maximum number of shares that may be issued under the Grant. If and to the extent Options or Stock Appreciation Rights granted under the Plan terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised, and if and to the extent that any Stock Awards, Stock Units, Performance Units or Other Stock-Based Awards are forfeited or terminated, or otherwise are not paid in full, the shares reserved for such Grants shall again be available for purposes of the Plan. Shares of Stock surrendered in payment of the Option Price of an Option, and shares withheld or surrendered for payment of taxes, shall not be available for re-issuance under the Plan. If Stock Appreciation Rights are exercised, the full number of shares subject to the Stock Appreciation Rights shall be considered issued under the Plan, without regard to the number of shares issued upon settlement of the Stock Appreciation Rights and without regard to any cash settlement of the Stock Appreciation Rights. To the extent that other Grants are designated in the Grant Letter to be paid in cash, and not in shares of Stock, such Grants shall not count against the share limits in subsection (a). The preceding sentences of this Section shall apply only for purposes of determining the aggregate number of shares of Stock that may be issued under the Plan, but shall not apply for purposes of determining the maximum number of shares of Stock with respect to which Grants may be granted to any Participant under the Plan. For the avoidance of doubt, if shares of Stock are repurchased by the Company on the open market with the proceeds of the exercise price of Options, such shares may not again be made available for issuance under the Plan.

(c) Individual Limits. All Grants under the Plan, other than Cash Awards and Dividend Equivalents, shall be expressed in shares of Stock. The individual share limits of this subsection (c) shall apply without regard to whether the Grants are to be paid in Stock or cash. All cash payments (other than with respect to Cash Awards and Dividend Equivalents) shall equal the Fair Market Value of the shares of Stock to which the cash payment relates. The maximum aggregate number of shares of Stock with respect to which all Grants may be made under the Plan to any individual Employee during any calendar year shall be 2,250,000 shares, subject to adjustment as described below. The maximum aggregate number of shares of Stock with respect to which Options and Stock Appreciation Rights may be granted under the Plan to any individual Employee during any calendar year shall be 1,500,000 shares, subject to adjustment as described below. The maximum aggregate number of shares of Stock with respect to which Stock Units, Performance Units, Stock Awards and Other Stock-Based Awards may be made under the Plan to any individual Employee during any calendar year shall be 1,500,000 shares, subject to adjustment as described below. An Employee may not accrue Dividend Equivalents during any calendar year in excess of $1,000,000. The maximum amount that may be paid to an Employee under a Cash Award for each 12 months in a performance period shall be $5,000,000.

(d) Adjustments. If there is any change in the number or kind of shares of Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Stock is substantially reduced as result of a spinoff or the Company's payment of any extraordinary dividend or distribution, the maximum number of shares of Stock available for issuance under the Plan, the maximum number of shares of Stock for which any individual may receive Grants in any year, the kind and number of shares covered by outstanding Grants, the kind and number of shares to be issued or issuable under the Plan, and the price per share or the applicable market value of such Grants shall be required to be equitably adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding Grants; provided, however, than any fractional shares resulting from such adjustment shall be eliminated. Any adjustments to outstanding Grants shall be consistent with Sections 409A and 162(m) of the Code, to the extent applicable. The adjustments of Grants under this Section 5(d) shall include adjustment of shares, Option Price, Base Amount, performance goals or other terms and conditions, as the Committee deems appropriate. Any adjustments determined by the Committee shall be final, binding and conclusive.

(e) Acquisitions. In connection with the acquisition of any business by the Company or its affiliates, any outstanding equity grants with respect to stock of the acquired company may be assumed or replaced by Grants under the Plan upon such terms and conditions as the Committee deems appropriate, which may include terms, including Option Price and Base Amount, different from those described herein. Such substitute Grants shall not reduce the Plan's share reserve as described above in Section 5(a), consistent with applicable stock exchange requirements, and shall not be limited by the individual limits in Section 5(c).

6. Eligibility for Participation

(a) Eligible Persons. All Employees, including Employees who are officers or members of the Board, and all Non-Employee Directors shall be eligible to participate in the Plan.

(b) Selection of Participants. The Committee shall select the Employees and Non-Employee Directors to receive Grants and shall determine the terms of each Grant.

7. Options

(a) General Requirements. The Committee may grant Options to an Employee or Non-Employee Director upon such terms and conditions as the Committee deems appropriate under this Section 7. Dividend Equivalents may not be granted with respect to Options.

(b) Number of Shares. The Committee shall determine the number of shares of Stock that will be subject to each Grant of Options to Employees and Non-Employee Directors.

(c) Type of Option, Price and Term.

(i) The Committee may grant Options that are nonqualified stock options and are not considered incentive stock options under Section 422 of the Code.

(ii) The Option Price of Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Stock on the Date of Grant.

(iii) The Committee shall determine the term of each Option. The term of an Option shall not exceed ten years from the Date of Grant.

(iv) Notwithstanding any provision in the Plan or Grant Letter to the contrary, unless the Committee determines otherwise, if a vested Option would terminate at a time when trading in Stock is prohibited by law or by the Company's insider trading policy, the vested Option may be exercised until the thirtieth (30th) day after expiration of such prohibition (but not beyond the end of the term of the Option).

(d) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Letter. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Termination of Employment or Service. Except as provided in the Grant Letter, an Option may only be exercised while the Participant is employed by the Company, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Letter under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(f) Exercise of Options. A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Participant shall pay the Option Price for the Option in any of the following methods, as permitted by the Committee with respect to the Option: (i) in cash, (ii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iii) by "net exercise," which is the surrender of shares for which the Option is exercisable to the Company in exchange for a distribution of shares of Company Stock equal to the amount by which the then Fair Market Value of the shares subject to the exercised Option exceeds the applicable Option Price, or (iv) by such other method as the Committee may approve. Payment for the shares pursuant to the Option, and any required withholding taxes, must be received by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance of the Stock.

8. Stock Units

(a) General Requirements. The Committee may grant Stock Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 8. Each Stock Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock. All Stock Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Vesting of Stock Units. The Committee shall establish the vesting conditions for Stock Units. If neither the grant nor the vesting of Stock Units is subject to performance conditions, the Stock Units shall vest over a period of not less than three (3) years and if the grant or vesting of Stock Units is subject to performance conditions, the Stock Units shall vest over a period of not less than one (1) year; provided that the Grant Letter may provide that (i) Stock Units may vest on an accelerated basis in the event of a Participant's death, disability, retirement or involuntary termination without cause, or in the event of a Change of Control, and (ii) up to five percent (5%) of the shares of Stock initially authorized for issuance under the Plan may be granted as Stock Units, Performance Units, Stock Awards and Other Stock-Based Awards free of the limitations on vesting set forth herein and in Sections 9(b) and 10(b) below.

(c) Terms of Stock Units. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units. The Committee may grant Stock Units that are payable on terms and conditions determined by the Committee. Stock Units may be paid at the end of a specified period, or payment may be deferred to a date authorized by the Committee consistent with Section 409A of the Code. The Committee may grant Dividend Equivalents with respect to Stock Units, subject to Section 12 below.

(d) Payment With Respect to Stock Units. Payment with respect to Stock Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee in the Grant Letter. The Grant Letter shall specify the maximum number of shares that can be issued under the Stock Units.

(e) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Units after termination of the Participant's employment or service, and the circumstances under which Stock Units may be forfeited.

9. Performance Units

(a) General Requirements. The Committee may grant Performance Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 9. Each Performance Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock, if specified performance goals and other conditions are met. All Performance Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Vesting of Performance Units. The Committee shall establish the vesting conditions for Performance Units. Performance Units shall vest over a period of not less than one (1) year; provided that the Grant Letter may provide that (i) Performance Units may vest on an accelerated basis in the event of a Participant's death, disability, retirement or involuntary termination without cause, or in the event of a Change of Control, and (ii) up to five percent (5%) of the shares of Stock initially authorized for issuance under the Plan may be granted as Stock Units, Performance Units, Stock Awards and Other Stock-Based Awards free of the limitations on vesting set forth herein and in Sections 8(b) and 10(b).

(c) Terms of Performance Units. The Committee shall determine the number of Performance Units to be granted and the requirements applicable to such Performance Units, including the performance goals and other conditions for payment of Performance Units. Performance Units may be paid at the end of a specified performance or other period, or payment may be deferred to a date authorized by the Committee, consistent with Section 409A of the Code. The Committee may grant Dividend Equivalents with respect to Performance Units subject to Section 12 below.

(d) Payment With Respect to Performance Units. Payment with respect to Performance Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee in the Grant Letter. The Committee shall establish a Target Amount for Performance Units in the Grant Letter. Unless the Committee determines otherwise, payment of Performance Units in excess of the Target Amount shall be made in cash.

(e) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Performance Units after termination of the Participant's employment or service, and the circumstances under which Performance Units may be forfeited.

10. Stock Awards

(a) General Requirements. The Committee may issue shares of Stock to an Employee or Non-Employee Director under a Stock Award, upon such terms and conditions as the Committee deems appropriate under this Section 10. Shares of Stock issued pursuant to Stock Awards may be issued for cash consideration or for no cash consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including restrictions based upon the achievement of specific performance goals.

(b) Vesting of Stock Awards. The Committee shall establish the vesting conditions for Stock Awards. If neither the grant nor the vesting of Stock Awards is subject to performance conditions, the Stock Awards shall vest over a period of not less than three (3) years and if the grant or vesting of Stock Awards is subject to performance conditions, the Stock Awards shall vest over a period of not less than one (1) year; provided that the Grant Letter may provide that (x) Stock Awards may vest on an accelerated basis in the event of a Participant's death, disability, retirement or involuntary termination without cause, or in the event of a Change of Control, and (y) up to five percent 5% of the shares of Stock initially authorized for issuance under the Plan may be granted as Stock Awards, Stock Units, Performance Units or Other Stock-Based Awards free of the limitations on vesting set forth herein and in Sections 8(b) and 9(b).

(c) Number of Shares. The Committee shall determine the number of shares of Stock to be issued pursuant to a Stock Award and any restrictions applicable to such shares.

(d) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Awards after termination of the Participant's employment or service, and the circumstances under which Stock Awards may be forfeited.

(e) Restrictions on Transfer. While Stock Awards are subject to restrictions, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except upon death as described in Section 17. Each Certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed when all restrictions on such shares have lapsed. The Company may retain possession of any Certificates for Stock Awards until all restrictions on such shares have lapsed.

(f) Right to Vote and to Receive Dividends. The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the restriction period; provided that any right to receive dividends with respect to performance-based Stock Awards shall vest only if and to the extent that the underlying Stock Awards vest, as determined by the Committee.

11. Stock Appreciation Rights

(a) General Requirements. The Committee may grant Stock Appreciation Rights to an Employee or Non-Employee Director separately or in tandem with any Option (for all or a portion of the applicable Option) upon such terms and conditions as the Committee deems appropriate under this Section 11. Dividend Equivalents may not be granted with respect to Stock Appreciation Rights.

(b) Number of Shares, Term and Base Amount. The Committee shall establish the number of shares, the term and the Base Amount of the Stock Appreciation Right at the time the Stock Appreciation Right is granted. The term of a Stock Appreciation Right shall not exceed ten years from the Date of Grant. The Base Amount of a Stock Appreciation Right shall not be less than the Fair Market Value of a share of Stock on the Date of Grant of the Stock Appreciation Right.

(c) Exercisability. Stock Appreciation Rights shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Letter. The Committee may accelerate the exercisability of any or all outstanding Stock Appreciation Rights at any time for any reason. A tandem Stock Appreciation Right shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Termination of Employment or Service. Except as provided in the Grant Letter, a Stock Appreciation Right may only be exercised while the Participant is employed by the Company, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Letter under what circumstances and during what time periods a Participant may exercise a Stock Appreciation Right after termination of employment or service.

(e) Exercise of Stock Appreciation Rights. When a Participant exercises a Stock Appreciation Right, the Participant shall receive in settlement of such Stock Appreciation Right an amount equal to the value of the Stock appreciation for the number of Stock Appreciation

Rights exercised. The Stock appreciation is the amount by which the Fair Market Value of the underlying shares of Stock on the date of exercise of the Stock Appreciation Right exceeds the Base Amount of the Stock Appreciation Right as specified in the Grant Letter. The Stock appreciation amount shall be paid in shares of Company Stock, cash or any combination of the two, as the Committee shall determine in the Grant Letter. For purposes of calculating the number of shares of Stock to be received, shares of Stock shall be valued at their Fair Market Value on the date of exercise of the Stock Appreciation Right. Notwithstanding any provision in the Plan or Grant Letter to the contrary, unless the Committee determines otherwise, if a vested Stock Appreciation Right would terminate at a time when trading in Stock is prohibited by law or by the Company's insider trading policy, the vested Stock Appreciation Right may be exercised until the thirtieth (30th) day after expiration of such prohibition (but not beyond the end of the term of the Stock Appreciation Right).

12. Dividend Equivalents.

(a) General Requirements. When the Committee grants Stock Units or Performance Units under the Plan, the Committee may grant Dividend Equivalents in connection with such Grants under such terms and conditions as the Committee deems appropriate under this Section 12; provided that Dividend Equivalents with respect to Grants that are subject to performance conditions shall vest and be paid only if and to the extent the underlying Grants vest and are paid, as determined by the Committee. Dividend Equivalents may be paid to Participants currently or may be deferred, consistent with Section 409A of the Code, as determined by the Committee. All Dividend Equivalents that are not paid currently shall be credited to accounts on the Company's records for purposes of the Plan. Dividend Equivalents may be accrued as a cash obligation, or may be converted to Stock Units for the Participant, as determined by the Committee. Unless otherwise specified in the Grant Letter, deferred Dividend Equivalents will not accrue interest. The Committee may provide that Dividend Equivalents shall be payable based on the achievement of specific performance goals.

(b) Payment with Respect to Dividend Equivalents. Dividend Equivalents may be payable in cash or shares of Stock or in a combination of the two, as determined by the Committee in the Grant Letter.

13. Other Stock-Based Awards

The Committee may grant other awards that are based on, measured by or payable in Stock to Employees or Non-Employee Directors, on such terms and conditions as the Committee deems appropriate under this Section 13. Vesting of Other Stock-Based Awards shall be subject to the requirements described in Section 8(b). Other Stock-Based Awards may be granted subject to achievement of performance goals or other conditions and may be payable in Stock or cash, or in a combination of the two, as determined by the Committee in the Grant Letter.

14. Cash Awards

The Committee may grant Cash Awards, which are awards that are to be settled solely in cash to Employees or Non-Employee Directors, on such terms and conditions as the Committee deems appropriate. Cash Awards may be granted subject to achievement of performance goals or other conditions as the Committee deems appropriate.

15. Qualified Performance-Based Compensation

(a) Designation as Qualified Performance-Based Compensation. The Committee may determine that Stock Units, Performance Units, Stock Awards, Dividend Equivalents, Other Stock-Based Awards or Cash Awards granted to an Employee shall be considered "qualified performance-based compensation" under Section 162(m) of the Code. The provisions of this Section 15 shall apply to any such Grants that are to be considered "qualified performance-based compensation" under Section 162(m) of the Code.

(b) Performance Goals. When Stock Units, Performance Units, Stock Awards, Dividend Equivalents, Other Stock-Based Awards or Cash Awards that are to be considered "qualified performance-based compensation" are granted, the Committee shall establish in writing (i) the objective performance goals that must be met, (ii) the period during which performance will be measured, (iii) the maximum amounts that may be paid if the performance goals are met, consistent with the limits of Section 5(d)(i) above, and (iv) any other conditions that the Committee deems appropriate and consistent with the requirements of Section 162(m) of the Code for "qualified performance-based compensation." The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable, but may reduce the amount of compensation that is payable, pursuant to Grants identified by the Committee as "qualified performance-based compensation."

(c) Criteria Used for Objective Performance Goals. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price, earnings per share, net earnings, operating earnings, margin, EBITDA (earnings before interest, taxes, depreciation and amortization), net capital employed, return on assets, shareholder return, return on equity, return on capital employed, growth in assets, unit volume, sales, cash flow, market share, relative performance to a comparison group designated by the Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets, other operational targets, or goals relating to acquisitions or divestitures. The performance goals may relate to the Participant's business unit or the performance of the Company as a whole, or any combination of the foregoing. Performance goals need not be uniform as among Participants.

(d) Timing of Establishment of Goals. The Committee shall establish the performance goals in writing either before the beginning of the performance period or during a period ending no later than the earlier of (i) 90 days after the beginning of the performance period or (ii) the date on which 25% of the performance period has been completed, or such other date as may be required or permitted under applicable regulations under Section 162(m) of the Code.

(e) Certification of Results. The Committee shall certify the performance results for the performance period specified in the Grant Letter after the performance period expires. The Committee shall determine the amount, if any, to be paid pursuant to each Grant based on the achievement of the performance goals and the satisfaction of all other terms of the Grant Letter.

(f) Impact of Extraordinary Items or Changes in Accounting. To the extent applicable, subject to the following sentence and unless the Committee determines otherwise, the determination of the achievement of performance goals shall be based on the relevant financial measure, computed in accordance with U.S. generally accepted accounting principles ("GAAP"), and in a manner consistent with the methods used in the Company's audited financial statements. To the extent permitted by Section 162(m) of the Code, in setting the performance goals for "qualified performance-based compensation" within the period prescribed in subsection (d), the Committee may provide for adjustment as it deems appropriate, including for one or more of the following items: asset write-downs; litigation or claim judgments or settlements; changes in accounting principles; changes in tax law or other laws affecting reported results; changes in commodity prices; severance, contract termination, and other costs related to exiting, modifying or reducing any business activities; costs of, and gains and losses from, the acquisition, disposition, or abandonment of businesses or assets; gains and losses from the early extinguishment of debt; gains and losses in connection with the termination or withdrawal from a pension plan; stock compensation costs and other non-cash expenses; any extraordinary non-recurring items as described in applicable Accounting Principles Board opinions or in management's discussion and analysis of financial condition and results of operation appearing in the Company's annual report to stockholders for the applicable year; and any other specified non-operating items as determined by the Committee in setting performance goals.

(g) Death, Disability or Other Circumstances. The Committee may provide in the Grant Letter that Grants identified as "qualified performance-based compensation" shall be payable, in whole or in part, in the event of the Participant's death or disability, a Change of Control or under other circumstances consistent with the Treasury regulations and rulings under Section 162(m) of the Code.

16. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require that the Participant or other person receiving or exercising Grants pay to the Company the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) Withholding of Shares. The Committee may determine that the Company's tax withholding obligation with respect to Grants paid in Stock shall be satisfied by having shares of Stock withheld, at the time such Grants become taxable, up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities, or the Committee may allow Participants to elect to have such share withholding applied to particular Grants.

17. Transferability of Grants

Only the Participant may exercise rights under a Grant during the Participant's lifetime, and a Participant may not transfer those rights except by will or by the laws of descent and distribution. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

18. Consequences of a Change of Control

(a) Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Grant Letter provides otherwise, or the Committee determines otherwise, all outstanding Grants that are not exercised or paid at the time of the Change of Control shall be assumed by, or replaced with Grants that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation).

(b) Other Alternatives. Notwithstanding the foregoing, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Grants, without the consent of any Participant: (i) the Committee may determine that outstanding Options and Stock Appreciation Rights shall automatically accelerate and become fully exercisable, and the restrictions and conditions on outstanding Stock Awards shall immediately lapse; (ii) the Committee may determine that Participants shall receive a payment in settlement of outstanding Stock Units, Performance Units, Dividend Equivalents, Other Stock-Based Awards or Cash Awards, in such amount and form as may be determined by the Committee; (iii) the Committee may require that Participants surrender their outstanding Options and Stock Appreciation Rights in exchange for a payment by the Company, in cash or Stock as determined by the Committee, in an amount equal to the amount, if any, by which the then Fair Market Value of the shares of Stock subject to the Participant's unexercised Options and Stock Appreciation Rights exceeds the Option Price or Base Amount, and (iv) after giving Participants an opportunity to exercise all of their outstanding Options and Stock Appreciation Rights, the Committee may terminate any or all unexercised Options and Stock Appreciation Rights at such time as the Committee deems appropriate. Such surrender, termination or payment shall take place as of the date of the Change of Control or such other date as the Committee may specify. Without limiting the foregoing, if the per share Fair Market Value of the Stock does not exceed the per share Option Price or Base Amount, as applicable, the Company shall not be required to make any payment to the Participant upon surrender of the Option or Stock Appreciation Right.

(c) Other Transactions. The Committee may provide in a Grant Letter that a sale or other transaction involving a Subsidiary or other business unit of the Company shall be considered a Change of Control for purposes of a Grant, or the Committee may establish other provisions that shall be applicable in the event of a specified transaction.

19. Requirements for Issuance of Shares

No Stock shall be issued in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance of such Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Participant hereunder on such Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Stock as the Committee shall deem necessary or advisable, and Certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Stock issued under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. No Participant shall have any right as a shareholder with respect to Stock covered by a Grant until shares have been issued to the Participant.

20. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without approval of the shareholders of UGI if such approval is required in order to comply with the Code or applicable laws, or to comply with applicable stock exchange requirements. No amendment or termination of this Plan shall, without the consent of the Participant, materially impair any rights or obligations under any Grant previously made to the Participant under the Plan, unless such right has been reserved in the Plan or the Grant Letter, or except as provided in Section 21(d) below.

(b) No Repricing. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding Grants may not be amended to reduce the Option Price of outstanding Options or the Base Amount of outstanding Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other awards or Options or Stock Appreciation Rights with an Option Price or Base Amount, as applicable, that is less than the Option Price or Base Amount, as applicable, of the original Options or Stock Appreciation Rights without shareholder approval.

(c) Shareholder Approval for "Qualified Performance-Based Compensation." If Stock Units, Performance Units, Stock Awards, Dividend Equivalents, Other Stock-Based Awards or Cash Awards are granted as "qualified performance-based compensation" under Section 15 above, the Plan must be reapproved by the UGI shareholders no later than the first shareholders meeting that occurs in the fifth year following the year in which the shareholders previously approved the provisions of Section 15, if additional Grants are to be made under Section 15 and if required by Section 162(m) of the Code or the regulations thereunder.

(d) Termination of Plan. The Plan shall terminate on January 23, 2023, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the shareholders. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant, nor shall it adversely affect outstanding Grants.

21. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other stock-based awards outside of this Plan. Without limiting the foregoing, the Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company in substitution for a grant made by such corporation. The terms and conditions of the Grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives, as determined by the Committee.

(b) Reduction of Responsibilities. The Committee shall have discretion to adjust an Employee's outstanding Grants if the Employee's authority, duties or responsibilities are significantly reduced.

(c) Company Policies. All Grants made under the Plan shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board from time to time.

(d) Compliance with Law. The Plan, the exercise of Options and the obligations of the Company to issue or transfer shares of Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to Section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Grants made under Section 15 of the Plan comply with the applicable provisions of Section 162(m) of the Code. To the extent that any legal requirement of Section 16 of the Exchange Act or Section 162(m) of the Code as set forth in the Plan ceases to be required under Section 16 of the Exchange Act or Section 162(m) of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(e) Section 409A. The Plan is intended to comply with the requirements of Section 409A of the Code, to the extent applicable. All Grants shall be construed and administered such that the Grant either (i) qualifies for an exemption from the requirements of Section 409A of the Code or (ii) satisfies the requirements of Section 409A of the Code. If a Grant is subject to Section 409A of the Code, (i) distributions shall only be made in a manner and upon an event permitted under Section 409A of the Code, (ii) payments to be made upon a termination of employment shall only be made upon a "separation from service" under Section 409A of the Code, (iii) payments to be made upon a Change of Control shall only be made upon a "change of control event" under Section 409A of the Code, (iv) unless the Grant specifies otherwise, each payment shall be treated as a separate payment for purposes of Section 409A of the Code, and (v) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. Any Grant granted under the Plan that is subject to Section 409A of the Code and that is to be distributed to a key employee (as defined below) upon separation from service shall be administered so that any distribution with respect to such Grant shall be postponed for six months following the date of the Participant's separation from service, if required by Section 409A of the Code. If a distribution is delayed pursuant to Section 409A of the Code, the distribution shall be paid within 30 days after the end of the six-month period. If the Participant dies during such six-month period, any postponed amounts shall be paid within 90 days of the Participant's death. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Committee or its delegate each year in accordance with Section 416(i) of the Code and the "specified employee" requirements of Section 409A of the Code.

(f) <u>Enforceability</u>. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(g) <u>Funding of the Plan; Limitation on Rights</u>. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. Nothing contained in the Plan and no action taken pursuant hereto shall create or be construed to create a fiduciary relationship between the Company and any Participant or any other person. No Participant or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

(h) <u>Rights of Participants</u>. Nothing in this Plan shall entitle any Employee, Non-Employee Director or other person to any claim or right to receive a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employment or service of the Company.

(i) <u>No Fractional Shares</u>. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) <u>Employees Subject to Taxation Outside the United States</u>. With respect to Participants who are subject to taxation in countries other than the United States, the Committee may make Grants on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(k) <u>Governing Law</u>. The validity, construction, interpretation and effect of the Plan and Grant Letters issued under the Plan shall be governed and construed by and determined in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflict of laws provisions thereof.

Exhibit A

UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
EFFECTIVE AS OF SEPTEMBER 5, 2014

For purposes of the Plan, the term "Change of Control," and other defined terms used in the definition of "Change of Control," shall have the following meanings:

1. "Change of Control" shall mean:

(i) Any Person (except UGI, any UGI Subsidiary, any employee benefit plan of UGI or of any UGI Subsidiary, or any Person or entity organized, appointed or established by UGI for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of 20% or more of either (i) the then outstanding shares of common stock of UGI (the "Outstanding UGI Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "UGI Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the UGI Board of Directors (the "Incumbent UGI Board") cease for any reason to constitute at least a majority of the Incumbent UGI Board, provided that any individual becoming a director of UGI subsequent to the beginning of such period whose election or nomination for election by the UGI shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent UGI Board shall be considered as though such individual were a member of the Incumbent UGI Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of UGI (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) Consummation by UGI of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be; or

(iv) Consummation of (a) a complete liquidation or dissolution of UGI or (b) a sale or other disposition of all or substantially all of the assets of UGI other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition.

2. “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. A Person shall be deemed the “Beneficial Owner” of any securities: (i) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided*, *however,* that a Person shall not be deemed the “Beneficial Owner” of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has “beneficial ownership” of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; *provided*, *however*, that a Person shall not be deemed the “Beneficial Owner” of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person’s Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any securities; *provided*, *however,* that nothing in this Section 3 shall cause a Person engaged in business as an underwriter of securities to be the “Beneficial Owner” of any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition.

4. “Person” shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

5. “UGI Subsidiary” shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

UGI CORPORATION

2004 OMNIBUS EQUITY COMPENSATION PLAN

Amended and Restated as of September 5, 2014

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UGI CORPORATION

2004 OMNIBUS EQUITY COMPENSATION PLAN

Amended and Restated as of September 5, 2014

1. Purpose

The purpose of the UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") is to provide (i) designated employees of UGI Corporation ("UGI") and its subsidiaries, and (ii) non-employee members of the board of directors of UGI with the opportunity to receive grants of stock options, stock units, performance units, stock awards, stock appreciation rights, dividend equivalents and other stock-based awards. UGI believes that by providing equity based compensation, the Plan will encourage the participants to contribute materially to the growth of UGI, thereby benefiting UGI's shareholders, and will more closely align the economic interests of the participants with those of the shareholders.

The Plan was adopted effective as of January 1, 2004, and was approved by the shareholders of UGI. The UGI Corporation Directors' Equity Compensation Plan was merged into the Plan as of January 1, 2004. The Plan was hereby amended and restated effective December 5, 2006 to increase the number of shares authorized to be issued under the Plan and to make other appropriate changes. The 2006 amended and restated Plan was subject to shareholder approval, except that the changes to the definition of Fair Market Value in Section 2(l), and the changes to the provisions for adjustments in Section 5(d), were effective as of December 5, 2006. The Plan is hereby amended and restated effective September 5, 2014 to reflect the Stock Split.

2. Definitions

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

(a) *"Board"* means UGI's Board of Directors as constituted from time to time.

(b) "*Certificate*" means a certificate, or electronic book entry equivalent, for a share of Stock.

(c) *"Change of Control"* means a change of control of UGI as described on the attached Exhibit A, or as modified by the Board from time to time.

(d) *"Code"* means the Internal Revenue Code of 1986, as amended.

(e) *"Committee"* means (i) with respect to Grants to Employees, the Compensation and Management Development Committee of the Board or its successor, and (ii) with respect to Grants made to Non-Employee Directors, the Board or its delegate.

(f) *"Company"* means UGI and any Subsidiary.

(g) *"Date of Grant"* means the effective date of a Grant; provided, however, that no retroactive Grants will be made.

(h) *"Directors' Equity Plan"* means the UGI Corporation Directors' Equity Compensation Plan.

(i) *"Dividend Equivalent"* means an amount determined by multiplying the number of shares of Stock subject to a Grant by the per-share cash dividend, or the per-share fair market value (as determined by the Committee) of any dividend in consideration other than cash, paid by UGI on its Stock.

(j) *"Employee"* means an employee of the Company (including an officer or director who is also an employee). For purposes of the Plan, the term "Employee" shall also include a chief executive officer or other officer or person who performs management and policymaking functions with respect to a Subsidiary of UGI located outside the United States.

(k) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

(l) *"Fair Market Value"* of Stock means the last reported sale price of a share of Stock on the New York Stock Exchange on the day on which Fair Market Value is being determined, as reported on the composite tape for transactions on the New York Stock Exchange. In the event that there are no Stock transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Stock transactions on that exchange. Notwithstanding the foregoing, in the case of a broker-assisted exercise pursuant to Section 7(f), the Fair Market Value will be the actual sale price of the shares issued upon exercise of the Option.

(m) *"Grant"* means an Option, Stock Unit, Performance Unit, Stock Award, Stock Appreciation Right, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(n) *"Grant Letter"* means the written instrument that sets forth the terms and conditions of a Grant, including all amendments thereto.

(o) *"Non-Employee Director"* means a member of the Board who is not an employee of the Company.

(p) *"Option"* means an option to purchase shares of Stock, as described in Section 7.

(q) *"Option Price"* means an amount per share of Stock purchasable under an Option, as designated by the Committee.

(r) *"Other Stock-Based Award"* means any Grant based on, measured by or payable in Stock (other than Grants described in Sections 7, 8, 9, 10, 11 and 12 of the Plan) as described in Section 13.

(s) *"Participant"* means an Employee or Non-Employee Director designated by the Committee to participate in the Plan.

(t) *"Performance Unit"* means an award of a phantom unit representing a share of Stock, as described in Section 9.

(u) *"Plan"* means this 2004 Omnibus Equity Compensation Plan, as in effect from time to time.

(v) *"Stock"* means the common stock of UGI or such other securities of UGI as may be substituted for Stock pursuant to Section 5(d) or Section 18.

(w) "*Stock Appreciation Right*" means a stock appreciation right with respect to a share of Company Stock as described in Section 11.

(x) *"Stock Award"* means an award of Stock as described in Section 10.

(y) *"Stock Split"* means the three-for-two split of the Stock that was approved by the Board effective as of September 5, 2014.

(z) *"Stock Unit"* means an award of a phantom unit representing a share of Stock, as described in Section 8.

(aa) *"Subsidiary"* means any corporation or partnership, at least 20% of the outstanding voting stock, voting power or partnership interest of which is owned, directly or indirectly, by UGI.

(bb) "*Target Amount"* means a target number of Shares to be issued based on achievement of the performance goals and satisfaction of all conditions for payment of Performance Units at the 100% level.

(cc) "*UGI"* means UGI Corporation, a Pennsylvania corporation or any successor thereto.

3. Administration

(a) Committee. The Plan shall be administered and interpreted by the Compensation and Management Development Committee of the Board or its successor with respect to grants to Employees. The Plan shall be administered and interpreted by the Board, or by a committee of directors to whom the Board has delegated responsibility, with respect to grants to Non-Employee Directors. The Board or committee, as applicable, that has authority with respect to a specific Grant shall be referred to as the "Committee" with respect to that Grant. Ministerial functions may be performed by an administrative committee comprised of Company employees appointed by the Committee.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the Participants to whom Grants shall be made under the Plan, (ii) determine the type, size and terms and conditions of the Grants to be made to each such Participant, (iii) determine the time when the Grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued Grant, subject to the provisions of Section 20 below, and (v) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated Participants.

4. Grants

(a) Grants under the Plan may consist of Options as described in Section 7, Stock Units as described in Section 8, Performance Units as described in Section 9, Stock Awards as described in Section 10, Stock Appreciation Rights as described in Section 11, Dividend Equivalents as described in Section 12 and Other Stock-Based Awards as described in Section 13. All Grants shall be subject to such terms and conditions as the Committee deems appropriate and as are specified in writing by the Committee to the Participant in the Grant Letter.

(b) All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

(c) The Committee may make Grants that are contingent on, and subject to, shareholder approval of the Plan or an amendment to the Plan.

5. Shares Subject to the Plan[1]

(a) Shares Authorized. The total aggregate number of shares of Stock that may be issued under the Plan from January 1, 2004 is 22,500,000 shares, subject to adjustment as described below. The maximum number of shares of Stock that may be issued under the Plan from January 1, 2004 pursuant to Grants other than Options or Stock Appreciation Rights during the term of the Plan is 4,800,000 shares, subject to adjustment as described below. The shares may be authorized but unissued shares of Stock or reacquired shares of Stock for purposes of the Plan.

(b) Share Counting. For administrative purposes, when the Committee makes a Grant payable in Stock, the Committee shall reserve, and count against the share limit, shares equal to the maximum number of shares that may be issued under the Grant. If and to the extent Options or Stock Appreciation Rights granted under the Plan terminate, expire, or are canceled,

[1] The share numbers set forth herein have been adjusted to reflect the Stock Split.

forfeited, exchanged or surrendered without having been exercised, and if and to the extent that any Stock Awards, Stock Units, Performance Units or Other Stock-Based Awards are forfeited or terminated, or otherwise are not paid in full, the shares reserved for such Grants shall again be available for purposes of the Plan. Shares of Stock surrendered in payment of the Option Price of an Option, and shares withheld or surrendered for payment of taxes, shall not be available for re-issuance under the Plan. If Stock Appreciation Rights are granted, the full number of shares subject to the Stock Appreciation Rights shall be considered issued under the Plan, without regard to the number of shares issued upon settlement of the Stock Appreciation Rights and without regard to any cash settlement of the Stock Appreciation Rights. To the extent that other Grants are designated in the Grant Letter to be paid in cash, and not in shares of Stock, such Grants shall not count against the share limits in subsection (a).

(c) Individual Limits. All Grants under the Plan, other than Dividend Equivalents, shall be expressed in shares of Stock. The maximum aggregate number of shares of Stock with respect to which all Grants may be made under the Plan to any individual during any calendar year shall be 1,500,000 shares, subject to adjustment as described below. The maximum aggregate number of shares of Stock with respect to which all Grants, other than Options and Stock Appreciation Rights, may be made under the Plan to any individual during any calendar year shall be 300,000 shares, subject to adjustment as described below. A Participant may not accrue Dividend Equivalents during any calendar year in excess of $750,000. The individual limits of this subsection (b) shall apply without regard to whether the Grants are to be paid in Stock or cash. All cash payments (other than with respect to Dividend Equivalents) shall equal the Fair Market Value of the shares of Stock to which the cash payment relates.

(d) Adjustments. If there is any change in the number or kind of shares of Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Stock is substantially reduced as result of a spinoff or the Company's payment of any extraordinary dividend or distribution, the maximum number of shares of Stock available for issuance under the Plan, the maximum number of shares of Stock for which any individual may receive Grants in any year, the kind and number of shares covered by outstanding Grants, the kind and number of shares to be issued or issuable under the Plan, and the price per share or the applicable market value of such Grants shall be required to be equitably adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding Grants; provided, however, than any fractional shares resulting from such adjustment shall be eliminated. Any adjustments to outstanding Grants shall be consistent with Section 409A of the Code, to the extent applicable. Any adjustments determined by the Committee shall be final, binding and conclusive.

6. Eligibility for Participation

(a) Eligible Persons. All Employees, including Employees who are officers or members of the Board, and all Non-Employee Directors shall be eligible to participate in the Plan.

(b) Selection of Participants. The Committee shall select the Employees and Non-Employee Directors to receive Grants and shall determine the number of shares of Stock subject to each Grant.

7. Options

(a) General Requirements. The Committee may grant Options to an Employee or Non-Employee Director upon such terms and conditions as the Committee deems appropriate under this Section 7. Dividend Equivalents may not be granted with respect to Options.

(b) Number of Shares. The Committee shall determine the number of shares of Stock that will be subject to each Grant of Options to Employees and Non-Employee Directors.

(c) Type of Option, Price and Term.

(i) The Committee may grant Options that are nonqualified stock options and are not considered incentive stock options under section 422 of the Code.

(ii) The Option Price of Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Stock on the Date of Grant.

(iii) The Committee shall determine the term of each Option. The term of an Option shall not exceed ten years from the Date of Grant.

(d) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Letter. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Termination of Employment or Service. Except as provided in the Grant Letter, an Option may only be exercised while the Participant is employed by the Company, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Letter under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(f) Exercise of Options. A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Participant shall pay the Option Price for the Option (i) in cash, (ii) by delivering shares of Stock owned by the Participant and having a Fair Market Value on the date of exercise equal to the Option Price or by attestation to ownership of shares of Stock having an aggregate Fair Market Value on the date of exercise equal to the Option Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (iv) by such other method as the Committee may approve. Shares of Stock used to exercise an Option shall have been held by the Participant for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares pursuant to the Option, and any required withholding taxes, must be received by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance of the Stock.

8. Stock Units

(a) General Requirements. The Committee may grant Stock Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 8. Each Stock Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock. All Stock Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. The Committee may grant Stock Units that are payable on terms and conditions determined by the Committee. Stock Units may be paid at the end of a specified period, or payment may be deferred to a date authorized by the Committee consistent with section 409A of the Code. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units. The Committee may grant Dividend Equivalents with respect to Stock Units.

(c) Payment With Respect to Stock Units. Payment with respect to Stock Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee in the Grant Letter. The Grant Letter shall specify the maximum number of shares that can be issued under the Stock Units.

(d) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Units after termination of the Participant's employment or service, and the circumstances under which Stock Units may be forfeited.

9. Performance Units

(a) General Requirements. The Committee may grant Performance Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 9. Each Performance Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock, if specified performance goals and other conditions are met. All Performance Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Terms of Performance Units. The Committee shall establish the performance goals and other conditions for payment of Performance Units. Performance Units may be paid at the end of a specified performance or other period, or payment may be deferred to a date authorized by the Committee, consistent with section 409A of the Code. The Committee shall determine the number of Performance Units to be granted and the requirements applicable to such Performance Units. The Committee may grant Dividend Equivalents with respect to Performance Units.

(c) Payment With Respect to Performance Units. Payment with respect to Performance Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee in the Grant Letter. The Committee shall establish a Target Amount for Performance Units in the Grant Letter. Payment of Performance Units in excess of the Target Amount shall be made in cash.

(d) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Performance Units after termination of the Participant's employment or service, and the circumstances under which Performance Units may be forfeited.

10. Stock Awards

(a) General Requirements. The Committee may issue shares of Stock to an Employee or Non-Employee Director under a Stock Award, upon such terms and conditions as the Committee deems appropriate under this Section 10. Shares of Stock issued pursuant to Stock Awards may be issued for cash consideration or for no cash consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including restrictions based upon the achievement of specific performance goals.

(b) Number of Shares. The Committee shall determine the number of shares of Stock to be issued pursuant to a Stock Award and any restrictions applicable to such shares.

(c) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Awards after termination of the Participant's employment or service, and the circumstances under which Stock Awards may be forfeited.

(d) Restrictions on Transfer. While Stock Awards are subject to restrictions, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except upon death as described in Section 17. Each Certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed when all restrictions on such shares have lapsed. The Company may retain possession of any Certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the restriction period.

11. Stock Appreciation Rights

(a) General Requirements. The Committee may grant Stock Appreciation Rights to an Employee or Non-Employee Director separately or in tandem with any Option (for all or a portion of the applicable Option). Dividend Equivalents may not be granted with respect to Stock Appreciation Rights.

(b) Number of Shares, Term and Base Amount. The Committee shall establish the number of shares, the term and the base amount of the Stock Appreciation Right at the time the Stock Appreciation Right is granted. The term of a Stock Appreciation Right shall not exceed ten years from the Date of Grant. The base amount of a Stock Appreciation Right shall not be less than the Fair Market Value of a share of Stock on the Date of Grant of the Stock Appreciation Right.

(c) Exercisability. Stock Appreciation Rights shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Letter. The Committee may accelerate the exercisability of any or all outstanding Stock Appreciation Rights at any time for any reason. A tandem Stock Appreciation Right shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Termination of Employment or Service. Except as provided in the Grant Letter, a Stock Appreciation Right may only be exercised while the Participant is employed by the Company, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Letter under what circumstances and during what time periods a Participant may exercise a Stock Appreciation Right after termination of employment or service.

(e) Exercise of Stock Appreciation Rights. When a Participant exercises a Stock Appreciation Right, the Participant shall receive in settlement of such Stock Appreciation Right an amount equal to the value of the Stock appreciation for the number of Stock Appreciation Rights exercised. The Stock appreciation is the amount by which the Fair Market Value of the underlying shares of Stock on the date of exercise of the Stock Appreciation Right exceeds the base amount of the Stock Appreciation Right as specified in the Grant Letter. The Stock appreciation amount shall be paid in shares of Company Stock, cash or any combination of the two, as the Committee shall determine in the Grant Letter. For purposes of calculating the number of shares of Stock to be received, shares of Stock shall be valued at their Fair Market Value on the date of exercise of the Stock Appreciation Right.

12. Dividend Equivalents.

(a) General Requirements. When the Committee grants Stock Units or Performance Units under the Plan, the Committee may grant Dividend Equivalents in connection with such Grants under such terms and conditions as the Committee deems appropriate under this Section 12. Dividend Equivalents may be paid to Participants currently or may be deferred, consistent with section 409A of the Code, as determined by the Committee. All Dividend Equivalents that are not paid currently shall be credited to accounts on the Company's records for purposes of the Plan. Dividend Equivalents may be accrued as a cash obligation, or may be converted to Stock Units for the Participant, as determined by the Committee. Unless otherwise specified in the

Grant Letter, deferred Dividend Equivalents will not accrue interest. The Committee may provide that Dividend Equivalents shall be payable based on the achievement of specific performance goals.

(b) Payment with Respect to Dividend Equivalents. Dividend Equivalents may be payable in cash or shares of Stock or in a combination of the two, as determined by the Committee in the Grant Letter.

13. Other Stock-Based Awards

The Committee may grant other awards that are based on, measured by or payable in Stock to Employees or Non-Employee Directors, on such terms and conditions as the Committee deems appropriate under this Section 13. Other Stock-Based Awards may be granted subject to achievement of performance goals or other conditions and may be payable in Stock or cash, or in a combination of the two, as determined by the Committee in the Grant Letter.

14. Qualified Performance-Based Compensation

(a) Designation as Qualified Performance-Based Compensation. The Committee may determine that Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards granted to an Employee shall be considered "qualified performance-based compensation" under section 162(m) of the Code. The provisions of this Section 14 shall apply to any such Grants that are to be considered "qualified performance-based compensation" under section 162(m) of the Code.

(b) Performance Goals. When Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards that are to be considered "qualified performance-based compensation" are granted, the Committee shall establish in writing (i) the objective performance goals that must be met, (ii) the period during which performance will be measured, (iii) the maximum amounts that may be paid if the performance goals are met, and (iv) any other conditions that the Committee deems appropriate and consistent with the requirements of Section 162(m) of the Code for "qualified performance-based compensation." The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable, but may reduce the amount of compensation that is payable, pursuant to Grants identified by the Committee as "qualified performance-based compensation."

(c) Criteria Used for Objective Performance Goals. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price, earnings per share, net earnings, operating earnings, margin, EBITDA (earnings before interest, taxes, depreciation and amortization), net capital employed, return on assets, shareholder return, return on equity, return on capital employed, growth in assets, unit volume, sales, cash flow, market share, relative performance to a comparison group designated by the

Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The performance goals may relate to the Participant's business unit or the performance of the Company as a whole, or any combination of the foregoing. Performance goals need not be uniform as among Participants.

(d) Timing of Establishment of Goals. The Committee shall establish the performance goals in writing either before the beginning of the performance period or during a period ending no later than the earlier of (i) 90 days after the beginning of the performance period or (ii) the date on which 25% of the performance period has been completed, or such other date as may be required or permitted under applicable regulations under section 162(m) of the Code.

(e) Certification of Results. The Committee shall certify the performance results for the performance period specified in the Grant Letter after the performance period expires. The Committee shall determine the amount, if any, to be paid pursuant to each Grant based on the achievement of the performance goals and the satisfaction of all other terms of the Grant Letter.

(f) Death, Disability or Other Circumstances. The Committee may provide in the Grant Letter that Grants identified as qualified performance-based compensation shall be payable, in whole or in part, in the event of the Participant's death or disability, a Change of Control or under other circumstances consistent with the Treasury regulations and rulings under section 162(m) of the Code.

15. Directors' Equity Plan

The Directors' Equity Plan was merged into this Plan as of January 1, 2004, and all outstanding Units and accrued Dividend Equivalents under the Directors' Equity Plan as of January 1, 2004 shall be issued and paid out of this Plan. No additional awards shall be made under the Directors' Equity Plan. Dividend Equivalents shall be credited under this Plan with respect to outstanding Units under the Directors' Equity Plan, according to terms and conditions established by the Committee under Section 12.

16. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require that the Participant or other person receiving or exercising Grants pay to the Company the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) Election to Withhold Shares. If the Committee so permits, a Participant may elect to satisfy the Company's tax withholding obligation with respect to Grants paid in Stock by having shares of Stock withheld, at the time such Grants become taxable, up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities.

17. Transferability of Grants

Only the Participant may exercise rights under a Grant during the Participant's lifetime, and a Participant may not transfer those rights except by will or by the laws of descent and distribution. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

18. Consequences of a Change of Control

(a) Notice and Acceleration. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company shall provide each Participant who holds outstanding Grants with written notice of the Change of Control, (ii) all outstanding Options and Stock Appreciation Rights shall automatically accelerate and become fully exercisable, (iii) the restrictions and conditions on all outstanding Stock Awards shall immediately lapse, (iv) all Stock Units and Performance Units shall become payable in cash in an amount not less than their Target Amount or in a larger amount, up to the maximum Grant value, as determined by the Committee, and (v) Dividend Equivalents and Other Stock-Based Awards shall become payable in full in cash, in amounts determined by the Committee.

(b) Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options and Stock Appreciation Rights that are not exercised shall be assumed by, or replaced with comparable options or stock appreciation rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other Grants that remain outstanding after the Change of Control shall be converted to similar Grants of the surviving corporation (or a parent or subsidiary of the surviving corporation).

(c) Other Alternatives. Notwithstanding the foregoing, subject to subsection (d) below, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Grants, without the consent of any Participant: (i) the Committee may require that Participants surrender their outstanding Options and Stock Appreciation Rights in exchange for a payment by the Company, in cash or Stock as determined by the Committee, in an amount equal to the amount, if any, by which the then Fair Market Value of the shares of Stock subject to the Participant's unexercised Options and Stock Appreciation Rights exceeds the Option Price or base amount, (ii) after giving Participants an opportunity to exercise their outstanding Options and Stock Appreciation Rights, the Committee may terminate any or all unexercised Options and Stock Appreciation Rights at such time as the Committee deems appropriate, and (iii) with respect to Participants holding Stock Units, Performance Units, Dividend Equivalents or Other Stock-Based Awards, the Committee may determine that such Participants shall receive a payment in settlement of such Stock Units, Performance Units, Dividend Equivalents or Other Stock-Based Awards, in such amount and form as may be determined by the Committee. Such surrender or termination shall take place as of the date of the Change of Control or such other date as the Committee may specify.

(d) Committee. The Committee making the determinations under this Section 18 following a Change of Control must be comprised of the same members as those of the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of subsections (a) and (b) shall apply, and the Committee shall not have discretion to vary them.

(e) Other Transactions. The Committee may provide in a Grant Letter that a sale or other transaction involving a Subsidiary or other business unit of the Company shall be considered a Change of Control for purposes of a Grant, or the Committee may establish other provisions that shall be applicable in the event of a specified transaction.

19. Requirements for Issuance of Shares

No Stock shall be issued in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance of such Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Participant hereunder on such Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Stock as the Committee shall deem necessary or advisable, and Certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Stock issued under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. No Participant shall have any right as a shareholder with respect to Stock covered by a Grant until shares have been issued to the Participant.

20. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without approval of the shareholders of UGI if such approval is required in order to comply with the Code or applicable laws, or to comply with applicable stock exchange requirements. No amendment or termination of this Plan shall, without the consent of the Participant, materially impair any rights or obligations under any Grant previously made to the Participant under the Plan, unless such right has been reserved in the Plan or the Grant Letter, or except as provided in Section 21(c) below.

(b) No Repricing Without Shareholder Approval. Notwithstanding anything in the Plan to the contrary, the Committee may not reprice Options or Stock Appreciation Rights, nor may the Board amend the Plan to permit repricing of Options or Stock Appreciation Rights, unless the shareholders of UGI provide prior approval for such repricing. The term "repricing" shall have the meaning given that term in Section 303A(8) of the New York Stock Exchange Listed Company Manual, as in effect from time to time.

(c) Shareholder Approval for "Qualified Performance-Based Compensation." If Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards are granted as "qualified performance-based compensation" under Section 14 above, the Plan must be reapproved by the UGI shareholders no later than the first shareholders meeting that occurs in the fifth year following the year in which the shareholders previously approved the provisions of Section 14, if additional Grants are to be made under Section 14 and if required by section 162(m) of the Code or the regulations thereunder.

(d) Termination of Plan. The Plan shall terminate on December 4, 2016, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the shareholders. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant.

21. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other stock-based awards outside of this Plan. Without limiting the foregoing, the Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company in substitution for a grant made by such corporation. The terms and conditions of the Grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives, as determined by the Committee.

(b) Reduction of Responsibilities. The Committee shall have discretion to adjust an Employee's outstanding Grants if the Employee's authority, duties or responsibilities are significantly reduced.

(c) Compliance with Law. The Plan, the exercise of Options and the obligations of the Company to issue or transfer shares of Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Grants made under Section 14 of the Plan comply with the applicable provisions of section 162(m) of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 162(m) of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or section 162(m) of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(d) Enforceability. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(e) Funding of the Plan; Limitation on Rights. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. Nothing contained in the Plan and no action taken pursuant hereto shall create or be construed to create a fiduciary relationship between the Company and any Participant or any other person. No Participant or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Rights of Participants. Nothing in this Plan shall entitle any Employee, Non-Employee Director or other person to any claim or right to receive a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employment or service of the Company.

(g) No Fractional Shares. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(h) Employees Subject to Taxation Outside the United States. With respect to Participants who are subject to taxation in countries other than the United States, the Committee may make Grants on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(i) Governing Law. The validity, construction, interpretation and effect of the Plan and Grant Letters issued under the Plan shall be governed and construed by and determined in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflict of laws provisions thereof.

Exhibit A

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
AMENDED AND RESTATED AS OF SEPTEMBER 5, 2014

For purposes of the Plan, the term "Change of Control," and other defined terms used in the definition of "Change of Control," shall have the following meanings:

1. "Change of Control" shall mean:

(i) Any Person (except UGI, any UGI Subsidiary, any employee benefit plan of UGI or of any UGI Subsidiary, or any Person or entity organized, appointed or established by UGI for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of 20% or more of either (i) the then outstanding shares of common stock of UGI (the "Outstanding UGI Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "UGI Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the UGI Board of Directors (the "Incumbent UGI Board") cease for any reason to constitute at least a majority of the Incumbent UGI Board, provided that any individual becoming a director of UGI subsequent to the beginning of such period whose election or nomination for election by the UGI shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent UGI Board shall be considered as though such individual were a member of the Incumbent UGI Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of UGI (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) Consummation by UGI of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be; or

(iv) Consummation of (a) a complete liquidation or dissolution of UGI or (b) a sale or other disposition of all or substantially all of the assets of UGI other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition.

2. “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. A Person shall be deemed the “Beneficial Owner” of any securities: (i) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided, however,* that a Person shall not be deemed the “Beneficial Owner” of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has “beneficial ownership” of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; *provided, however*, that a Person shall not be deemed the “Beneficial Owner” of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person’s Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any securities; *provided, however,* that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the “Beneficial Owner” of any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition.

4. “Person” shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

5. “UGI Subsidiary” shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

UGI CORPORATION

2009 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

FOR NEW EMPLOYEES

As Amended and Restated as of November 22, 2013

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ARTICLE I

STATEMENT OF PURPOSE

The purpose of the UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees (the “2009 UGI SERP”) is to provide a fair and competitive level of retirement benefits to certain management and other highly compensated employees and thereby to attract and retain the highest quality executives to UGI Corporation, UGI Utilities, Inc. and its subsidiaries, including UGI Penn Natural Gas, Inc., UGI Central Penn Gas, Inc., and, effective October 1, 2010, UGI Energy Services, Inc. To address these purposes and to account for the closure of the Pension Plan and the CPG Pension Plan, each as defined herein, certain employees of UGI Corporation, UGI Utilities, Inc. and its subsidiaries, including UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., and, effective October 1, 2010, UGI Energy Services, Inc. (those designated as “Participants”), will be provided with supplemental retirement benefits. The 2009 UGI SERP was amended and restated as of October 1, 2010 to include certain employees of UGI Energy Services, Inc. The 2009 UGI SERP is now amended and restated as of November 22, 2013.

ARTICLE II

DEFINITIONS

Sec. 2.01 “Administrative Committee” shall mean the administrative committee designated pursuant to Article VII to administer the 2009 UGI SERP in accordance with its terms.

Sec. 2.02 “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Sec. 2.03 “Beneficiary” shall mean the person designated by a Participant to receive any benefits payable after the Participant’s death. UGI shall provide a form for this purpose. In the event a Participant has not filed a Beneficiary designation with UGI or none of the designated Beneficiaries are living at the date of the Participant’s death, the Beneficiary shall be the Participant’s estate.

Sec. 2.04 “Board” shall mean the Board of Directors of UGI.

Sec. 2.05 “Change in Control Agreement” shall mean a Change in Control Agreement between an Employee and a Participating Employer.

Sec. 2.06 “Code” shall mean the Internal Revenue Code of 1986, as amended.

Sec. 2.07 “Compensation Committee” shall mean the Compensation and Management Development Committee of the Board.

Sec. 2.08 “Compensation” shall mean a Participant’s actual base salary earned from the Participating Employers with respect to each Plan Year, plus the amount of annual bonus paid under the applicable bonus or severance plan with respect to each Plan Year, regardless of the payment date. Compensation shall include any such salary and bonus that that would be payable to the Employee except for an election by the Employee to have such compensation deferred under any qualified savings plan, non-qualified deferred compensation plan, or section 125 plan, of the Participating Employers. Compensation shall be prorated for any Plan Year during which the Employee ceases to be a Participant and remains an employee of the Participating Employers.

Sec. 2.09 "CPG Pension Plan" shall mean the UGI Central Penn Gas, Inc. Employees' Retirement Plan.

Sec. 2.10 "Deferral Plan" shall mean the UGI Corporation 2009 Deferral Plan.

Sec. 2.11 "Effective Date" of the 2009 UGI SERP shall mean January 1, 2009, for Participating Employers other than UGI Energy Services, Inc. The 2009 UGI SERP shall be effective for UGI Energy Services, Inc. as of October 1, 2010. The effective date of the amended and restated 2009 UGI SERP is November 22, 2013.

Sec. 2.12 "Employee" shall mean any person in the employ of a Participating Employer other than a person (i) whose terms and conditions of employment are determined through collective bargaining with a third party or (ii) who is characterized as an independent contractor by a Participating Employer, no matter how characterized by a court or government agency. No retroactive characterization of an individual's status for any other purpose shall make an individual an "Employee" for purposes hereof unless specifically determined otherwise by a Participating Employer for the purposes of this 2009 UGI SERP.

Sec. 2.13 "Employment Commencement Date" shall mean the first day on which a Participant became an employee of UGI or its Affiliates, or any entity whose business or assets have been acquired by UGI or its Affiliates or by any predecessor of such entities. If any interruption of employment occurred after the date described in the preceding sentence, the "Employment Commencement Date" after reemployment shall be the first day on which the Participant became an employee as described in the preceding sentence after the most recent such interruption of the employment relationship between the Participant and UGI or any of its Affiliates, unless the Administrative Committee determines otherwise.

Sec. 2.14 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Sec. 2.15 "Executive Annual Bonus Plan" shall mean the UGI Corporation Executive Annual Bonus Plan or the UGI Utilities, Inc. Executive Annual Bonus Plan, each as amended from time to time, and any successor plans.

Sec. 2.16 "Key Employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by such Committee or its delegate in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

Sec. 2.17 "Matching Contribution" shall have the meaning given that term under the Savings Plan.

Sec. 2.18 "Participant" shall mean each Employee who meets the requirements of Section 3.01 hereof.

Sec. 2.19 "Participating Employer" shall mean an employer listed on Schedule A.

Sec. 2.20 "Pension Plan" shall mean the Retirement Income Plan for Employees of UGI Utilities, Inc., as currently in effect and as it may hereafter be amended, and any plan designated by the Board as a successor thereto.

Sec. 2.21 "Plan Year" shall mean the 12-month period beginning on October 1 and ending on September 30.

Sec. 2.22 "Postponement Period" shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by Section 409A of the Code) during which 2009 UGI SERP benefits may not be paid to the Key Employee under section 409A of the Code.

Sec. 2.23 "Savings Plan" shall mean the UGI Utilities, Inc. Savings Plan.

Sec. 2.24 "Termination for Cause" shall mean termination of employment by reason of misappropriation of funds, habitual insobriety, substance abuse, conviction of a crime involving moral turpitude, or gross negligence in the performance of duties, which gross negligence has had a material gross adverse effect on the business, operations, assets, properties or financial condition of UGI and its Affiliates, taken as a whole.

Sec. 2.25 "UGI" shall mean UGI Corporation.

Sec. 2.26 "2009 UGI SERP" shall mean the UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees as set forth herein and as the same may be hereafter amended.

Sec. 2.27 "UGI Utilities" shall mean UGI Utilities, Inc.

ARTICLE III

PARTICIPATION AND VESTING

Sec. 3.01 Participation.

(a) For Employees of a Participating Employer other than UGI Energy Services, Inc, on and after the Effective Date, each Employee who (i) is eligible to receive a bonus under an Executive Annual Bonus Plan at any time during the applicable Plan Year, (ii) is hired or rehired by a Participating Employer on or after the Effective Date (including by a transfer from an Affiliate), and (iii) is not accruing a benefit under the Pension Plan, CPG Pension Plan or any other defined benefit plan maintained by a Participating Employer and its

Affiliates shall be eligible to become a Participant in the 2009 UGI SERP. Employees who meet the requirements of this subsection (a) as of the Effective Date shall become Participants in the 2009 UGI SERP as of the Effective Date.

(b) For Employees of UGI Energy Services, Inc., on and after October 1, 2010, each Employee who (i) is eligible to receive a bonus under an Executive Annual Bonus Plan at any time during the applicable Plan Year, (ii) is employed by UGI Energy Services, Inc. on or after October 1, 2010 (including by a transfer from an Affiliate) and (iii) is not accruing a benefit under the Pension Plan, CPG Pension Plan or any other defined benefit plan maintained by a Participating Employer and its Affiliates shall be eligible to become a Participant in the 2009 UGI SERP. Employees who meet the requirements of this subsection (b) as of October 1, 2010 shall become Participants in the 2009 UGI SERP as of October 1, 2010.

(c) Each newly hired Employee who meets the requirements of subsection (a) or (b), as applicable, shall become a Participant in the 2009 UGI SERP immediately upon his or her date of hire. Each newly promoted Employee of a Participating Employer, or an Employee who is transferred to a Participating Employer from an Affiliate that is not a Participating Employer, who meets the requirements of subsection (a) or (b), as applicable, shall become a Participant in the 2009 UGI SERP as of the first day of the Plan Year following his transfer or promotion date.

Sec. 3.02 Vesting. Benefits under this 2009 UGI SERP shall vest on the fifth anniversary of a Participant's most recent Employment Commencement Date, if the Participant continues to be employed by UGI and its Affiliates through the vesting date, unless the Compensation Committee determines that a Participant's benefits should vest, in whole or in part, sooner. A Participant's benefit under this 2009 UGI SERP shall also vest if the Participant's employment with UGI and its Affiliates terminates on account of death or Total Disability, as determined under the Savings Plan. Notwithstanding anything to the contrary, a Participant shall vest in his or her benefits under Section 4.05 of this 2009 UGI SERP when the Participant's employment has terminated under the circumstances described in Section 4.05 and the Participant has met all the requirements of the Participant's Change in Control Agreement that entitle the Participant to receive the benefits described in Section 4.05.

ARTICLE IV

BENEFITS

Sec. 4.01 Benefit Credits.

(a) UGI shall establish a bookkeeping account for each Participant. At the end of each Plan Year, UGI shall credit to the Participant's account an amount equal to 5% of the Participant's maximum recognizable Compensation as determined under the limit in effect under section 401(a)(17) of the Code for the calendar year in which the Plan Year begins, and 10% of the Participant's Compensation, if any, in excess of such maximum recognizable Compensation under section 401(a)(17) of the Code. For UGI Energy Services, Inc. Participants, this subsection (a) shall be effective for Plan Years beginning on or after October 1, 2010.

(b) In addition, in the event that any portion of the Matching Contribution allocated to a Participant under the Savings Plan with respect to the Savings Plan year in which the Plan Year begins is forfeited to satisfy the nondiscrimination requirements of section 401(m) of the Code, UGI shall credit to the Participant's account under the 2009 UGI SERP, in the Plan Year in which the forfeiture occurs, an amount that is equal to the forfeited Matching Contributions, adjusted for earnings and losses as provided under the Savings Plan to the date forfeited. The allocation with respect to forfeited Matching Contributions shall not exceed the Matching Contributions that would have been provided under the Savings Plan in the absence of any plan-based restrictions that reflect limits on qualified plan contributions under the Code, in accordance with section 409A of the Code. For UGI Energy Services, Inc. Participants, this subsection (b) shall be effective for Savings Plan years beginning on or after January 1, 2011.

Sec. 4.02 Timing of Credits. Amounts shall be credited to a Participant's account annually within 90 days after the end of the Plan Year.

Sec. 4.03 Earnings.

(a) For purposes of measuring the investment returns of a Participant's account, the Participant may select the investment funds in which all or part of his account shall be deemed to be invested, from the investment funds designated by the Administrative Committee.

(b) A Participant shall make an investment designation by such method as the Administrative Committee determines. An investment designation shall remain effective until another valid designation has been made by the Participant. The Participant may amend his or her investment designation at such time or times as permitted by the Administrative Committee in its sole discretion, and in accordance with such procedures as may be established by the Administrative Committee.

(c) In the absence of any Participant election designating the deemed investment of his account, a Participant shall be deemed to have elected that his account be invested in the manner selected by the Administrative Committee for such circumstance.

(d) Each Participant's account shall be adjusted periodically to take into account the gains, losses and income returns of the investment funds selected by the Participant.

Sec. 4.04 Divestiture. Each Participant shall be divested of, and shall immediately forfeit, any benefit to which the Participant is otherwise entitled under the 2009 UGI SERP if the Participant experiences a Termination for Cause or if the Participant terminates employment with UGI and its Affiliates prior to satisfying the vesting requirements in Section 3.02 above.

Sec. 4.05 Change of Control Benefit. In the event of a Change of Control (as defined in the applicable Change in Control Agreement), if and to the extent required by a Participant's Change in Control Agreement, each Participant in the 2009 UGI SERP who is entitled to receive severance benefits under a Change in Control Agreement shall receive a credit to the Participant's account equal to the aggregate credits that would have been made under Section 4.01(a) had the Participant continued in employment during the continuation period under the Change in Control Agreement and received annual compensation as described in the Change in

Control Agreement. This amount shall be credited to the Participant's account as of the Participant's termination date.

ARTICLE V

FORM AND TIMING OF BENEFIT DISTRIBUTION

Sec. 5.01 Form of Benefit Distributions. A Participant's vested account under the 2009 UGI SERP shall be paid in a lump sum to the Participant upon the Participant's termination of employment with UGI and its Affiliates for any reason other than Termination for Cause. In the event of death, the Participant's vested account shall be paid in a lump sum to the Participant's beneficiary designated in writing on a form filed with the Administrative Committee or its designee or, if there is none, to the Participant's estate.

Sec. 5.02 Timing of Benefit Distributions. Except as otherwise required by Section 5.03 below, vested benefits payable under the 2009 UGI SERP shall be paid within 60 days after a Participant's termination of employment for a reason other than Termination for Cause.

Sec. 5.03 Key Employees. If required by section 409A of the Code, no benefits shall be paid to a Participant who is a Key Employee during the Postponement Period. If a Participant is a Key Employee and payment of benefits under the 2009 UGI SERP is required to be delayed for the Postponement Period, the accumulated amounts withheld on account of section 409A of the Code shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Participant dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the Participant's beneficiary (as described in Section 5.01) within 60 days after the Participant's death.

Sec. 5.04 Deferral Elections. Notwithstanding the foregoing, a Participant may make a one-time, irrevocable election to elect to have the Participant's vested account under this 2009 UGI SERP credited to the Participant's account under the Deferral Plan on the date of the Participant's separation from service, in lieu of the payments described in Section 5.01 and 5.02. If the Participant makes a deferral election, the Participant's vested account under this 2009 UGI SERP will be credited to the Participant's account under the Deferral Plan at separation from service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. An election under this Section 5.04 shall be made in writing, on a form and at a time prescribed by the Administrative Committee and shall be irrevocable upon submission to the Corporate Secretary of UGI Corporation.

ARTICLE VI

FUNDING OF BENEFITS

Sec. 6.01 Source of Funds. The Board may, but shall not be required to, authorize the establishment of a rabbi trust for the benefits described herein. In any event, UGI's obligation hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of UGI or any such vehicle.

Sec. 6.02 Participant Contributions. There shall be no contributions made by Participants under the 2009 UGI SERP.

ARTICLE VII

THE COMMITTEE

Sec. 7.01 Appointment and Tenure of Administrative Committee Members. The Administrative Committee shall consist of one or more persons who shall be appointed by and serve at the pleasure of the Compensation Committee. Any Administrative Committee member may resign by delivering his or her written resignation to the Compensation Committee. Vacancies arising by the death, resignation or removal of an Administrative Committee member may be filled by the Compensation Committee.

Sec. 7.02 Meetings; Majority Rule. Any and all acts of the Administrative Committee taken at a meeting shall be by a majority of all members of the Administrative Committee. The Administrative Committee may act by vote taken in a meeting (at which a majority of members shall constitute a quorum). The Administrative Committee may also act by unanimous consent in writing without the formality of convening a meeting.

Sec. 7.03 Delegation. The Administrative Committee may, by majority decision, delegate to each or any one of its members, authority to sign any documents on its behalf, or to perform ministerial acts, but no person to whom such authority is delegated shall perform any act involving the exercise of any discretion without first obtaining the concurrence of a majority of the members of the Administrative Committee, even though such person alone may sign any document required by third parties. The Administrative Committee shall elect one of its members to serve as Chairperson. The Chairperson shall preside at all meetings of the Administrative Committee or shall delegate such responsibility to another Administrative Committee member. The Administrative Committee shall elect one person to serve as Secretary to the Administrative Committee. All third parties may rely on any communication signed by the Secretary, acting as such, as an official communication from the Administrative Committee.

Sec. 7.04 Authority and Responsibility of the Administrative Committee. The Administrative Committee shall have only such authority and responsibilities as are delegated to it by the Compensation Committee or specifically under this 2009 UGI SERP. The Administrative Committee shall have full power and express discretionary authority to administer and interpret the 2009 UGI SERP, to make factual determinations and to adopt or amend such rules and regulations for implementing the 2009 UGI SERP and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Administrative Committee's authorities and responsibilities shall also include:

(a) maintenance and preservation of records relating to Participants, former Participants, and their beneficiaries;

(b) preparation and distribution to Participants of all information and notices required under federal law or the provisions of the 2009 UGI SERP;

(c) preparation and filing of all governmental reports and other information required under law to be filed or published;

(d) construction of the provisions of the 2009 UGI SERP, to correct defects therein and to supply omissions thereto;

(e) engagement of assistants and professional advisers;

(f) arrangement for bonding, if required by law; and

(g) promulgation of procedures for determination of claims for benefits.

Sec. 7.05 Compensation of Administrative Committee Members. The members of the Administrative Committee shall serve without compensation for their services as such, but all expenses of the Administrative Committee shall be paid or reimbursed by UGI.

Sec. 7.06 Committee Discretion. Any discretion, actions or interpretations to be made under the 2009 UGI SERP by the Administrative Committee or by the Compensation Committee on behalf of UGI shall be made in its sole discretion, not acting in a fiduciary capacity, need not be uniformly applied to similarly situated individuals, and shall be final, binding and conclusive upon the parties. All benefits under the 2009 UGI SERP shall be provided conditional upon the Participant’s acknowledgement, in writing or by acceptance of the benefits, that all decisions and determinations of the Administrative Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the 2009 UGI SERP.

Sec. 7.07 Indemnification of the Committees. Each member of the Administrative Committee and each member of the Compensation Committee shall be indemnified by UGI against costs, expenses and liabilities (other than amounts paid in settlement to which UGI does not consent) reasonably incurred by the member in connection with any action to which the member may be a party by reason of the member’s service on the applicable Committee, except in relation to matters as to which the member shall be adjudged in such action to be personally guilty of gross negligence or willful misconduct in the performance of the member’s duties. The foregoing right to indemnification shall be in addition to such other rights as the Administrative Committee member or the Compensation Committee member may enjoy as a matter of law or by reason of insurance coverage of any kind, but shall not extend to costs, expenses and/or liabilities otherwise covered by insurance or that would be so covered by any insurance then in force if such insurance contained a waiver of subrogation. Rights granted hereunder shall be in addition to and not in lieu of any rights to indemnification to which the Administrative Committee member or the Compensation Committee member may be entitled pursuant to the by-laws of UGI. Service on the Administrative Committee or the Compensation Committee shall be deemed in partial fulfillment of the applicable Committee member’s function as an employee, officer, or director of UGI, if the Committee member also serves in that capacity.

ARTICLE VIII

AMENDMENT AND TERMINATION

Sec. 8.01 Amendment. The provisions of the 2009 UGI SERP may be amended at any time and from time to time by the Compensation Committee for any reason without either the consent of or prior notice to any Participant; *provided, however*, that no such amendment shall serve to reduce the benefit that has accrued on behalf of a Participant as of the effective date of the amendment. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the 2009 UGI SERP as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations; (ii) correct errors and omissions in the 2009 UGI SERP document; and (iii) facilitate the administration and operation of the 2009 UGI SERP.

Sec. 8.02 2009 UGI SERP Termination. While it is UGI's intention to continue the 2009 UGI SERP indefinitely in operation, UGI, by action of the Compensation Committee, reserves the right to terminate the 2009 UGI SERP in whole or in part at any time for any reason without either the consent of or prior notice to any Participant. No such termination shall reduce the benefit that has accrued on behalf of a Participant as of the effective date of the termination, but UGI may immediately distribute all accrued benefits upon termination of the 2009 UGI SERP in accordance with section 409A of the Code.

ARTICLE IX

CLAIMS PROCEDURES

Sec. 9.01 Claim. Any person or entity claiming a benefit, requesting an interpretation or ruling under the 2009 UGI SERP (hereinafter referred to as "claimant"), or requesting information under the 2009 UGI SERP shall present the request in writing to the Administrative Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within 90 days of receipt of the benefit claim by the Administrative Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Administrative Committee shall provide notice of the extension prior to the termination of the 90 day period. In no event may the extension exceed a total of 180 days from the date of the original receipt of the claim.

Sec. 9.02 Denial of Claim. If the claim or request is denied, the written or electronic notice of denial shall state:

(a) The reason(s) for denial;

(b) Reference to the specific 2009 UGI SERP provisions on which the denial is based;

(c) A description of any additional material or information required and an explanation of why it is necessary; and

(d) An explanation of the 2009 UGI SERP's claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

Sec. 9.03 Final Decision. The decision on review shall normally be made within 60 days after the Administrative Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing or in electronic form and shall:

(a) State the specific reason(s) for the denial;

(b) Reference the relevant 2009 UGI SERP provisions;

(c) State that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and

(d) State that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and bind all parties concerned.

Sec. 9.04 Review of Claim. Any claimant whose claim or request is denied or who has not received a response within 60 days may request a review by notice given in writing or electronic form to the Administrative Committee. Such request must be made within 60 days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, 60 days after receipt by the Administrative Committee of the claimant's claim or request. The claim or request shall be reviewed by the Administrative Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

ARTICLE X

MISCELLANEOUS PROVISIONS

Sec. 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant under the 2009 UGI SERP shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate commute, pledge, encumber or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the 2009 UGI SERP.

Sec. 10.02 No Contract of Employment. Neither the establishment of the 2009 UGI SERP, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or Employee, or any person whomsoever, the right to be retained in the service of a Participating Employer, and all

Participants and other Employees shall remain subject to discharge to the same extent as if the 2009 UGI SERP had never been adopted.

Sec. 10.03 Severability of Provisions. If any provision of the 2009 UGI SERP shall be held invalid or unenforceable, such validity or unenforceability shall not affect any other provisions hereof, and the 2009 UGI SERP shall be construed and enforced as if such provision had not been included.

Sec. 10.04 Heirs, Assigns and Personal Representatives. The 2009 UGI SERP shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Sec. 10.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the 2009 UGI SERP, and shall not be employed in the construction of the 2009 UGI SERP.

Sec. 10.06 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

Sec. 10.07 Controlling Law. The 2009 UGI SERP shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, exclusive of conflict of law provisions thereof, to the extent not preempted by Federal law, which shall otherwise control.

Sec. 10.08 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Participating Employers, the Board, the Administrative Committee, the Compensation Committee and all other parties with respect thereto.

Sec. 10.09 Lost Payees. A benefit shall be deemed forfeited if the Administrative Committee is unable to locate a Participant to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the proper payee for the forfeited benefit.

Sec. 10.10 Reliance on Data and Consents. The Participating Employers, the Board, the Compensation Committee, the Administrative Committee, all fiduciaries with respect to the 2009 UGI SERP, and all other persons or entities associated with the operation of the 2009 UGI SERP, and the provision of benefits thereunder, may reasonably rely on the truth, accuracy and completeness of all data provided by the Participant, including, without limitation, data with respect to age, health and marital status. Furthermore, the Participating Employers, the Board, the Compensation Committee, the Administrative Committee and all fiduciaries with respect to the 2009 UGI SERP may reasonably rely on all consents, elections and designations filed with the 2009 UGI SERP or those associated with the operation of the 2009 UGI SERP by any Participant, or the representatives of any such person without duty to inquire into the genuineness of any such consent, election or designation. None of the aforementioned persons or entities associated with the operation of the 2009 UGI SERP or the benefits provided under the 2009 UGI SERP shall have any duty to inquire into any such data, and all may rely on such data being current to the date of reference, it being the duty of the Participants to advise the appropriate parties of any change in such data.

Sec. 10.11 Taxation.

(a) The 2009 UGI SERP is intended to comply with section 409A of the Code. Notwithstanding anything in the 2009 UGI SERP to the contrary, allocations to the 2009 UGI SERP shall be made consistent with section 409A, and distributions may only be made under the 2009 UGI SERP upon an event and in a manner permitted by section 409A of the Code. All payments under the 2009 UGI SERP shall be subject to applicable tax withholding. Distributions upon termination of employment shall only be made upon the Participant's "separation from service" under section 409A of the Code, and in no event may a Participant designate the calendar year of a payment.

(b) If a Participant is subject to tax under the Federal Insurance Contribution Act (FICA) before distributions are to be made under the 2009 UGI SERP, a distribution may be made under the 2009 UGI SERP to pay the FICA tax imposed under section 3101 of the Code, section 3121(a) of the Code, and section 3121(v)(2) of the Code, or to pay the income tax at source on wages imposed under section 3401 of the Code or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the FICA amount, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 of the Code wages and taxes. The total payment made pursuant to this subsection must not exceed the aggregate FICA and related tax amount permitted under section 409A of the Code.

SCHEDULE A

PARTICIPATING EMPLOYERS

1. UGI Corporation
2. UGI Utilities, Inc.
3. UGI Penn Natural Gas, Inc.
4. UGI Central Penn Gas, Inc.
5. UGI Energy Services, Inc., effective as of October 1, 2010