FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 1-11071

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.)

UGI CORPORATION
460 North Gulph Road, King of Prussia, PA
(Address of principal executive offices)
19406
(Zip Code)
(610) 337-1000
(Registrant's telephone number, including area code)

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

At April 30, 1997, there were 33,074,251 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Millions of dollars)

	March 31, 1997	September 30, 1996	March 31, 1996
ASSETS			
Current assets:			
Cash and cash equivalents	$ 85.9	$ 74.0	$ 72.1
Short-term investments, at cost which approximates market value	67.8	23.1	23.0
Accounts receivable (less allowances for doubtful accounts of $13.6, $10.6 and $11.9, respectively)	205.0	113.3	214.2
Accrued utility revenues	18.2	8.6	17.9
Inventories	56.7	113.2	70.0
Deferred income taxes	22.9	17.4	24.3
Prepaid expenses and other current assets	23.7	32.0	13.3
Total current assets	480.2	381.6	434.8
Property, plant and equipment, at cost (less accumulated depreciation and amortization of $395.1, $368.2 and $343.0, respectively)	977.4	974.6	963.3
Intangible assets (less accumulated amortization of $104.5, $94.9 and $86.7, respectively)	682.6	692.5	694.5
Regulatory income tax asset	43.3	42.9	39.3
Other assets	48.5	53.3	65.5
Total assets	$2,232.0	$2,144.9	$2,197.4
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt - Propane	$ 9.8	$ 5.2	$ 5.5
Current maturities of long-term debt - Utilities	17.1	25.5	25.5
Current maturities of long-term debt - other	0.4	0.4	0.3
Bank loans - Propane	--	15.0	--
Bank loans - Utilities	95.0	50.5	25.5
Accounts payable	81.3	94.7	89.0
Other current liabilities	197.3	177.9	191.8
Total current liabilities	400.9	369.2	337.6
Long-term debt - Propane	687.8	687.3	665.7
Long-term debt - Utilities	139.3	149.3	156.4
Long-term debt - other	8.4	8.6	8.8
Deferred income taxes	152.4	148.6	139.4
Other noncurrent liabilities	86.8	84.7	110.3
Minority interest in AmeriGas Partners	304.7	284.4	328.2
UGI Utilities redeemable preferred stock	35.2	35.2	35.2
Common stockholders' equity:			
Common Stock, without par value (authorized - 100,000,000 shares; issued - 33,198,731, 33,198,731, and 33,058,839 shares, respectively)	392.3	391.9	391.6
Retained earnings (accumulated deficit)	26.7	(12.8)	27.1
	419.0	379.1	418.7
Less treasury stock, at cost	2.5	1.5	2.9
Total common stockholders' equity	416.5	377.6	415.8
Total liabilities and stockholders' equity	$2,232.0	$2,144.9	$2,197.4

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

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(Millions, except per share amounts)

	Three Months Ended March 31,		Six Months Ended March 31,		Twelve Months Ended March 31,	
	1997	1996(a)	1997	1996(a)	1997	1996(a)
Revenues:						
Propane	$ 371.2	$ 374.8	$ 731.3	$ 660.6	$ 1,083.9	$ 955.9
Utilities	173.2	181.3	307.4	303.6	464.3	423.7
Energy marketing	32.0	26.5	67.3	45.3	105.9	53.8
	576.4	582.6	1,106.0	1,009.5	1,654.1	1,433.4
Costs and expenses:						
Propane cost of sales	215.8	209.3	420.5	372.0	618.2	525.9
Utilities - gas, fuel and purchased power	94.3	100.5	163.6	160.4	242.9	210.8
Other cost of sales	31.3	22.9	65.4	40.6	102.5	48.6
Operating and administrative expenses	113.9	119.1	227.1	225.3	439.3	417.4
Depreciation and amortization	22.0	21.6	43.7	43.0	86.7	82.0
Petrolane fee income	--	--	--	--	--	(2.8)
Miscellaneous income, net	(8.6)	(2.5)	(11.6)	(6.2)	(18.1)	(12.7)
	468.7	470.9	908.7	835.1	1,471.5	1,269.2
Operating income	107.7	111.7	197.3	174.4	182.6	164.2
Interest charges	(21.4)	(19.9)	(42.5)	(39.8)	(82.2)	(77.4)
Minority interest in AmeriGas Partners	(20.2)	(21.4)	(36.9)	(28.7)	(12.5)	(9.0)
Income before income taxes, subsidiary preferred stock dividends and Equity in Petrolane	66.1	70.4	117.9	105.9	87.9	77.8
Income taxes	(29.6)	(32.1)	(52.8)	(48.7)	(37.7)	(42.7)
Dividends on UGI Utilities Series Preferred Stock	(0.7)	(0.7)	(1.4)	(1.4)	(2.8)	(2.8)
Equity in Petrolane	--	--	--	--	--	(6.6)
Income before extraordinary loss	35.8	37.6	63.7	55.8	47.4	25.7
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(13.2)
Net income	$ 35.8	$ 37.6	$ 63.7	$ 55.8	$ 47.4	$ 12.5
Earnings per common and common equivalent share:						
Earnings before extraordinary loss	$ 1.08	$ 1.13	$ 1.92	$ 1.69	$ 1.43	$ 0.78
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(0.40)
Net earnings	$ 1.08	$ 1.13	$ 1.92	$ 1.69	$ 1.43	$ 0.38
Dividends declared per share	$ 0.355	$ 0.35	$ 0.71	$ 0.70	$ 1.415	$ 1.40
Average common and common equivalent shares outstanding	33.3	33.1	33.2	33.1	33.2	33.0

(a) Revenues (and related cost of sales) have been reclassified to reflect revenues from certain Gas Utility sales on a total, rather than net, basis.

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

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Millions of dollars)

	Six Months Ended March 31, 1997	Six Months Ended March 31, 1996	Twelve Months Ended March 31, 1997	Twelve Months Ended March 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 63.7	$ 55.8	$ 47.4	$ 12.5
Reconcile to net cash provided by operating activities:				
Depreciation and amortization	43.7	43.0	86.7	82.0
Minority interest in AmeriGas Partners	36.9	28.7	12.5	9.0
Deferred income taxes, net	(2.9)	0.7	8.4	10.1
Equity in loss of Petrolane	--	--	--	6.6
Extraordinary loss	--	--	--	13.2
Other, net	(0.4)	1.3	(5.2)	3.6
	141.0	129.5	149.8	137.0
Net change in:				
Accounts receivable and accrued utility revenues	(107.0)	(143.4)	(0.7)	(96.6)
Inventories	56.8	32.7	13.9	(6.2)
Deferred fuel adjustments	13.9	6.2	(3.0)	(9.7)
Pipeline transition costs and producer settlements, net	(1.4)	(0.7)	0.4	(4.8)
Accounts payable	(13.4)	19.5	(7.8)	29.0
Other current assets and liabilities	20.1	30.0	(5.2)	40.3
Net cash provided by operating activities	110.0	73.8	147.4	89.0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Expenditures for property, plant and equipment	(31.8)	(31.6)	(62.9)	(73.7)
Net proceeds from disposals of assets	8.1	2.0	10.3	2.6
Acquisitions of businesses, net of cash acquired	(2.7)	(8.6)	(22.1)	(11.9)
Short-term investments increase	(44.6)	(12.0)	(44.7)	(23.0)
Other, net	0.5	(0.3)	0.5	3.3
Net cash used by investing activities	(70.5)	(50.5)	(118.9)	(102.7)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividends on Common Stock	(23.5)	(23.1)	(46.8)	(45.9)
Distributions on Partnership public Common Units	(19.4)	(19.4)	(38.7)	(27.3)
Issuance of long-term debt	7.7	34.1	30.7	82.1
Repayment of long-term debt	(20.3)	(50.8)	(29.2)	(60.6)
Propane bank loans decrease	(15.0)	--	--	--
UGI Utilities bank loans increase (decrease)	44.5	(16.5)	69.5	(12.0)
Issuance of Common Stock	6.2	6.6	10.9	11.9
Repurchases of Common Stock	(7.8)	(3.8)	(11.1)	(3.8)
Net cash used by financing activities	(27.6)	(72.9)	(14.7)	(55.6)
AMERIGAS PARTNERS FORMATION TRANSACTIONS:				
Acquisition of Petrolane Class B shares	--	--	--	(90.9)
Issuance of AmeriGas Partners Common Units	--	--	--	349.7
Issuance of long-term debt	--	--	--	208.5
Repayment of long-term debt and related interest	--	--	--	(408.9)
Other fees and expenses	--	--	--	(19.6)
Net cash provided by AmeriGas Partners formation transactions	--	--	--	38.8
Cash and cash equivalents increase (decrease)	$ 11.9	$ (49.6)	$ 13.8	$ (30.5)
CASH AND CASH EQUIVALENTS:				
End of period	$ 85.9	$ 72.1	$ 85.9	$ 72.1
Beginning of period	74.0	121.7	72.1	102.6
Increase (decrease)	$ 11.9	$ (49.6)	$ 13.8	$ (30.5)

During the twelve months ended March 31, 1997 and 1996, UGI Utilities, Inc. paid cash dividends to UGI of $45.4 and $11.6, respectively. During the twelve months ended March 31, 1997 and 1996, AmeriGas, Inc. paid cash dividends to UGI of $49.0 and $43.3, respectively. During those same periods, UGI paid cash dividends to holders of Common Stock of $46.8 and $45.9, respectively. The ability of UGI Corporation to declare and pay cash dividends on its Common Stock is dependent upon the receipt of cash dividends and distributions from its wholly owned subsidiaries, principally UGI Utilities, Inc. and AmeriGas, Inc.

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

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(Million of dollars, except per share amounts)

1. BASIS OF PRESENTATION

UGI Corporation (UGI) is a holding company with two principal lines of business. UGI's utility business is conducted through a wholly owned subsidiary, UGI Utilities, Inc. (UGI Utilities), which owns and operates a natural gas distribution utility (Gas Utility) and an electric utility (Electric Utility) in Pennsylvania (together referred to herein as "Utilities"). UGI conducts a national propane distribution business through AmeriGas Partners, L.P. (AmeriGas Partners) and its operating subsidiary, AmeriGas Propane, L.P. (the "Operating Partnership"), both of which are Delaware limited partnerships. UGI also conducts an energy marketing business through its wholly owned subsidiary, UGI Enterprises, Inc. (UGI Enterprises).

At March 31, 1997, UGI, through wholly owned subsidiaries, holds an effective 2% general partner interest and a 56.5% limited partnership interest in the Operating Partnership. This limited partner interest is evidenced by common units (Common Units) and subordinated units (Subordinated Units) representing limited partner interests in AmeriGas Partners. The remaining 41.5% effective interest in the Operating Partnership is publicly held. AmeriGas Partners and the Operating Partnership are collectively referred to herein as the Partnership. A second-tier subsidiary of UGI serves as the general partner of AmeriGas Partners and the Operating Partnership.

The condensed consolidated financial statements include the accounts of UGI and its majority-owned subsidiaries (collectively, "the Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. The public unitholders' interest in AmeriGas Partners' results of operations and net assets is reflected as minority interest in the condensed consolidated statements of income and balance sheets. The Company's 35% investment in Petrolane Incorporated (Petrolane) through April 19, 1995 was accounted for by the equity method. On April 19, 1995, the Company acquired the 65% of Petrolane common shares outstanding not already owned and combined the propane distribution businesses of Petrolane and its wholly owned subsidiaries AmeriGas Propane, Inc. (AmeriGas Propane) and AmeriGas Propane-2, Inc. (AGP-2) into the Operating Partnership (the "Partnership Formation").

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission. They include all adjustments which the Company considers necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. These

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Million of dollars, except per share amounts)

financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 1996. Due to the seasonal nature of the Company's businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

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

2. EQUITY IN PETROLANE

Prior to the Partnership Formation, UGI's AmeriGas, Inc. subsidiary conducted its national propane distribution business principally through its wholly owned subsidiaries AmeriGas Propane and AGP-2, and its equity investee Petrolane. The following table includes summarized condensed consolidated results of operations of Petrolane for the period March 24, 1995 to April 19, 1995:

	March 24, 1995 to April 19, 1995
Revenues	$ 37.5
Cost of sales	(20.4)
Depreciation and amortization	(4.0)
Other costs and expenses	(11.9)
Operating income	1.2
Interest expense	(3.9)
Income tax benefit	(.3)
Net loss	$ (2.4)

As a result of the Partnership Formation, in April 1995 the Company wrote-off $5.8 million of net deferred tax benefits of Petrolane which amount is reflected in "Equity in Petrolane" and represents the Company's share of such tax benefits no longer realizable as a result of the public's interest in the Partnership.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Millions of dollars, except per share amounts)

3. SEGMENT INFORMATION
Information on revenues, operating income (loss), depreciation and amortization, identifiable assets and certain operating statistics by business segment for the periods presented follows:

	Three Months Ended March 31,		Six Months Ended March 31,		Twelve Months Ended March 31,	
	1997	1996	1997	1996	1997	1996
REVENUES						
Propane	$ 371.2	$ 374.8	$ 731.3	$ 660.6	$1,083.9	$ 955.9
Gas utility	153.3	162.1	269.1	267.3	392.8	355.7
Electric utility	19.9	19.2	38.3	36.3	71.5	68.0
Energy marketing (a)	32.0	26.5	67.3	45.3	105.9	53.8
Total consolidated operations	$ 576.4	$ 582.6	$1,106.0	$1,009.5	$1,654.1	$1,433.4
Petrolane (b)	$ --	$ --	$ --	$ --	$ --	$ 37.5
OPERATING INCOME (LOSS)						
Propane	$ 67.7	$ 69.7	$ 126.9	$ 105.3	$ 102.4	$ 91.2
Gas utility	38.9	39.2	67.5	66.2	74.2	71.1
Electric utility	3.3	2.7	6.3	4.9	10.0	8.6
Energy marketing	0.3	3.0	1.1	3.9	1.6	4.8
Petrolane management fee	--	--	--	--	--	0.9
Corporate general and other	(2.5)	(2.9)	(4.5)	(5.9)	(5.6)	(12.4)
Total consolidated operations	$ 107.7	$ 111.7	$ 197.3	$ 174.4	$ 182.6	$ 164.2
Petrolane (b)	$ --	$ --	$ --	$ --	$ --	$ 1.3
DEPRECIATION AND AMORTIZATION						
Propane - depreciation	$ 9.7	$ 9.7	$ 19.3	$ 19.1	$ 38.5	$ 36.3
Propane - amortization	6.5	6.4	12.9	13.0	25.7	24.8
Gas utility	4.6	4.4	9.2	8.7	18.1	16.8
Electric utility	1.1	1.0	2.1	2.0	4.1	3.8
Corporate general and other	0.1	0.1	0.2	0.2	0.3	0.3
Total consolidated operations	$ 22.0	$ 21.6	$ 43.7	$ 43.0	$ 86.7	$ 82.0
Petrolane - depreciation (b)	$ --	$ --	$ --	$ --	$ --	$ 1.9
Petrolane - amortization (b)	$ --	$ --	$ --	$ --	$ --	$ 2.1
IDENTIFIABLE ASSETS (at period end)						
Propane	$1,405.3	$1,444.8	$1,405.3	$1,444.8	$1,405.3	$1,444.8
Gas utility	605.7	583.3	605.7	583.3	605.7	583.3
Electric utility	88.2	85.4	88.2	85.4	88.2	85.4
Energy marketing	9.5	15.5	9.5	15.5	9.5	15.5
Corporate general and other	123.3	68.4	123.3	68.4	123.3	68.4
Total consolidated operations	$2,232.0	$2,197.4	$2,232.0	$2,197.4	$2,232.0	$2,197.4
OPERATING STATISTICS						
Propane sales - millions of gallons:						
AmeriGas Partners (subsequent to April 19, 1995) -						
Retail	267.6	315.3	519.3	559.6	815.1	803.2
Wholesale	73.5	96.0	142.1	215.2	236.6	280.8
AmeriGas (through April 19, 1995) -						
Retail	--	--	--	--	--	24.7
Wholesale	--	--	--	--	--	3.0
Petrolane (through April 19, 1995) -						
Retail (b)	--	--	--	--	--	33.5
Wholesale (b)	--	--	--	--	--	10.0
Natural gas system throughput - billions of cubic feet	27.9	30.3	52.5	55.4	82.5	85.4
Electric sales - millions of kilowatt hours	248.6	260.9	472.3	485.6	871.4	884.9

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Millions of dollars, except per share amounts)

NOTES TO SEGMENT INFORMATION:

(a) Subsequent to July 31, 1995, the Company's energy marketing business records separately the revenues and related cost of sales associated with its billed volumes. Prior to August 1, 1995, net margin from the Company's energy marketing business was reflected as a component of miscellaneous income.

(b) Includes 100% of amounts for Petrolane through April 19, 1995.

4. COMMITMENTS AND CONTINGENCIES

The Partnership has succeeded to the lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations prior to its 1989 acquisition by QFB Partners. These leases are currently estimated to aggregate approximately $85 million (subject to reduction in certain circumstances). The leases expire through 2010 and some of them are currently in default. Under certain circumstances such lease obligations may be reduced by the earnings of such divested operations. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation (Texas Eastern), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. To date, Texas Eastern has directly satisfied its obligations without the Partnership's having to honor its guarantee.

In addition, the Partnership has succeeded to Petrolane's agreement to indemnify Shell Petroleum N.V. (Shell) for various scheduled claims that were pending against Tropigas de Puerto Rico (Tropigas). This indemnification agreement had been entered into by Petrolane in conjunction with Petrolane's sale of the international operations of Tropigas to Shell in 1989. The Partnership also succeeded to Petrolane's right to seek indemnity on these claims first from International Controls Corp., which sold Tropigas to Petrolane, and then from Texas Eastern. To date, neither the Partnership nor Petrolane has paid any sums under this indemnity, but several claims by Shell, including claims related to certain antitrust actions aggregating at least $68 million, remain pending.

The Company, along with other companies, has been named as a potentially responsible party in several administrative proceedings for the cleanup of various waste sites, including some Superfund sites. Also, certain private parties have filed, or threatened to file, suit against the Company to recover costs of investigation and, as appropriate, remediation of several waste sites. In addition, the Company has identified environmental contamination at several of its properties and has voluntarily undertaken investigation and, as appropriate, remediation of these sites in cooperation with appropriate environmental agencies or private parties.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Millions of dollars, except per share amounts)

At a manufactured gas plant site in Burlington, Vermont, the United States Environmental Protection Agency (EPA) has named nineteen parties, including UGI Utilities, as potentially responsible parties for gas plant contamination that resulted from the operations of a former subsidiary of UGI Utilities. In May 1993, after receiving and reviewing extensive public comment, EPA withdrew a proposed plan of remediation that would have cost an estimated $50 million. EPA is now working with community groups and potentially responsible parties to develop a revised remediation plan. These groups continue to study the site and evaluate the effect of the contamination on the environment. UGI Utilities cannot estimate the cost associated with any revised plan, but it does not believe such cost will exceed the estimated cost of the originally proposed plan.

With respect to a manufactured gas plant site in Concord, New Hampshire, EnergyNorth Natural Gas, Inc. (EnergyNorth) has filed suit against UGI Utilities alone seeking UGI Utilities' purportedly allocable share of response costs associated with remediating gas plant related contaminants at that site. EnergyNorth alleges that to date it has spent $3.5 million to remediate part of the site and that it will be required to spend an unknown amount in the future to complete remediation.

At Burlington, Concord and other sites, management believes that UGI Utilities should not have significant liability in those instances in which a former subsidiary operated a manufactured gas plant because UGI Utilities generally is not legally liable for the obligations of its subsidiaries. Under certain circumstances, however, courts have found parent companies liable for environmental damage caused by subsidiary companies when the parent company exercised such substantial control over the subsidiary that the court concluded that the parent company either (i) itself operated the facility causing the environmental damage or (ii) otherwise so controlled the subsidiary that the subsidiary's separate corporate form should be disregarded. There could be, therefore, significant future costs of an uncertain amount associated with environmental damage caused by manufactured gas plants that UGI Utilities owned or directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that the level of control exercised by UGI Utilities over the subsidiary satisfies the standard described above. In many circumstances where UGI Utilities may be liable, expenditures may not be reasonably quantifiable because of a number of factors, including various costs associated with potential remedial alternatives, the unknown number of other potentially responsible parties involved and their ability to contribute to the costs of investigation and remediation, and changing environmental laws and regulations.

The Company's policy is to accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts is reasonably estimable. The Company intends to pursue recovery of any incurred costs through all appropriate means, including regulatory relief, although such recovery cannot be assured.

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)
(Millions of dollars, except per share amounts)

Under the terms of the August 31, 1995 Gas Utility base rate settlement, Gas Utility is permitted to amortize as removal costs site-specific environmental investigation and remediation costs, net of related third-party payments, associated with Pennsylvania sites. Gas Utility will be permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred removal costs.

In addition to these environmental matters, there are various other pending claims and legal actions arising out of the normal conduct of the Company's businesses. The final results of environmental and other matters cannot be predicted with certainty. However, it is reasonably possible that some of them could be resolved unfavorably to the Company. Management believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on the Company's financial position but could be material to operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

5. RECENTLY ISSUED ACCOUNTING PRINCIPLES NOT YET ADOPTED

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" (SFAS 128). SFAS 128 establishes standards for computing and presenting earnings per share and simplifies the standards for computing earnings per share previously found in Accounting Principles Board Opinion No. 15 (APB 15). It requires a dual presentation of basic and diluted earnings per share on the face of the income statement for all entities with complex capital structures and a reconciliation of the numerator and denominator of the basic earnings per share computation to the numerator and denominator of the fully diluted earnings per share computation.

The computation of basic earnings per share excludes the dilutive effect of common stock equivalents currently required under the calculation of primary earnings per share and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share under SFAS 128 is computed similarly to fully diluted earnings per share under APB No. 15.

SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997; earlier application is not permitted. When adopted, restatement of all prior-period earnings per share data is required.

The adoption of SFAS 128 is currently not expected to have a material effect on the Company's computation of earnings per share because the Company has a relatively small number of dilutive potential common shares outstanding. The effect of the adoption of

SFAS 128 on the calculation of earnings per share in future periods will depend principally on the amount and terms of dilutive potential common shares then outstanding.

UGI CORPORATION AND SUBSIDIARIES

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

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses of the Company's results of operations should be read in conjunction with the segment information included in Note 3 to Condensed Consolidated Financial Statements. Due to the seasonality of the Company's businesses, the results of operations for interim periods are not necessarily indicative of results to be expected for a full year.

THREE MONTHS ENDED MARCH 31, 1997 (1997 THREE-MONTH PERIOD) COMPARED WITH THREE MONTHS ENDED MARCH 31, 1996 (1996 THREE-MONTH PERIOD)

CONSOLIDATED RESULTS

Three Months Ended March 31,	1997	1996	Decrease	
(Millions of dollars, except per share)				
Revenues	$576.4	$582.6	$ (6.2)	(1.1)%
Total margin	$227.7	$242.4	$(14.7)	(6.1)%
Operating income	$107.7	$111.7	$ (4.0)	(3.6)%
Net income	$ 35.8	$ 37.6	$ (1.8)	(4.8)%
Net income per share	$ 1.08	$ 1.13	$ (.05)	(4.4)%

The Company's net income in the 1997 three-month period decreased due principally to warmer weather across AmeriGas Partners' and Gas Utility's service territories which resulted in lower volumes of propane and natural gas sold.

PROPANE

Three Months Ended March 31,	1997	1996	Decrease	
(Millions of dollars)				
Retail gallons sold - millions	267.6	315.3	(47.7)	(15.1)%
Degree days - % colder (warmer) than normal	(13.1)	0.8	--	--
Revenues	$371.2	$374.8	$ (3.6)	(1.0)%
Total margin	$155.4	$165.5	$(10.1)	(6.1)%
Operating income	$ 67.7	$ 69.7	$ (2.0)	(2.9)%
EBITDA(a)	$ 83.9	$ 85.8	$ (1.9)	(2.2)%

(a) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.

PROPANE. Retail volumes of propane sold decreased in the three months ended March 31, 1997 due in large part to the effects of weather that was 14.4% warmer than in the prior-year period. In addition, higher propane market prices resulted in customer conservation efforts which further reduced retail volumes. Wholesale volumes of propane sold decreased 22.4 million gallons to 73.5 million gallons in the three months ended March 31, 1997 principally reflecting reduced low-margin sales of storage inventories.

Total revenues from retail propane sales increased $3.3 million to $308.5 million reflecting a $49.5 million increase as a result of higher average retail propane selling prices substantially offset by a $46.2 million decrease in retail propane revenues resulting from the lower volumes sold. The higher average selling prices reflect higher propane product costs which resulted principally from higher supply costs experienced early in the quarter as well as the seasonal liquidation of higher cost propane inventories purchased earlier in the fiscal year. The spot price of propane at Mont Belvieu, Texas, a major U.S. storage and distribution hub, increased dramatically during much of the first fiscal quarter of 1997 rising to a high of 70.5 cents per gallon on December 16, 1996. Propane spot market prices began to decline in late December 1996. The general trend of declining spot market prices continued into the second quarter of fiscal 1997 to a price of 36.75 cents per gallon on March 31, 1997. Wholesale propane revenues decreased $3.1 million to $44.1 million reflecting the lower wholesale volumes at higher average selling prices. Other revenues decreased $3.8 million to $18.6 million as a result of lower hauling and appliance revenues.

Total propane margin decreased in the 1997 three-month period principally reflecting the impact of lower volumes of propane sold partially offset by the effects of higher average unit margins.

The decrease in operating income and EBITDA during the three months ended March 31, 1997 reflects the impact of the lower total margin partially offset by lower operating expenses and an increase in miscellaneous income. Total operating expenses of the Partnership were $81.1 million in the 1997 three-month period compared with $84.5 million in the prior-year period. Operating expenses in the prior-year period are net of $4.4 million from a refund of insurance premium deposits made in prior years and $3.3 million from a reduction in accrued environmental costs. Miscellaneous income of the Partnership in the three months ended March 31, 1997 was $5.4 million greater than in the prior-year period principally due to $4.7 million of income from the sale of the Partnership's 50% interest in Atlantic Energy, Inc. (Atlantic Energy), a refrigerated liquefied petroleum gas storage terminal in Chesapeake, Virginia. The Partnership sold its interest in Atlantic Energy after determining that it was not a strategic asset.

UTILITIES

Three Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
GAS UTILITY:				
Natural gas system throughput - bcf	27.9	30.3	(2.4)	(7.9)%
Degree days - % colder (warmer) than normal	(10.0)	4.7	--	--
Revenues	$153.3	$162.1	$ (8.8)	(5.4)%
Total margin (a)	$ 62.2	$ 64.5	$ (2.3)	(3.6)%
Operating income	$ 38.9	$ 39.2	$ (.3)	(.8)%
ELECTRIC UTILITY:				
Electric sales - gwh	248.6	260.9	(12.3)	(4.7)%
Degree days - % colder (warmer) than normal	(4.2)	6.8	--	--
Revenues	$ 19.9	$ 19.2	$ .7	3.6%
Total margin (a)	$ 9.4	$ 8.8	$ .6	6.8%
Operating income	$ 3.3	$ 2.7	$ .6	22.2%

bcf - billions of cubic feet. gwh - millions of kilowatt hours.

(a) Gas and Electric utilities' total margin represents total revenues less cost of sales and revenue-related taxes.

GAS UTILITY. Weather in the Gas Utility service area during the three months ended March 31, 1997 was 10.0% warmer than normal compared with weather that was 4.7% colder than normal in the prior-year period. As a result, total system throughput decreased 7.9% during the 1997 three-month period principally reflecting the warmer weather's effect on firm-residential, firm-commercial and firm-industrial (collectively, "core market") sales.

The decrease in Gas Utility's total revenues during the 1997 three-month period principally reflects a $14.8 million decrease from lower throughput to core market customers and a $4.7 million decrease in revenues from sales to customers outside Gas Utility's distribution system (off-system sales). These decreases were partially offset by an $11.1 million increase from the effects of higher purchased gas cost (PGC) rates. Cost of gas sold by the Gas Utility was $84.6 million during the 1997 three-month period, a decrease of $6.4 million over the prior-year period, reflecting lower costs associated with the lower volumes sold to core market customers and the decrease in off-system sales partially offset by the effects of higher PGC rates.

The decrease in Gas Utility total margin is principally a result of a $4.8 million decrease in total margin from core market customers reflecting the effects of warmer weather on volumes sold. The decrease in total margin from core market customers was partially offset by higher total margin from interruptible customers.

Gas Utility operating income during the 1997 three-month period decreased $.3 million principally reflecting the decrease in total margin. Operating and administrative expenses during the 1997 three-month period decreased $2.1 million principally due to a $.9 million decrease in distribution system expense due in part to the milder 1997 three-month period weather and lower general and administrative expenses.

ELECTRIC UTILITY. Electric Utility sales decreased during the 1997 three-month period reflecting weather which was 10.3% warmer than last year. Electric Utility revenues increased $.7 million, notwithstanding the lower sales, reflecting a $.5 million increase in energy cost (EC) rate revenues and the effects of an increase in base rates effective July 19, 1996. Cost of sales increased $.2 million in the 1997 three-month period reflecting the higher EC rate partially offset by the lower sales.

Electric Utility total margin and operating income increased during the 1997 three-month period principally as a result of the higher base rates effective July 19, 1996. Electric Utility operating and administrative expenses in the 1997 three-month period were virtually unchanged from the prior-year period. Pursuant to the provisions of the Electricity Generation Customer Choice and Competition Act (Customer Choice Act), Electric Utility's rates have been capped at levels existing as of January 1, 1997 (see "Electricity Generation Customer Choice and Competition Act").

ENERGY MARKETING

Three Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
Revenues	$32.0	$26.5	$ 5.5	20.8%
Total margin	$ .7	$ 3.6	$(2.9)	(80.6)%
Operating income	$ .3	$ 3.0	$(2.7)	(90.0)%

ENERGY MARKETING. Total revenues from energy marketing in the 1997 three-month period increased from the prior-year period as a result of higher billed volumes and higher natural gas prices. The increase in billed volumes is principally a result of significant growth in customers outside the Gas Utility's service territory. Notwithstanding the increase in billed volumes, total margin for the 1997 three-month period decreased $2.9 million due to the warmer weather's effects on gas prices and the value of pipeline capacity. Operating income from energy marketing was $.3 million in the 1997 three-month period compared with $3.0 million in the prior-year period principally reflecting the lower total margin.

CORPORATE GENERAL AND OTHER

Operating loss from corporate general and other, net, consisting of expenses incurred by UGI corporate headquarters net of other miscellaneous income, was $(2.5) million in the 1997 three-month period compared with $(2.9) million in the prior-year period reflecting lower UGI corporate administrative expenses and higher interest income on temporary cash investments.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to $21.4 million in the 1997 three-month period from $19.9 million in the prior-year period principally as a result of higher levels of debt outstanding under the Partnership's Revolving Credit and Acquisition facilities. The effective income tax rate on pre-tax income for the three months ended March 31, 1997 was 44.8% compared with 45.6% for the three months ended March 31, 1996 principally as a result of a lower effective income tax rate on propane operations.

SIX MONTHS ENDED MARCH 31, 1997 (1997 SIX-MONTH PERIOD) COMPARED WITH SIX MONTHS ENDED MARCH 31, 1996 (1996 SIX-MONTH PERIOD)

CONSOLIDATED RESULTS

Six Months Ended March 31,	1997	1996	Increase	
(Millions of dollars, except per share)				
Revenues	$1,106.0	$1,009.5	$96.5	9.6%
Total margin	$ 443.7	$ 423.9	$19.8	4.7%
Operating income	$ 197.3	$ 174.4	$22.9	13.1%
Net income	$ 63.7	$ 55.8	$ 7.9	14.2%
Net income per share	$ 1.92	$ 1.69	$ .23	13.6%

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The increase in the Company's results in the 1997 six-month period reflects a significant improvement in the operating results of AmeriGas Partners. The improvement in the Partnership's results is principally due to higher average retail unit margins.

PROPANE

Six Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
Retail gallons sold - millions	519.3	559.6	(40.3)	(7.2)%
Revenues	$731.3	$660.6	$ 70.7	10.7%
Total margin	$310.8	$288.6	$ 22.2	7.7%
Operating income	$126.9	$105.3	$ 21.6	20.5%
EBITDA (a)	$159.1	$137.4	$ 21.7	15.8%

(a) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.

PROPANE. Retail volumes of propane sold decreased in the six months ended March 31, 1997 reflecting the effects of warmer heating-season weather and price-induced customer conservation efforts. Wholesale volumes of propane sold decreased 73.1 million gallons to 142.1 million gallons in the six months ended March 31, 1997 principally due to reduced low-margin sales of storage inventories.

Total revenues from retail propane sales increased $79.3 million to $594.4 million reflecting a $116.4 million increase as a result of higher average retail propane selling prices partially offset by a $37.1 million decrease in retail propane revenues resulting from the lower volumes sold. The higher prices resulted principally from higher propane product costs experienced by the Partnership particularly during the first quarter of fiscal 1997. Wholesale propane revenues decreased $3.9 million to $90.1 million reflecting the lower wholesale volumes. Other revenues decreased $4.7 million to $46.8 million as a result of lower hauling and appliance revenues.

Total propane margin was significantly greater in the 1997 six-month period reflecting the impact of higher average retail unit margins partially offset by reduced volumes of propane sold. Although the Partnership's propane product costs increased significantly, they were partially

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

mitigated by favorable fixed-price supply commitments and financial contracts entered into by the Partnership as part of its overall propane supply strategy. In addition, the higher 1997 six-month period average retail unit margin reflects the fact that retail unit margins in the prior-year period were adversely impacted by the effects of certain sales and marketing programs.

The increase in operating income and EBITDA during the six months ended March 31, 1997 reflects the impact of the higher total margin and an increase in miscellaneous income. Total operating expenses of the Partnership were $164.7 million in the six months ended March 31, 1997 compared with $161.4 million in the six months ended March 31,1996. The 1996 operating expenses are net of $4.4 million from a refund of insurance premium deposits made in prior years and $3.3 million from a reduction in accrued environmental costs. Miscellaneous income of the Partnership increased $4.0 million in the six months ended March 31, 1997 primarily from $4.7 million of income from the sale of the Partnership's 50% interest in Atlantic Energy.

UTILITIES

Six Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
GAS UTILITY:				
Natural gas system throughput - bcf	52.5	55.4	(2.9)	(5.2)%
Degree days - % colder (warmer) than normal	(7.2)	5.0	--	--
Revenues	$269.1	$267.3	$ 1.8	.7%
Total margin	$112.8	$113.7	$ (.9)	(.8)%
Operating income	$ 67.5	$ 66.2	$ 1.3	2.0%
ELECTRIC UTILITY:				
Electric sales - gwh	472.3	485.6	(13.3)	(2.7)%
Degree days - % colder (warmer) than normal	(1.3)	7.8	--	--
Revenues	$ 38.3	$ 36.3	$ 2.0	5.5%
Total margin	$ 18.2	$ 16.9	$ 1.3	7.7%
Operating income	$ 6.3	$ 4.9	$ 1.4	28.6%

GAS UTILITY. Weather in Gas Utility's service territory in the 1997 six-month period was 7.2% warmer than normal and 11.6% warmer than the 1996 six-month period. Total system throughput decreased 5.2% during the 1997 six-month period principally reflecting the effect of the warmer weather on core market sales.

The increase in Gas Utility's total revenues reflects a $20.0 million increase from higher average PGC rates in effect during the 1997 six-month period partially offset by a $16.9 million decrease from lower sales to core market customers and slightly lower off-system sales. Notwithstanding the lower core market and off-system sales, cost of gas sold by Gas Utility increased $2.5 million to $145.1 million during the 1997 six-month period reflecting the higher average PGC rates.

The decrease in Gas Utility total margin principally reflects a $5.4 million decrease from core market customers resulting from the warmer weather partially offset by an increase in total margin from interruptible customers.

Although total margin was lower in the 1997 six-month period, Gas Utility operating income increased $1.3 million principally as a result of lower operating expenses. Operating and administrative expenses during the 1997 six-month period decreased $2.3 million principally as a result of a $1.1 million decrease in distribution system expenses and lower general and administrative expenses.

ELECTRIC UTILITY. Electric Utility sales decreased during the 1997 six-month period reflecting weather which was 8.5% warmer than in the 1996 six-month period. Electric Utility revenues increased $2.1 million, notwithstanding the lower sales, reflecting a $1.1 million increase in EC rate revenues and a $.9 million increase in base rate revenues resulting from the July 19, 1996 base rate increase. Cost of sales increased to $18.5 million in the 1997 six-month period from $17.8 million in the prior-year period as a result of a higher EC rate partially offset by the lower sales.

Electric Utility total margin and operating income increased during the six months ended March 31, 1997 principally as a result of the higher base rates. Electric Utility operating and administrative expenses in the 1997 six-month period were essentially unchanged from the prior-year period.

ENERGY MARKETING

Six Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
Revenues	$67.3	$45.3	$22.0	48.6%
Total margin	$ 1.9	$ 4.7	$(2.8)	(59.6)%
Operating income	$ 1.1	$ 3.9	$(2.8)	(71.8)%

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

ENERGY MARKETING. Total revenues from energy marketing in the 1997 six-month period increased significantly compared with revenues during the prior-year period as a result of higher billed volumes principally from increased sales outside the Gas Utility's service territory and higher natural gas prices. Notwithstanding the increase in billed volumes, total margin for the 1997 six-month period was lower than in the prior-year period due to the warmer weather's effects on gas prices and the value of pipeline capacity. Operating income from energy marketing was $1.1 million in the 1997 six-month period compared with $3.9 million in the prior-year period principally as a result of the lower total margin.

CORPORATE GENERAL AND OTHER

Operating loss from corporate general and other, net, was $(4.5) million in the 1997 six-month period compared with $(5.9) million in the 1996 six-month period. The decrease in corporate general and other expenses principally reflects lower levels of UGI corporate expenses and higher interest income on temporary cash investments.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to $42.5 million in the 1997 six-month period from $39.8 million in the 1996 six-month period principally as a result of higher levels of debt outstanding under the Partnership's Revolving Credit and Acquisition facilities. The effective income tax rate on pre-tax income for the six months ended March 31, 1997 was 44.8% compared with 46.0% for the six months ended March 31, 1996 principally as a result of a lower effective income tax rate on propane operations.

TWELVE MONTHS ENDED MARCH 31, 1997 (1997 TWELVE-MONTH PERIOD) COMPARED WITH TWELVE MONTHS ENDED MARCH 31, 1996 (1996 TWELVE-MONTH PERIOD)

CONSOLIDATED RESULTS

Twelve Months Ended March 31,	1997	1996	Increase	
(Millions of dollars, except per share)				
Revenues	$1,654.1	$1,433.4	$220.7	15.4%
Total margin	$ 672.2	$ 630.9	$ 41.3	6.5%
Operating income	$ 182.6	$ 164.2	$ 18.4	11.2%
Income before extraordinary loss	$ 47.4	$ 25.7	$ 21.7	84.4%
Net income	$ 47.4	$ 12.5	$ 34.9	279.2%
Net income per share	$ 1.43	$ .38	$ 1.05	276.3%

The increase in the Company's results in the 1997 twelve-month period is principally a result of a number of factors including improved propane results, the full-year impact of Gas Utility's 1995 base rate increase, the effect of Electric Utility's July 1996 base rate increase, and lower net corporate expenses. Results in the 1996 twelve-month period include after-tax charges of $24.9 million, or $.76 a share, associated with the formation of AmeriGas Partners.

PROPANE

Twelve Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
Retail gallons sold - millions	815.1	827.9	(12.8)	(1.5)%
Revenues	$1,083.9	$955.9	$128.0	13.4%
Total margin	$ 465.7	$430.0	$ 35.7	8.3%
Operating income	$ 102.4	$ 91.2	$ 11.2	12.3%
EBITDA (a)	$ 166.6	$152.3	$ 14.3	9.4%

(a) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under generally accepted accounting principles.

PROPANE. Retail volumes of propane sold by consolidated propane operations during the 1997 twelve-month period decreased principally as a result of warmer winter weather and, to a much lesser extent, price-induced customer conservation efforts during the heating season. The increase in consolidated propane revenues reflects higher average retail selling prices principally during the six-month period ended March 31, 1997 as a result of higher propane product costs. Total consolidated propane margin in the 1997 twelve-month period reflects higher average retail unit margins primarily during the six-month period ended March 31, 1997. Consolidated propane operating income and EBITDA increased in the 1997 twelve-month period reflecting the greater consolidated propane total margin partially offset by higher consolidated propane operating expenses due in large part to higher customer equipment repairs and maintenance expenses and incremental expenses associated with acquisitions and new district locations.

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

UTILITIES

Twelve Months Ended March 31,	1997	1996	Increase (Decrease)	
(Millions of dollars)				
GAS UTILITY:				
Natural gas system throughput - bcf	82.5	85.4	(2.9)	(3.4)%
Degree days - % colder (warmer) than normal	(6.0)	5.2	--	--
Revenues	$392.8	$355.7	$ 37.1	10.4%
Total margin	$168.8	$163.1	$ 5.7	3.5%
Operating income	$ 74.2	$ 71.1	$ 3.1	4.5%
ELECTRIC UTILITY:				
Electric sales - gwh	871.4	884.9	(13.5)	(1.5)%
Degree days - % colder than normal	.4	5.0	--	--
Revenues	$ 71.5	$ 68.0	$ 3.5	5.1%
Total margin	$ 34.3	$ 32.6	$ 1.7	5.2%
Operating income	$ 10.0	$ 8.6	$ 1.4	16.3%

GAS UTILITY. Weather in Gas Utility's service territory in the 1997 twelve-month period was 11.1% warmer than in the 1996 twelve-month period. Total system throughput declined principally as a result of the warmer weather.

The increase in Gas Utility total revenues reflects a $25.6 million increase from higher average PGC rates, a $13.8 million increase in off-system sales and the full-year effect of Gas Utility's $19.5 million annual base rate increase effective August 31, 1995. These increases were partially offset by the effects of the lower system throughput. Cost of gas sold was $208.7 million during the 1997 twelve-month period, an increase of $30.4 million from the same period in 1996, reflecting the effects of higher average PGC rates and greater off-system sales partially offset by the lower system throughput.

The increase in Gas Utility total margin in the twelve months ended March 31, 1997 reflects a $2.9 million increase in total margin from core market customers, principally from the full-year effect of the increase in base rates, and higher total margin from interruptible customers.

Gas Utility operating income during the 1997 twelve-month period benefited from the increase in total margin. However, the benefit was partially offset by slightly higher operating expenses and higher charges for depreciation.

ELECTRIC UTILITY. Electric Utility sales were lower during the twelve months ended March 31, 1997 than in the prior-year period principally as a result of warmer 1997 winter weather. The increase in Electric Utility revenues reflects a $2.1 million increase in EC rate revenues and the impact of higher base rates subsequent to July 19, 1996. Electric Utility cost of sales was $34.1 million, an increase of $1.6 million from the prior-year period. The increase in cost of sales principally reflects a higher average EC rate.

Electric Utility total margin during the twelve months ended March 31, 1997 increased principally as a result of the higher base rates effective in July 1996. Electric Utility operating income benefited from the increase in total margin, however the benefit was partially offset principally by higher charges for depreciation.

ENERGY MARKETING

Twelve Months Ended March 31,	1997	1996	Decrease	
(Millions of dollars)				
Total margin	$3.4	$5.2	$(1.8)	(34.6)%
Operating income	$1.6	$4.8	$(3.2)	(66.7)%

ENERGY MARKETING. Total margin and operating income were lower in the 1997 twelve-month period compared with the 1996 twelve-month period, notwithstanding an increase in billed volumes, principally due to lower average unit margins. The lower unit margins reflect in large part the warmer weather's effects on natural gas prices and the value of pipeline capacity.

CORPORATE GENERAL AND OTHER

Operating loss of corporate general and other, net, was significantly lower in the 1997 twelve-month period reflecting lower UGI corporate expenses, due in large part to adjustments of incentive compensation accruals in September 1996, and higher interest income.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to $82.2 million in the 1997 twelve-month period from $77.4 million in the 1996 twelve-month period principally as a result of higher levels of debt outstanding under the Partnership's Bank Credit facilities. The Company's effective income tax rate in the 1997 twelve-month period was 42.9% compared with 54.9% in the same period last year. As a result of a significant increase in consolidated propane pre-tax income, the impact of nondeductible amortization expense on the consolidated propane effective tax rate was less in the 1997 twelve-month period than in the prior-year period.

FINANCIAL CONDITION AND LIQUIDITY

FINANCIAL CONDITION

The Company's consolidated debt-to-total-capitalization ratio was 55.9% at March 31, 1997 compared to a ratio of 57.5% at September 30, 1996. The decrease in the ratio is principally a result of an increase in retained earnings.

Effective October 28, 1996, the Operating Partnership has a revolving credit agreement with the General Partner under which it may borrow up to $20 million to fund working capital, capital expenditures, and interest and distribution payments. This agreement is coterminous with, and generally comparable to, the Operating Partnership's Revolving Credit Facility. Borrowings under the General Partner Facility are unsecured and subordinated to all senior debt of the Partnership. Interest rates on borrowings are based upon one-month offshore interbank borrowing rates. Facility fees are determined in the same manner as fees under the Revolving Credit Facility. UGI has agreed to contribute on an as needed basis through its subsidiaries up to $20 million to the General Partner to fund such borrowings. Also effective October 28, 1996, the Operating Partnership's Bank Credit Agreement was amended to include a revolving $15 million sublimit under its Special Purpose Facility which can be used to fund working capital, capital expenditures, and interest and distribution payments. This sublimit is scheduled to expire April 12, 1998. At March 31, 1997, there were no borrowings under the General Partner Facility or the sublimit under the Special Purpose Facility.

During the six months ended March 31, 1997, the Partnership declared and paid the MQD on all units and the general partner interests for the quarters ended September 30, 1996 and December 31, 1996 totaling $46.9 million, $19.4 million of which was paid to public unitholders and $27.5 million to the Company. The Partnership's MQD for the quarter ended March 31, 1997 will be made on May 18, 1997 to holders of record on May 9, 1997.

On April 29, 1997, the Company's Board of Directors increased the quarterly dividend on the Common Stock to 36 cents a share from 35.5 cents a share, effective for the dividend payable July 1, 1997.

CASH FLOWS

Cash and cash equivalents totaled $85.9 million at March 31, 1997 compared with $74.0 million at September 30, 1996. Included in these amounts are cash and cash equivalents at UGI of $27.0 million and $51.4 million, respectively. In addition, at March 31, 1997 and September 30, 1996, UGI also had

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

short-term investments of $67.8 million and $23.1 million, respectively. The Company's cash flows are seasonal and are generally greatest during the second and third fiscal quarters when customers pay bills incurred during the heating season and are typically at their lowest levels during the first and fourth fiscal quarters. Accordingly, cash flows from operations during the six months ended March 31, 1997 are not necessarily indicative of the cash flows to be expected for a full year.

OPERATING ACTIVITIES. Cash flows from operating activities during the six months ended March 31, 1997 totaled $110.0 million compared with $73.8 million in the comparable prior-year period. Cash flows from operations before changes in operating working capital increased to $141.0 million in the six months ended March 31, 1997 from $129.5 million in the prior-year period. The increase principally reflects a significant improvement in the Partnership's operating performance. Changes in operating working capital during the six months ended March 31, 1997 required $31.0 million of operating cash flow principally from a $107.0 million seasonal increase in customer accounts receivable and accrued utility revenues and a $13.4 million decrease in accounts payable partially offset by a $56.8 million decrease in inventories; $13.9 million in purchased gas and power cost overcollections; and $18.7 million in cash from changes in other working capital accounts. Changes in operating working capital during the six months ended March 31, 1996 required $55.7 million of operating cash flow.

INVESTING ACTIVITIES. Cash expenditures for property, plant and equipment totaled $31.8 million in the six months ended March 31, 1997 compared with $31.6 million in the same period in 1996. The increase reflects higher Gas Utility expenditures offset by slightly lower Partnership capital expenditures. During the six months ended March 31, 1997, the Company increased its balance of short-term investments by $44.6 million compared with $12.0 million in the prior-year period. Net proceeds from disposals of assets increased $6.1 million in the six months ended March 31, 1997 due in large part to the sale of the Partnership's interest in Atlantic Energy.

FINANCING ACTIVITIES. During the six months ended March 31, 1997, the Company paid cash dividends on Common Stock of $23.5 million compared with $23.1 million of cash dividends in the prior-year period. Also during each of the six-month periods ended March 31, 1997 and 1996, the Partnership paid distributions of $19.4 million to public unitholders (and $27.5 million to the General Partner) representing the MQD on all limited partner units and the general partner interests.

During the six months ended March 31, 1997, the Partnership made $15 million of net repayments under its Revolving Credit Facility. The maximum amount of seasonal borrowings under the Partnership's working capital facilities during the six months ended March 31, 1997 was $73 million compared with $25 million of such borrowings during the six months ended March 31, 1996. The Partnership's seasonal borrowing requirements in the prior-year period were lower due to significant cash balances at the beginning of such period. During the six months ended March 31, 1997, UGI Utilities borrowed $44.5 million under its revolving credit agreements compared with net repayments of $16.5 million in the prior-year period. UGI Utilities currently expects to reduce its bank loans outstanding through the issuance of debt under its Medium-Term Note program.

During the six months ended March 31, 1997, the Company issued $7.7 million of long-term debt including $7 million under the Partnership's Acquisition Facility relating to acquisitions made prior to fiscal 1997. During the comparable prior-year period, the Company issued $34.1 million of long-term debt including UGI Utilities' issuance of $20 million of notes under its Medium-Term Note program and borrowings of $5 million under the Partnership's Acquisition Facility and $9 million under its Special Purpose Facility. During the six months ended March 31, 1997, the Company repaid $20.3 million of long-term debt which includes UGI Utilities' repayment of $8.4 million of its 7.85% Series First Mortgage Bonds and $10.0 million of its 8.70% Notes. In the prior-year six-month period, the Company made long-term debt repayments of $50.8 million which includes UGI Utilities' redemption of $45.9 million of its 9% Series and 9% Series B First Mortgage Bonds at a redemption price of 104% of the principal amount outstanding.

ELECTRICITY GENERATION CUSTOMER CHOICE AND COMPETITION ACT

On January 1, 1997, the Customer Choice Act became effective. The Customer Choice Act permits all Pennsylvania retail electric customers to choose their electric generation supplier. One-third of the peak load of each customer class of an electric utility will have the opportunity for direct access to generation suppliers by January 1, 1999, two-thirds of the peak load of each customer class by January 1, 2000, and all customers will have direct access by January 1, 2001, subject to certain exceptions.

The Customer Choice Act establishes rate caps that are designed to prevent a customer's total electric service costs from increasing above levels existing as of January 1, 1997 during the transition to full competition. The Pennsylvania Public Utility Commission (PUC) may grant exceptions to the rate caps in limited situations where a utility's costs have increased above current levels due to circumstances beyond its control. Under the Customer Choice Act, Electric Utility will continue to be the only regulated electric utility having the right, granted by the PUC or by law, to transmit and distribute electric energy in its service territory. The Customer Choice Act requires all electric utilities to file restructuring plans with the PUC which, among other things, include unbundled prices for electric generation, transmission and distribution and a proposed competitive transition charge (CTC) for the recovery of stranded costs. Stranded costs are defined as electric generation-related costs that traditionally would be recoverable in a regulated environment but may not be recoverable in a competitive electric generation market. The PUC has directed Electric Utility to file its restructuring plan by August 1, 1997. The Customer Choice Act also requires all electric utilities to submit proposed Retail Access Pilot Programs (Pilot Programs) with the PUC. The PUC may order electric utilities to begin such programs as early as April 1, 1997. Such pilot programs shall be available to approximately 5 percent of the utility's peak load for each customer class. Electric Utility filed its proposed Pilot Program with the PUC on April 1, 1997 to be effective for a one-year period beginning January 1, 1998.

As permitted by the Customer Choice Act, on February 28, 1997, Electric Utility filed with the PUC Supplement No. 50 to its Electric Service Tariff to roll the current ECR rate of 1.058 cents per kilowatt-hour into its base rates. On April 24, 1997, the PUC conditionally approved Electric Utility's Supplement No. 50 but reserved final consideration of its reasonableness and appropriateness for Electric Utility's Customer Choice Act restructuring proceeding.

Based upon a current evaluation of the various factors and conditions affecting future cost recovery, the Company does not expect the Customer Choice Act to have a material adverse effect on its financial condition or results of operations. The Company will continue to monitor regulatory proceedings in this area.

On March 27, 1997, proposed customer choice legislation was introduced in the Pennsylvania General Assembly that would, among other things, extend the availability of gas transportation service to residential and small commercial customers of local gas distribution companies. It would permit all customers of natural gas distribution utilities to transport their natural gas supplies through the distribution systems of Pennsylvania gas utilities by April 1, 1999 and would also require Pennsylvania gas utilities to exit the merchant function of selling natural gas. Public hearings on the proposed legislation are scheduled to commence in May 1997. The Company will continue to monitor developments with regard to the proposed legislation.

PART II OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On February 25, 1997, the Annual Meeting of Shareholders of UGI was held. The shareholders reelected the nine nominees from the existing Board of Directors to another term, approved two new compensation plans, the UGI Corporation Directors' Equity Compensation Plan and the UGI Corporation 1997 Stock Option and Dividend Equivalent Plan, and ratified the appointment of Coopers & Lybrand L.L.P. as independent public accountants. No other matters were considered at the meeting.

The number of votes cast for and withheld from election of each nominee is set forth below. There were no votes against, abstentions or broker non-votes in the election of directors.

Election of Directors:

	For	Withheld
James W. Stratton	28,341,206	689,127
Robert C. Forney	28,323,173	707,160
David I. J. Wang	28,342,602	687,731
Richard C. Gozon	28,351,667	678,666
Cyrus H. Holley	28,355,147	675,186
Quentin I. Smith, Jr.	28,314,737	715,596
Stephen D. Ban	28,358,478	671,855
Anne Pol	28,353,977	676,356
Lon R. Greenberg	28,331,559	698,774

The number of votes cast for and against, and the number of abstentions in the approval of the UGI Corporation Directors' Equity Compensation Plan is as follows: For, 26,820,038; Against, 1,407,154; Abstain, 803,141. There were no broker non-votes.

The number of votes cast for and against, and the number of abstentions in the approval of the UGI Corporation 1997 Stock Option and Dividend Equivalent Plan is as follows: For, 25,334,831; Against, 1,326,263; Abstain, 2,369,239. There were no broker non-votes. The number of votes cast for and against, and the number of abstentions in the ratification of the appointment of Coopers & Lybrand L.L.P. is as follows: For, 28,758,319; Against, 134,964; Abstain, 137,050. There were no broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits:

10.1 UGI Corporation Directors' Equity Compensation Plan

10.2 UGI Corporation 1997 Stock Option and Dividend Equivalent Plan

11 Statement re: computation of per share earnings

27 Financial Data Schedule

(b) The Company did not file any Current Reports on Form 8-K during the fiscal quarter ended March 31, 1997.

SIGNATURES

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

UGI Corporation

(Registrant)

Date: May 14, 1997
By: C.L. Ladner

C. L. Ladner, Senior Vice President - Finance

Date: May 14, 1997
By: M. J. Cuzzolina

M. J. Cuzzolina, Vice President - Accounting and Financial Control (Principal Accounting Officer)

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

10.1	UGI Corporation Directors' Equity Compensation Plan
10.2	UGI Corporation 1997 Stock Option and Dividend Equivalent Plan
11	Statement re: computation of per share earnings
27	Financial Data Schedule

ANNEX A

UGI CORPORATION

DIRECTORS' EQUITY COMPENSATION PLAN

1. PURPOSE

The purpose of the UGI Corporation Directors' Equity Compensation Plan is to provide a means whereby UGI Corporation (the "Company") may, through the grant of common stock of the Company ("Common Stock") or deferred units ("Units") relating to such stock, offer a reward and an incentive to the members of the board of directors of the Company, motivate such directors to exert their best efforts on behalf of the Company and further to align the economic interest of such individuals with those of the Company's shareholders. This Plan is intended to constitute, in part, a non-qualified deferred compensation plan.

2. DEFINITIONS

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

2.01 "Account" means the Company's record established pursuant to Section 5 which reflects the number of Units and the amount of Dividend Equivalents standing to the credit of a Participant under the Plan.

2.02 "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.

2.03 "Beneficial Owner" means that 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 voting securities of the Company; provided, however, that nothing in this section 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 days after the date of such acquisition.

2.04 "Beneficiary" means the person(s) designated by a Participant to receive any benefits payable under this Plan subsequent to the Participant's death. The Committee shall provide a form for this purpose. In the event a Participant has not filed a Beneficiary designation with the Company, the Beneficiary shall be the Participant's estate.

2.05 "Board" means the Board of Directors of the Company.

2.06 "Change of Control" of the Company means (i) any person (except the Director, his Affiliates and Associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company 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 (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"), in either case unless the members of the Committee in office immediately prior to such acquisition determine within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the Change of Control provisions of this Plan; or (ii) individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent 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 the Company (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or (iii) consummation by the Company 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 Company Common Stock and Company 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 Company Common Stock and Company Voting Securities, as the case may be, in any such case unless the members of the Committee in office immediately prior to such Business Combination determine at the time of such Business Combination that the circumstances do not warrant the implementation of the Change of Control provisions of this Plan; or (iv) (A) Consummation of a complete liquidation or dissolution of the Company or (B) sale or other disposition of all or substantially all of the assets of the Company 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 Company Common Stock and Company Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition, in any such case unless the members of the Committee in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the Change of Control provisions of this Plan.

2.07 "Committee" means the Compensation and Management Development Committee of the Board and any successor thereto.

2.08 "Common Stock" means the common stock of the Company.

2.09 "Company" means UGI Corporation and any successor thereto.

2.10 "Director" means a member of the Board who is not an employee of the Company or any of its Affiliates.

2.11 "Dividend Equivalent" means an amount determined by multiplying the number of Units credited to a Participant's Account 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 the Company on its stock on a dividend payment date.

2.12 "Effective Date" means January 1, 1997.

2.13 "Exchange Act" means Securities Exchange Act of 1934, as amended.

2.14 "Fair Market Value" of Common Stock means the average, rounded to the next highest one-eighth of a point (.125), of the highest and lowest sales prices thereof 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 Common 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 Common Stock transactions on that exchange.

2.15 "Participant" means any Director who is eligible to participate in the Plan under Section 4. In the event of the death or incompetency of a Participant, the term shall mean his personal representative or guardian. An individual shall remain a Participant until that individual has received full distribution of any amount credited to the Participant's Account.

2.16 "Plan" means the UGI Corporation Directors' Equity Compensation Plan as the same is set forth herein, and as it may be amended from time to time.

2.17 "Plan Year" means the calendar year.

2.18 "Separates from Service" means the Director's termination of service as a member of the Board for any reason other than death. Except as otherwise provided herein, a Separation from Service shall be deemed to have occurred on the last day of the month during which the Director's service to the Company ceases and shall be determined without reference to any compensation continuation arrangement that may be applicable.

2.19 "Unit" means a single unit granted to a Participant which represents a phantom interest equivalent to one share of Common Stock.

2.20 "Unit Value" means, at any time, unless otherwise specified in the Plan, the value of each Unit issued under the Plan, which value shall be equal to the Fair Market Value of the Common Stock on such date.

3. ADMINISTRATION

The Plan shall be administered by the Committee which shall have full power and authority to interpret the Plan, to prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of the Plan and to make any other determinations, including factual determinations, and take such other actions as it deems necessary or advisable in carrying out its duties under the Plan. All decisions and determinations by the Committee shall be final and binding on the Company, Participants, Directors, Beneficiaries and any other persons having or claiming an interest hereunder. Any other provisions of the Plan notwithstanding, the Board may perform any function of the Committee under the Plan, including without limitation for the purpose of ensuring that transactions under the Plan by Participants who are subject to Section 16 of the Exchange Act in respect of the Company are exempt under Rule 16b-3. In any case in which the Board is performing a function of the Committee under the Plan, each reference to the Committee herein shall be deemed to refer to the Board (unless the context shall otherwise require).

4. PARTICIPATION

Each Director of the Company shall become a Participant of the Plan on the later of (i) the Effective Date or (ii) the date such individual first becomes a Director.

5. AWARD OF UNITS

5.01 Initial Award of Units. On the Effective Date, each Director who is a Participant on January 1, 1997 shall be awarded the number of Units equal to the present value of benefits accrued by that Director through December 31, 1996 under the UGI Corporation Retirement Plan for Outside Directors, as determined by an actuary appointed by the Committee. The value of each Unit to be credited to a Participant's Account pursuant to this section shall be equal to the average of the closing sales prices for the Common Stock as reported on the New York Stock Exchange Composite Tape for each trading day in the period October 1, 1996 through December 31, 1996.

5.02 Annual Award of Units. On the first day of each Plan Year, each Participant shall receive an award of 630 Units. Such awarded Units shall be credited to each Participant's Account as specified in Section 5.04 below. Any Participant who was not a Participant on the first day of the Plan Year shall receive, on the date such individual becomes a Participant, a pro-rata share of the annual award of Units determined based on the number of calendar quarters during the Plan Year that such Participant is expected to serve as a Director. A Director will be deemed to serve the entire quarter during which he is a Director at least one day.

5.03 Dividend Equivalents

(a) Dividend Equivalent to be Credited. From the date of grant of each Unit to a Participant until the Participant's Account has been fully distributed, the Company shall credit to each Participant's Account on each record date for the payment of a dividend by the Company on its Common Stock, an amount equal to the Dividend Equivalent associated with the Units in the Account.

(b) Conversion to Units. On the last day of each Plan Year, the amount of the Dividend Equivalents credited to the Participant's Account during that Plan Year shall be converted to a number of Units, based on the Unit Value on that day. Notwithstanding the foregoing, in the event of a Change of Control or in the event the Participant dies or Separates from Service prior to the last day of the Plan Year, as soon as practicable following such event and in no event later than the date on which Units are redeemed in accordance with Section 6, the Company shall convert the amount of the Dividend Equivalents credited to the Participant's Account as of the date of the Change of Control, death or Separation from Service (the "Conversion Date") to the number of Units based on the Unit Value on the Conversion Date.

5.04 Accounts. The Company shall keep records to reflect the number of Units and Dividend Equivalents credited to each Participant hereunder; provided, however, that no Participant or any other person shall under any circumstances acquire any property interest in any specific assets of the

Company. Fractional Units shall accumulate in the Participant's Account and shall be added to fractional Units held in such Account to create whole Units. Nothing contained in this 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. 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.

6. EVENTS REQUIRING REDEMPTION OF UNITS

The Company shall redeem Units credited to a Participant's Account only at the times and in the manner prescribed by the further terms of this Section 6. To determine the total amount to be paid, all redemptions shall be made by providing a number of shares of Common Stock equal to the number of Units being redeemed; provided, however, that any fractional Units credited to a Participant's Account shall be paid in cash in an amount equal to the Unit Value of such fractional Unit.

6.01 Death. In the event a Participant dies, the Company shall redeem all of the Units then credited to the Participant's Account. Any such redemption shall be paid to the Participant's Beneficiary in the form of Common Stock.

6.02 Separation from Service. In the event a Participant Separates from Service, the Company shall redeem all of the Units then credited to the Participant's Account as soon as practicable following such Separation from Service. Any such redemption shall be paid in the form of Common Stock. A Participant may elect to defer receipt of such payment until such Participant attains a specified age, not to exceed age sixty-five (65). In addition, a Participant may elect to receive such payment in (i) a single distribution or (ii) annual or quarterly installments over a period not to exceed ten (10) years. Both such elections made hereunder must be made no later than September 30th of the calendar year preceding the year of Separation from Service. Dividend Equivalents will be credited to such Participant's Account in accordance with Section 5 until the full amount of the Participant's Account has been distributed. Each installment payment shall be calculated by dividing the Participant's total Account balance as of such payment date by the number of payments remaining in the installment period.

6.03 Change of Control. Unless otherwise provided by the Committee, in the event of a Change of Control of the Company, the Company shall redeem all of the Units then credited to the Participant's Account. Any such redemption shall be made in the form of cash. The amount paid shall equal the product of the number of Units being redeemed multiplied by the then Unit Value. A Participant may elect to defer receipt of such payment until such Participant attains a specified age, not to exceed age sixty-five (65). In addition, a Participant may elect to receive such payment in (i) a single distribution or (ii) annual or quarterly installments over a period not to exceed ten (10) years. Both such elections made hereunder must be made no later than September 30th of the calendar year preceding the year of the Change of Control.

7. RETAINER AWARDS

7.01 Annual Grants. The Committee is authorized, subject to limitations under applicable law, to grant to any Participant awards of Common Stock in lieu of a portion of their annual retainer. Unless otherwise determined by the Committee, the number of shares of Common Stock to be paid to Directors annually under this Section 7.01 will be equal to (i) the amount by which the annual retainer at the rates then in effect exceeds $18,500 divided by (ii) the Fair Market Value of the Common Stock as of the first day of the Plan Year. The shares of Common Stock to be paid pursuant to this section will become due on the date of the first meeting of the Board of Directors during the Plan Year. No fractional shares of Common Stock will be granted; instead, the amount remaining will be paid to the Participant in cash. As promptly as practicable, the Company will issue to the Participant shares of Common Stock registered in the name of the Participant (or, if directed by the Participant, in joint names of the Participant and his or her spouse). Any Participant who commences service during the Plan Year shall receive a pro-rata share of the annual retainer, the same proportion of which will be paid in Common Stock as was paid to a Director serving a full Plan Year, determined based on the number of calendar quarters during the Plan Year that the Participant is expected to serve as a Director.

7.02 Deferral of Retainers and Meeting Attendance Fees. A Participant may elect, no later than the end of the calendar year preceding the calendar year of payment to convert all or any part of (i) the cash portion of the annual retainer, (ii) Committee Chair annual retainer, and (iii) meeting attendance fees, into Units under this Plan, payable in accordance with the terms of the Plan. Dividend Equivalents will be credited and Units will be awarded to such Participant's Account in accordance with the provisions of Section 5.03 during such deferral period.

8. MISCELLANEOUS

8.01 Transferability. No Unit awarded under this Plan shall be transferred, assigned, pledged or encumbered by the Participant, and a Unit may be redeemed during the lifetime of a Participant only from such Participant.

8.02 No Rights as Shareholder. No Participant shall have any rights as a shareholder of the Company, including the right to any cash dividends, or the right to vote, as a result of the grant to the Participant, or the Participant's holding of, any Units.

8.03 Adjustment Upon Acquisitions, Dispositions or other Events not in the Ordinary Course of Business. Notwithstanding anything herein to the contrary, if the Company's financial performance is affected by any event that is of a non-recurring nature including an acquisition or disposition of the assets or stock of a business, the Committee, in its sole discretion, may make such adjustments in the number of Units or the Unit Value of each Unit for the then current Plan Year as it shall determine to be equitable and appropriate in order to make the value of each Unit, as nearly as may be practicable, equivalent to the value of the Unit immediately prior to such event.

8.04 No Rights to Service. Nothing in this Plan, and no action taken pursuant hereto, shall affect the Participant's term of service as a Director.

8.05 Notices. Any notice hereunder to be given to the Company shall be in writing and shall be delivered in person to the Secretary of the Company, or shall be sent by registered mail, return receipt requested, to the Secretary of the Company at the Company's executive offices, and any notice hereunder to be given to the Participant shall be in writing and shall be delivered in person to the Participant, or shall be sent by registered mail, return receipt requested, to the Participant at his last address as shown in the employment records of the Company. Any notice duly mailed in accordance with the preceding sentence shall be deemed given on the date postmarked.

8.06 Termination and Amendment of the Plan/Modification of Units. The Plan may be terminated, modified or amended by the Committee at any time, except with respect to any Units then outstanding under the Plan; provided, however, that the Committee may accelerate the redemption of any Units then outstanding as if a redemption were then being made under Section 6.

8.07 Miscellaneous.

(a) If the Company shall find that any person to whom any payment is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Company to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the Company may determine. Any such payment shall be a complete discharge of the liabilities of the Company under this Plan.

(b) This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participant and his heirs, executors, administrators and legal representatives.

(c) This Plan shall be construed in accordance with, and governed by, the law of the Commonwealth of Pennsylvania.

8.08 Shareholder Approval. This Plan shall be effective on the Effective Date, subject to the approval by a majority of the shareholders of the Company at the next annual meeting following the Effective Date.

UGI CORPORATION

1997 STOCK OPTION AND DIVIDEND EQUIVALENT PLAN

1. PURPOSE AND DESIGN

The purpose of this Plan is to assist the Company in securing and retaining key corporate executives of outstanding ability, who are in a position to significantly participate in the development and implementation of the Company's strategic plans and thereby contribute materially to the long-term growth, development and profitability of the Company, by affording them an opportunity to purchase its Stock under options. The Plan is designed to align directly long-term executive compensation with tangible, direct and identifiable benefits realized by the Company's shareholders.

2. DEFINITIONS

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

2.01 "Board" means UGI's Board of Directors as constituted from time to time, provided that whenever in this Plan Board approval is required, such approval shall require the affirmative vote of a majority of members of the Board who are not participants in the Plan.

2.02 "Committee" means the Compensation and Management Development Committee of the Board or its successor.

2.03 "Company" means UGI Corporation, a Pennsylvania corporation, any successor thereto and any Subsidiary which adopts this plan, with the approval of the Committee, by executing a participation and joinder agreement.

2.04 "Comparison Group" means the group determined by the Committee (no later than ninety (90) days after the commencement of the Performance Period) consisting of the Company and such other companies deemed by the Committee (in its sole discretion) to be reasonably comparable to the Company and set forth in Exhibit 1.

2.05 "Date of Grant" means the date the Committee makes an Option grant.

2.06 "Dividend Equivalent" means an amount determined by multiplying the number of shares of Stock subject to an Option on the Date of Grant (whether or not the Option is ever exercised with respect to any or all shares of Stock subject thereto) 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 the Company on its Stock on a dividend payment date.

2.07 "Employee" means a regular full-time salaried employee (including officers and directors who are also employees) of the Company.

2.08 "Fair Market Value" of Stock means the average, rounded to the next highest one-eighth of a point (.125), of the highest and lowest sales prices thereof 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; provided, however, in the case of a cashless exercise pursuant to Section 7.4(iv), the Fair Market Value shall be the actual sale price of the shares issued upon exercise of the Option. 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.

2.09 "Option" means the right to purchase Stock pursuant to the relevant provisions of this Plan at the Option Price for a specified period of time, not to exceed ten years from the Date of Grant, which period of time shall be subject to earlier termination prior to exercise in accordance with Sections 11, 12 and 13 of this Plan.

2.10 "Option Price" means an amount per share of Stock purchasable under an Option designated by the Committee on the Date of Grant of an Option to be payable upon exercise of such Option. The Option Price shall not be less than 100% of the Fair Market Value of the Stock determined on the Date of Grant.

2.11 "Participant" means an Employee designated by the Committee to participate in the Plan; provided, however, that no Employee who is not then a Participant in the Plan may be designated by the Committee to participate in the Plan at any time during the last full year of a Performance Period.

2.12 "Performance Period" means a period selected by the Committee over which the total return realizable by a shareholder of the Company on a share of Stock is compared to that realizable by shareholders of companies in the Comparison Group in accordance with Section 8.2 of the Plan in order to determine whether Dividend Equivalents associated with an Option will be payable to a Participant.

2.13 "Stock" means the Common Stock of UGI or such other securities of UGI as may be substituted for Stock or such other securities pursuant to Section 14.

2.14 "Subsidiary" means any corporation or partnership, at least 20% of the outstanding voting stock, voting power or partnership interest of which is owned respectively, directly or indirectly, by the Company.

2.15 "Termination without Cause" means termination for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company.

2.16 "UGI" means UGI Corporation, a Pennsylvania corporation or any successor thereto.

3. NUMBER AND SOURCE OF SHARES AVAILABLE FOR OPTIONS--MAXIMUM ALLOTMENT

The number of shares of Stock which may be made the subject of Options under this Plan at any one time may not exceed 1,500,000 in the aggregate, including shares acquired by Participants through exercise of Options under this Plan, subject, however, to the adjustment provisions of Section 14 below. The maximum number of shares of Stock which may be the subject of grants to any one individual in any calendar year shall be 300,000. If any Option expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to the Option will again be available for the purposes of the Plan. Shares which are the subject of Options may be previously issued and outstanding shares of the Stock reacquired by the Company and held in its treasury, or may be authorized but unissued shares of Stock, or may be partly of each.

4. DURATION OF THE PLAN

The Plan will remain in effect until all Stock subject to it has been purchased pursuant to the exercise of Options or all such Options have terminated without exercise. Notwithstanding the foregoing, no Option may be granted after December 31, 2006.

5. ADMINISTRATION

The Plan will be administered by the Committee. Subject to the express provisions of the Plan, the Committee will have authority, in its complete discretion, to determine the Employees to whom, and the time or times at which, Options will be granted, the number of shares to be subject to each Option, the Option Price to be paid for the shares upon the exercise of each Option, and the period within which each Option may be exercised. In making such determinations, the Committee may take into account the nature of the services rendered by an Employee, the present and potential contributions of the Employee to the Company's success and such other factors as the Committee in its discretion deems relevant. Subject to the express provisions of the Plan, the Committee will also have authority to construe and interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective stock option agreements required by Section 7.2 of the Plan (which need not be identical), and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. It is the intent of the Company that the Plan should comply in all applicable respects with Rule 16b-3 under the Exchange Act so that transactions relating to any Option and Dividend Equivalents granted to a Participant who is subject to Section 16 of the Exchange Act shall be exempt under Rule 16b-3. Accordingly, if any provision of the Plan or any agreement relating to an Option does not comply with the requirements of Rule 16b-3 as then applicable to any such Participant, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements with respect to such Participant. Any other provision of the Plan notwithstanding, the Board may perform any function of the Committee under the Plan, including without limitation for the purpose of ensuring that transactions under the Plan by Participants who are subject to Section 16 of the Exchange Act in respect of the Company are exempt under Rule 16b-3. In any case in which the Board is performing a function of the Committee under the Plan, each reference to the Committee herein shall be deemed to refer to the Board (unless the context shall otherwise require).

6. ELIGIBILITY

Options may be granted only to Employees (including directors who are also Employees of the Company) who, in the sole judgment of the Committee, are designated by the Committee as individuals who are in a position to significantly participate in the development and implementation of the Company's strategic plans and thereby contribute materially to the continued growth and development of the Company and to its future financial success.

7. OPTIONS

7.1 Grant of Options. Subject to the provisions of Sections 2.11 and 3, Options may be granted to Participants at any time and from time to time as may be determined by the Committee. The Committee will have complete discretion in determining the number of Options granted to each Participant and the number of shares of Stock subject to such Options.

7.2 Option Agreement. As determined by the Committee on the Date of Grant, each Option will be evidenced by a stock option agreement (substantially in the form included in Exhibit 2 attached hereto) that shall, among other things, specify the Date of Grant, the Option Price, the duration of the Option and the number of shares of Stock to which the Option pertains.

7.3 Exercise and Vesting.

(a) Except as otherwise specified by the Committee, an Option shall be fully and immediately exercisable on the Date of Grant. Notwithstanding the foregoing, in the event that any such Options are not by their terms immediately exercisable, the Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason. No Option shall be exercisable on or after the tenth anniversary of the Date of Grant.

(b) Except as otherwise specified by the Committee, in the event that a Participant holding an Option ceases to be an Employee, the Option held by such Participant shall be exercisable only with respect to that number of shares of Stock with respect to which it is already exercisable on the date such Participant ceases to be an Employee. However, if a Participant holding an Option ceases to be an Employee by reason of (i) a retirement under the Company's retirement plan, (ii) Termination without Cause, (iii) disability, or (iv) death, the Option held by any such Participant shall thereafter become immediately exercisable with respect to the total number of shares of Stock available under such Option and shall remain exercisable until the earlier of the expiration date of the Option or the expiration of the thirteen (13) month period following the date of such cessation of employment.

(c) Notwithstanding the foregoing, in the event of any merger or consolidation of any other corporation with or into UGI, or the sale of all or substantially all of the assets of UGI or an offer to purchase made by a party other than UGI to all shareholders of UGI for all or any substantial portion of the outstanding Stock, a Participant shall be permitted to exercise all outstanding Options (to the extent not otherwise exercisable by their terms) prior to the effective date of any such merger, consolidation or sale or the expiration of any such offer to purchase, unless otherwise determined by the Committee, no later than thirty (30) days prior to the effective date of such transaction or the expiration of such offer.

(d) Notwithstanding anything contained in this Section 7.3 with respect to the number of shares of Stock subject to an Option with respect to which such Option is or is to become exercisable, no Option, to the extent that it has not previously been exercised, shall be exercisable after it has terminated, including without limitation, after any termination of such Option pursuant to Sections 11, 12 and 13 hereof.

7.4 Payment. The Option Price upon exercise of any Option shall be payable to the Company in full (i) in cash or its equivalent, (ii) by tendering shares of previously acquired Stock already beneficially owned by the Participant for more than one year and having a Fair Market Value at the time of exercise equal to the total Option Price, (iii) by applying Dividend Equivalents payable to the Participant in accordance with Section 8 of the Plan in an amount equal to the total Option Price, (iv) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (v) by such other method as the Committee may approve, or (vi) by a combination of (i), (ii), (iii), (iv) and/or (v). The cash proceeds from such payment will be added to the general funds of the Company and shall be used for its general corporate purposes. Any shares of Stock tendered to UGI in payment of the Option Price will be added by UGI to its Treasury Stock to be used for its general corporate purposes.

8. DIVIDEND EQUIVALENTS

8.1 Amount of Dividend Equivalents Credited. From the Date of Grant of an Option to a Participant (or, in the case of an Option granted after the date of commencement of a Performance Period to a new Participant or to a Participant with changed responsibilities, in which event, from such date not earlier than the date of commencement of the Performance Period as is designated by the Committee) until the earlier of (i) the end of the applicable Performance Period or (ii) the date of disability, death or termination of employment for any reason (including retirement), of a Participant, the Company shall keep records for such Participant ("Account") and shall credit on each payment date for the payment of a dividend made by UGI on its Stock an amount equal to the Dividend Equivalent associated with such Option. Notwithstanding the foregoing, a Participant may not accrue during any calendar year Dividend Equivalents in excess of $1,000,000. Except as set forth in Section 8.5 below, no interest shall be credited to any such Account.

8.2 Payment of Credited Dividend Equivalents. The Committee will determine (no later than ninety (90) days after the commencement of the Performance Period) and set forth on Exhibit 1 measurable criteria pursuant to which the total return realizable by a shareholder of the Company on a share of Stock over the applicable Performance Period can be compared to that realizable over the same Performance Period by shareholders of the Comparison Group. The extent to which a Participant receives payment of the Dividend Equivalents associated with an Option and recorded in his Account during any particular Performance Period shall be determined by comparing (through use of the selected measurable criteria) the aforementioned total return realizable by a shareholder of the Company to that realizable by shareholders of the Comparison Group. Payments shall be made after the end of the applicable Performance Period according to the following table (with results falling between table values being interpolated):

PERCENT OF COMPANIES IN COMPARISON GROUP HAVING TOTAL RETURN TO SHAREHOLDERS LESS THAN THAT TO COMPANY'S SHAREHOLDERS	PERCENT OF DIVIDEND EQUIVALENTS PAYABLE
100	200
75	150
50	75
less than 50	0

8.3 Timing of Payment of Dividend Equivalents.

(a) Except as otherwise determined by the Committee, in the event of the (i) termination of an Option prior to exercise pursuant to Sections 11, 12 or 13 hereof, or (ii) acceleration of the exercise date of an Option pursuant to Section 7.3 hereof, in either case prior to the end of the applicable Performance Period, no payments of Dividend Equivalents associated with any Option shall be made (A) prior to the end of the applicable Performance Period and (B) to any Participant whose employment by the Company terminates prior to the end of the applicable Performance Period for any reason other than retirement under the Company's retirement plan, death, disability or Termination without Cause. As soon as practicable after the end of such Performance Period, the Committee will certify and announce the results for each Performance Period prior to any payment of Dividend Equivalents and unless a Participant shall have made an election under Section 8.6 to defer receipt of any portion of such amount, a Participant shall receive the aggregate amount of Dividend Equivalents payable to him.

(b) Notwithstanding anything to the contrary in this Section 8.3, unless a payment of Dividend Equivalents associated with an Option is being made upon full exercise or termination of such Option, no Dividend Equivalents shall be paid (either at the end of the applicable Performance Period or on a date such Dividend Equivalents are scheduled to be paid pursuant to a deferral election) if the average Fair Market Value of Stock for a period of thirty (30) consecutive business days immediately preceding the end of the applicable Performance Period or the date such deferred payment is scheduled to be made (as the case may be) is less than the exercise price of the Option to which such Dividend Equivalents were associated, and such payment shall instead be made at the earlier of (i) such time as the average Fair Market Value of Stock over a period of ninety (90) consecutive business days thereafter exceeds the exercise price of such Option, or (ii) the termination or expiration date of such Option.

8.4 Form of Payment for Dividend Equivalents. The Committee shall have the sole discretion to determine whether the Company's obligation in respect of payment of Dividend Equivalents shall be paid solely in credits to be applied toward payment of the Option Price, solely in cash or partly in such credits and partly in cash.

8.5 Interest on Dividend Equivalents. From a date which is thirty (30) days after the end of the applicable Performance Period until the date that all Dividend Equivalents associated with such

Option and payable to a Participant are paid to such Participant, the Account maintained by the Company in its books and records with respect to such Dividend Equivalents shall be credited with interest at a market rate determined by the Committee.

8.6 Deferral of Dividend Equivalents. A Participant shall have the right to defer receipt of any Dividend Equivalent payments associated with an Option if he shall elect to do so on or prior to December 31 of the year preceding the beginning of the last full year of the applicable Performance Period (or such other time as the Committee shall determine is appropriate to make such deferral effective under the applicable requirements of federal tax laws). The terms and conditions of any such deferral (including the period of time thereof) shall be subject to approval by the Committee and all deferrals shall be made on a form provided a Participant for this purpose.

9. WRITTEN NOTICE, ISSUANCE OF STOCK, SHAREHOLDER PRIVILEGES AND PARTIAL EXERCISE

9.1 Written Notice. A Participant wishing to exercise an Option must give written notice to the Company in the form and manner prescribed by the Committee, indicating the date of award, the number of shares as to which the Option is being exercised, and such other information as may be required by the Committee. Full payment for the shares pursuant to the Option must be received by the close of business on the day the Option is exercised. Except as provided in Sections 11, 12 and 13, no Option may be exercised at any time unless the Participant is then an Employee of the Company.

9.2 Issuance of Stock. As soon as practicable after the receipt of written notice and payment, the Company will, without stock transfer taxes to the Participant or to any other person entitled to exercise an Option pursuant to this Plan, deliver to, or credit electronically on behalf of, the Participant, the Participant's designee or such other person the requisite number of shares of Stock.

9.3 Privileges of a Shareholder. A Participant or any other person entitled to exercise an Option under this Plan will have no rights as a shareholder with respect to any Stock covered by the Option until the due exercise of the Option and issuance of such Stock.

9.4 Partial Exercise. An Option granted under this Plan may be exercised as to any lesser number of shares than the full amount for which it could be exercised. Such a partial exercise of an Option will not affect the right to exercise the Option from time to time in accordance with this Plan as to the remaining shares subject to the Option.

10. NON-TRANSFERABILITY OF OPTIONS

No Option, rights to Dividend Equivalents or other rights granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution, and an Option may be exercised, during the lifetime of the Participant, only by the Participant. Notwithstanding the foregoing, the Committee may provide that a Participant may transfer Options to family members or other persons or entities according to such terms as the Committee may determine; provided that the Participant receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

11. TERMINATION OF EMPLOYMENT (OTHER THAN BY REASON OF DEATH OR DISABILITY)

Each Option, to the extent that it has not previously been exercised, will terminate when the Participant holding such Option (while living) ceases to be an Employee of the Company, unless such cessation of employment is (i) on account of a Termination without Cause, or (ii) a retirement under the Company's retirement plan, in either of which events the Option shall be fully and immediately exercisable (to the extent not otherwise exercisable by its terms) and will terminate upon the earlier of the expiration date of the Option or the expiration of the thirteen (13) month period following the date of such cessation of employment. The Committee will have authority to determine whether an authorized leave of absence or absence on military or governmental service will constitute a termination of employment for the purposes of this Plan. The Committee shall have sole discretion to determine the effect of any change in the duties and responsibilities of a Participant while that Participant continues to be an Employee of the Company on Options granted under this Plan which are not then exercisable and on Dividend Equivalents not then payable under Section 8.3 of the Plan.

12. DISABILITY

If a Participant is determined to be "disabled" (as defined under the Company's long-term disability plan), the Option theretofore granted to such Participant shall be fully and immediately exercisable (to the extent not otherwise exercisable by its terms) at any time prior to the earlier of the expiration date of the Option or the expiration of the thirteen (13) month period following the date of such determination.

13. DEATH OF PARTICIPANT

In the event of the death of a Participant while employed by the Company, the Option theretofore granted to such Participant shall be fully and immediately exercisable (to the extent not otherwise exercisable by its terms) at any time prior to the earlier of the expiration date of the Option or the expiration of the thirteen (13) month period following the Participant's death. Death of a Participant after such Participant has ceased to be employed by the Company will not affect the otherwise applicable period for exercise of the Option determined pursuant to Section 11 or 12. Such Option may be exercised by the estate of the Participant or by any person to whom the Participant may have bequeathed the Option or whom the Participant may have designated to exercise the same under the Participant's last will, or by the Participant's personal representatives if the Participant has died intestate.

14. ADJUSTMENT OF NUMBER AND PRICE OF SHARES, ETC.

Notwithstanding anything to the contrary in this Plan, in the event any recapitalization, reorganization, merger, consolidation, spin-off, combination, repurchase, exchange of shares or other securities of UGI, stock split or reverse split, extraordinary dividend, liquidation, dissolution, significant corporate transaction (whether relating to assets or stock) involving UGI, or other extraordinary transaction or event affects Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of Participants' rights under the Plan, then the Committee may, in a manner that is equitable, adjust (i) any or all of the number or kind of shares of Stock reserved for issuance under the Plan, (ii) the maximum number of shares of Stock which may be the subject of grants to any one individual in any calendar year, (iii) the number or kind of shares of Stock to be subject to Options thereafter granted under the Plan, (iv) the number and kind of shares of Stock issuable upon exercise of outstanding Options, (v) the Option Price per share thereof, and/or (vi) the terms and conditions applicable to Dividend Equivalents, provided that the number of shares subject to any Option will always be a whole number. Any such determination of adjustments by the Committee will be conclusive for all purposes of the Plan and of each Option, whether a stock option agreement with respect to a particular Option has been theretofore or is thereafter executed.

15. LIMITATION OF RIGHTS

Nothing contained in this Plan shall be construed to give an Employee any right to be granted an Option except as may be authorized in the discretion of the Committee. The granting of an Option under this Plan shall not constitute or be evidence of any agreement or understanding, expressed or implied, that the Company will employ a Participant for any specified period of time, in any specific position or at any particular rate of remuneration.

16. AMENDMENT OR TERMINATION OF PLAN

Subject to Board approval, the Committee may at any time, and from time to time, alter, amend, suspend or terminate this Plan without the consent of the Company's shareholders or Participants, except that any such alteration, amendment, suspension or termination shall be subject to the approval of the Company's shareholders within one year after such Committee and Board action if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock is then listed or quoted, or if the Committee in its discretion determines that obtaining such shareholder approval is for any reason advisable. No termination or amendment of this Plan may, without the consent of the Participant to whom any Option has previously been granted, adversely affect the rights of such Participant under such Option, including the Dividend Equivalents associated with such Option. Notwithstanding the foregoing, the Committee may make minor amendments to this Plan which do not materially affect the rights of Participants or significantly increase the cost to the Company.

17. TAX WITHHOLDING

Upon exercise of any Option under this Plan, the Company will require the recipient of the Stock to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements. However, to the extent authorized by rules and regulations of the Committee, the Company may withhold or receive Stock and make cash payments in respect thereof in satisfaction of a recipient's tax obligations, including tax obligations in excess of mandatory withholding requirements.

18. GOVERNMENTAL APPROVAL

Each Option will be subject to the requirement that if at any time the listing, registration or qualification of the shares covered thereby upon any securities exchange, or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the granting of such Option or the purchase of shares thereunder, no such Option may be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

19. EFFECTIVE DATE OF PLAN

This Plan will become effective as of December 10, 1996, subject to ratification by the Company's shareholders prior to December 10, 1997.

20. SUCCESSORS

This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participant and his heirs, executors, administrators and legal representatives.

21. GOVERNING LAW

The validity, construction, interpretation and effect of the Plan and option agreements issued under the Plan shall be governed exclusively by and determined in accordance with the law of the Commonwealth of Pennsylvania.

EXHIBIT 1

1. PERFORMANCE PERIOD

January 1, 1997 to December 31, 1999.

2. COMPARISON GROUP

American Electric Power Company, Inc.
Baltimore Gas & Electric Company
Carolina Power & Light Company
Central & South West Corporation
Cinergy Corporation
Coastal Corporation
Columbia Gas System, Inc.
Consolidated Edison Co. of N.Y., Inc.
Consolidated Natural Gas Company
Dominion Resources, Inc.
DTE Energy Company
Duke Power Company
Eastern Enterprises
Edison International
Enron Corporation
Entergy Corporation
FPL Group, Inc.
GPU, Inc.
Houston Industries, Inc.
Niagara Mohawk Power Corporation
NICOR, Inc.
Noram Energy Corporation
Northern States Power Company
Ohio Edison Company
ONEOK, Inc.
Pacific Enterprises
Pacific Gas & Electric Company
Pacificorp
PanEnergy Corp.
PECO Energy Company
Peoples Energy Corporation
PP&L Resources, Inc.
Public Service Enterprise Group, Inc.
Sonat, Inc.
Southern Company
Texas Utilities Company
Unicom Corporation
Union Electric Company
The Williams Companies, Inc.

3. COMPARISON CRITERIA

For purposes of the Plan, "Total Return" is the change in the market value of one share of common stock of each company in the Comparison Group over the Performance Period, plus the amount of dividends paid or the value of other distributions made with respect to such stock, reinvested in the stock, over the same period.

The initial market value of each share of common stock to be measured during the Performance Period (January 1, 1997 through December 31, 1999) will be the average of the closing prices of each such stock on the New York Stock Exchange Composite Tape for all trading days during the three calendar months prior to the commencement of the Performance Period.

The final market value of each share of common stock to be measured will be the average of the closing prices for such stock on the New York Stock Exchange Composite Tape for all trading days during the final three months of the Performance Period.

EXHIBIT 2

UGI CORPORATION

1997 STOCK OPTION AND DIVIDEND EQUIVALENT PLAN
STOCK OPTION AGREEMENT

This Stock Option Agreement is dated as of [date of grant]. The parties are UGI Corporation, a Pennsylvania corporation ("UGI"), and ("Employee"), an employee of UGI or a Subsidiary of UGI (collectively referred to as the "Company"), residing at .

In consideration of the mutual agreements set forth below and other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound by this Agreement, the Company and Employee agree as follows:

1. Incorporation of Plan by Reference. This Stock Option Agreement evidences the grant of an Option to Employee under the Company's 1997 Stock Option and Dividend Equivalent Plan (the "Plan"), a copy of which is attached hereto. All of the terms, conditions, and other provisions of the Plan are hereby incorporated by reference into this Stock Option Agreement (the "Agreement"). Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan. If there is any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

2. Grant of Option and Dividend Equivalents.

(a) Option. UGI hereby confirms the grant to Employee as of the date hereof of a non-qualified stock option to purchase all or any part of an aggregate of shares of its Stock at the Option Price of $ per share, subject to all the terms and conditions set forth in this Agreement and in the Plan (the "Option"). The Option granted hereunder is not intended to constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. The terms of the Option are subject to adjustment in certain circumstances, as provided in the Plan. The Employee shall be required to pay no consideration for the grant of the Option, except for his or her other agreements set forth herein.

(b) Dividend Equivalents. UGI hereby confirms that, in connection with the grant of the Option, Employee is entitled to the crediting of Dividend

Equivalents in accordance with Section 8 of the Plan (subject to all conditions, including the risk of forfeiture, set forth in Section 8 of the Plan). The Performance Period with respect to such Dividend Equivalents shall begin on , 19 and end on , 19 . The exercise of any portion of the Option prior to expiration of the Performance Period will not result in the forfeiture of Dividend Equivalents credited with respect to such portion of the Option.

3. Vesting and Termination of Option.

(a) Vesting Schedule. The Option shall be exercisable with respect to of the total number of shares of Stock subject to the Option on . The Option may be exercised in whole or in part and from time to time, and any partial exercise of the Option for less than the full number of shares underlying the Option or as to which the Option is then exercisable will not affect Employee's right to exercise the Option from time to time in accordance with this Agreement as to the remaining shares.

(b) Acceleration of Vesting. The provisions of Section 3(a) above notwithstanding, the exercisability of the Option may accelerate in accordance with Section 7.3 of the Plan.

(c) Expiration of Option. The Option, to the extent it has not been previously exercised, shall expire at 5:00 p.m. (Eastern Time) on , 20 , unless earlier terminated in accordance with the terms of the Plan.

4. Exercise and Payment.

(a) Notice of Exercise and Payment of Purchase Price. The Option shall be exercised by the giving of written notice of exercise, in the form attached as Exhibit A-1 (or with appropriate changes if notice is given by a person other than Employee), to the Secretary of UGI, signed by the Employee or other person entitled to exercise the Option (the "Notice") specifying the number of shares to be purchased, the Date of Grant of the Option and the method of payment. The notice shall be accompanied by payment in full of the aggregate Option Price for all such shares being purchased and shall be received by 5:00 p.m. on the day the Notice is delivered to the Secretary of UGI. The Option Price shall be payable to UGI either (i) in cash or its equivalent, (ii) by tendering shares of previously acquired Stock already beneficially owned by Employee for more than one year and having an aggregate Fair Market Value at the time of exercise equal to the Option Price being paid thereby, (iii) by applying Dividend Equivalents payable to the Participant in accordance with Section 8 of the Plan in an amount equal to the Option Price being paid thereby (if and to the extent such Dividend Equivalents have become payable in the form of credits to be applied toward payment of the Option Price), (iv) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (v) by such other method as the Committee may approve, or (vi) by a combination of (i), (ii), (iii), (iv) and/or (v). Certificates for any shares of Stock so tendered in payment of the Option Price shall be delivered by Employee to UGI in negotiable form, duly endorsed in blank or with separate stock powers attached, and shall be delivered free and clear of all liens, encumbrances, claims and any other charges thereon of any kind.

(b) Issuance of Stock. Subject to the provisions of Section 6 below, such exercise shall be effective upon receipt by the Secretary of UGI of such written notice and payment, following which the Treasurer shall deliver to, or credit electronically on behalf of, Employee or such other person as may be entitled thereto, within an administratively reasonable time, the purchased shares. UGI agrees to pay all original issue or stock transfer taxes, if any, on the exercise of the Option and all other fees and expenses (other than broker fees) necessarily incurred by it in connection therewith.

(c) Other Methods of Exercise and Payment. In addition to the method of exercise and payment set forth in Section 4(a) and (b) hereof, the Option may be exercised and payment to UGI made in accordance with any other procedures specified in Plan rules and regulations as may be adopted from time to time by the Committee.

5. Termination of Employment. The Option will terminate in accordance with the provisions of the Plan.

6. Governmental and Other Approvals. If at any time the listing, registration or qualification of the shares covered hereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body or other person, is necessary or desirable as a condition of or in connection with the purchase of shares hereunder, the Option shall not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to UGI. UGI agrees to use reasonable diligence to obtain any such listing, registration, qualification, consent or approval. If the Option is exercised at a time that the offer and sale of shares to be delivered to Employee is not covered by an effective registration statement under the Securities Act of 1933, as amended, or any applicable state securities law, Employee shall deliver such investment representations as UGI may reasonably require, and certificates representing the shares delivered upon such exercise will bear an appropriate legend and be subject to such stop-transfer orders and other restrictions as may be applicable under such laws and regulations.

7. Non-Transferability of Option. The Option and rights to Dividend Equivalents shall not be transferable otherwise than by will or the laws of descent and distribution, and the Option may be exercised during the lifetime of the Employee only by the Employee.

8. Tax Withholding. Employee hereby agrees that, upon exercise of the Option, the Company shall be entitled to withhold from Employee's regular salary payments, or to separately receive payment from Employee, of an amount sufficient to satisfy federal, state and local withholding tax requirements. If and to the extent authorized under rules and regulations adopted by the Committee and in effect at the time of the exercise of the Option, Employee may elect to have the Company withhold from the shares to be delivered upon

the exercise of the Option, or to deliver to the Company from shares of Stock owned separately by the Employee, a sufficient number of such shares to satisfy the Employee's federal, state, and local withholding tax obligations relating to the Option exercise. In such case, the shares withheld or the shares surrendered will be valued at their Fair Market Value at the time of the exercise of the Option.

9. Miscellaneous.

(a) No Right to Employment. The granting or the exercise of the Option shall not constitute or be evidence of any agreement or understanding, expressed or implied, that the Company will employ the Employee for any specific period of time, in any specific position or at any particular rate of remuneration. Nothing herein contained shall affect (i) the Company's right to terminate Employee's services at any time for any reason whatsoever; or (ii) the right of Employee to participate or receive benefits under and in accordance with the provisions of any pension, retirement, insurance or other employee welfare benefit plan or program of the Company.

(b) Governing Law. The validity, construction, interpretation and effect of this Agreement shall exclusively be governed by and determined in accordance with the laws of the Commonwealth of Pennsylvania. All section headings are for convenience only and shall in no way modify or restrict any of the terms or provisions of this Agreement.

(c) Binding Effect; Integration. This Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the business of the Company, but neither this Agreement nor any rights hereunder shall be assignable by Employee. This Agreement (including Plan provisions incorporated by reference herein) constitutes the entire agreement between the parties with respect to the Option, and supersedes any prior agreements or documents (other than the Plan) with respect to such Option. Any amendment, alteration, suspension, discontinuation, or termination of this Agreement must be expressed in a written instrument duly executed in the name and on behalf of the Company and by the Employee.

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the date first above written.

UGI Corporation

Employee
By:
Title:

EXHIBIT A-1

Corporate Secretary
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Telephone: 610-337-1000
Fax: 610-992-3258

Notice of Exercise of Stock Option-

UGI Corporation 1997 Stock Option and Dividend Equivalent Plan

I hereby elect to purchase shares of Common Stock of UGI Corporation (the "Shares") at the Option Price of $ per share, in accordance with the Stock Option Agreement dated as of , 19 , evidencing the grant to me of an Option on that date.

I hereby elect to pay for the Shares as follows (check method(s)):

in cash; I enclose herewith my check to the order of UGI Corporation in the amount of $;

by surrender of shares of UGI Common Stock owned by me for more than one year prior to the date of exercise; I hereby deliver my stock certificate(s), numbered , , and , together with stock powers duly executed by me, in accordance with Section 4 of the Stock Option Agreement, in payment for the Shares;

by surrender of credits of Dividend Equivalents accrued under the Plan and applicable toward payment of the Option Price, in the amount of $ and/or

by payment through the following broker

Address

Telephone

This notice of exercise shall be valid only if the tendered consideration is sufficient to pay the entire Option Price for the purchase of the Shares.

I hereby agree to remit to UGI payment in cash of the full amount of any federal, state and local withholding taxes due in connection with my exercise of the Option.

Complete Section A or Section B as applicable and sign Section C below:

A. Certificates to be registered as follows:

Name(s)
Social Security Number(s)
Number of Shares

B. I hereby authorize the Company to issue certificates or effect a book entry to:

DTC Participant No.

Company to Complete the Following:

Received by:

UGI Corporation

By:
Name:
Title:

(Date)

Fair Market Value of UGI Common Stock on date received: $.

* * * *

20
C. Signature:

(Signature of Employee)

(Street address)

(City) (State) (Zip)

(Date)

UGI CORPORATION AND SUBSIDIARIES

Exhibit (11)
(Page 1 of 2)

COMPUTATION OF EARNINGS PER SHARE
(Millions, Except Per Share Amounts)

	Three Months Ended March 31,		Six Months Ended March 31,		Twelve Months Ended March 31,	
	1997	1996	1997	1996	1997	1996
Primary earnings per share:						
Actual average common shares outstanding	33.1	33.0	33.1	33.0	33.1	32.9
Incremental shares issuable upon exercise of stock options outstanding	0.2	0.1	0.1	0.1	0.1	0.1
Total average common and common equivalent shares outstanding	33.3	33.1	33.2	33.1	33.2	33.0
Earnings applicable to common and common equivalent shares:						
Earnings before extraordinary loss	$ 35.8	$ 37.6	$ 63.7	$ 55.8	$ 47.4	$ 25.7
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(13.2)
Net earnings	$ 35.8	$ 37.6	$ 63.7	$ 55.8	$ 47.4	$ 12.5
Primary earnings per common and common equivalent share:						
Earnings before extraordinary loss	$ 1.08	$ 1.13	$ 1.92	$ 1.69	$ 1.43	$ 0.78
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(0.40)
Net earnings	$ 1.08	$ 1.13	$ 1.92	$ 1.69	$ 1.43	$ 0.38

UGI CORPORATION AND SUBSIDIARIES

Exhibit (11)

COMPUTATION OF EARNINGS PER SHARE
(Millions, Except Per Share Amounts)

	Three Months Ended March 31,		Six Months Ended March 31,		Twelve Months Ended March 31,	
	1997	1996	1997	1996	1997	1996
Fully diluted earnings per share:						
Actual average common shares outstanding	33.1	33.0	33.1	33.0	33.1	32.9
Incremental shares issuable upon exercise of stock options outstanding	0.2	0.1	0.2	0.1	0.2	0.1
Total shares for fully diluted computation	33.3	33.1	33.3	33.1	33.3	33.0
Earnings applicable to common stock:						
Earnings before extraordinary loss	$ 35.8	$ 37.6	$ 63.7	$ 55.8	$ 47.4	$ 25.7
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(13.2)
Net earnings	$ 35.8	$ 37.6	$ 63.7	$ 55.8	$ 47.4	$ 12.5
Fully diluted earnings per common share:						
Earnings before extraordinary loss	$ 1.08	$ 1.13	$ 1.91	$ 1.69	$ 1.43	$ 0.78
Extraordinary loss - propane debt restructuring	--	--	--	--	--	(0.40)
Net earnings	$ 1.08	$ 1.13	$ 1.91	$ 1.69	$ 1.43	$ 0.38

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM (A) THE CONDENSED CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF UGI CORPORATION AND SUBSIDIARIES AS OF AND FOR THE SIX MONTHS ENDED MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH (B) FINANCIAL STATEMENTS INCLUDED IN UGI CORPORATION'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 1997.

0000884614
UGI CORPORATION
1,000
US DOLLARS

6-MOS
SEP-30-1996
OCT-01-1996
MAR-31-1997
1
85,900
67,800
236,800
13,600
56,700
480,200
1,372,500
395,100
2,232,000
400,900
835,500
35,200
0
392,300
24,200
2,232,000
1,106,000
1,106,000
649,500
649,500
0
0
42,500
117,900
52,800
63,700
0
0
0
63,700
1.92
1.92