

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2003

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
(State or other jurisdiction of
incorporation or organization)

23-2668356
(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 ☒ No ☐

At April 30, 2003, there were 42,080,609 shares of UGI Corporation Common
Stock, without par value, outstanding.

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UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Millions of dollars)

	March 31, 2003	September 30, 2002	March 31, 2002
	-----	-----	-----
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 149.2	\$ 194.3	\$ 139.5
Short-term investments (at cost, which approximates fair value)	45.0	--	--
Accounts receivable (less allowances for doubtful accounts of \$20.1, \$11.8 and \$18.6, respectively)	414.8	157.7	265.1
Accrued utility revenues	21.7	8.1	19.7
Inventories	83.3	109.2	74.6
Deferred income taxes	28.9	10.4	22.6
Utility regulatory assets	--	4.3	--
Prepaid expenses and other current assets	40.7	46.0	32.4
	-----	-----	-----
Total current assets	783.6	530.0	553.9
Property, plant and equipment, at cost (less accumulated depreciation and amortization of \$765.8, \$720.5 and \$686.6, respectively)	1,279.3	1,271.9	1,262.9
Goodwill and excess reorganization value	653.5	644.9	638.9
Intangible assets (less accumulated amortization of \$12.8, \$10.3 and \$8.3, respectively)	33.8	25.8	28.8
Utility regulatory assets	59.2	57.7	55.2
Other assets	93.3	84.1	101.6
	-----	-----	-----
Total assets	\$ 2,902.7	\$ 2,614.4	\$ 2,641.3
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 123.9	\$ 148.7	\$ 95.1
AmeriGas Propane bank loans	--	10.0	--
UGI Utilities bank loans	27.7	37.2	58.9
Other bank loans	9.7	8.6	11.3
Accounts payable	302.7	166.1	169.7
Other current liabilities	256.0	215.8	205.0
	-----	-----	-----
Total current liabilities	720.0	586.4	540.0
Long-term debt	1,133.3	1,127.0	1,155.2
Deferred income taxes	213.0	200.2	186.3
Other noncurrent liabilities	99.2	87.5	78.7
Commitments and contingencies (note 7)			
Minority interests in AmeriGas Partners	148.1	276.0	330.1
UGI Utilities redeemable preferred stock	20.0	20.0	20.0
Common stockholders' equity:			
Common Stock, without par value (authorized - 150,000,000 shares; issued - 49,798,097 shares)	554.2	396.6	395.1
Retained earnings	122.7	39.7	65.0
Accumulated other comprehensive income	10.1	6.6	1.2
	-----	-----	-----
Treasury stock, at cost	687.0	442.9	461.3
	(117.9)	(125.6)	(130.3)
	-----	-----	-----
Total common stockholders' equity	569.1	317.3	331.0
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 2,902.7	\$ 2,614.4	\$ 2,641.3
	=====	=====	=====

See accompanying notes to consolidated 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,	
	2003	2002	2003	2002
Revenues:				
AmeriGas Propane	\$ 625.6	\$ 460.1	\$ 1,070.6	\$ 831.5
UGI Utilities	269.2	179.9	437.6	321.4
International Propane	18.1	12.7	32.4	26.4
Energy Services and other	223.0	111.3	335.2	204.1
	1,135.9	764.0	1,875.8	1,383.4
Costs and expenses:				
AmeriGas Propane cost of sales	360.6	224.6	604.0	423.8
UGI Utilities - gas, fuel and purchased power	173.1	109.1	273.6	196.2
International Propane cost of sales	10.4	6.2	18.6	13.2
Energy Services and other cost of sales	210.8	102.8	311.8	187.0
Operating and administrative expenses	175.4	149.8	330.8	294.5
Utility taxes other than income taxes	3.5	3.2	6.4	5.8
Depreciation and amortization	25.4	23.5	49.6	46.7
Other income, net	(7.7)	(5.7)	(10.8)	(8.8)
	951.5	613.5	1,584.0	1,158.4
Operating income	184.4	150.5	291.8	225.0
Income from equity investees	5.0	3.7	6.9	7.5
Loss on extinguishments of debt	(3.0)	--	(3.0)	(0.7)
Interest expense	(27.1)	(27.4)	(55.3)	(55.6)
Minority interests in AmeriGas Partners	(44.8)	(41.5)	(65.3)	(50.6)
Income before income taxes and subsidiary preferred stock dividends	114.5	85.3	175.1	125.6
Income tax expense	(44.3)	(30.9)	(67.8)	(46.7)
Dividends on UGI Utilities Series Preferred Stock	(0.4)	(0.4)	(0.8)	(0.8)
Net income	\$ 69.8	\$ 54.0	\$ 106.5	\$ 78.1
Earnings per share - basic	\$ 1.66	\$ 1.31	\$ 2.55	\$ 1.90
Earnings per share - diluted	\$ 1.62	\$ 1.28	\$ 2.49	\$ 1.86
Average common shares outstanding:				
Basic	41.958	41.288	41.822	41.193
Diluted	42.990	42.132	42.790	41.922
Dividends declared per common share	\$ 0.285	\$ 0.267	\$ 0.56	\$ 0.533

See accompanying notes to consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Millions of dollars)

	Six Months Ended March 31,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 106.5	\$ 78.1
Reconcile to net cash provided by operating activities:		
Depreciation and amortization	49.6	46.7
Minority interests in AmeriGas Partners	65.3	50.6
Deferred income taxes, net	(7.9)	(0.5)
Other, net	13.8	8.1
Net change in:		
Accounts receivable and accrued utility revenues	(282.1)	(100.8)
Inventories	26.4	53.9
Deferred fuel costs	34.3	6.3
Accounts payable	135.2	3.1
Other current assets and liabilities	9.8	(23.8)
Net cash provided by operating activities	150.9	121.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(51.1)	(43.0)
Net proceeds from disposals of assets	2.3	3.8
Acquisitions of business, net of cash acquired	(13.6)	--
Increase in short-term investments	(45.0)	--
Other, net	1.6	0.8
Net cash used by investing activities	(105.8)	(38.4)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends on UGI Common Stock	(23.4)	(21.9)
Distributions on AmeriGas Partners publicly held Common Units	(27.4)	(26.1)
Issuance of long-term debt	89.1	0.2
Repayment of long-term debt	(117.0)	(40.6)
AmeriGas Propane bank loans decrease	(10.0)	--
UGI Utilities bank loans (decrease) increase	(9.5)	1.1
Other bank loans increase	0.1	1.7
Issuance of AmeriGas Partners Common Units	--	49.6
Issuance of UGI Common Stock	8.2	4.7
Net cash used by financing activities	(89.9)	(31.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(0.3)	--
Cash and cash equivalents (decrease) increase	\$ (45.1)	\$ 52.0
Cash and cash equivalents:		
End of period	\$ 149.2	\$ 139.5
Beginning of period	194.3	87.5
(Decrease) Increase	\$ (45.1)	\$ 52.0

See accompanying notes to consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(Millions of dollars, except per share amounts)

1. BASIS OF PRESENTATION

UGI Corporation ("UGI") is a holding company that owns and operates natural gas and electric utility, electricity generation, propane distribution, energy marketing and related businesses in the United States. Through foreign subsidiaries and joint-venture affiliates, UGI also distributes propane in Austria, the Czech Republic, Slovakia, France and China.

Our utility business is conducted through our wholly owned subsidiary, UGI Utilities, Inc. ("UGI Utilities"). UGI Utilities owns and operates a natural gas distribution utility ("Gas Utility") in parts of eastern and southeastern Pennsylvania; owns and operates an electricity distribution utility ("Electric Utility") in northeastern Pennsylvania; and through its wholly owned subsidiary, UGI Development Company ("UGID"), owns interests in Pennsylvania-based electricity generation assets (which together with Electric Utility are referred to herein as "Electric Operations"). Gas Utility and Electric Utility are subject to regulation by the Pennsylvania Public Utility Commission ("PUC").

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas OLP's subsidiary, AmeriGas Eagle Propane, L.P. ("Eagle OLP"). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and AmeriGas OLP. AmeriGas OLP and Eagle OLP (collectively referred to as "the Operating Partnerships") comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states. We refer to AmeriGas Partners and its subsidiaries together as "the Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane." At March 31, 2003, the General Partner and its wholly owned subsidiary Petrolane Incorporated ("Petrolane") collectively held a 1% general partner interest and a 49.1% limited partner interest in AmeriGas Partners, and effective 50.6% and 50.5% ownership interests in AmeriGas OLP and Eagle OLP, respectively. Our limited partnership interest in AmeriGas Partners comprises 24,525,004 Common Units. The remaining 49.9% interest in AmeriGas Partners comprises 24,908,204 publicly held Common Units representing limited partner interests.

Our wholly owned subsidiary, UGI Enterprises, Inc. ("Enterprises"), conducts an energy marketing business primarily in the Middle Atlantic region of the United States through its wholly owned subsidiary, UGI Energy Services, Inc. ("Energy Services"). Through other subsidiaries, Enterprises (1) owns and operates a propane distribution business in Austria, the Czech Republic and Slovakia ("FLAGA"); (2) owns and operates a heating, ventilation and air-conditioning service business in the Middle Atlantic states ("HVAC"); and (3) participates in propane joint-venture businesses in France ("Antargaz") and China.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

Our condensed consolidated financial statements include the accounts of UGI and its majority-owned subsidiaries, together referred to as "we" or "the Company." We eliminate all significant intercompany accounts and transactions when we consolidate. We report the public's limited partner interests in the Partnership's results of operations and net assets as minority interests in the condensed consolidated statements of income and balance sheets.

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 ("SEC"). They include all adjustments which we consider 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 financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2002 ("Company's 2002 Annual Report"). Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

EARNINGS PER COMMON SHARE. On January 28, 2003, UGI's Board of Directors approved a 3-for-2 split of UGI's Common Stock. On April 1, 2003, UGI issued one additional common share for every two common shares outstanding to shareholders of record on February 28, 2003. Average shares outstanding, earnings per share and dividends declared per share for the three and six months ended March 31, 2003 are reflected on a post-split basis. Prior-year amounts have been retroactively restated to reflect the effects of the common stock split.

Basic earnings per share reflect the weighted-average number of common shares outstanding. Diluted earnings per share include the effects of dilutive stock options and common stock awards. Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Denominator (millions of shares):				
Average common shares outstanding for basic computation	41.958	41.288	41.822	41.193
Incremental shares issuable for stock options and awards	1.032	0.844	0.968	0.729
Average common shares outstanding for diluted computation	42.990	42.132	42.790	41.922

STOCK-BASED COMPENSATION. As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), we apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of stock, stock options, and other equity instruments to employees. We use the intrinsic value method prescribed by APB 25 for our stock-based employee compensation plans.

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

We recognized total stock and unit-based compensation expense of \$4.8 million and \$6.6 million in the three and six months ended March 31, 2003, respectively, and \$1.0 million and \$1.5 million in the three and six months ended March 31, 2002, respectively. If we had determined stock-based compensation expense under the fair value method prescribed by SFAS 123, net income and diluted earnings per share for the three and six months ended March 31, 2003 and 2002 would have been as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Net income, as reported	\$ 69.8	\$ 54.0	\$ 106.5	\$ 78.1
Add: Stock and unit-based employee compensation expense included in reported net income, net of related tax effects	2.9	0.6	4.0	0.9
Deduct: Total stock and unit-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(3.1)	(0.8)	(4.4)	(1.2)
Pro forma net income	\$ 69.6	\$ 53.8	\$ 106.1	\$ 77.8
Basic earnings per share:				
As reported	\$ 1.66	\$ 1.31	\$ 2.55	\$ 1.90
Pro forma	\$ 1.66	\$ 1.30	\$ 2.54	\$ 1.89
Diluted earnings per share:				
As reported	\$ 1.62	\$ 1.28	\$ 2.49	\$ 1.86
Pro forma	\$ 1.62	\$ 1.28	\$ 2.48	\$ 1.86

COMPREHENSIVE INCOME. The following table presents the components of comprehensive income for the three and six months ended March 31, 2003 and 2002:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Net income	\$ 69.8	\$ 54.0	\$ 106.5	\$ 78.1
Other comprehensive (loss) income	(1.4)	13.9	3.5	14.7
Comprehensive income	\$ 68.4	\$ 67.9	\$ 110.0	\$ 92.8

Other comprehensive (loss) income principally comprises (1) changes in the fair value of derivative commodity instruments and interest rate protection agreements qualifying as hedges and (2) foreign currency translation adjustments, net of reclassifications to net income.

USE OF ESTIMATES. We make estimates and assumptions when preparing financial statements in conformity with accounting principles generally accepted in the United States. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and

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

expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

RECLASSIFICATIONS. In order to more appropriately classify direct costs associated with the Partnership's Prefilled Propane Xchange ("PPX(R)") program, for the three and six months ended March 31, 2003, certain costs previously reflected in operating and administrative expenses have been included in cost of sales. We have reclassified \$3.2 million and \$6.0 million of such costs incurred during the three and six months ended March 31, 2002, respectively, to conform to the current-period presentation.

In January 2003, the Partnership recorded a loss on an early extinguishment of long-term debt. This loss has been reflected in the Condensed Consolidated Statements of Income as "loss on extinguishments of debt." A loss associated with a November 2001 early extinguishment of long-term debt previously included in other income, net, has been reclassified to conform to the current-period presentation (see Note 5).

2. SEGMENT INFORMATION

We have organized our business units into five reportable segments generally based upon products sold, geographic location (domestic or international), or regulatory environment. Our reportable segments are: (1) AmeriGas Propane; (2) Gas Utility; (3) Electric Operations; (4) Energy Services; and (5) an international propane segment comprising FLAGA and our international propane equity investments ("International Propane").

The accounting policies of the five segments disclosed are the same as those described in the Significant Accounting Policies note contained in the Company's 2002 Annual Report. We evaluate our AmeriGas Propane and International Propane segments' profitability principally based upon their earnings before interest expense, income taxes, depreciation and amortization, minority interests, loss on extinguishments of debt and income from equity investees ("EBITDA"). Although we use EBITDA to evaluate these segments' profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States. The Company's definition of EBITDA may be different from that used by other companies. We evaluate the performance of Gas Utility, Electric Operations, and Energy Services principally based upon their earnings before income taxes.

UGI CORPORATION AND SUBSIDIARIES

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

2. SEGMENT INFORMATION (CONTINUED)

Three Months Ended March 31, 2003:

	Reportable Segments							
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Operations	Energy Services	International Propane	Corporate & Other (a)
Revenues	\$1,135.9	\$ (0.6)	\$ 625.6	\$239.9	\$ 29.3	\$212.6	\$ 18.1	\$ 11.0
Segment profit (loss):								
EBITDA	\$ 209.8	\$ --	\$ 134.2	\$ 59.7	\$ 9.2	\$ 4.2	\$ 2.2	\$ 0.3
Depreciation and amortization	(25.4)	--	(18.6)	(4.6)	(0.8)	(0.2)	(0.9)	(0.3)
Operating income	184.4	--	115.6	55.1	8.4	4.0	1.3	--
Income from equity investees	5.0	--	(0.1)	--	--	--	5.1	--
Loss on extinguishments of debt	(3.0)	--	(3.0)	--	--	--	--	--
Interest expense	(27.1)	--	(21.8)	(3.5)	(0.7)	--	(1.0)	(0.1)
Minority interests	(44.8)	--	(44.8)	--	--	--	--	--
Income (loss) before income taxes and subsidiary preferred stock dividends	\$ 114.5	\$ --	\$ 45.9	\$ 51.6	\$ 7.7	\$ 4.0	\$ 5.4	\$ (0.1)
Segment assets (at period end)	\$2,902.7	\$ (43.7)	\$1,580.9	\$744.9	\$112.0	\$147.6	\$162.1	\$198.9
Investments in equity investees (at period end)	\$ 46.1	\$ --	\$ 3.5	\$ --	\$ 11.4	\$ --	\$ 31.2	\$ --
Goodwill and excess reorganization value (at period end)	\$ 653.5	\$ --	\$ 590.3	\$ --	\$ --	\$ --	\$ 58.7	\$ 4.5

Three Months Ended March 31, 2002:

	Reportable Segments							
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Operations	Energy Services	International Propane	Corporate & Other (a)
Revenues	\$ 764.0	\$ (0.6)	\$ 460.1	\$ 158.1	\$ 21.8	\$ 103.5	\$ 12.7	\$ 8.4
Segment profit:								
EBITDA	\$ 174.0	\$ --	\$ 120.9	\$ 43.5	\$ 3.8	\$ 2.2	\$ 2.5	\$ 1.1
Depreciation and amortization	(23.5)	--	(16.5)	(5.1)	(0.9)	(0.2)	(0.7)	(0.1)
Operating income	150.5	--	104.4	38.4	2.9	2.0	1.8	1.0
Income from equity investees	3.7	--	0.2	--	--	--	3.5	--
Loss on extinguishments of debt	--	--	--	--	--	--	--	--
Interest expense	(27.4)	--	(22.0)	(3.7)	(0.6)	--	(0.9)	(0.2)
Minority interests	(41.5)	--	(41.5)	--	--	--	--	--
Income before income taxes and subsidiary preferred stock dividends	\$ 85.3	\$ --	\$ 41.1	\$ 34.7	\$ 2.3	\$ 2.0	\$ 4.4	\$ 0.8
Segment assets (at period end)	\$2,641.3	\$ (29.9)	\$1,571.6	\$ 683.8	\$ 104.0	\$ 61.0	\$ 144.8	\$106.0
Investments in equity investees (at period end)	\$ 50.2	\$ --	\$ 3.6	\$ --	\$ 10.2	\$ --	\$ 36.4	\$ --
Goodwill and excess reorganization value (at period end)	\$ 638.9	\$ --	\$ 589.1	\$ --	\$ --	\$ --	\$ 46.3	\$ 3.5

(a) Principally comprises UGI, UGI Enterprises' HVAC operations, and UGI Enterprises' corporate and general expenses.

UGI CORPORATION AND SUBSIDIARIES

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

2. SEGMENT INFORMATION (CONTINUED)

Six Months Ended March 31, 2003:

	Total	Elims.	Reportable Segments					
			AmeriGas Propane	Gas Utility	Electric Operations	Energy Services	International Propane	Corporate & Other
Revenues	\$1,875.8	\$ (1.2)	\$1,070.6	\$385.0	\$ 52.6	\$315.7	\$ 32.4	\$ 20.7
Segment profit (loss):								
EBITDA	\$ 341.4	\$ --	\$ 215.9	\$ 97.7	\$ 15.3	\$ 8.7	\$ 3.4	\$ 0.4
Depreciation and amortization	(49.6)	--	(36.1)	(9.1)	(1.6)	(0.5)	(1.8)	(0.5)
Operating income (loss)	291.8	--	179.8	88.6	13.7	8.2	1.6	(0.1)
Income from equity investees	6.9	--	0.1	--	--	--	6.8	--
Loss on extinguishments of debt	(3.0)	--	(3.0)	--	--	--	--	--
Interest expense	(55.3)	--	(44.5)	(7.2)	(1.3)	--	(2.1)	(0.2)
Minority interests	(65.3)	--	(65.3)	--	--	--	--	--
Income (loss) before income taxes and subsidiary preferred stock dividends	\$ 175.1	\$ --	\$ 67.1	\$ 81.4	\$ 12.4	\$ 8.2	\$ 6.3	\$ (0.3)
Segment assets (at period end)	\$2,902.7	\$ (43.7)	\$1,580.9	\$744.9	\$112.0	\$147.6	\$162.1	\$198.9
Investments in equity investees (at period end)	\$ 46.1	\$ --	\$ 3.5	\$ --	\$ 11.4	\$ --	\$ 31.2	\$ --
Goodwill and excess reorganization value (at period end)	\$ 653.5	\$ --	\$ 590.3	\$ --	\$ --	\$ --	\$ 58.7	\$ 4.5

Six Months Ended March 31, 2002:

	Total	Elims.	Reportable Segments					
			AmeriGas Propane	Gas Utility	Electric Operations	Energy Services	International Propane	Corporate & Other
Revenues	\$1,383.4	\$ (1.1)	\$ 831.5	\$ 279.4	\$ 42.0	\$ 187.2	\$ 26.4	\$ 18.0
Segment profit:								
EBITDA	\$ 271.7	\$ --	\$ 179.6	\$ 73.3	\$ 7.3	\$ 4.6	\$ 5.0	\$ 1.9
Depreciation and amortization	(46.7)	--	(32.8)	(10.0)	(1.7)	(0.4)	(1.4)	(0.4)
Operating income	225.0	--	146.8	63.3	5.6	4.2	3.6	1.5
Income from equity investees	7.5	--	0.5	--	--	--	7.0	--
Loss on extinguishments of debt	(0.7)	--	(0.7)	--	--	--	--	--
Interest expense	(55.6)	--	(44.7)	(7.3)	(1.2)	--	(2.1)	(0.3)
Minority interests	(50.6)	--	(50.6)	--	--	--	--	--
Income before income taxes and subsidiary preferred stock dividends	\$ 125.6	\$ --	\$ 51.3	\$ 56.0	\$ 4.4	\$ 4.2	\$ 8.5	\$ 1.2
Segment assets (at period end)	\$2,641.3	\$ (29.9)	\$1,571.6	\$ 683.8	\$ 104.0	\$ 61.0	\$ 144.8	\$ 106.0
Investments in equity investees (at period end)	\$ 50.2	\$ --	\$ 3.6	\$ --	\$ 10.2	\$ --	\$ 36.4	\$ --
Goodwill and excess reorganization value (at period end)	\$ 638.9	\$ --	\$ 589.1	\$ --	\$ --	\$ --	\$ 46.3	\$ 3.5

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

3. INTANGIBLE ASSETS

The Company's intangible assets comprise the following:

	March 31, 2003	September 30, 2002
	-----	-----
Subject to amortization:		
Customer relationships, noncompete agreements and other	\$ 46.6	\$ 36.1
Accumulated amortization	(12.8)	(10.3)
	-----	-----
	\$ 33.8	\$ 25.8
	-----	-----
Not subject to amortization:		
Goodwill	\$ 560.2	\$ 551.6
Excess reorganization value	93.3	93.3
	-----	-----
	\$ 653.5	\$ 644.9
	-----	-----

The increase in goodwill during the six months ended March 31, 2003 principally reflects foreign currency translation effects while the increase in other intangible assets is the result of business acquisitions. Amortization expense of intangible assets was \$1.4 million and \$2.5 million for the three and six months ended March 31, 2003, respectively, and \$1.3 million and \$2.5 million for the three and six months ended March 31, 2002, respectively. Our expected aggregate amortization expense of intangible assets for the next five fiscal years is as follows: Fiscal 2003 - \$6.1 million; Fiscal 2004 - \$5.2 million; Fiscal 2005 - \$4.4 million; Fiscal 2006 - \$3.8 million; Fiscal 2007 - \$3.2 million.

4. CONVERSION OF AMERIGAS PARTNERS SUBORDINATED UNITS

In December 2002, the General Partner determined that the cash-based performance and distribution requirements for the conversion of the remaining 9,891,072 Subordinated Units of AmeriGas Partners, all of which were held by the General Partner, had been met in respect of the quarter ended September 30, 2002. As a result, in accordance with the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., these Subordinated Units were converted to a like number of Common Units effective November 18, 2002. Concurrent with the Subordinated Unit conversion, the Company recorded a \$157.0 million increase in common stockholders' equity, and a corresponding decrease in minority interests in AmeriGas Partners, associated with gains from sales of Common Units by AmeriGas Partners in conjunction with, and subsequent to, the Partnership's April 19, 1995 initial public offering. These gains were determined in accordance with the guidance in SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary." The gains resulted because the public offering prices of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the dates of their sale. Due to the preference nature of the Common Units, the Company was precluded from recording these gains until the Subordinated Units converted to Common Units. No deferred income taxes were recorded on these gains due to the Company's intent to hold its investment in the Partnership indefinitely. The changes to the Company's balance sheet

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Millions of dollars, except per share amounts)

resulting from the Subordinated Unit conversion had no effect on the Company's net income or cash flow and did not result in an increase in the number of AmeriGas Partners limited partner units outstanding.

5. LONG-TERM DEBT

On October 1, 2002, UGI Utilities repaid \$26 million of its maturing 6.73% Medium-Term Notes. On December 3, 2002, AmeriGas Partners issued \$88 million face amount of 8.875% Senior Notes due 2011 at an effective interest rate of 8.30%. The proceeds, net of underwriters' fees, of \$89.1 million were used on January 6, 2003 to redeem prior to maturity AmeriGas Partners' \$85 million face amount of 10.125% Senior Notes due 2007 at a redemption price of 102.25%, plus accrued interest. The Partnership recognized a pre-tax loss of \$3.0 million in the quarter ended March 31, 2003 related to the redemption premium and other associated costs and expenses. In November 2001, AmeriGas Partners redeemed prior to maturity \$15 million face value of its 10.125% Senior Notes at a redemption price of 103.375%. The Partnership recognized a pre-tax loss of \$0.8 million in the quarter ended December 31, 2001 related to the redemption premium and other associated costs and expenses.

In April 2003, AmeriGas OLP repaid \$53.8 million of maturing First Mortgage Notes. In conjunction with this repayment, in April 2003 AmeriGas Partners issued \$32 million face amount of 8.875% Series B Senior Notes due 2011 and contributed the net proceeds of \$33.7 million to AmeriGas OLP.

6. ENERGY SERVICES ACCOUNTS RECEIVABLE SECURITIZATION FACILITY

Energy Services has a receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring on November 30, 2004. Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose, bankruptcy-remote subsidiary, Energy Services Funding Corporation ("ESFC") which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided ownership interest of up to \$50 million to a commercial paper conduit of a major bank. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Energy Services continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC.

During the three and six months ended March 31, 2003, Energy Services sold trade receivables totaling \$186.3 million and \$289.0 million, respectively, to ESFC. During the three months ended March 31, 2003, ESFC sold an aggregate \$15 million of trade

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

receivables to the commercial paper conduit. At March 31, 2003, the outstanding balance of ESFC receivables was \$89.8 million which is net of an undivided interest of \$12 million in trade receivables sold by ESFC to the commercial paper conduit.

7. COMMITMENTS AND CONTINGENCIES

The Partnership has succeeded to certain lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations before its 1989 acquisition by QFB Partners. Future lease payments under these leases total approximately \$18.0 million at March 31, 2003. The leases expire through 2010 and some of them are currently in default. 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. In December 1999, Texas Eastern filed for dissolution under the Delaware General Corporation Law. In May 2001, Petrolane filed a declaratory judgment action in the Delaware Chancery Court seeking confirmation of Texas Eastern's indemnification obligations and judicial supervision of Texas Eastern's dissolution to ensure that its indemnification obligations to Petrolane are paid or adequately provided for in accordance with law. Those proceedings are pending. Pursuant to a Liquidation and Winding Up Agreement dated September 17, 2002, PanEnergy Corporation ("PanEnergy"), Texas Eastern's sole stockholder, assumed all of Texas Eastern's liabilities as of December 20, 2002, to the extent of the value of Texas Eastern's assets transferred to PanEnergy as of that date (which was estimated to exceed \$94 million), and to the extent that such liabilities arise within ten years from Texas Eastern's date of dissolution. Notwithstanding the dissolution proceeding, and based on Texas Eastern previously having satisfied directly defaulted lease obligations without the Partnership's having to honor its guarantee, we believe that the probability that the Partnership will be required to directly satisfy the lease obligations subject to the indemnification agreement is remote.

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the "2001 Acquisition") pursuant to the terms of a purchase agreement (the "2001 Acquisition Agreement") by and among Columbia Energy Group ("CEG"), Columbia Propane Corporation ("CPC"), Columbia Propane, L.P. ("CPLP"), CP Holdings, Inc. ("CPH," and together with CPC and CPLP, the "Company Parties"), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the "Buyer Parties"). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of CPC and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the "1999 Acquisition Agreement"), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, "National General Partners") against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National Propane Partners, L.P. (the "1999 Acquisition") or the operation of the business after the 1999 Acquisition ("National Claims"). At March 31, 2003, the potential

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

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amount payable under this indemnity by the Company Parties was approximately \$71.0 million. These indemnity obligations will expire on the date that CPH acquires the remaining outstanding partnership interest of CPLP, which is expected to occur on or after July 19, 2009.

Under the terms of the 2001 Acquisition Agreement, CEG agreed to indemnify the Buyer Parties and the Company Parties against any losses that they sustain under the 1999 Acquisition Agreement and related agreements ("Losses"), including National Claims, to the extent such claims are based on acts or omissions of CEG or the Company Parties prior to the 2001 Acquisition. The Buyer Parties agreed to indemnify CEG against Losses, including National Claims, to the extent such claims are based on acts or omissions of the Buyer Parties or the Company Parties after the 2001 Acquisition. CEG and the Buyer Parties have agreed to apportion certain losses resulting from National Claims to the extent such losses result from the 2001 Acquisition itself.

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, UGI Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because Gas Utility is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites. UGI Utilities has been notified of several sites outside Pennsylvania on which (1) MGPs were formerly operated by it or owned or operated by its former subsidiaries and (2) either environmental agencies or private parties are investigating the extent of environmental contamination or performing environmental remediation. UGI Utilities is currently litigating two claims against it relating to out-of-state sites.

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that the subsidiary's separate corporate form should be disregarded.

In addition to these matters, there are other pending claims and legal actions arising in the normal course of our businesses. We cannot predict with certainty the final results of

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

(Millions of dollars, except per share amounts)

environmental and other matters. However, it is reasonably possible that some of them could be resolved unfavorably to us. Although we currently believe, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on our financial position, damages or settlements could be material to our operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

8. PROPOSED INVESTMENT IN CONEMAUGH

On February 25, 2003, Allegheny Energy Supply Company, LLC ("Allegheny Supply"), Allegheny Energy Supply Conemaugh, LLC, UGID and UGI entered into an asset purchase agreement ("Asset Purchase Agreement") pursuant to which UGID will acquire an additional 83 megawatt ownership interest in the Conemaugh electricity generation station ("Conemaugh") from Allegheny Supply, a unit of Allegheny Energy, Inc. ("Allegheny"), for approximately \$51.3 million in cash, subject to a \$3.0 million credit. Conemaugh is a 1,711-megawatt, coal-fired electricity generation station located near Johnstown, Pennsylvania and is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. under contract. The purchase will increase UGID's interest in Conemaugh to 102 megawatts (6.0%) from 19 megawatts (1.1%) currently. The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close by the end of June 2003. The purchase of the additional investment in Conemaugh will be financed from existing UGI cash balances.

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 compare our results of operations for (1) the three months ended March 31, 2003 ("2003 three-month period") with the three months ended March 31, 2002 ("2002 three-month period") and (2) the six months ended March 31, 2003 ("2003 six-month period") with the six months ended March 31, 2002 ("2002 six-month period"). Our analyses of results of operations should be read in conjunction with the segment information included in Note 2 to the Condensed Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES

2003 THREE-MONTH PERIOD COMPARED WITH 2002 THREE-MONTH PERIOD

Three Months Ended March 31, ----- (Dollars in millions)	2003 -----	2002 -----	Increase (Decrease) -----	
AMERIGAS PROPANE:				
Revenues	\$ 625.6	\$ 460.1	\$ 165.5	36.0%
Total margin (a)	\$ 265.0	\$ 235.5	\$ 29.5	12.5%
EBITDA (b)	\$ 134.2	\$ 120.9	\$ 13.3	11.0%
Operating income	\$ 115.6	\$ 104.4	\$ 11.2	10.7%
Retail gallons sold (millions) (c)	393.4	363.4	30.0	8.3%
Degree days - % colder (warmer) than normal (d)	1.0	(8.5)	--	--
GAS UTILITY:				
Revenues	\$ 239.9	\$ 158.1	\$ 81.8	51.7%
Total margin (a)	\$ 80.9	\$ 61.4	\$ 19.5	31.8%
Operating income	\$ 55.1	\$ 38.4	\$ 16.7	43.5%
System throughput - billions of cubic feet ("bcf")	32.4	26.1	6.3	24.1%
Degree days - % colder (warmer) than normal	7.9	(16.9)	--	--
ELECTRIC OPERATIONS:				
Revenues	\$ 29.3	\$ 21.8	\$ 7.5	34.4%
Total margin (a)	\$ 13.9	\$ 8.2	\$ 5.7	69.5%
Operating income	\$ 8.4	\$ 2.9	\$ 5.5	189.7%
Electric Utility distribution sales - millions of kilowatt hours ("gwh")	281.1	248.1	33.0	13.3%
ENERGY SERVICES:				
Revenues	\$ 212.6	\$ 103.5	\$ 109.1	105.4%
Total margin (a)	\$ 7.8	\$ 4.7	\$ 3.1	66.0%
Operating income	\$ 4.0	\$ 2.0	\$ 2.0	100.0%
INTERNATIONAL PROPANE:				
Revenues	\$ 18.1	\$ 12.7	\$ 5.4	42.5%
Total margin (a)	\$ 7.7	\$ 6.5	\$ 1.2	18.5%
EBITDA (b)	\$ 2.2	\$ 2.5	\$ (0.3)	(12.0)%
Operating income	\$ 1.3	\$ 1.8	\$ (0.5)	(27.8)%
Income from equity investees	\$ 5.1	\$ 3.5	\$ 1.6	45.7 %

(a) Total margin represents total revenues less cost of sales and, with respect to Electric Operations, revenue-related taxes, i.e. Electric Utility gross receipts taxes. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Condensed Consolidated Statements of Income.

(b) EBITDA (earnings before interest expense, income taxes, depreciation and amortization, minority interests, loss on extinguishments of debt and income from equity investees) 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 accounting principles generally accepted in the United States. Management uses EBITDA as the primary measure of segment profitability for the AmeriGas Propane and International Propane segments. The Company's definition of EBITDA may be different from that used by other companies.

(c) Retail gallons sold in the 2003 three-month period include certain bulk gallons previously reflected in wholesale gallons. Prior-period gallon amounts have been adjusted to conform to the current period classification.

UGI CORPORATION AND SUBSIDIARIES

- (d) Deviation from average heating degree days based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.

AMERIGAS PROPANE. Weather based upon national degree day data averaged 1.0% colder than normal during the 2003 three-month period and 6.8% colder than the 2002 three-month period. Although temperatures on a nationwide basis averaged near normal in the 2003 three-month period, weather in the western United States was significantly warmer than normal while weather in the eastern United States was generally colder than normal. The increase in retail volumes sold reflects the impact of the colder weather on heating-related sales partially offset by the impact of price-induced conservation and, with respect to commercial and industrial customers, the effects of continuing economic weakness. Low-margin wholesale propane volumes sold totaled 95.3 million gallons in the 2003 three-month period compared to 69.0 million gallons in the prior-year period reflecting in large part the effects of the colder weather and product cost hedging activities.

Retail propane revenues increased \$129.3 million reflecting (1) a \$96.1 million increase due to higher average retail selling prices and (2) a \$33.2 million increase due to the higher volumes sold. Wholesale propane revenues increased \$32.8 million reflecting (1) a \$21.3 million increase as a result of higher average wholesale propane selling prices and (2) an \$11.5 million increase as a result of the greater wholesale volumes sold. Retail and wholesale propane selling prices in the 2003 three-month period reflect a significant increase in the commodity price of propane. The higher propane commodity costs resulted from, among other things, high crude oil prices and historically low propane inventory levels. Total cost of sales increased \$136.0 million principally reflecting the higher propane commodity costs and the higher retail and wholesale volumes sold.

The increase in 2003 three-month period total margin is due principally to the higher retail propane gallons sold and higher average retail unit margins. Notwithstanding the previously mentioned significant increase in the commodity price of propane in the 2003 three-month period, retail unit margins were higher reflecting the effects of the higher average selling prices and the benefits of favorable propane product cost management activities.

The increase in EBITDA reflects the previously mentioned increase in total margin and greater other income partially offset by higher Partnership operating and administrative expenses. The higher 2003 three-month period operating expenses reflect higher volume-driven overtime and vehicle expenses, greater general and group insurance expenses, and higher incentive compensation and uncollectible accounts expenses. Other income in the 2003 three-month period includes a gain of \$1.1 million from the settlement of certain hedge contracts. Operating income increased \$11.2 million reflecting the previously mentioned increase in EBITDA partially offset by greater depreciation expense principally associated with PPX(R).

GAS UTILITY. Total distribution system throughput increased 6.3 bcf or 24.1% as the significantly colder 2003 three-month period weather resulted in greater heating-related sales to firm- residential, commercial and industrial ("core-market") customers and, to a lesser extent, greater volumes transported for residential, commercial and industrial delivery service customers.

The increase in Gas Utility revenues reflects the greater core-market volumes and residential, commercial, and industrial delivery service volumes and the effects of higher core-market purchased gas cost ("PGC") rates. The higher 2003 three-month period PGC rates resulted from the pass through of higher natural gas commodity costs. Gas Utility cost of gas was \$159.0 million in the

2003 three-month period compared to \$96.8 million in the 2002 three-month period reflecting the higher core-market volumes and PGC rates.

The increase in Gas Utility total margin principally reflects a \$14.3 million increase in margin from core-market customers and, to a lesser extent, greater margin from residential, commercial and industrial delivery service customers.

The higher Gas Utility operating income is due to the previously mentioned increase in total margin, slightly higher other income, and lower depreciation expense partially offset by a \$4.6 million increase in operating and administrative expenses. The higher operating and administrative expenses reflect, among other things, the impact of colder weather on distribution system maintenance expenses, higher uncollectible accounts expense, and greater incentive compensation expenses. Depreciation expense declined \$0.5 million in the 2003 three-month period due to a change, effective April 1, 2002, in the estimated useful lives of Gas Utility's distribution assets resulting from a PUC-mandated asset life study.

ELECTRIC OPERATIONS. Electric Operations benefited from the effects of weather that was 8.0% colder than normal in the 2003 three-month period compared to weather that was 16.4% warmer than normal in the prior-year period. Electric Utility's distribution sales increased 13.3% principally as a result of the colder weather.

The increase in Electric Operations' revenues reflects the effects of the greater Electric Utility distribution sales and a \$4.4 million increase in revenues from sales of electricity produced by our interests in electricity generation assets to third parties. Prior to September 2002, substantially all of the electricity generated by our interests in electricity generation assets was used by Electric Utility to meet a portion of its distribution system requirements. Beginning September 2002, Electric Utility began purchasing substantially all of its electricity requirements under fixed-price energy and capacity contracts with unaffiliated third-party suppliers, and we began selling electricity produced by our interests in generation assets and related capacity on the spot market. Electric Operations' cost of sales was \$14.2 million in the 2003 three-month period compared to \$12.4 million in the prior year reflecting the third-party spot market sales in the 2003 three-month period partially offset by the effects of lower Electric Utility per-unit purchased power costs.

The increase in Electric Operations' total margin reflects greater Electric Utility total margin, resulting from lower per-unit purchased power costs and greater distribution system sales, and margin from third-party spot market sales of electricity produced by our electricity generation assets. Electric Operations' operating income increased in the 2003 three-month period reflecting the increase in total margin.

ENERGY SERVICES. Energy Services' revenues more than doubled in the 2003 three-month period reflecting higher natural gas prices, the volume effects of colder weather and, to a lesser extent, the March 1, 2003 acquisition of the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Energy ("the TXU Energy Acquisition"). As a result of the TXU Energy Acquisition, Energy Services assumed sales and supply agreements for approximately 1,000 commercial and industrial customers located primarily in New York, Pennsylvania, Ohio and New Jersey. Although the TXU Energy Acquisition did not have a material impact on sales volumes and operating results in the 2003 three-month period, it is expected to increase Energy Services' annual sales volumes by more than 50 percent. The greater 2003 three-month period total margin reflects the higher volumes sold and slightly higher average unit margins. Operating income also

increased reflecting the higher total margin partially offset principally by greater operating expenses.

INTERNATIONAL PROPANE. FLAGA's revenues increased \$5.4 million in the 2003 three-month period principally reflecting greater propane selling prices and the effects of a stronger euro. The higher propane selling prices resulted from higher propane commodity costs. Temperatures in the 2003 three-month period were slightly colder than normal compared to temperatures in the 2002 three-month period that were nearly 15% warmer than normal. FLAGA's volumes were slightly higher in the 2003 three-month period as the effects of the colder weather were reduced by price-induced conservation and continued weak economic activity. The increase in FLAGA's total margin reflects the stronger euro and the greater sales partially offset by a decline in average unit margins resulting from higher propane product costs. FLAGA's EBITDA and operating income declined as the greater total margin was more than offset by higher operating expenses.

The increase in income from international propane equity investees in the 2003 three-month period reflects higher income from our investment in Antargaz due in large part to the effects of the stronger euro and the absence of goodwill amortization in the current-year period. Antargaz adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," effective April 1, 2002.

UGI CORPORATION AND SUBSIDIARIES

2003 SIX-MONTH PERIOD COMPARED WITH 2002 SIX-MONTH PERIOD

Six Months Ended March 31, ----- (Dollars in millions)	2003 -----	2002 -----	Increase (Decrease) -----	
AMERIGAS PROPANE:				
Revenues	\$1,070.6	\$ 831.5	\$239.1	28.8%
Total margin	\$ 466.6	\$ 407.7	\$ 58.9	14.4%
EBITDA	\$ 215.9	\$ 178.9	\$ 37.0	20.7%
Operating income	\$ 179.8	\$ 146.8	\$ 33.0	22.5%
Retail gallons sold (millions) (a)	717.6	643.7	73.9	11.5%
Degree days - % colder (warmer) than normal	1.1	(11.4)	--	--
GAS UTILITY:				
Revenues	\$ 385.0	\$ 279.4	\$105.6	37.8%
Total margin	\$ 137.6	\$ 107.4	\$ 30.2	28.1%
Operating income	\$ 88.6	\$ 63.3	\$ 25.3	40.0%
System throughput - billions of cubic feet ("bcf")	55.7	45.5	10.2	22.4%
Degree days - % colder (warmer) than normal	7.3	(17.8)	--	--
ELECTRIC OPERATIONS:				
Revenues	\$ 52.6	\$ 42.0	\$ 10.6	25.2%
Total margin	\$ 23.9	\$ 15.7	\$ 8.2	52.2%
Operating income	\$ 13.7	\$ 5.6	\$ 8.1	144.6%
Electric Utility distribution sales - millions of kilowatt hours ("gwh")	525.5	476.0	49.5	10.4%
ENERGY SERVICES:				
Revenues	\$ 315.7	\$ 187.2	\$128.5	68.6%
Total margin	\$ 14.9	\$ 9.3	\$ 5.6	60.2%
Operating income	\$ 8.2	\$ 4.2	\$ 4.0	95.2%
INTERNATIONAL PROPANE:				
Revenues	\$ 32.4	\$ 26.4	\$ 6.0	22.7%
Total margin	\$ 13.8	\$ 13.2	\$ 0.6	4.5%
EBITDA	\$ 3.4	\$ 5.0	\$ (1.6)	(32.0)%
Operating income	\$ 1.6	\$ 3.6	\$ (2.0)	(55.6)%
Income from equity investees	\$ 6.8	\$ 7.0	\$ (0.2)	(2.9)%

(a) Retail gallons sold in the 2003 six-month period include certain bulk gallons previously reflected in wholesale gallons. Prior-period gallon amounts have been adjusted to conform to the current period classification.

AMERIGAS PROPANE. Weather based upon national heating degree days was 1.1% colder than normal during the 2003 six-month period compared to weather that was 11.4% warmer than normal in the 2002 six-month period. Although temperatures on a nationwide basis averaged near normal in the 2003 six-month period, weather in the western United States was significantly warmer than normal while weather in the eastern United States was generally colder than normal. Retail propane volumes sold increased 73.9 million gallons due principally to the effects of the colder weather. Wholesale volumes sold totaled 167.0 million gallons in the 2003 six-month period compared to 137.4 million gallons in the prior-year principally reflecting the effects of colder weather and product cost hedging activities.

UGI CORPORATION AND SUBSIDIARIES

Retail propane revenues increased \$195.6 million reflecting (1) a \$114.0 million increase due to higher average selling prices and (2) an \$81.6 million increase due to the higher volumes sold. Wholesale propane revenues increased \$38.0 million reflecting (1) a \$24.7 million increase due to higher average selling prices and (2) a \$13.3 million increase due to the higher volumes sold. The higher retail and wholesale selling prices reflect significantly higher propane product costs during the 2003 six-month period. Total cost of sales increased \$180.2 million reflecting the higher volumes sold and higher average propane product costs.

The increase in total margin is principally due to the higher propane gallons sold and higher average retail propane unit margins. Notwithstanding the significant increase in the commodity price of propane, retail propane unit margins during the 2003 six-month period were higher than the prior-year period reflecting the effects of higher average selling prices and the benefits of favorable propane product cost management activities.

EBITDA increased \$37.1 million in the 2003 six-month period as the previously mentioned increase in total margin and higher other income was partially offset by a \$25.4 million increase in operating and administrative expenses. Operating and administrative expenses increased principally due to higher volume-driven overtime and vehicle expenses, greater general and group insurance expenses, and higher incentive compensation and uncollectible accounts expense. Other income in the 2003 six-month period includes a gain of \$1.1 million from the settlement of certain hedge contracts while other income in the prior-year six-month period was reduced by a \$2.1 million loss from declines in the value of propane commodity option contracts. Operating income in the 2003 six-month period increased less than the increase in EBITDA due to higher depreciation expense principally associated with PPX(R).

GAS UTILITY. Weather in Gas Utility's service territory was 7.3% colder than normal during the 2003 six-month period compared to weather that was 17.8% warmer than normal during the 2002 six-month period. The significantly colder weather resulted in higher heating-related sales to core-market customers and, to a lesser extent, greater volumes transported for residential, commercial and industrial delivery service customers.

Gas Utility revenues increased principally as a result of the greater sales to core-market customers and higher average PGC rates. Gas Utility cost of gas was \$247.4 million in the 2003 six-month period compared to \$172.0 million in the 2002 six-month period principally reflecting the higher core-market volumes sold and higher core-market PGC rates.

The increase in Gas Utility total margin in the 2003 six-month period principally reflects a \$24.2 million increase in core-market total margin due to the higher core-market sales and increased margin from greater delivery service volumes.

The increase in Gas Utility operating income reflects the increase in total margin and lower depreciation expense partially offset by a \$5.5 million increase in operating and administrative expenses. The higher operating and administrative expenses reflect, among other things, greater distribution system maintenance expenses, higher uncollectible accounts expense and increased incentive compensation expense. Depreciation expense declined \$0.9 million due to the previously mentioned change in the estimated useful lives of Gas Utility's distribution assets. Other income of \$5.7 million in the 2003 six-month period was generally comparable to the prior-year period as higher non-tariff service income was offset by a decline in pension income and lower interest income on PGC undercollections.

UGI CORPORATION AND SUBSIDIARIES

ELECTRIC OPERATIONS. Electric Utility's 2003 six-month period kilowatt-hour sales increased principally as a result of weather that was 8.6% colder than normal compared to weather that was 16.7% warmer than normal in the prior-year period.

The higher Electric Operations' revenues reflect higher Electric Utility sales and greater sales of electricity produced by our electric generation assets to third parties. Notwithstanding the significant increase in Electric Operations' revenues, cost of sales increased only \$2.0 million in the 2003 six-month period as the impact on cost of sales resulting from the greater sales was substantially offset by lower Electric Utility per-unit purchased power costs.

The increase in Electric Operations' total margin principally reflects the increased Electric Utility sales and lower Electric Utility per-unit purchased power costs. The increase in operating income reflects the greater total margin and higher other income partially offset by slightly higher 2003 six-month period general and administrative expenses.

ENERGY SERVICES. The substantial increase in Energy Services' revenues principally resulted from significantly higher natural gas prices, the effects of colder 2003 six-month period weather and growth from the March 2003 TXU Energy Acquisition. The greater Energy Services' total margin reflects the effects of the higher natural gas volumes, greater average unit margins on sales of natural gas, and higher volumes and total margin from sales of fuel oil. The increase in total margin was partially offset by higher operating expenses resulting principally from growth initiatives and the TXU Energy Acquisition.

INTERNATIONAL PROPANE. FLAGA's weather was near normal in the 2003 six-month period compared with weather that was approximately 7.5% warmer than normal in the prior year. Notwithstanding the colder weather, volumes declined slightly due in large part to price-induced conservation and continued weak economic activity. Although FLAGA volumes and unit margins were lower during the 2003 six-month period, total margin was slightly higher reflecting the effects of the stronger euro. The declines in EBITDA and operating income reflect higher operating expenses resulting principally from the effects of the stronger euro and higher payroll expenses.

The decline in earnings from equity investees in the 2003 six-month period reflects lower income from our debt and equity investments in Antargaz. Income from equity investees in the prior-year six-month period includes \$0.6 million of interest income from our debt investments in AGZ Holdings, the parent company of Antargaz. AGZ Holdings redeemed these investments in July 2002.

FINANCIAL CONDITION AND LIQUIDITY

FINANCIAL CONDITION

The Company's long-term debt outstanding totaled \$1,257.2 million at March 31, 2003 (including current maturities of \$123.9 million) compared to \$1,275.7 million of long-term debt at September 30, 2002 (including current maturities of \$148.7 million). On October 1, 2002, UGI Utilities repaid \$26 million of maturing Medium-Term Notes. On December 3, 2002, AmeriGas Partners issued \$88 million face amount of 8.875% Senior Notes due 2011 at an effective interest rate of 8.30%. The net proceeds of \$89.1 million were used on January 6, 2003 to redeem prior to

maturity AmeriGas Partners' \$85 million face amount of 10.125% Senior Notes due April 2007 at a redemption price of 102.25%, plus accrued interest. The Company recognized a pre-tax loss, net of minority interests, of \$1.5 million relating to the redemption premium and other associated costs and expenses.

In April 2003, AmeriGas OLP repaid \$53.8 million of maturing First Mortgage Notes. In conjunction with this repayment, in April 2003 AmeriGas Partners issued \$32 million face amount of 8.875% Series B Notes due 2011 and contributed the net proceeds of \$33.7 million to AmeriGas OLP.

AmeriGas OLP's Second Amended and Restated Bank Credit Agreement consists of a \$100 million Revolving Credit Facility and a \$75 million Acquisition Facility. At March 31, 2003, there were no borrowings outstanding under these facilities. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce available borrowing capacity, totaled \$22.2 million at March 31, 2003. AmeriGas OLP's Bank Credit Agreement expires October 1, 2003. The Partnership's management expects to renew this facility prior to its expiration.

At March 31, 2003, UGI Utilities had commitments under revolving credit agreements providing for borrowings of up to \$97 million. These agreements expire from June 2003 through June 2005. UGI Utilities currently expects to renew or replace those agreements expiring in June 2003 prior to their maturity. At March 31, 2003, UGI Utilities had borrowings under these agreements totaling \$17.7 million and an additional \$10 million under an uncommitted facility.

UGI Utilities has a shelf registration statement with the SEC under which it may issue up to an additional \$85 million of debt securities. AmeriGas Partners has debt and equity shelf registration statements with the SEC under which it may issue up to an additional \$28 million of Series B 8.875% Senior Notes and an additional 4.3 million Common Units.

Energy Services has a \$50 million receivables purchase facility with an issuer of receivables-backed commercial paper expiring November 30, 2004. During the three and six months ended March 31, 2003, Energy Services sold trade receivables totaling \$186.3 million and \$289.0 million, respectively, to its wholly owned, bankruptcy-remote subsidiary, ESFC, which is consolidated for financial statement purposes. During the three months ended March 31, 2003, ESFC sold an aggregate \$15 million of trade receivables to the facility's commercial paper conduit. At March 31, 2003, the outstanding balance of ESFC receivables was \$89.8 million which is net of \$12 million in trade receivables sold to the commercial paper conduit.

During the six months ended March 31, 2003, the Partnership declared and paid the minimum quarterly distribution of \$0.55 (the "MQD") on all limited partner units for the quarters ended September 30, 2002 and December 31, 2002. The MQD for the quarter ended March 31, 2003 will be paid on May 18, 2003 to holders of record on May 9, 2003. Effective November 18, 2002, the 9,891,072 Subordinated Units held by the General Partner were converted to Common Units (see "Conversion of AmeriGas Partners Subordinated Units" below). The ability of the Partnership to declare and pay the MQD on limited partner units in the future depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the Partnership's ability to borrow under its Bank Credit Agreement, to refinance maturing debt, and to increase its long-term debt. Some of these factors are affected by conditions beyond our control including weather, competition in markets we serve, and the cost of propane.

CASH FLOWS

The Company's cash flows from operating activities are seasonal and are generally greatest during the second and third fiscal quarters when customers pay bills incurred during the heating season and are generally lowest during the first and fourth fiscal quarters. Accordingly, cash flows from operations for the six months ended March 31, 2003 are not necessarily indicative of cash flows to be expected for a full year. Included in the March 31, 2003 Condensed Consolidated Balance Sheet is \$136.7 million of cash, cash equivalents and short-term investments held by UGI.

OPERATING ACTIVITIES. Cash provided by operating activities was \$150.9 million in the 2003 six-month period compared to \$121.7 million in the prior-year six-month period. The increase in operating cash flow reflects the effects of the improved 2003 six-month period operating results partially offset by greater cash required to fund changes in operating working capital. Changes in operating working capital required \$76.4 million of operating cash flow in the 2003 six-month period compared to \$61.3 million required in the prior-year period. The higher working capital cash needs primarily reflect the effects of higher 2003 six-month period natural gas and propane commodity prices on changes in customer accounts receivable and inventories partially offset by operating cash flow from changes in accounts payable, Gas Utility deferred fuel overcollections, and accrued income taxes.

INVESTING ACTIVITIES. We spent \$51.1 million for property, plant and equipment during the 2003 six-month period, an increase of \$8.1 million over the prior-year six-month period, principally reflecting a \$6.1 million increase in Partnership capital expenditures. The increase in Partnership capital expenditures is due in large part to greater PPX(R) capital expenditures associated with purchases of overfill protection devices ("OPDs"). Proceeds from asset disposals were lower in the 2003 six-month period due in large part to lower sales of Partnership excess assets. Cash paid for business acquisitions reflects the March 2003 TXU Energy Acquisition and, to a lesser extent, HVAC and Partnership business acquisitions. During the six months ended March 31, 2003, UGI invested \$45 million of its cash and cash equivalents in short-term investments.

FINANCING ACTIVITIES. We paid cash dividends on UGI Common Stock of \$23.4 million, and the Partnership paid the MQD on all publicly held limited partner units (as well as the limited partner units we own) during the 2003 six-month period. In December 2002, AmeriGas Partners received \$89.1 million of net proceeds from the issuance of \$88 million face amount of 8.875% Senior Notes due 2011. On January 6, 2003, AmeriGas Partners used the net proceeds to repay prior to maturity the then-remaining \$85 million face amount of 10.125% Senior Notes at a redemption price of 102.25%, plus accrued interest. In October 2002, UGI Utilities repaid \$26 million of maturing Medium-Term Notes. Also during the 2003 six-month period, AmeriGas OLP repaid all outstanding borrowings under its Revolving Credit Facility and UGI Utilities reduced its bank loan borrowings by \$9.5 million.

PROPOSED INVESTMENT IN CONEMAUGH

On February 25, 2003, Allegheny Energy Supply Company, LLC ("Allegheny Supply"), Allegheny Energy Supply Conemaugh, LLC, UGID and UGI entered into an asset purchase agreement ("Asset Purchase Agreement") pursuant to which UGID will acquire an additional 83 megawatt ownership interest in the Conemaugh electricity generation station ("Conemaugh") from Allegheny Supply, a unit of Allegheny Energy, Inc. ("Allegheny"), for approximately \$51.3 million in cash, subject to a \$3.0 million credit. Conemaugh is a 1,711-megawatt, coal-fired electricity generation station located near Johnstown, Pennsylvania and is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. under contract. The purchase will increase UGID's interest in Conemaugh to 102 megawatts (6.0%) from 19 megawatts (1.1%) currently. The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close by the end of June 2003. The purchase of the additional investment in Conemaugh will be financed from existing UGI cash balances.

CONVERSION OF AMERIGAS PARTNERS SUBORDINATED UNITS

In December 2002, the General Partner determined that the cash-based performance and distribution requirements for the conversion of the remaining 9,891,072 Subordinated Units of AmeriGas Partners, all of which were held by the General Partner, had been met in respect of the quarter ended September 30, 2002. As a result, these Subordinated Units were converted to a like number of Common Units effective November 18, 2002. Concurrent with the Subordinated Unit conversion, the Company recorded a \$157.0 million increase in common stockholders' equity, and a corresponding decrease in minority interests in AmeriGas Partners, associated with gains from sales of Common Units by AmeriGas Partners in conjunction with, and subsequent to, the Partnership's April 19, 1995 initial public offering. These gains were determined in accordance with the guidance in SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary." The gains resulted because the public offering prices of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the dates of their sale. Due to the preference nature of the Common Units, the Company was precluded from recording these gains until the Subordinated Units converted to Common Units. No deferred income taxes were recorded on these gains due to the Company's intent to hold its investment in the Partnership indefinitely. The changes to the Company's balance sheet resulting from the Subordinated Unit conversion had no effect on the Company's net income or cash flow and did not result in an increase in the number of AmeriGas Partners limited partner units outstanding.

UGI COMMON STOCK SPLIT AND DIVIDEND INCREASE

On January 28, 2003, UGI's Board of Directors approved a 3-for-2 split of UGI's Common Stock. On April 1, 2003, UGI issued one additional common share for every two common shares outstanding to shareholders of record February 28, 2003. Also on January 28, 2003, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to \$0.2850 per post-split share or \$1.14 per post-split share on an annual basis. The increased quarterly dividend was paid April 1, 2003 to shareholders of record on February 28, 2003.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") recently issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149"); SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" ("SFAS 148"); SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"); and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45").

SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 149 amends SFAS 133 for decisions made (1) as part of the FASB's Derivatives Implementation Group ("DIG") process; (2) in connection with other FASB projects dealing with financial instruments; and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. SFAS 149 is effective for contracts entered into or modified after June 30, 2003. Based upon the types of contracts currently entered into by the Company, we do not believe SFAS 149 will have a material impact on our financial position or results of operations.

SFAS 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As permitted by SFAS 123, we currently apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of stock, stock options, and other equity instruments to employees. The disclosures required by SFAS 148 are included in Note 1 to Condensed Consolidated Financial Statements.

SFAS 146 addresses accounting for costs associated with exit or disposal activities and replaces the guidance in Emerging Issues Task Force ("EITF") No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity." Generally, SFAS 146 requires that a liability for costs associated with an exit or disposal activity, including contract termination costs, employee termination benefits and other associated costs, be recognized when the liability is incurred. Under EITF No. 94-3, a liability was recognized at the date an entity committed to an exit plan. SFAS 146 became effective for disposal activities initiated after December 31, 2002. The initial adoption of the provisions of SFAS 146 did not affect our financial position or results of operations.

FIN 45 expands the existing disclosure requirements for guarantees and requires that companies recognize, at the inception of a guarantee, a liability for the fair value of the obligations undertaken when issuing the guarantee. The initial recognition and measurement provisions of FIN 45 are effective for guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are included in Note 7 to Condensed Consolidated Financial Statements. The application of FIN 45 did not have a material effect on our financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are (1) market prices for propane, natural gas and electricity; (2) changes in interest rates; and (3) foreign currency exchange rates.

The risk associated with fluctuations in the prices the Partnership and our International Propane operations pay for propane is principally a result of market forces reflecting changes in supply and demand for propane and any other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs, and the Partnership generally attempts to pass on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, it uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. International Propane's profitability is also sensitive to changes in propane supply costs. On occasion, FLAGA uses derivative commodity instruments to reduce market risk associated with a portion of its propane purchases. Over-the-counter derivative commodity instruments utilized by the Partnership and FLAGA are generally settled at expiration of the contract. In order to minimize credit risk associated with its derivative commodity contracts, the Partnership monitors established credit limits with the contract counterparties. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Gas Utility's tariffs contain clauses that permit recovery of substantially all of the prudently incurred cost of natural gas it sells to its customers. The recovery clauses provide for a periodic adjustment for the difference between the total amount actually collected from customers and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations.

Prior to September 2002, Electric Utility purchased all of its electric power needs, in excess of the electric power it obtained from its interests in electric generating facilities, under power supply arrangements of various lengths and on the spot market. Beginning September 2002, Electric Utility began purchasing its power needs from electricity suppliers under fixed-price energy and capacity contracts, and to a much lesser extent on the spot market, and our electricity generation business began selling its electricity production and capacity on the spot market to third parties. Prices for electricity can be volatile especially during periods of high demand or tight supply. Although the generation component of Electric Utility's rates is subject to various rate cap provisions, Electric Utility's fixed-price contracts with electricity suppliers mitigate most risks associated with offering customers a fixed price during the contract periods. However, should any of the suppliers under these contracts fail to provide electric power under the terms of the power and capacity contracts, increases, if any, in the cost of replacement power or capacity would negatively impact Electric Utility results. In order to reduce this non-performance risk, Electric Utility has diversified its purchases across several suppliers and entered into bilateral collateral arrangements with certain of them.

In order to manage market price risk relating to substantially all of Energy Services' forecasted fixed-price sales of natural gas, we purchase exchange-traded natural gas futures contracts or enter into fixed-price supply arrangements. Exchange-traded natural gas futures contracts are guaranteed by the New York Mercantile Exchange ("NYMEX") and have nominal credit risk. The change in market value of

these contracts may require Energy Services to make daily cash deposits in margin accounts with brokers. Although Energy Services' fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the natural gas suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas would adversely impact Energy Services' results. In order to reduce this risk of supplier nonperformance, Energy Services has diversified its purchases across a number of suppliers.

Our variable-rate debt includes borrowings under AmeriGas OLP's Bank Credit Agreement, borrowings under UGI Utilities' revolving credit agreements, and a substantial portion of FLAGA's debt. These debt agreements have interest rates that are generally indexed to short-term market interest rates. At March 31, 2003, combined borrowings outstanding under these agreements totaled \$104.0 million. Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with near-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements.

The primary currency for which the Company has exchange rate risk is the U.S. dollar versus the euro. We do not currently use derivative instruments to hedge foreign currency exposure associated with our international propane businesses, principally FLAGA and Antargaz. As a result, the U.S. dollar value of our foreign-denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. With respect to FLAGA, the net effect of changes in foreign currency exchange rates on assets and liabilities has been significantly limited because FLAGA's U.S. dollar denominated financial instrument assets and liabilities are substantially equal in amount. With respect to our equity investment in Antargaz, a 10% decline in the value of the euro versus the U.S. dollar would reduce the book value of this investment by approximately \$2.8 million, which amount would be reflected in other comprehensive income.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at March 31, 2003. It also includes the changes in fair value that would result if there were adverse changes in (1) the market price of propane of 10 cents per gallon; (2) the market price of natural gas of 50 cents per dekatherm; and (3) interest rates on ten-year U.S. treasury notes of 50 basis points:

	Fair Value -----	Change in Fair Value -----
(Millions of dollars)		
March 31, 2003:		
Propane commodity price risk	\$1.2	\$(0.8)
Natural gas commodity price risk	2.7	(3.8)
Interest rate risk	(3.8)	(3.2)

Because the Company's derivative instruments generally qualify as hedges under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," we expect that changes in the fair value of derivative instruments used to manage commodity or interest rate market risk would be substantially offset by gains or losses on the associated anticipated transactions.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was carried out within the 90-day period prior to the filing of this quarterly report by the Company under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures have been designed and are being operated in a manner that provides reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Subsequent to the date of the most recent evaluation of the Company's internal controls, there were no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

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

On February 25, 2003 the Annual Meeting of Shareholders of UGI was held. The Shareholders reelected the eight nominees from the existing Board of Directors to another term, and ratified the appointment of PricewaterhouseCoopers LLP as independent certified accountants. No other matters were considered at the meeting.

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

Director Nominees - - - - -	For ---	Withheld -----
James W. Stratton	23,782,704	359,403
Richard C. Gozon	23,793,300	348,827
Stephen D. Ban	23,808,951	333,176
Lon R. Greenberg	23,636,350	505,777
Marvin O. Schlanger	23,713,268	428,859
Thomas F. Donovan	23,702,749	439,378
Anne Pol	23,707,232	434,895
Ernest E. Jones	23,782,271	359,856

The number of votes cast for and against, and the number of abstentions in the ratification of the appointment of PricewaterhouseCoopers LLP is as follows: For: 23,668,764; Against, 282,646; Abstain, 190,717. There were no broker non-votes.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits:

- 3.1 Amended and Restated Articles of Incorporation of UGI Corporation are incorporated by reference to Exhibit 4.1 to UGI's Registration Statement on Form S-8, No. 333-104938.
- 3.2 Bylaws of UGI Corporation as in effect since February 25, 2003.
- 4.1 UGI's Amended and Restated Articles of Incorporation and Bylaws referred to in Exhibit Nos. 3.1 and 3.2 above.
- 10.1 UGI Corporation 2000 Directors' Stock Option Plan Amended and Restated as of April 29, 2003.
- 10.2 1992 Directors' Stock Plan Amended and Restated as of April 29, 2003.
- 10.3 UGI Corporation Directors' Equity Compensation Plan Amended and Restated as of April 29, 2003.
- 10.4 UGI Corporation 1997 Stock Option and Dividend Equivalent Plan Amended and Restated as of April 29, 2003.
- 10.5 UGI Corporation 2000 Stock Incentive Plan Amended and Restated as of April 29, 2003.
- 10.6 UGI Corporation 1992 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003.
- 10.7 UGI Corporation 2002 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003.
- 99 Certification by the Chief Executive Officer and Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.

(b) The Company filed the following Reports on Form 8-K during the fiscal quarter ended March 31, 2003:

DATE ----	ITEM NUMBERS -----	CONTENT -----
January 22, 2003	5	Notice of first quarter earnings conference call webcast
February 26, 2003	5 & 7	Press release regarding purchase of additional electricity generation

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 15, 2003

By: /s/ A. J. Mendicino

A. J. Mendicino, Senior Vice President
and Chief Financial Officer

CERTIFICATIONS

I, Lon R. Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Lon R. Greenberg

Lon R. Greenberg
Chairman, President and
Chief Executive Officer of
UGI Corporation

I, Anthony J. Mendicino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Anthony J. Mendicino

Anthony J. Mendicino
Senior Vice President and
Chief Financial Officer of
UGI Corporation

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

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BYLAWS
OF
UGI CORPORATION
(A PENNSYLVANIA REGISTERED CORPORATION)

ARTICLE I

OFFICES AND FISCAL YEAR

SECTION 1.01. REGISTERED OFFICE. The registered office of the corporation in the Commonwealth of Pennsylvania shall be at 460 North Gulph Road, King of Prussia, Montgomery County, Pennsylvania 19406, until otherwise established by an amendment of the articles of incorporation (the "articles") or by the board of directors and a record of such change is filed with the Department of State in the manner provided by law.

SECTION 1.02. OTHER OFFICES. The corporation may also have offices at such other places within or without the Commonwealth of Pennsylvania as the board of directors may from time to time appoint or the business of the corporation may require.

SECTION 1.03. FISCAL YEAR. The fiscal year of the corporation shall begin on the first day of October in each year.

ARTICLE II

NOTICE-WAIVERS-MEETINGS GENERALLY

SECTION 2.01. MANNER OF GIVING NOTICE.

(a) General Rule. Any notice required to be given to any person under the provisions of the Business Corporation Law or by the articles or these bylaws, shall be given to the person either personally or by sending a copy thereof:

(1) By first class or express mail, postage prepaid, or courier service, charges prepaid, to his or her postal address appearing on the books of the corporation or, in the case of directors, supplied by the director to the corporation for the purpose of notice. Notice pursuant to this clause (1) shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of the Business Corporation Law, the articles or these bylaws.

(2) By facsimile transmission, e-mail or other electronic communication to his or her facsimile number or address for e-mail or other electronic communications supplied by him or her to the corporation for the purpose of notice. Notice pursuant to this clause (2) shall be deemed to have been given to the person entitled thereto when sent.

(b) Bulk Mail. If the corporation has more than 30 shareholders, notice of any regular or special meeting of the shareholders, or any other notice required by the Business Corporation Law or by the articles or these bylaws to be given to all shareholders or to all holders of a class or series of shares, may be given by any class of postpaid mail if the notice is deposited in the United States mail at least 20 days prior to the day named for the meeting or any corporate or shareholder action specified in the notice.

(c) Adjourned Shareholder Meetings. When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting in which event notice shall be given in accordance with Section 2.03.

SECTION 2.02. NOTICE OF MEETINGS OF BOARD OF DIRECTORS. Notice of a regular meeting of the board of directors need not be given. Notice of every special meeting of the board of directors shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone, facsimile transmission, e-mail or other electronic communication) or 48 hours (in the case of notice by telegraph, courier service or express mail) or five days (in the case of notice by first class mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in a notice of the meeting.

SECTION 2.03. NOTICE OF MEETINGS OF SHAREHOLDERS.

(a) General Rule. Except as otherwise provided in Section 2.01(b) or in the articles, written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary or other authorized person to each shareholder of record entitled to vote at the meeting at least (1) ten days prior to the day named for a meeting (and, in case of a meeting called to consider a merger, consolidation, share exchange or division, to each shareholder of record not entitled to vote at the meeting) called to consider a fundamental change under 15 Pa.C.S. Chapter 19 or (2) five days prior to the day named for the meeting in any other case. If the secretary neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of shareholders, the notice shall specify the general nature of the business to be transacted.

(b) Notice of Action by Shareholders on Bylaws. In the case of a meeting of shareholders that has as one of its purposes action on the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the bylaws. There shall be included in, or enclosed with, the notice a copy of the proposed amendment or a summary of the changes to be effected thereby.

(c) Notice of Action by Shareholders on Fundamental Change. In the case of a meeting of the shareholders that has as one of its purposes action with respect to any fundamental change under 15 Pa.C.S. Chapter 19, each shareholder shall be given, together with written notice of the meeting, a copy or summary of the amendment or plan to be considered at the meeting in compliance with the provisions of Chapter 19.

(d) Notice of Action by Shareholders Giving Rise to Dissenters' Rights. In the case of a meeting of the shareholders that has as one of its purposes action that would give rise to dissenters'

rights under the provisions of 15 Pa.C.S. Subchapter 15D, each shareholder, to the extent entitled thereto under the Business Corporation Law, shall be given, together with written notice of the meeting:

(1) a statement that the shareholders have a right to dissent and obtain payment of the fair value of their shares by complying with the provisions of Subchapter 15D (relating to dissenters' rights); and

(2) a copy of Subchapter 15D.

SECTION 2.04. WAIVER OF NOTICE.

(a) Written Waiver. Whenever any written notice is required to be given under the provisions of the Business Corporation Law, the articles or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting.

(b) Waiver by Attendance. Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 2.05. MODIFICATION OF PROPOSAL CONTAINED IN NOTICE. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Business Corporation Law or the articles or these bylaws, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

SECTION 2.06. EXCEPTION TO REQUIREMENT OF NOTICE.

(a) General Rule. Whenever any notice or communication is required to be given to any person under the provisions of the Business Corporation Law or by the articles or these bylaws or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with that person is then unlawful, the giving of the notice or communication to that person shall not be required.

(b) Shareholders Without Forwarding Addresses. Notice or other communications need not be sent to any shareholder with whom the corporation has been unable to communicate for more than 24 consecutive months because communications to the shareholder are returned unclaimed or the shareholder has otherwise failed to provide the corporation with a current address. Whenever the shareholder provides the corporation with a current address, the corporation shall commence sending notices and other communications to the shareholder in the same manner as to other shareholders.

SECTION 2.07. USE OF CONFERENCE TELEPHONE AND OTHER TECHNOLOGY. Any director may participate in any meeting of the board of directors, and the board of directors may provide by resolution with respect to a specific meeting or with respect to a class of meetings that one or more persons may participate in a meeting of the shareholders of the corporation, by means of conference telephone or other electronic technology by means of which all persons participating in the meeting

can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE III

SHAREHOLDERS

SECTION 3.01. PLACE OF MEETING. All meetings of the shareholders of the corporation shall be held at the registered office of the corporation unless another place is designated by the board of directors in the notice of a meeting. If a meeting of shareholders is held by means of the Internet or other electronic technology pursuant to which the shareholders have an opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the shareholders and pose questions to the directors, the meeting need not be held at a particular geographic location.

SECTION 3.02. ANNUAL MEETING. The board of directors may fix and designate the date and time of the annual meeting of the shareholders, but if no such date and time is fixed and designated by the board, the meeting for any calendar year shall be held on the first Tuesday in March in such year, if not a legal holiday under the laws of Pennsylvania, and, if a legal holiday, then on the next succeeding business day, not a Saturday, at 10:00 o'clock A.M., and at said meeting the shareholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting. If the annual meeting shall not have been called and held within six months after the designated time, any shareholder may call the meeting at any time thereafter.

SECTION 3.03. SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time by the chief executive officer or by resolution of the board of directors, who may fix the date, time and place of the meeting. If the chief executive officer or the board does not fix the date, time or place of the meeting, it shall be the duty of the secretary to do so. A date fixed by the secretary shall not be more than 60 days after the date of the receipt of the request from the chief executive officer or adoption of the resolution of the board calling the special meeting.

SECTION 3.04. QUORUM AND ADJOURNMENT.

(a) General Rule. A meeting of shareholders of the corporation duly called shall not be organized for the transaction of business unless a quorum is present. The presence of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter. Shares of the corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the board of directors of this corporation, as such, shall not be counted in determining the total number of outstanding shares for quorum purposes at any given time.

(b) Withdrawal of a Quorum. The shareholders present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(c) Adjournments Generally. Any regular or special meeting of the shareholders, including one at which directors are to be elected and one which cannot be organized because a

quorum has not attended, may be adjourned for such period and to such place as the shareholders present and entitled to vote shall direct.

(d) Electing Directors at Adjourned Meeting. Those shareholders entitled to vote who attend a meeting called for the election of directors that has been previously adjourned for lack of a quorum, although less than a quorum as fixed in this section, shall nevertheless constitute a quorum for the purpose of electing directors.

(e) Other Action in Absence of Quorum. Those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least 15 days because of an absence of a quorum, although less than a quorum as fixed in this section, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those shareholders who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

(f) Effect of Proxy on Quorum. - If a proxy casts a vote on behalf of a shareholder on any issue other than a procedural motion considered at a meeting of shareholders, the shareholder shall be deemed to be present during the entire meeting for purposes of determining whether a quorum is present for consideration of any other issue.

SECTION 3.05. ACTION BY SHAREHOLDERS. Except as otherwise provided in the Business Corporation Law or the articles or these bylaws, whenever any corporate action is to be taken by vote of the shareholders of the corporation, it shall be authorized upon receiving the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon and, if any shareholders are entitled to vote thereon as a class, upon receiving the affirmative vote of a majority of the votes cast by the shareholders entitled to vote as a class. Except when acting by unanimous consent to remove a director or directors, the shareholders of the corporation may act only at a duly organized meeting.

SECTION 3.06. CONDUCT OF SHAREHOLDERS MEETING. At every meeting of the shareholders, the chairman of the board, if there be one, or, in the case of vacancy in office or absence of the chairman of the board, one of the following persons present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a person chosen by vote of the shareholders present, shall act as the presiding officer of the meeting. The secretary or, in the absence of the secretary, an assistant secretary, or, in the absence of both the secretary and assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting. Except as otherwise provided by prior action of the board of directors, the presiding officer of the meeting shall determine the order of business and shall have the authority to establish rules for the conduct of the meeting.

SECTION 3.07. VOTING RIGHTS OF SHAREHOLDERS. Unless otherwise provided in the articles, every shareholder of the corporation shall be entitled to one vote for every share standing in the name of the shareholder on the books of the corporation.

SECTION 3.08. VOTING AND OTHER ACTION BY PROXY.

(a) General Rule.

(1) Every shareholder entitled to vote at a meeting of shareholders may authorize another person to act for the shareholder by proxy.

(2) The presence of, or vote or other action at a meeting of shareholders by a proxy of a shareholder shall constitute the presence of, or vote or action by the shareholder.

(3) Where two or more proxies of a shareholder are present, the corporation shall, unless otherwise expressly provided in the proxy, accept as the vote of all shares represented thereby the vote cast by a majority of them and, if a majority of the proxies cannot agree whether the shares represented shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among those persons.

(b) Execution and Filing. Every proxy shall be executed or authenticated by the shareholder or by the duly authorized attorney-in-fact of the shareholder and filed with or transmitted to the secretary of the corporation or its designated agent. A shareholder or his or her duly authorized attorney-in fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for such shareholder by proxy. A telegram, telex, cablegram, datagram, email, Internet communication or other means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact:

(1) may be treated as properly executed or authenticated for purposes of this subsection; and

(2) shall be so treated if it sets forth or utilizes a confidential and unique identification number or other mark furnished by the corporation to the shareholder for the purposes of a particular meeting or transaction.

(c) Revocation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the secretary of the corporation or its designated agent in writing or by electronic transmission. An unrevoked proxy shall not be valid after three years from the date of its execution, authentication or transmission unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the secretary of the corporation or its designated agent.

(d) Expenses. The corporation shall pay the reasonable expenses of solicitation of votes, proxies or consents of shareholders by or on behalf of the board of directors or its nominees for election to the board, including solicitation by professional proxy solicitors and otherwise.

SECTION 3.09. VOTING BY FIDUCIARIES AND PLEDGEEES. Shares of the corporation standing in the name of a trustee or other fiduciary and shares held by an assignee for the benefit of creditors or by a receiver may be voted by the trustee, fiduciary, assignee or receiver. A shareholder whose shares are pledged shall be entitled to vote the shares until the shares have been transferred into the name of the pledgee, or a nominee of the pledgee, but nothing in this section shall affect the validity of a proxy given to a pledgee or nominee.

SECTION 3.10. VOTING BY JOINT HOLDERS OF SHARES.

(a) General Rule. Where shares of the corporation are held jointly or as tenants in common by two or more persons, as fiduciaries or otherwise:

(1) if only one or more of such persons is present in person or by proxy, all of the shares standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum and the corporation shall accept as the vote of all the shares the vote cast by a joint owner or a majority of them; and

(2) if the persons are equally divided upon whether the shares held by them shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among the persons without prejudice to the rights of the joint owners or the beneficial owners thereof among themselves.

(b) Exception. If there has been filed with the secretary of the corporation a copy, certified by an attorney at law to be correct, of the relevant portions of the agreement under which the shares are held or the instrument by which the trust or estate was created or the order of court appointing them or of an order of court directing the voting of the shares, the persons specified as having such voting power in the document latest in date of operative effect so filed, and only those persons, shall be entitled to vote the shares but only in accordance therewith.

SECTION 3.11. VOTING BY CORPORATIONS.

(a) Voting by Corporate Shareholders. Any corporation that is a shareholder of this corporation may vote at meetings of shareholders of this corporation by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the board of directors of the other corporation or a provision of its articles or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the secretary of this corporation, is appointed its general or special proxy in which case that person shall be entitled to vote the shares.

(b) Controlled Shares. Shares of this corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the board of directors of this corporation, as such, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time.

SECTION 3.12. DETERMINATION OF SHAREHOLDERS OF RECORD.

(a) Fixing Record Date. The board of directors may fix a time prior to the date of any meeting of shareholders as a record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting, which time, except in the case of an adjourned meeting, shall be not more than 90 days prior to the date of the meeting of shareholders. Only shareholders of record on the date fixed shall be so entitled notwithstanding any transfer of shares on the books of the corporation after any record date fixed as provided in this subsection. The board of directors may similarly fix a record date for the determination of shareholders of record for any other purpose. When a determination of shareholders of record has been made as provided in this section for purposes of a meeting, the determination shall apply to any adjournment thereof unless the board fixes a new record date for the adjourned meeting.

(b) Determination When a Record Date is Not Fixed. If a record date is not fixed:

(1) The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given.

(2) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

(c) Certification by Nominee. The board of directors may adopt a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of the shareholder are held for the account of a specified person or persons. Upon receipt by the corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

SECTION 3.13. VOTING LISTS.

(a) General Rule. The officer or agent having charge of the transfer books for shares of the corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof except that, if the corporation has 5,000 or more shareholders, in lieu of the making of the list the corporation may make the information therein available at the meeting by any other means.

(b) Effect of List. Failure to comply with the requirements of this section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list. The original share register or transfer book, or a duplicate thereof kept in the Commonwealth of Pennsylvania, shall be prima facie evidence as to who are the shareholders entitled to examine the list or share register or transfer book or to vote at any meeting of shareholders.

SECTION 3.14. JUDGES OF ELECTION.

(a) Appointment. In advance of any meeting of shareholders of the corporation, the board of directors may appoint judges of election, who need not be shareholders, to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, appoint judges of election at the meeting. The number of judges shall be one or three. A person who is a candidate for an office to be filled at the meeting shall not act as a judge.

(b) Vacancies. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof.

(c) Duties. The judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the

authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with nominations by shareholders or the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judges of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(d) Report. On request of the presiding officer of the meeting or of any shareholder, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

SECTION 3.15. MINORS AS SECURITY HOLDERS. The corporation may treat a minor who holds shares or obligations of the corporation as having capacity to receive and to empower others to receive dividends, interest, principal and other payments or distributions, to vote or express consent or dissent and to make elections and exercise rights relating to such shares or obligations unless, in the case of payments or distributions on shares, the corporate officer responsible for maintaining the list of shareholders or the transfer agent of the corporation or, in the case of payments or distributions on obligations, the treasurer or paying officer or agent has received written notice that the holder is a minor.

SECTION 3.16 USE OF CONFERENCE TELEPHONE OR OTHER TECHNOLOGY. The presence or participation, including voting and taking other action, at a meeting of shareholders, or the expression of consent or dissent to corporate action, by a shareholder by conference telephone or other electronic means, including the Internet, shall constitute the presence of, or vote or action by, or consent or dissent of the shareholder for purposes of the Business Corporation Law, the articles and these bylaws.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 4.01. POWERS; PERSONAL LIABILITY.

(a) General Rule. Unless otherwise provided by statute, all powers vested by law in the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

(b) Personal Liability of Directors.

(1) A director shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless:

(i) the director has breached or failed to perform the duties of his or her office under Subchapter 17B of the Business Corporation Law or any successor provision; and

(ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, state or federal law.

(The provisions of this subsection (b) were first adopted by the shareholders of the corporation on December 20, 1991.)

(c) Notation of Dissent. A director of the corporation who is present at a meeting of the board of directors, or of a committee of the board, at which action on any corporate matter is taken on which the director is generally competent to act, shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files his or her written dissent to the action with the secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the secretary, in writing, of the asserted omission or inaccuracy.

SECTION 4.02. QUALIFICATIONS AND SELECTION OF DIRECTORS.

(a) Qualifications. Each director of the corporation shall be a natural person of full age, provided that no person of age 70 years or more shall be eligible for election as a director. Directors need not be residents of the Commonwealth of Pennsylvania or shareholders of the corporation.

(b) Notice of Certain Nominations Required. Nominations for election of directors may be made by any shareholder entitled to vote for the election of directors if written notice (the "Notice") of the shareholder's intent to nominate a director at the meeting is given by the shareholder and received by the secretary of the corporation in the manner and within the time specified in this section. The initial Notice shall be delivered to the secretary of the corporation not less than 45 days prior to the anniversary of the mailing date of the corporation's proxy statement for its previous meeting of the shareholders called for the election of directors. In lieu of delivery to the secretary, the Notice may be mailed to the secretary by certified mail, return receipt requested, but shall be deemed to have been given only upon actual receipt by the secretary. The requirements of this subsection shall not apply to a nomination for directors made to the shareholders by the board of directors.

(c) Contents of Notice. The Notice shall be in writing and shall contain or be accompanied by:

(1) the name and residence address of the nominating shareholder;

(2) a representation that the shareholder is a holder of record of voting stock of the corporation and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the Notice;

(3) such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to Regulation 14A of the rules and regulations

established by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (or pursuant to any successor act or regulation) had proxies been solicited with respect to such nominee by the management or board of directors of the corporation;

(4) a description of all arrangements or understandings among the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; and

(5) the consent of each nominee to serve as a director of the corporation if so elected.

(d) Determination of Compliance. If a judge or judges of election shall not have been appointed pursuant to these bylaws, the presiding officer of the meeting may, if the facts warrant, determine and declare to the meeting that any nomination made at the meeting was not made in accordance with the procedures of this section and, in such event, the nomination shall be disregarded. Any decision by the presiding officer of the meeting made in good faith shall be conclusive and binding upon all shareholders of the corporation for any purpose.

(e) Election of Directors. In elections for directors, voting need not be by ballot, unless required by vote of the shareholders before the voting for the election of directors begins. The candidates receiving the highest number of votes from each class or group of classes, if any, entitled to elect directors separately up to the number of directors to be elected by the class or group of classes shall be elected. If at any meeting of shareholders, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

SECTION 4.03. NUMBER AND TERM OF OFFICE.

(a) Number. The board of directors shall consist of such number of directors, as may be determined from time to time by resolution of the board of directors.

(b) Term of Office. Each director shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. A decrease in the number of directors shall not have the effect of shortening the term of any incumbent director.

(c) Resignation. Any director may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as shall be specified in the notice of resignation.

SECTION 4.04. VACANCIES.

(a) General Rule. Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote of the remaining members of the board though less than a quorum, or by a sole remaining director, and each person so selected shall be a director to serve until the next selection of the class for which such director has been chosen, and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(b) Action by Resigned Directors. When one or more directors resign from the board effective at a future date, the directors then in office, including those who have so resigned, shall

have power by the applicable vote to fill the vacancies, the vote thereon to take effect when the resignations become effective.

SECTION 4.05. REMOVAL OF DIRECTORS.

(a) Removal by the Shareholders. The entire board of directors, or any class of the board, or any individual director may be removed from office by vote of the shareholders entitled to vote thereon only for cause. In case the board or a class of the board or any one or more directors are so removed, new directors may be elected at the same meeting. The repeal of a provision of the articles or bylaws prohibiting, or the addition of a provision to the articles or bylaws permitting, the removal by the shareholders of the board, a class of the board or a director without assigning any cause shall not apply to any incumbent director during the balance of the term for which the director was selected.

(b) Removal by the Board. The board of directors may declare vacant the office of a director who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment for a term of more than one year or if, within 60 days after notice of his or her selection, the director does not accept the office either in writing or by attending a meeting of the board of directors.

SECTION 4.06. PLACE OF MEETINGS. Meetings of the board of directors may be held at such place within or without the Commonwealth of Pennsylvania as the board of directors may from time to time appoint or as may be designated in the notice of the meeting.

SECTION 4.07. ORGANIZATION OF MEETINGS. At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a person chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in the absence of the secretary, an assistant secretary, or, in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary of the meeting.

SECTION 4.08. REGULAR MEETINGS. Regular meetings of the board of directors shall be held at such time and place as shall be designated from time to time by resolution of the board of directors.

SECTION 4.09. SPECIAL MEETINGS. Special meetings of the board of directors shall be held whenever called by the chief executive officer or by two or more of the directors.

SECTION 4.10. QUORUM OF AND ACTION BY DIRECTORS.

(a) General Rule. A majority of the directors in office of the corporation shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the board of directors.

(b) Action by Written Consent. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the secretary of the corporation.

(c) Notation of Dissent. A director who is present at a meeting of the board of directors, or of a committee of the board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files a written dissent to the action with the secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the secretary, in writing, of the asserted omission or inaccuracy.

SECTION 4.11. EXECUTIVE AND OTHER COMMITTEES.

(a) Establishment and Powers. The board of directors may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of one or more directors of the corporation. Any committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all of the powers and authority of the board of directors except that a committee shall not have any power or authority as to the following:

(1) The submission to shareholders of any action requiring approval of shareholders under the Business Corporation Law.

(2) The creation or filling of vacancies in the board of directors.

(3) The adoption, amendment or repeal of these bylaws.

(4) The amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board.

(5) Action on matters committed by a resolution of the board of directors to another committee of the board.

(b) Alternate Committee Members. The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purposes of any written action by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another director to act at the meeting in the place of the absent or disqualified member.

(c) Term. Each committee of the board shall serve at the pleasure of the board.

(d) Committee Procedures. The term "board of directors" or "board," when used in any provision of these bylaws relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any executive or other committee of the board.

SECTION 4.12. COMPENSATION. The board of directors shall have the authority to fix the compensation of directors for their services as directors and a director may be a salaried officer of the corporation.

ARTICLE V

OFFICERS

SECTION 5.01. OFFICERS GENERALLY.

(a) Number, Qualifications and Designation. The officers of the corporation shall be a president, one or more vice presidents, a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03. Officers may but need not be directors or shareholders of the corporation. The president and secretary shall be natural persons of full age. The treasurer may be a corporation, but if a natural person shall be of full age. The board of directors may elect from among the members of the board a chairman of the board and a vice chairman of the board who may be officers of the corporation. Any number of offices may be held by the same person.

(b) Bonding. The corporation may secure the fidelity of any or all of its officers by bond or otherwise.

(c) Standard of Care. In lieu of the standards of conduct otherwise provided by law, officers of the corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the corporation. An officer of the corporation shall not be personally liable, as such, to the corporation or its shareholders for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless the officer has breached or failed to perform the duties of his or her office under the articles of incorporation, these bylaws, or the applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of an officer pursuant to any criminal statute or for the payment of taxes pursuant to local, state or federal law.

SECTION 5.02. ELECTION, TERM OF OFFICE AND RESIGNATIONS.

(a) Election and Term of Office. The officers of the corporation (except those elected by delegated authority pursuant to Section 5.03 or filled pursuant to Section 5.05) shall be elected annually by the board of directors, and each such officer shall hold office for a term of one year and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(b) Resignations. Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation.

SECTION 5.03. SUBORDINATE OFFICERS, COMMITTEES AND AGENTS. The board of directors may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the corporation may require, including one or more assistant secretaries, and one or more assistant treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the board of directors may from time to time determine. The board of directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof,

and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

SECTION 5.04. REMOVAL OF OFFICERS AND AGENTS. Any officer or agent of the corporation may be removed by the board of directors with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 5.05. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, may be filled by the board of directors or the board of directors may delegate to any officer or committee the power to fill a vacancy in such office or to create a new such office, subject to ratification by the board of directors, and if the office is one for which these bylaws prescribe a term, shall be filled for the unexpired portion of the term.

SECTION 5.06. AUTHORITY.

(a) General Rule. All officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to resolutions or orders of the board of directors or, in the absence of controlling provisions in the resolutions or orders of the board of directors, as may be determined by or pursuant to these bylaws.

(b) Chief Executive Officer. The chairman of the board or the president, as designated from time to time by the board of directors, shall be the chief executive officer of the corporation.

SECTION 5.07. THE CHAIRMAN AND VICE CHAIRMAN OF THE BOARD. The chairman of the board or in the absence of the chairman, the vice chairman of the board, shall preside at all meetings of the shareholders and of the board of directors, and shall perform such other duties as may from time to time be requested by the board of directors.

SECTION 5.08. THE CHIEF EXECUTIVE OFFICER. The chief executive officer shall be the chief executive officer of the corporation and shall have general supervision over the business of the corporation. The chief executive officer shall have the general powers and shall perform the duties which by law and general usage appertain to the office, subject, however, to the control of the board of directors. The chief executive officer shall sign, execute and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts and other instruments authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors, or by these bylaws, to some other officer or agent of the corporation.

SECTION 5.09. THE PRESIDENT. The president shall perform such duties as from time to time may be assigned by the board of directors or the chief executive officer (unless the president shall be the chief executive officer, in which case the president's duties shall be those specified in Section 5.08).

SECTION 5.10. THE VICE PRESIDENTS. The vice presidents shall perform the duties of the president in the absence of the president and such other duties as may from time to time be assigned to them by the board of directors or the president.

SECTION 5.11. THE SECRETARY. The secretary or an assistant secretary shall attend all meetings of the shareholders and of the board of directors and all committees thereof and shall

record all the votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the board of directors and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required by law; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned by the board of directors or the president.

SECTION 5.12. THE TREASURER. The treasurer or an assistant treasurer shall have or provide for the custody of the funds or other property of the corporation; shall collect and receive or provide for the collection and receipt of monies earned by or in any manner due to or received by the corporation; shall deposit all funds in his or her custody as treasurer in such banks or other places of deposit as the board of directors may from time to time designate; shall, whenever so required by the board of directors, render an account showing all transactions as treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the board of directors or the president.

SECTION 5.13. SALARIES. The salaries of the officers elected by the board of directors shall be fixed from time to time by the board of directors or by such officer as may be designated by resolution of the board. The salaries or other compensation of any other officers, employees and other agents shall be fixed from time to time by the officer or committee to which the power to elect such officers or to retain or appoint such employees or other agents has been delegated pursuant to Section 5.03. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that the officer is also a director of the corporation.

ARTICLE VI

CERTIFICATES OF STOCK, TRANSFER, ETC.

SECTION 6.01. SHARE CERTIFICATES.

(a) Form of Certificates. Certificates for shares of the corporation shall be in such form as approved by the board of directors, and shall state that the corporation is incorporated under the laws of the Commonwealth of Pennsylvania, the name of the person to whom issued, and the number and class of shares and the designation of the series (if any) that the certificate represents. If the corporation is authorized to issue shares of more than one class or series, certificates for shares of the corporation shall set forth upon the face or back of the certificate (or shall state on the face or back of the certificate that the corporation will furnish to any shareholder upon request and without charge), a full or summary statement of the designations, voting rights, preferences, limitations and special rights of the shares of each class or series authorized to be issued so far as they have been fixed and determined and the authority of the board of directors to fix and determine the designations, voting rights, preferences, limitations and special rights of the classes and series of shares of the corporation.

(b) Share Register. The share register or transfer books and blank share certificates shall be kept by the secretary or by any transfer agent or registrar designated by the board of directors for that purpose.

SECTION 6.02. ISSUANCE. The share certificates of the corporation shall be numbered and registered in the share register or transfer books of the corporation as they are issued. They shall be

executed in such manner as the board of directors shall determine. Where a certificate is signed by a transfer agent or a registrar, the signature of any corporate officer upon the certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued with the same effect as if the officer had not ceased to be such at the date of its issue. The provisions of this Section 6.02 shall be subject to any inconsistent or contrary agreement in effect at the time between the corporation and any transfer agent or registrar.

SECTION 6.03. TRANSFER. Transfers of shares shall be made on the share register or transfer books of the corporation upon surrender of the certificate therefor, endorsed by the person named in the certificate or by an attorney lawfully constituted in writing. No transfer shall be made inconsistent with the provisions of the Uniform Commercial Code, 13 Pa.C.S. (S)(S)8101 et seq., and its amendments and supplements.

SECTION 6.04. RECORD HOLDER OF SHARES. The corporation shall be entitled to treat the person in whose name any share or shares of the corporation stand on the books of the corporation as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share or shares on the part of any other person.

SECTION 6.05. LOST, DESTROYED OR MUTILATED CERTIFICATES. The holder of any shares of the corporation shall immediately notify the corporation of any loss, destruction or mutilation of the certificate therefor, and the board of directors may, in its discretion, cause a new certificate or certificates to be issued to such holder, in case of mutilation of the certificate, upon the surrender of the mutilated certificate or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction and, if the board of directors shall so determine, the deposit of a bond in such form and in such sum, and with such surety or sureties, as it may direct.

SECTION 6.06. UNCERTIFICATED SHARES. Notwithstanding anything herein to the contrary, any or all classes and series of shares, or any part thereof, may be represented by uncertificated shares, except that shares represented by a certificate that is issued and outstanding shall continue to be represented thereby until the certificate is surrendered to the corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof, a written notice containing the information required to be set forth or stated on certificates. The rights and obligations of the holders of shares represented by certificates and the rights and obligations of the holders of uncertificated shares of the same class or series shall be identical. Notwithstanding anything herein to the contrary, the provisions of Sections 6.01 through 6.03 and 6.05 hereof shall be inapplicable to uncertificated shares and in lieu thereof the board of directors shall adopt alternative procedures for registration of transfers.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

(The provisions of this Article VII were first adopted by the shareholders of the corporation on December 20, 1991.)

SECTION 7.01. SCOPE OF INDEMNIFICATION.

(a) General Rule. The corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

(1) where such indemnification is expressly prohibited by applicable law;

(2) where the conduct of the indemnified representative has been finally determined pursuant to Section 7.06 or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. (S)1746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) to be based upon or attributable to the receipt by the indemnified representative from the corporation of a personal benefit to which the indemnified representative is not legally entitled; or

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 7.06 to be otherwise unlawful.

(b) Partial Payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) Definitions. For purposes of this Article:

(1) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the corporation, or, at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) "indemnified representative" means any and all directors and officers of the corporation and any other person designated as an indemnified representative by the board of directors of the corporation (which may, but need not, include any person serving at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and

(4) "proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders or otherwise.

SECTION 7.02. PROCEEDINGS INITIATED BY INDEMNIFIED REPRESENTATIVES.

Notwithstanding any other provision of this Article, the corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 7.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

SECTION 7.03. ADVANCING EXPENSES. The corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 7.01 or the initiation of or participation in which is authorized pursuant to Section 7.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 7.06 that such person is not entitled to be indemnified by the corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

SECTION 7.04. SECURING OF INDEMNIFICATION OBLIGATIONS. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the board of directors shall deem appropriate. Absent fraud, the determination of the board of directors with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and directors and shall not be subject to voidability.

SECTION 7.05. PAYMENT OF INDEMNIFICATION. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the corporation.

SECTION 7.06. ARBITRATION.

(a) General Rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article, except with respect to indemnification for liabilities arising under the Securities Act of 1933 that the corporation has undertaken to submit to a court for adjudication, shall be decided only by arbitration in the county in which the principal executive offices of the corporation are located at the time, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the corporation, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two

arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, and if one of the parties fails or refuses to select an arbitrator or the arbitrators selected by the corporation and the indemnified representative cannot agree on the selection of the third arbitrator within 30 days after such time as the corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such county.

(b) Qualifications of Arbitrators. Each arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System.

(c) Burden of Proof. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.

(d) Expenses. The corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(e) Effect. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 7.01(a)(2) in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

SECTION 7.07. CONTRIBUTION. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

SECTION 7.08. MANDATORY INDEMNIFICATION OF DIRECTORS, OFFICERS, ETC. TO the extent that an authorized representative of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1741 or 1742 of the Business Corporation Law or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection therewith.

SECTION 7.09. CONTRACT RIGHTS; AMENDMENT OR REPEAL. All rights under this Article shall be deemed a contract between the corporation and the indemnified representative pursuant to which the corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

SECTION 7.10. SCOPE OF ARTICLE. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested

directors or otherwise, both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

SECTION 7.11. RELIANCE ON PROVISIONS. Each person who shall act as an indemnified representative of the corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this Article.

SECTION 7.12. INTERPRETATION. The provisions of this Article are intended to constitute bylaws authorized by 15 Pa.C.S. (S)1746.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. CORPORATE SEAL. The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the board of directors. The affixation of the corporate seal shall not be necessary to the valid execution, assignment or endorsement by the corporation of any instrument or other document.

SECTION 8.02. CHECKS. All checks, notes, bills of exchange or other similar orders in writing shall be signed by such one or more officers or employees of the corporation as the board of directors may from time to time designate.

SECTION 8.03. CONTRACTS. Except as otherwise provided in the Business Corporation Law in the case of transactions that require action by the shareholders, the board of directors may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 8.04. INTERESTED DIRECTORS OR OFFICERS; QUORUM.

(a) General Rule. A contract or transaction between the corporation and one or more of its directors or officers or between the corporation and another corporation, partnership, joint venture, trust or other enterprise in which one or more of its directors or officers are directors or officers or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the director or officer is present at or participates in the meeting of the board of directors that authorizes the contract or transaction, or solely because his, her or their votes are counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of those shareholders; or

(3) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors or the shareholders.

(b) Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board which authorizes a contract or transaction specified in subsection (a).

SECTION 8.05. DEPOSITS. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees of the corporation as the board of directors shall from time to time designate.

SECTION 8.06. CORPORATE RECORDS.

(a) Required Records. The corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register giving the names and addresses of all shareholders and the number and class of shares held by each. The share register shall be kept at either the registered office of the corporation in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar or transfer agent. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of Inspection. Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the incorporators, shareholders and directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a shareholder. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the shareholder. The demand shall be directed to the corporation at its registered office in the Commonwealth of Pennsylvania or at its principal place of business wherever situated.

SECTION 8.07. AMENDMENT OF BYLAWS. Except as otherwise provided in the express terms of any series of the shares of the corporation:

(a) The shareholders shall have the power to amend or repeal these bylaws, or to adopt new bylaws, only with the approval of the board of directors. A direction by the board that a shareholder proposal with respect to the bylaws shall be submitted to the shareholders for action thereon, or the sufferance by the board that such a proposal shall be so submitted, shall not constitute approval by the board of directors of the amendment, repeal or new bylaws.

(b) These bylaws may be amended or repealed, or new bylaws may be adopted, by vote of a majority of the board of directors of the corporation in office at any regular or special meeting of directors, including in circumstances otherwise reserved by statute exclusively to the shareholders, the board of directors of the corporation having under the articles of incorporation the full authority conferred by law upon the shareholders of the corporation to adopt, amend or repeal

these bylaws. Any bylaw adopted by the board of directors under this paragraph shall be consistent with the articles of incorporation.

As amended through February 25, 2003.

UGI CORPORATION

2000 DIRECTORS' STOCK OPTION PLAN

AMENDED AND RESTATED AS OF APRIL 29, 2003

1. PURPOSE AND DESIGN

The purpose of this Plan is to (1) encourage ownership of Company Stock by non-employee directors and thereby align such directors' interests more closely with the interests of shareholders of the Company, and (2) assist the Company in securing and retaining highly qualified persons to serve as non-employee directors, in which position they may contribute materially to the long-term growth and profitability of the Company, by affording them an opportunity to acquire Stock.

2. DEFINITIONS

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

2.01 "Board" means the Company's Board of Directors as constituted from time to time.

2.02 "Administrative Committee" means the committee of Company employees appointed by the Committee to perform ministerial and other assigned functions.

2.03 "Change of Control" means a change of control as defined in the change of control agreement between the Company and its chief executive officer, as amended from time to time.

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

2.05 "Company" means UGI Corporation, a Pennsylvania corporation and any successor thereto.

2.06 "Date of Grant" means the effective date of an Option grant; provided, however, that no retroactive grants will be made.

2.07 "Fair Market Value" of Stock means the average 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 the New York Stock Exchange does not express sales prices in decimal form, the average will be rounded to the next highest one-eighth of a point (.125). In the event that the New York Stock Exchange expresses sales prices in decimal form, the average will

be rounded to the next highest penny. Notwithstanding the foregoing, in the case of a cashless exercise pursuant to Section 7.4(iii), the Fair Market Value will 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.

2.08 "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 will be subject to earlier termination prior to exercise in accordance with Section 7.3(b) of this Plan.

2.09 "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 will not be less than 100% of the Fair Market Value of the Stock determined on the Date of Grant.

2.10 "Participant" means a non-employee director who is eligible to receive, and is granted, Options under the Plan.

2.11 "Plan" means this 2000 Directors' Stock Option Plan.

2.12 "Stock" means the Common Stock of the Company or such other securities of the Company as may be substituted for Stock or such other securities pursuant to Section 10.

2.13 "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.

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 300,000 in the aggregate (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), including shares acquired by Participants through exercise of Options under this Plan. The number of shares of Stock which may be the subject of grants of Options to any one individual in a calendar year will not exceed 15,000. The foregoing limits will be subject to the adjustment provisions of Section 10 below. 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 a combination of both.

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, 2009.

5. DETERMINATION OF GRANTS - ADMINISTRATION OF PLAN

5.1 Determination of Grants. The Company, after consultation with outside compensation consultants, shall make recommendations to the Committee as to the grants to be made under the Plan. Subject to the express provisions of the Plan, the Committee will have the authority to determine the non-employee directors 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. Grants made by the Committee will be subject to the approval of the Board.

5.2 Administration of Plan. The Plan will be administered by the Committee. 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, and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. All ministerial functions, in addition to those specifically delegated elsewhere in the Plan, shall be performed by a committee comprised of Company employees ("Administrative Committee") appointed by the Committee. A stock option agreement as discussed below shall be executed by each Participant receiving a grant under the Plan and shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the Committee's authority and discretion.

6. ELIGIBILITY

Each director of the Company who, on any date on which an Option is to be granted (as specified in Section 7 of the Plan), is not an employee of the Company or any parent or Subsidiary of the Company, will be eligible to receive Options under the Plan. The foregoing notwithstanding, no director who is serving on the Board as a result of a nomination or appointment pursuant to the terms of any debt instrument, preferred stock, underwriting agreement, or other contract entered into by the Company will be eligible to participate in the Plan. No person other than those specified in this Section 6 will participate in the Plan.

7. OPTIONS

7.1 Grant of Options. Subject to the provisions of Sections 2.08 and 3: (i) Options may be granted to Participants under substantially equal terms at any time and from time to time as may be determined by the Committee, and (ii) subject to approval of the Board, the Committee will have discretion in determining the Options to be granted, the number of shares of Stock to be subject to each Option, the Option Price to be paid for the shares upon the exercise of each

Option, the period within which each Option may be exercised and the vesting schedule associated with the Option.

7.2 Option Agreement. As determined by the Committee on the Date of Grant, each Option will be evidenced by a stock option agreement that will, among other things, specify the Date of Grant, the Option Price, the duration of the Option, the number of shares of Stock to which the Option pertains and the Option's vesting schedule.

7.3 Exercise and Vesting.

(a) Except as otherwise specified by the Committee in the stock option agreement, an Option will 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 will be exercisable on or after the tenth anniversary of the Date of Grant.

(b) Except as otherwise specified by the Committee, 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 a non-employee director of the Company. However, if a Participant holding an Option ceases to be a non-employee director by reason of (i) retirement, (ii) disability, or (iii) death, the Option held by any such Participant will be fully and immediately exercisable (to the extent not otherwise exercisable by its terms) and will thereafter become exercisable pursuant to the following:

(i) Retirement. If a Participant ceases to serve as a director of the Company on account of retirement, the Option theretofore granted to such Participant may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 36-month period following the Participant's retirement. Retirement means cessation of service as a director of the Company after (1) attaining age 65 with five or more years of service with the Company, or (2) ten or more years of service with the Company.

(ii) The Committee shall have sole discretion to determine whether or not a Participant is "disabled." If a Participant is determined to be "disabled" by the Committee, the Option theretofore granted to such Participant may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 36 month period following the Participant's disability.

(iii) Death. In the event of the death of a Participant while serving as a director of the Company, the Option theretofore granted to such Participant may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 12 month period following the Participant's death. Such Option may be exercised by the estate of the Participant, by any person to whom the Participant may have bequeathed the Option, any person 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.

(c) If a Participant ceases serving as a director and, immediately thereafter, is employed by the Company or any Subsidiary, then, solely for purposes of Section 7.3(b) of the Plan, such Participant will not be deemed to have ceased service as a director at that time, and his or her continued employment by the Company or any Subsidiary will be deemed to be continued service as a director; provided, however, that such former director will not be eligible for additional grants of Options under the Plan.

7.4 Payment. The Option Price upon exercise of any Option will 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 payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by such other method as the Committee may approve, or (v) by a combination of (i), (ii), (iii) and/or (iv). The cash proceeds from such payment will be added to the general funds of the Company and will be used for its general corporate purposes.

7.5 Written Notice. A Participant wishing to exercise an Option must give irrevocable written notice to the Company in the form and manner prescribed by the Administrative 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 Administrative Committee. Full payment for the shares pursuant to the Option must be received by the time specified by the Committee depending on the type of payment being made but, in all cases, prior to the issuance of the shares. Except as provided in Section 7.3(b), no Option may be exercised at any time unless the Participant is then a non-employee director of the Company.

7.6 Issuance of Stock. As soon as practicable after the receipt of irrevocable 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.

7.7 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.

7.8 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.

8. NON-TRANSFERABILITY OF OPTIONS

No Option granted under the Plan will 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.

9. CONSEQUENCES OF A CHANGE OF CONTROL

9.1 Notice and Acceleration. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company will provide each Participant with outstanding grants written notice of such Change of Control, and (ii) all outstanding Options will automatically accelerate and become fully exercisable.

9.2 Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options that are not exercised will be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent of the surviving corporation).

9.3 Other Alternatives. Notwithstanding the foregoing, subject to Section 9.4 below, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Options: the Committee may (i) require that Participants surrender their outstanding Options in exchange for a payment by the Company, in cash or Stock, as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Stock subject to the Participant's unexercised Options exceeds the Option Price of the Options, as applicable, or (ii) after giving Participants an opportunity to exercise their outstanding Options, terminate any or all unexercised Options at such time as the Committee deems appropriate. Such surrender or termination will take place as of the date of the Change of Control or such other date as the Committee may specify.

9.4 Committee. The Committee making the determinations under this Section 9 following a Change of Control must be comprised of the same members as those on the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of Sections 9.1 and 9.2 will apply, and the Committee will not have discretion to vary them.

9.5 Limitations. Notwithstanding anything in the Plan to the contrary, in the event of a Change of Control, the Committee will not have the right to take any actions described in the Plan (including without limitation actions described in this Section 9) that would make the Change of Control ineligible for pooling of interests accounting treatment or that would make the Change of Control ineligible for desired tax treatment if, in the absence of such right, the Change of Control would qualify for such treatment and the Company intends to use such treatment with respect to the Change of Control.

10. 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 the Company, stock split or reverse split, extraordinary dividend, liquidation, dissolution, significant corporate transaction (whether relating to assets or stock) involving the Company, 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) the number or kind of shares of Stock to be subject to Options thereafter granted under the Plan, (ii) the number and kind of shares of Stock issuable upon exercise of outstanding Options, and (iii) the Option Price per share thereof, 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.

11. LIMITATION OF RIGHTS

Nothing contained in this Plan will be construed to give a non-employee director any right to a grant hereunder except as may be authorized in the discretion of the Committee. A grant under this Plan will not constitute, nor be evidence of, any agreement or understanding, expressed or implied, that a Participant has any right to serve as a director of the Company.

12. 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 will 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. Notwithstanding the foregoing, the Administrative 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.

13. 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.

14. EFFECTIVE DATE OF PLAN AND SHAREHOLDER APPROVAL

This Plan will become effective as of January 1, 2000, subject to ratification by the Company's shareholders prior to March 31, 2000.

15. SUCCESSORS

This Plan will 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.

16. GOVERNING LAW

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

UGI CORPORATION

1992 DIRECTORS' STOCK PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

1. PURPOSE

The purpose of this Plan is to (1) encourage ownership of Company Stock by non-employee directors and thereby align such directors' interests more closely with the interests of shareholders of the Company, and (2) assist the Company in securing and retaining highly qualified persons to serve as non-employee directors, in which position they may contribute to the long-term growth and profitability of the Company, by affording such persons an opportunity to acquire Stock.

2. DEFINITIONS

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

(a) "Board" means the Company's Board of Directors as constituted from time to time.

(b) "Company" means UGI Corporation, a Pennsylvania corporation (which intends to change its name after the effective date hereof to UGI Utilities, Inc.), or any successor thereto by merger, consolidation, or statutory share exchange; provided, however, that in the event that, prior to January 1, 1993, the Company's shareholders approve the formation of a public utility holding company system in which 100% of the Stock of the Company is owned by a public utility holding company, then from and after any reorganization (whether by merger or statutory share exchange) effecting such a transaction, "Company" shall mean New UGI Corporation, a Pennsylvania corporation (which intends to change its name after the effective date hereof to UGI Corporation), or any successor thereto by merger, consolidation or statutory share exchange.

(c) "Exchange Act" means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule thereunder will be deemed to include successor provisions thereto and rules thereunder.

(d) "Fair Market Value" of Stock means the official closing price of the Stock on the New York Stock Exchange on the day preceding the day on which Fair Market Value is being determined, as reported on the Composite Tape for transactions on the New York Stock Exchange. In the event that there are no Stock transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Stock transactions on that exchange.

(e) "Option" means the right, granted to a Participant under Section 6, 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 Section 6(b) of this Plan.

(f) "Option Price" means an amount per share of Stock purchasable under an Option equal to 100% of the Fair Market Value of the Stock determined on the date of grant of an Option, to be payable upon exercise of such Option.

(g) "Participant" means a non-employee director who is eligible to receive, and is granted, Options or Stock under the Plan.

(h) "Plan" means this 1992 Directors' Stock Plan.

(i) "Retainer" means the annual amount of retainer payable to a non-employee director of the Company for a full year's service on the Board, excluding any annual retainer payable for service on the Executive/Nominating Committee or other committee of the Board or for service as Chairman of any committee of the Board, and excluding meeting fees payable for attendance at meetings of the Board or committees for that year.

(j) "Stock" means the Common Stock of the Company, par value \$2.25 per share, or, in the event that, prior to January 1, 1993, the Company's shareholders approve the formation of a public utility holding company system in which 100% of the Stock of the Company is owned by a public utility holding company, then from and after the effective date of any reorganization (whether by merger or statutory share exchange) effecting such transaction, "Stock" shall mean the Common Stock of the Company, without par value, and, in either case, such other securities of the Company as may be substituted for Stock or such other securities pursuant to Section 8.

3. NUMBER AND SOURCE OF SHARES AVAILABLE UNDER THE PLAN

The total number of shares of Stock reserved and available for issuance under the Plan is 150,000 (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), subject to adjustment as provided in Section 8 below. Such shares may be previously issued and outstanding shares of Stock reacquired by the Company and held in its treasury, or may be authorized but unissued shares of Stock, or may consist partly of each. 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 purposes of the Plan. The foregoing notwithstanding, the counting of shares of Stock issued or subject to Options under the Plan against the number reserved and available for issuance under the Plan shall in all respects comply with applicable requirements of Rule 16b-3 under the Exchange Act.

4. ADMINISTRATION OF THE PLAN

The Plan will be administered by the Board, provided that any action by the Board will be taken only if approved by the affirmative vote of a majority of the directors who are not then eligible to participate under the Plan.

5. ELIGIBILITY

Each director of the Company who, on any date on which an Option or Stock is to be granted (as specified in Sections 6 and 7 of the Plan), is not an employee of the Company or any parent or subsidiary of the Company or an employee who has retired under the Company's or any such parent's or subsidiary's retirement income or pension plan, will be eligible to receive Options or Stock under the Plan. The foregoing notwithstanding, no director who is serving on the Board as a result of a nomination or appointment pursuant to the terms of any debt instrument, preferred stock, underwriting agreement, or other contract entered into by the Company will be eligible to participate in the Plan. No person other than those specified in this Section 5 will participate in the Plan.

6. STOCK OPTIONS

An Option to purchase 1,000 shares of Stock will be granted each year during the period 1992 through 1996, at the close of business on the date on

which directors (or a class of directors if the Company then has a classified Board) are elected or reelected, to each director who is then eligible to participate under Section 5 hereof; provided, however, that a director shall not be granted Options to purchase more than 1,000 shares during any one calendar year under the Plan. Options granted under the Plan will be non-qualified stock options which will be subject to the following terms and conditions:

(a) Option Price. The Option Price per share of Stock purchasable under an Option will be equal to 100% of the Fair Market Value of Stock determined on the date of grant of the Option.

(b) Option Term; Termination of Service. Each Option will expire at the earlier of (i) ten years after the date of grant, (ii) 13 months after the Participant ceases to serve as a director of the Company due to death, incapacity, or retirement at or after age 65, or (iii) at the time the Participant ceases to serve as a director of the Company for any reason other than death, incapacity, or retirement at or after age 65.

(c) Exercisability. An Option shall be or become cumulatively exercisable (in whole or in part and from time to time) based upon the number of full years of service as a director of the Company completed by the Participant to whom the Option is granted (whether before, at or after the date an Option is granted). An Option shall be or become immediately exercisable according to the following table (with the completion of full years of Board service determined as of the anniversary of the date on which a Participant commenced service as a director of the Company):

Percent of Shares Subject to Option Which Are Exercisable - -----	Full Years of Board Service Completed -----
100%	5
80%	4
60%	3
40%	2
20%	1

Notwithstanding the foregoing, an Option previously granted to a Participant who ceases to serve as a director of the Company due to death, incapacity, or retirement at or after age 65 will become exercisable with respect to all shares of Stock subject thereto at the time such Participant ceases to serve as a director of the Company (if such Option is not otherwise exercisable as to all such shares of Stock at that time).

(d) Method of Exercise. Each Option will be exercised, in whole or in part, by giving irrevocable written notice of exercise to the Company specifying the Option to be exercised and the number of shares to be purchased, and accompanied by payment in full of the Option Price. Full payment for the Stock pursuant to the Option must be received by the time specified by the Board depending on the type of payment being made but, in all cases, prior to the issuance of the Stock. The Option Price upon exercise of any Option will 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 Option Price being paid thereby, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by such other method as the Board may approve, or (v) by a combination of (i), (ii), (iii) and/or (iv). The cash proceeds from such payment will be added to the general funds of the Company and will be used for its general corporate purposes. Any shares of previously acquired Stock tendered to the Company in payment of the Option Price will be

added by the Company to its treasury stock to be used for its general corporate purposes. As soon as practicable, after the receipt of irrevocable 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 or such other person the requisite number of shares of Stock.

(e) Non-transferability of Options. Options will not be transferable by a Participant except by will or the laws of descent and distribution (or to a designated beneficiary in the event of a Participant's death) and, if then required under Rule 16b-3, will be exercisable during the lifetime of a Participant only by such Participant or his or her guardian or legal representative. Certain additional restrictions on transferability may apply under Section 10(c) hereof.

(f) Death of a Participant. In the event of the death of a Participant (i) while serving as a director of the Company, (ii) within the 13-month period specified in Section 6(b) after cessation of service as a director by reason of disability or retirement at or after age 65, any Option theretofore granted to such Participant 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 Option under the Participant's last will or in a beneficiary designation filed with the Secretary of the Company, or by the Participant's personal representatives if the Participant has died intestate, at any time within a period of one year after the Participant's death, but not after ten years from the date of grant of such Option.

7. STOCK IN LIEU OF RETAINER INCREASES

In the event that the annual Retainer payable to a non-employee director of the Company is increased at any time after December 31, 1991 but prior to January 1, 1997 to an amount in excess of \$18,500, Stock will be paid to each Participant in lieu of cash in the amount of such increase each year for the first five years during which such increase is in effect for so long as this Plan is in effect, to the extent and subject to the terms and conditions set forth below:

(a) Annual Stock Payment. The number of shares of Stock to be paid under this Section 7 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 Stock as determined on the first business day of that year. No fractional shares of Stock will be granted; instead, the cash remainder will be paid to the Participant. The delivery of Stock hereunder shall be contingent upon service by the Participant through the date of the first meeting of the Board of Directors in that year. As promptly as practicable thereafter, the Company will deliver to the Participant one or more certificates representing the 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).

(b) Rights of the Participant. Except for the terms and conditions set forth in this Plan, a Participant paid Stock in lieu of annual Retainer increases in cash will have all of the rights of a holder of the Stock, including the right to receive dividends paid on such Stock and the right to vote the Stock at meetings of shareholders of the Company. Upon delivery, such Stock will be non-forfeitable.

8. ADJUSTMENT PROVISIONS

In the event any recapitalization, reorganization, merger, consolidation, spin-off, combination, repurchase, exchange of shares or other securities of

the Company, stock split or reverse split, extraordinary dividend, liquidation, dissolution, or other similar corporate transaction or event affects Stock such that an adjustment is determined by the Board to be appropriate in order prevent dilution or enlargement of Participants' rights under the Plan, then the Board will, in a manner that is proportionate to the change to the Stock and is otherwise equitable, adjust (i) any or all of the number or kind of shares of Stock reserved for issuance under the Plan and (ii) the number or kind of shares of Stock to be subject to Options thereafter granted automatically under Section 6, and (iii) the number and kind of shares of Stock issuable upon exercise of outstanding Options, or the Option Price per share thereof, provided that the number of shares subject to any Option will always be a whole number.

9. CHANGES TO THE PLAN AND AWARDS

(a) Changes to the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or authority to grant Options or pay Stock under the Plan without the consent of shareholders or Participants, except that any such amendment, alteration, suspension, discontinuation, or termination will be subject to the approval of the Company's shareholders within one year after such 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 may then be listed or quoted, or if the Board in its discretion determines that obtaining such shareholder approval is for any reason advisable; provided, however, that, without the consent of an affected Participant, no such amendment, alteration, suspension, discontinuation, or termination may impair the rights of such Participant under any Option or Stock theretofore granted or paid to him or her hereunder; and provided further, that any Plan provision that specifies the directors who may receive Options or Stock, the amount and price of securities to be awarded to such directors, and the timing of awards to such directors, or is otherwise a "plan provision" within the meaning of Rule 16b-3(c)(2)(ii)(B) under the Exchange Act, shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

(b) Changes to Outstanding Awards. Except as limited under Section 10(d), the Board may amend, alter, suspend, discontinue, or terminate any Option theretofore granted hereunder and any agreement relating thereto or any payment of Stock hereunder; provided, however, that, without the consent of an affected Participant, no such amendment, alteration, suspension, discontinuation, or termination may impair the rights of such Participant under or with respect to any Option or Stock theretofore granted or paid to him or her or any agreement relating thereto.

10. GENERAL PROVISIONS

(a) Consideration for Grants; Agreements. Options and Stock will be granted or paid under the Plan in consideration of the services of Participants and, except for the payment of the Option Price in the case of an Option, no other consideration shall be required therefor. Grants of Options will be evidenced by agreements executed by the Company and the Participant containing the terms and conditions set forth in the Plan together with such other terms and conditions not inconsistent with the Plan as the Board may from time to time approve.

(b) Compliance with Securities Laws, Listing Requirements, and Other Laws and Obligations. The Company will not be obligated to issue or deliver Stock in connection with any Option or payment of Stock under Section 7 in a transaction subject to the registration requirements of the Securities Act of

1933, as amended, or any state securities law, subject to any requirement under any listing agreement between the Company and the New York Stock Exchange or any other national securities exchange or automated quotation system, or subject to any other law, regulation, or contractual obligation, until the Company is satisfied that such laws, regulations, and other obligations of the Company have been complied with in full. Certificates representing shares of Stock delivered under the Plan will be subject to such stop-transfer orders and other restrictions as may be applicable under such laws, regulations, and other obligations of the Company, including any requirement that a legend or legends be placed thereon.

(c) Additional Restrictions under Rule 16b-3. Unless a Participant could otherwise transfer Stock issued under Section 7 or Stock issued upon exercise of an Option without incurring liability under Section 16(b) of the Exchange Act, (i) Stock issued under Section 7 must be held for at least six months from the date of acquisition by the Participant, and (ii) with respect to Stock issued upon exercise of Options, at least six months must elapse from the date of acquisition of the Option to the date of disposition of the Stock issued upon exercise of the Option. These restrictions will apply in addition to any other restriction under the Plan.

(d) Compliance with Rule 16b-3. It is the intent of the Company that this Plan comply in all respects with applicable provisions of Rule 16b-3 under the Exchange Act in connection with any grant of Options or payment of Stock to a person who is subject to Section 16 of the Exchange Act. Accordingly, if any provision of this Plan or any agreement relating to an Option or Stock does not comply with the requirements of Rule 16b-3 as then applicable to any such person, or would cause any Participant to no longer be deemed a "disinterested person" within the meaning of Rule 16b-3, such provision will be construed or deemed amended to the extent necessary to conform to such requirements with respect to such person. In addition, the Board shall have no authority to make any amendment, alteration, suspension, discontinuation, or termination of the Plan or any agreement hereunder or take other action if such authority would cause a Participant's transactions under the Plan to be not exempt, or Participants to no longer be deemed "disinterested persons," under Rule 16b-3 under the Exchange Act.

(e) Continued Service as an Employee. If a Participant ceases serving as a director and, immediately thereafter, is employed by the Company or any subsidiary, then, solely for purposes of Section 6(b) of the Plan, such Participant will not be deemed to have ceased service as a director at that time, and his or her continued employment by the Company or any subsidiary will be deemed to be continued service as a director; provided, however, that such former director will not be eligible for additional grants of Options or payments of Stock under the Plan.

(f) No Right to Continue as a Director. Nothing contained in the Plan or any agreement hereunder will confer upon any Participant any right to continue to serve as a director of the Company.

(g) No Shareholder Rights Conferred. Nothing contained in the Plan or any agreement hereunder will confer upon any director any rights of a shareholder of the Company unless and until shares of Stock are in fact issued to such Participant upon the valid exercise of an Option or upon the payment of Stock.

(h) Governing Law. The validity, construction, and effect of the Plan and any agreement hereunder will be determined in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of laws, and applicable federal law.

11. EFFECTIVE DATE AND DURATION OF PLAN

The Plan will be effective at the time shareholders of the Company have approved it by the affirmative votes of the holders of a majority of the securities of the Company present in person or represented by proxy, and entitled to vote at a meeting of Company shareholders duly held in accordance with the Pennsylvania Business Corporation Law, or any adjournment thereof, or by the written consent of the holders of a majority of the securities of the Company entitled to vote in accordance with applicable provisions of the Pennsylvania Business Corporation Law. The Plan will remain in effect until such time as the Board may act to terminate the Plan pursuant to Section 9(a), or until such time as no Stock remains available for issuance under the Plan and the Company has no further rights or obligations under the Plan with respect to Options or Stock granted or paid under the Plan.

UGI CORPORATION
DIRECTORS' EQUITY COMPENSATION PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

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. Pursuant to the authority granted under Section 8.06, the Plan is amended in its entirety effective as of April 29, 2003, to reflect certain changes approved by the Board of Directors on April 29, 2003.

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"); 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; 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.

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 fifth business day of each Plan Year, each Participant shall receive an award of 945 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 fifth business 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 specific age, not to exceed the age of the Participant in January of the Plan Year following the Participant's attainment of age seventy (70). 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 twenty (20) years. Both such elections made hereunder must be made no later than December 31st of the Plan Year preceding the Plan 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 the age of the Participant in January of the Plan Year following the Participant's attainment of age seventy (70). 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 twenty (20) years. Both such elections made hereunder must be made no later than December 31st of the calendar year preceding the year of the Change of Control.

7. RETAINER AWARDS

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 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 fifth business day of each 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.

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
AMENDED AND RESTATED AS OF APRIL 29, 2003

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 2,250,000 in the aggregate (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), 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 450,000. 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. A Stock option agreement as discussed below shall be executed by each Participant receiving a grant under the Plan and shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the Committee's authority and discretion. 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 irrevocable 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 time specified by the Committee depending on the type of payment being made, but in all cases, prior to the issuance of the Shares. 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 irrevocable 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.	NICOR, Inc.
Baltimore Gas & Electric Company	Noram Energy Corporation
Carolina Power & Light Company	Northern States Power Company
Central & South West Corporation	Ohio Edison Company
Cinergy Corporation	ONEOK, Inc.
Coastal Corporation	Pacific Enterprises
Columbia Gas System, Inc.	Pacific Gas & Electric Company
Consolidated Edison Co. of N.Y., Inc.	Pacificorp
Consolidated Natural Gas Company	PanEnergy Corp.
Dominion Resources, Inc.	PECO Energy Company
DTE Energy Company	Peoples Energy Corporation
Duke Power Company	PP&L Resources, Inc.
Eastern Enterprises	Public Service Enterprise Group, Inc.
Edison International	Sonat, Inc.
Enron Corporation	Southern Company
Entergy Corporation	Texas Utilities Company
FPL Group, Inc.	Unicom Corporation
GPU, Inc.	Union Electric Company
Houston Industries, Inc.	The Williams Companies, Inc.
Niagara Mohawk Power Corporation	

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.

UGI CORPORATION

2000 STOCK INCENTIVE PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

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UGI CORPORATION
2000 STOCK INCENTIVE PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

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 or an opportunity to acquire stock by the achievement of specific performance goals. 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.

2.02 "Change of Control" means a change of control as defined in a change of control agreement between a Participant's respective employer and certain of its employees.

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

2.04 "Company" means UGI Corporation, a Pennsylvania corporation, any successor thereto and any Subsidiary.

2.05 "Comparison Group" means the group determined by the Committee (no later than ninety (90) days after the commencement of a 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.

2.06 "Date of Grant" means the effective date of an Option or Restricted Stock grant; provided, however, that no retroactive grants will be made.

2.07 "Dividend Equivalent" means an amount determined by multiplying the number of shares of Stock subject to an Option granted in conjunction with the Dividend Equivalent (whether or not the Option is ever exercised with respect to any or all shares of Stock subject thereto), subject to any adjustment under Section 13, 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 that falls within the relevant Performance Period. See also "Restricted Stock Dividend Equivalent."

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

2.09 "Fair Market Value" of Stock means the average 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 the New York Stock Exchange does not express sales prices in decimal form, the average will be rounded to the next highest one-eighth of a point (.125). Notwithstanding the foregoing, in the case of a cashless exercise pursuant to Section 7.4(iv), the Fair Market Value will 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.

2.10 "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 will be subject to earlier termination prior to exercise in accordance with Section 7.3(b) of this Plan.

2.11 "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 will not be less than 100% of the Fair Market Value of the Stock determined on the Date of Grant.

2.12 "Participant" means an Employee designated by the Committee to participate in the Plan.

2.13 "Performance Goal" means the objective goal or goals that must be met in order for Dividend Equivalents and Restricted Stock Dividend Equivalents, if any, to be paid and restrictions on Restricted Stock to lapse. All Performance Goals must meet the requirements of Section 10.

2.14 "Performance Period" means the performance period during which performance will be measured for Performance Goals. Performance Periods must meet the requirements of Section 10.

2.15 "Plan" means this 2000 Stock Incentive Plan.

2.16 (a) "Restricted Stock" means shares of Stock that are subject to restrictions which lapse upon the achievement of Performance Goals within the relevant Performance Period.

2.16 (b) "Restricted Stock Dividend Equivalent" means an amount determined by multiplying the number of shares of Restricted Stock granted in conjunction with the Restricted Stock Dividend Equivalent, subject to any adjustment under Section 13, 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 that falls within the relevant Performance Period.

2.17 "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 13.

2.18 "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.

2.19 "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. The Committee will have the sole discretion to determine whether a significant reduction in the duties and responsibilities of a Participant will constitute a Termination without Cause.

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

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR OPTIONS AND RESTRICTED STOCK GRANTS

The number of shares of Stock which may be made the subject of Options and the number of shares of Restricted Stock that may be granted under this Plan may not exceed 1,650,000 in the aggregate (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), subject, however, to the adjustment provisions of Section 13 below, and provided that the maximum number of Restricted Shares issued hereunder is 750,000. With regard to grants to any one individual in a calendar year: (i) the number of shares of Restricted Stock that may be issued will not exceed 150,000, and (ii) the number of shares of Restricted Stock together with the number of shares of Stock which may be the subject of grants of Options will not exceed 750,000. If any Option expires or terminates for any reason without having been exercised in full or if Restricted Stock is forfeited, the unpurchased shares subject to the Option or the forfeited shares of Restricted Stock will again be available for the purposes of the Plan. Shares of Restricted Stock and shares which are the subject of Options may be previously issued and outstanding shares of Stock reacquired by the Company and held in its treasury, or may be authorized but unissued shares of Stock, or may be a combination of both.

4. DURATION OF THE PLAN

The Plan will remain in effect until all Stock subject to it has been transferred to Participants or all Options have terminated or been exercised and all shares of Restricted Stock have been vested or forfeited. Notwithstanding the foregoing, Options and Restricted Stock may not be granted after December 31, 2009.

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 grants will be made. 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. Awards under a particular Section of the Plan need not be uniform as among Participants. 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 and the terms and provisions of the restrictions relating to Restricted Stock (none of which need be identical), and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. All ministerial functions, in addition to those specifically delegated elsewhere in the Plan, shall be performed by a committee comprised of Company employees ("Administrative Committee") appointed by the Committee. A Stock option agreement as discussed below shall be executed by each Participant receiving a grant under the Plan and shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the Committee's authority and discretion.

6. ELIGIBILITY

Grants hereunder may be made only to Employees (including directors who are also Employees of the Company) who, in the sole judgment of the Committee, are 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: (i) Options may be granted to Participants at any time and from time to time as may be determined by the Committee; and (ii) the Committee will have complete discretion in determining the Options to be granted, the number of shares of Stock to be subject to each Option, the Option Price to be paid for the shares upon the exercise of each Option, the period within which each Option may be exercised, the vesting schedule associated with the Option, and whether the Option will include Dividend Equivalents.

7.2 Option Agreement. As determined by the Committee on the Date of Grant, each Option will be evidenced by a stock option agreement that will, among other things, specify the Date of Grant, the Option Price, the duration of the Option, the number of shares of Stock to which the Option pertains, the Option's vesting schedule, and whether the Option will include Dividend Equivalents.

7.3 Exercise and Vesting.

(a) Except as otherwise specified by the Committee in the stock option agreement, the Option shall become exercisable in equal one-third (1/3) installments on the first, second and third anniversaries of 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 will 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 Options held by such Participant will terminate on the date such Participant ceases to be an Employee. 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. However, if a Participant holding an Option ceases to be an Employee by reason of (i) Termination without Cause, (ii) retirement, (iii) disability, or (iv) death, the Option held by any such Participant will thereafter become exercisable pursuant to the following:

(i) Termination Without Cause. If a Participant terminates employment on account of a Termination without Cause, the Option held by such Participant will thereafter 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; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of the 13 month period commencing on the date such Participant ceases to be an Employee.

(ii) Retirement. If a Participant terminates employment on account of a retirement under the Company's retirement plan applicable to that Participant, the Option held by such Participant will thereafter become exercisable as if such Participant had remained employed by the Company for 36 months after the date of such retirement; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 36 month period. Retirement for Employees of AmeriGas Propane, Inc. ("API") means termination of employment with API after attaining age 55 with ten or more years of service with API and its affiliates.

(iii) Disability. If a Participant is determined to be "disabled" (as defined under the Company's long-term disability plan), the Option held by such Participant will thereafter become exercisable as if such Participant had remained employed by the Company for 36 months after the date of such disability; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 36 month period.

(iv) Death. In the event of the death of a Participant while employed by the Company, the Option theretofore granted to such Participant will 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 12 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 Sections 7.3(b)(i), 7.3(b)(ii) or 7.3(b)(iii). Such Option may be exercised by the estate of the Participant, by any person to whom the Participant may have bequeathed the Option, any person 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.

(c) 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, will be exercisable after it has terminated, including without limitation, after any termination of such Option pursuant to Section 7.3(b) hereof.

7.4 Payment. The Option Price upon exercise of any Option will 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 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 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 will be used for its general corporate purposes.

7.5 Written Notice. A Participant wishing to exercise an Option must give irrevocable written notice to the Company in the form and manner prescribed by the Administrative 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 Administrative Committee. Full payment for the shares pursuant to the Option must be received by the time specified by the Committee depending on the type of payment being made but, in all cases, prior to the issuance of the Stock. Except as provided in Section 7.3(b), no Option may be exercised at any time unless the Participant is then an Employee of the Company.

7.6 Issuance of Stock. As soon as practicable after the receipt of irrevocable 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.

7.7 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.

7.8 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.

8. RESTRICTED STOCK

8.1 Grant of Restricted Stock. Subject to the provisions of Section 3, shares of Restricted Stock and Restricted Stock Dividend Equivalents may be granted to Participants at any time and from time to time as may be determined by the Committee. Shares of Restricted Stock may be granted with or without Restricted Stock Dividend Equivalents as determined by the Committee. Shares issued or transferred pursuant to Restricted Stock awards may be issued or transferred for consideration or for no consideration, and will be subject to Performance Goals meeting the requirements of Section 10.

8.2 Requirement of Employment or Service. If the Participant ceases to be employed by, or provide service to, the Company before the Performance Goals are met, the Restricted Stock award will terminate as to all shares covered by the grant as to which the restrictions have not lapsed, and those shares of Stock must be immediately returned to the Company. However, if a Participant holding Restricted Stock ceases to be an Employee by reason of (i) retirement, (ii) disability, or (iii) death, the restrictions on Restricted Stock held by any such Participant will lapse pursuant to the following:

(a) Retirement. If a Participant terminates employment on account of a retirement under the Company's retirement plan applicable to that Participant, the restrictions on such Participant's Restricted Stock will lapse with regard to any Performance Period that ends within 36 months after the date of such retirement; provided that the Performance Goals associated with such Performance Period are achieved within that 36 month period. Retirement for Employees of AmeriGas Propane, Inc. ("API") means termination of employment with API after attaining age 55 with ten or more years of service with API and its affiliates.

(b) Disability. If a Participant is determined to be "disabled" (as defined under the Company's long-term disability plan), the restrictions on such Participant's Restricted Stock will lapse with regard to any Performance Period that ends within 36 months after the date of such disability; provided that the Performance Goals associated with such Performance Period are achieved within that 36 month period.

(c) Death. In the event of the death of a Participant while employed by the Company, the restrictions on such Participant's Restricted Stock will lapse at the end of the Performance Period associated with such Restricted Stock upon the achievement of the related Performance Goals.

8.3 Restrictions on Transfer and Legend on Stock Certificate. Until the Performance Goals are met, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of Restricted Stock or rights to Restricted Stock Dividend Equivalents, if any. Each certificate for a share of a Restricted Stock will contain a legend giving appropriate notice of the restrictions in the grant. The Participant will be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Administrative Committee may determine that the Company will not issue certificates for Restricted Stock until all restrictions on such shares have lapsed, or that the Company will retain possession of certificates for shares of Restricted Stock until all restrictions on such shares have lapsed.

8.4 Privileges of a Shareholder. Unless the Committee determines otherwise, during the Performance Period, a Participant issued certificates under Section 8.3 will have the right to vote shares of Restricted Stock and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Committee.

8.5 Form of Payment for Restricted Stock. The Committee will have the sole discretion to determine whether the Company's obligation in respect of payment of Restricted Stock awards for a Participant who is not issued certificates under Section 8.3 will be paid in Stock, solely in cash or partly in Stock and partly in cash.

9. DIVIDEND EQUIVALENTS AND RESTRICTED STOCK DIVIDEND EQUIVALENTS

9.1 (a) Amount of Dividend Equivalents Credited. If the Committee so specifies, as of the Date of Grant in the stock option agreement, 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 will keep records for such Participant ("Account") and will 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 9.5 below, no interest will be credited to any such Account.

9.1 (b) Amount of Restricted Stock Dividend Equivalents Credited. If the Committee so specifies when granting Restricted Stock, from the Date of Grant of Restricted Stock to a Participant (or, in the case of Restricted Stock 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 will keep records for such Participant ("Account") and will credit on each payment date for the payment of a dividend made by UGI on its Stock an amount equal to the Restricted Stock Dividend Equivalent associated with such Restricted Stock. Notwithstanding the foregoing, a Participant may not accrue during any calendar year Restricted Stock Dividend Equivalents in excess of \$1,000,000. No interest will be credited to any such Account.

9.2 Payment of Credited Dividend Equivalents and Restricted Stock Dividend Equivalents. Payment of Dividend Equivalents and Restricted Stock Dividend Equivalents will be made only upon the determination by the Committee that the Performance Goals associated with such Dividend Equivalents and Restricted Stock Dividend Equivalents have been achieved as prescribed in accordance with Section 10.

9.3 Timing of Payment of Dividend Equivalents and Restricted Stock 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 Section 7.3(b) hereof, or (ii) acceleration of the exercise date of an Option pursuant to Section 7.3(a) hereof, in either case prior to the end of the applicable Performance Period, no payments of Dividend Equivalents associated with any Option will 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 will have made an election under Section 9.6 to defer receipt of any portion of such amount, a Participant will receive the aggregate amount of Dividend Equivalents payable to that Participant in the form specified by the Committee.

(b) Except as otherwise determined by the Committee, in the event of the termination of a grant of Restricted Stock pursuant to Section 8.2 hereof, no payments of Restricted Stock Dividend Equivalents associated with Restricted Stock will 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 or disability. 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 Restricted Stock Dividend Equivalents and unless a Participant will have made an election under Section 9.6 to defer receipt of any portion of such amount, a Participant will receive the aggregate amount of Restricted Stock Dividend Equivalents payable to that Participant in cash.

(c) Notwithstanding anything to the contrary in this Section 9.3, unless a payment of Dividend Equivalents associated with an Option is being made upon full exercise or termination of such Option, no Dividend Equivalents will 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 will 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.

9.4 Form of Payment for Dividend Equivalents. The Committee will have the sole discretion to determine whether the Company's obligation in respect of payment of Dividend Equivalents will 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.

9.5 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 will be credited with interest at a market rate determined by the Administrative Committee. The interest rate will be no higher than the prime interest rate as quoted in the Wall Street Journal on the last day of the month preceding the end of the Performance Period, or the preceding business day if the last day of the month is not a business day.

9.6 Deferral of Dividend Equivalents and Restricted Stock Dividend Equivalents. A Participant will have the right to defer receipt of any Dividend Equivalent or Restricted Stock Dividend Equivalent payments associated with an Option or Restricted Stock if the Participant elects 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 Administrative Committee will 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) will be subject to approval by the Administrative Committee and all deferrals will be made on a form provided a Participant for this purpose.

10. REQUIREMENTS FOR PERFORMANCE GOALS AND PERFORMANCE PERIODS

10.1 Designation as Qualified Performance-Based Compensation. Grants of Restricted Stock, Restricted Stock Dividend Equivalents and Dividend Equivalents will qualify as "qualified performance-based compensation" under Section 162(m) of the Internal Revenue Code ("Code"), including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the Performance Goals have been met. The Committee will not have discretion to increase the amount of compensation that is payable upon achievement of the designated Performance Goals, but may, in its sole discretion, reduce the amount of compensation that is payable upon achievement of the designated Performance Goals.

10.2 Requirements for Performance Goals. When Restricted Stock, Restricted Stock Dividend Equivalents and Dividend Equivalents are granted, the Committee will establish in writing Performance Goals either before the beginning of the Performance Period or during a period ending no later than the earlier of (i) 90 days after the beginning of the Performance Period or (ii) the date on which 25% of the Performance Period has elapsed, or such other date as may be required or permitted under applicable regulations under Section 162(m) of the Code. The Performance Goal must specify (A) the objective Performance Goal(s) that must be met in order for restrictions on the Restricted Stock to lapse or the Restricted Stock Dividend Equivalents or Dividend Equivalents to be paid, (B) the Performance Period during which the Performance Goals must be met, (C) the maximum amounts that may be paid if the Performance Goals are met, and (D) any other conditions that the Committee deems appropriate and consistent with the Plan and the requirements of Section 162(m) of the Code for qualified performance based compensation.

10.3 Criteria Used for Performance Goals. The Committee will use objectively determinable Performance Goals based on one or more of the following criteria: stock price, earnings per share, net earnings, operating earnings, return on assets, shareholder return, return on equity, growth in assets, unit volume, sales, cash flow, market share, relative performance to a Comparison Group, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The Performance Goals may relate to the Participant's business unit or the performance of the Company and its subsidiaries as a whole, or any combination of the foregoing. Performance Goals need not be uniform as among Participants.

10.4 Announcement of Grants. The Committee will certify and announce the results for each Performance Period to all Participants as promptly as practicable following the completion of the Performance Period. If and to the extent that the Committee does not certify that the Performance Goals have been met, the applicable grants of Restricted Stock, Restricted Stock Dividend Equivalents and Dividend Equivalents for the Performance Period will be forfeited.

11. NON-TRANSFERABILITY

No Option, shares of Restricted Stock, rights to Restricted Stock Dividend Equivalents, Dividend Equivalents or other rights granted under the Plan will 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.

12. CONSEQUENCES OF A CHANGE OF CONTROL

12.1 Notice and Acceleration. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company will provide each Participant with outstanding grants written notice of such Change of Control, (ii) all outstanding Options will automatically accelerate and become fully exercisable, (iii) the restrictions and conditions on all outstanding

Restricted Stock grants will immediately lapse, and (iv) Dividend Equivalents and Restricted Stock Dividend Equivalents will become payable in cash in such amounts as the Committee may determine.

12.2 Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options that are not exercised will be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent of the surviving corporation), and other outstanding grants will be converted to similar grants of the surviving corporation (or a parent of the surviving corporation).

12.3 Other Alternatives. Notwithstanding the foregoing, subject to Section 12.4 below, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Options: the Committee may (i) require that Participants surrender their outstanding Options in exchange for a payment by the Company, in cash or Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Stock subject to the Participant's unexercised Options exceeds the Option Price of the Options, as applicable, or (ii) after giving Participants an opportunity to exercise their outstanding Options, terminate any or all unexercised Options at such time as the Committee deems appropriate. Such surrender, termination or settlement will take place as of the date of the Change of Control or such other date as the Committee may specify.

12.3 Committee. The Committee making the determinations under this Section 12 following a Change of Control must be comprised of the same members as those on the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of Sections 12.1 and 12.2 will apply, and the Committee will not have discretion to vary them.

12.4 Limitations. Notwithstanding anything in the Plan to the contrary, in the event of a Change of Control, the Committee will not have the right to take any actions described in the Plan (including without limitation actions described in this Section 12) that would make the Change of Control ineligible for pooling of interests accounting treatment or that would make the Change of Control ineligible for desired accounting treatment if, in the absence of such right, the Change of Control would qualify for such treatment and the Company intends to use such treatment with respect to the Change of Control.

13. 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 grants of Restricted Stock and 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, (vi) the number of shares of Restricted Stock, (vii) the terms and conditions applicable to Restricted Stock, and/or (viii) the terms and conditions applicable to Dividend Equivalents and Restricted Stock Dividend Equivalents, provided that the number of Restricted Shares and 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 and grant of Restricted Stock, whether a stock option agreement or grant letter with respect to a particular Option or grant of Restricted Stock has been theretofore or is thereafter executed.

14. LIMITATION OF RIGHTS

Nothing contained in this Plan will be construed to give an Employee any right to a grant hereunder except as may be authorized in the discretion of the Committee. A grant under this Plan will 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.

15. 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 will 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 or Restricted Share has previously been granted, adversely affect the rights of such Participant under such Option or Restricted Share, including any associated Dividend Equivalents or Restricted Stock Dividend Equivalents. Notwithstanding the foregoing, the Administrative 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.

16. TAX WITHHOLDING

Upon the lapse of restrictions on Restricted Stock and 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 Administrative Committee, the Company may withhold or receive Stock and make cash payments in respect thereof in satisfaction of a recipient's tax obligations in an amount that does not exceed the recipient's minimum applicable

withholding tax obligations. In the event the Company receives Stock in satisfaction of a recipient's minimum applicable withholding tax obligations, the Stock must have been held by the recipient for more than six months.

17. GOVERNMENTAL APPROVAL

Each share of Restricted Stock and 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 Restricted Share or 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.

18. EFFECTIVE DATE OF PLAN

18.1 Effective Date. This Plan will become effective as of January 1, 2000, subject to ratification by the Company's shareholders prior to March 31, 2000.

18.2 Shareholder Approval for "Qualified Performance-Based Compensation." This Plan must be reapproved by the shareholders of UGI no later than the first shareholders meeting that occurs in the fifth year following the year in which the shareholders previously approved the provisions of Section 10, if required by section 162(m) of the Code or the regulations thereunder.

19. SUCCESSORS

This Plan will 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.

20. HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

21. GOVERNING LAW

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

Approved by Shareholders of UGI Corporation on February 29, 2000.

UGI CORPORATION 1992 NON-QUALIFIED
STOCK OPTION PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

UGI CORPORATION

1992 NON-QUALIFIED STOCK OPTION PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

1. PURPOSE AND DESIGN

The purpose of this Plan is to assist the Company in securing, motivating and retaining managerial talent by affording managers an opportunity to purchase the Company's Stock under options.

2. DEFINITIONS

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

(a) "Board" means the Company's Board of Directors as constituted from time to time.

(b) "Committee" means the Compensation and Management Development Committee of the Board as constituted from time to time.

(c) "Company" means UGI Corporation, a Pennsylvania corporation (which intends to change its name after the effective date hereof to UGI Utilities, Inc.), or any successor thereto by merger, consolidation or statutory share exchange; provided, however, that in the event that the Company's shareholders approve the formation of a public utility holding company to own 100%, of the Stock of the Company prior to January 1, 1993, then from and after any reorganization (whether by merger or statutory share exchange) effecting such a transaction, "Company" shall mean New UGI Corporation, a Pennsylvania corporation (which intends to change its name after the effective date hereof to UGI Corporation).

(d) "Employee" means a regular full-time salaried employee (including officers who are also employees) of the Company or any Subsidiary of the Company.

(e) "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, 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.

(f) "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 date of grant, which period of time shall be subject to earlier termination prior to exercise in accordance with Sections 10, 11 and 12 of this Plan.

(g) "Option Price" means an amount per share of Stock purchasable under an Option equal to 100% of the Fair Market Value of the Stock determined on the date of grant of an Option to be payable upon exercise of such Option.

(h) "Participant" means an Employee designated by the Committee to participate in the Plan.

(i) "Subsidiary" means any corporation, at least 20% of the outstanding voting stock or voting power of which is owned by the Company or a Subsidiary.

(j) "Stock" means the Common Stock of the Company, par value \$2.25 per share, or, in the event that, prior to January 1, 1993, the Company's shareholders approve the formation of a public utility holding company system in which 100% of the Stock of the Company is owned by a public utility holding company, then from and after the effective date of any reorganization (whether by merger or statutory share exchange) effecting such a transaction, "Stock" shall mean the Common Stock of the Company, without par value, and, in either case, such other securities of the Company as may be substituted for Stock or such other securities pursuant to Section 13.

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 750,000 in the aggregate (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), including shares acquired by Participants through exercise of Options under this Plan, subject, however, to the adjustment provisions of Section 13 below. 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. Notwithstanding the foregoing, no Option may be granted after January 1, 2002.

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 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 necessary or advisable for the orderly administration of the Plan. A Stock option agreement as discussed below shall be executed by each Participant receiving a grant under the Plan and shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the Committee's authority and discretion

6. ELIGIBILITY

Options may be granted only to key management Employees who do not participate in any of the Company's Stock Option and Dividend Equivalent Plans and who are selected by the Committee, in its sole judgment, to participate in the Plan.

7. OPTIONS

7.1 Grant of Options. Subject to the provisions of Section 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 that shall, among other things, specify 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) If 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 a retirement under the Company's or a Subsidiary's retirement plan, the Option held by any such participant shall thereafter become exercisable with respect to that additional number of shares of Stock with respect to which it becomes exercisable on any anniversary of the date on which the Participant was granted the Option which occurs within thirteen (13) months after the date of such retirement and such Option shall be exercisable during such thirteen-month period. Notwithstanding the foregoing, the Committee shall have the power, in the event of any merger or consolidation of any other corporation with or into the Company, or the sale of all or substantially all of the assets of the Company or an offer to purchase made by a party other than the Company to all shareholders of the Company for all or any substantial portion of the outstanding Stock, to amend any or all outstanding Options to permit the exercise of all such Options prior to the effectiveness of any such merger, consolidation or sale or the expiration of any such offer to purchase, and to terminate such Options as of such effectiveness or expiration. Notwithstanding anything contained in this Section 7.3 with respect to the number of shares with respect to which an 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 Section 10 hereof.

7.4 Payment of Option Price. 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 payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (iv) by a combination of (i) (ii) and/or (iii). 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 previously acquired Stock tendered to the Company in payment of the Option Price will be added by the Company to its treasury stock to be used for its general corporate purposes.

8. WRITTEN NOTICE, ISSUANCE OF STOCK CERTIFICATES, STOCKHOLDER PRIVILEGES AND PARTIAL EXERCISE

8.1 Written Notice. A Participant wishing to exercise an Option must give irrevocable 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 exercised pursuant to the Option must be received by the Company by the time specified by the Committee depending on the type of payment being made but, in all cases, prior to the issuance of the Stock. Except as provided in Sections 10, 11 and 12, no Option may be exercised at any time unless the Participant is then an Employee of the Company or a Subsidiary.

8.2 Issuance of Stock Certificates. As soon as practicable, after the receipt of irrevocable 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 the Participant or such other person or certificates for the requisite number of shares of Stock.

8.3 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 date of issuance of a share certificate for such Stock.

8.4 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.

9. NON-TRANSFERABILITY OF OPTIONS

No Option 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.

10. 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 or a Subsidiary, unless such cessation of employment is (i) for the convenience of the Company or a Subsidiary, in which event the Option will terminate upon the expiration of ninety (90) days after such cessation of employment, or (ii) a retirement under the Company's or a Subsidiary's retirement plan, in which event the Option will terminate upon the expiration of thirteen (13) months after the retirement of such Participant. In no event, however, will an Option continue after ten years from the date of granting of such Option. The Committee will have authority to determine whether an authorized leave of absence or absence on military or governmental service will constitute a severance of employment for the purposes of this Plan.

11. DISABILITY

If a Participant's employment by the Company or a Subsidiary terminates by reason of disability (as defined under Section 22(e)(3) of the Internal Revenue Code of 1986, as it may be amended or any successor statute), the Option, to the extent exercisable as of the date of such termination, will be exercisable at any time prior to the earlier of (i) the expiration date of the Option, or (ii) the expiration of a thirteen-month period following the date of such termination. To the extent that an Option was not exercisable as of the date of such termination of employment, such Option or the non-exercisable portion thereof will be forfeited and no longer subject to any right to exercise.

12. DEATH OF PARTICIPANT

In the event of the death of a Participant (i) while employed by the Company or a Subsidiary, (ii) within the ninety (90) day period specified in clause (i) of Section 10 after cessation of employment for the convenience of the Company or a Subsidiary, or (iii) within the thirteen (13) month period specified in clause (ii) of Section 10 after cessation of employment by reason of retirement under the Company's or a Subsidiary's retirement plan, the Option theretofore granted to such Participant 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, at any time within a period of one Year after the Participant's death, but not after ten years from the date of granting of such Option, and in all cases only if and to the extent that the Participant was entitled to exercise the Option at the time of the Participant's death.

13. ADJUSTMENT OF NUMBER, KIND AND PRICE OF SHARES

In the event any recapitalization, reorganization, merger, consolidation, spin-off, combination, repurchase, exchange of shares or other securities of the Company, stock split or reverse split, extraordinary dividend, liquidation, dissolution, or other similar corporate transaction or event affects Stock such that an adjustment is determined by the Committee to be appropriate in order prevent dilution or enlargement of Participants' rights under the Plan, then the Committee will, in a manner that is proportionate to the change to the Stock and is otherwise equitable, adjust (i) any or all of the number or kind of shares of Stock reserved for issuance under the Plan, (ii) the number or kind of shares of Stock to be subject to Options thereafter granted under the Plan, and (iii) the number and kind of shares of Stock issuable upon exercise of outstanding Options, or the Option Price per share thereof, 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.

14. LIMITATION OF RIGHTS

Nothing in this Plan contained 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 or a Subsidiary will employ a Participant for any specified period of time, in any specific position or at any particular rate or remuneration.

15. 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. 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.

16. 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.

17. GOVERNMENTAL APPROVAL

Each Option will be subject to the requirements 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.

18. EFFECTIVE DATE OF PLAN

This Plan will become effective as of January 1, 1992.

UGI CORPORATION

2002 NON-QUALIFIED STOCK OPTION PLAN

AMENDED AND RESTATED AS OF APRIL 29, 2003

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UGI CORPORATION

2002 NON-QUALIFIED STOCK OPTION PLAN
AMENDED AND RESTATED AS OF APRIL 29, 2003

1. PURPOSE AND DESIGN

The purpose of this Plan is to assist the Company in securing, motivating and retaining managerial talent by affording managers and other key Employees an opportunity to purchase the Company's Stock under options.

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.

2.02 "Change of Control" means a change of control as defined in a change of control agreement between a Participant's respective employer and certain of its employees.

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

2.04 "Company" means UGI Corporation, a Pennsylvania corporation, any successor thereto and any Subsidiary.

2.05 "Date of Grant" means the effective date of an Option grant; provided, however, that no retroactive grants will be made.

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

2.07 "Fair Market Value" of Stock means the average, rounded to the next highest cent (\$0.01), 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. Notwithstanding the foregoing, in the case of a cashless exercise pursuant to Section 7.4, the Fair Market Value will 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.

2.08 "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 will be subject to earlier termination prior to exercise in accordance with Section 7.3(b) of this Plan.

2.09 "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 will not be less than 100% of the Fair Market Value of the Stock determined on the Date of Grant.

2.10 "Participant" means an Employee designated by the Committee to participate in the Plan.

2.11 "Plan" means this 2002 Non-Qualified Stock Option Plan.

2.12 "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 13.

2.13 "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.

2.14 "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. The Committee will have the sole discretion to determine whether a significant reduction in the duties and responsibilities of a Participant will constitute a Termination without Cause.

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

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR OPTIONS

The number of shares of Stock which may be made the subject of Options under this Plan may not exceed 750,000 in the aggregate (after giving retroactive effect to the 3-for-2 Stock split distributed April 1, 2003), subject, however, to the adjustment provisions of Section 13. 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 Stock reacquired by the Company and held in its treasury, or may be authorized but unissued shares of Stock, or may be a combination of both.

4. DURATION OF THE PLAN

The Plan will remain in effect until all Stock subject to it has been transferred to Participants or all Options have terminated or been exercised. Notwithstanding the foregoing, no Option may be granted after December 31, 2011.

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 grants will be made. 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. Awards under a particular Section of the Plan need not be uniform as among Participants. 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, and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. All ministerial functions, in addition to those specifically delegated elsewhere in the Plan, shall be performed by a committee comprised of Company employees ("Administrative Committee") appointed by the Committee. A stock option agreement, as discussed below, shall be executed by each Participant receiving a grant under the Plan and shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the Committee's authority and discretion.

6. ELIGIBILITY

Grants hereunder may be made only to managers and key Employees, other than executive officers, as defined in the Securities Exchange Act of 1934, as amended, of UGI Corporation, who are selected by the Committee, in its sole discretion, to participate in the Plan.

7. OPTIONS

7.1 Grant of Options. Subject to the provisions of Sections 2.09 and 3: (i) Options may be granted to Participants at any time and from time to time as may be determined by the Committee; and (ii) the Committee will have complete discretion in determining the Options to be granted, the number of shares of Stock to be subject to each Option, the Option Price to be paid for the shares upon the exercise of each Option, the period within which each Option may be exercised, and the vesting schedule associated with the Option.

7.2 Option Agreement. As determined by the Committee on the Date of Grant, each Option will be evidenced by a stock option agreement that will, among other things, specify the Date of Grant, the Option Price, the duration of the Option, the number of shares of Stock to which the Option pertains and the Option's vesting schedule.

7.3 Exercise and Vesting.

(a) Except as otherwise specified by the Committee in the stock option agreement, the Option shall become exercisable in equal one-third (1/3) installments on the first, second and third anniversaries of 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 will 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 Options held by such Participant will terminate on the date such Participant ceases to be an Employee. 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. However, if a Participant holding an Option ceases to be an Employee by reason of (i) Termination without Cause, (ii) retirement, (iii) disability, or (iv) death, the Option held by any such Participant will thereafter become exercisable pursuant to the following:

(i) Termination Without Cause. If a Participant terminates employment on account of a Termination without Cause, the Option held by such Participant will thereafter 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; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of the 13 month period commencing on the date such Participant ceases to be an Employee.

(ii) Retirement. If a Participant terminates employment on account of a retirement under the Company's retirement plan applicable to that Participant, the Option held by such Participant will thereafter become exercisable as if such Participant had remained employed by the Company for 36 months after the date of such retirement; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 36 month period. Retirement for Employees of AmeriGas Propane, Inc. ("API") means termination of employment with API after attaining age 55 with ten or more years of service with API and its affiliates.

(iii) Disability. If a Participant is determined to be "disabled" (as defined under the Company's long-term disability plan), the Option held by such Participant will thereafter become exercisable as if such Participant had remained employed by the Company for 36 months after the date of such disability; and such Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 36 month period.

(iv) Death. In the event of the death of a Participant while employed by the Company, the Option theretofore granted to such Participant will 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 12 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 Sections 7.3(b)(i), 7.3(b)(ii) or 7.3(b)(iii). Such Option may be exercised by the estate of the Participant, by any person to whom the Participant may have bequeathed the Option, any person 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.

(c) 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, will be exercisable after it has terminated, including without limitation, after any termination of such Option pursuant to Section 7.3(b) hereof.

7.4 Payment. The Option Price of any Option will 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 Option Price being paid thereby, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by such other method as the Committee may approve, or (v) by a combination of (i), (ii), (iii) and/or (iv). The cash proceeds from such payment will be added to the general funds of the Company and will be used for its general corporate purposes.

7.5 Written Notice. A Participant wishing to irrevocably exercise an Option must give irrevocable written notice to the Company in the form and manner prescribed by the Administrative 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 Administrative Committee. Full payment for the shares pursuant to the option must be received by the time specified by the Committee depending on the type of payment being made but, in all cases, prior to the issuance of the shares. Except as provided in Section 7.3(b), no Option may be exercised at any time unless the Participant is then an Employee of the Company.

7.6 Issuance of Stock. As soon as practicable after the receipt of irrevocable 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.

7.7 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.

7.8 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.

8. NON-TRANSFERABILITY

No Option granted under the Plan will 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.

9. CONSEQUENCES OF A CHANGE OF CONTROL

9.1 Notice and Acceleration. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company will provide each Participant with outstanding grants written notice of such Change of Control, and (ii) all outstanding Options will automatically accelerate and become fully exercisable.

9.2 Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options that are not exercised will be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent of the surviving corporation).

9.3 Other Alternatives. Notwithstanding the foregoing, subject to Section 9.4 below, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Options: the Committee may (i) require that Participants surrender their outstanding Options in exchange for a payment by the Company, in cash or Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Stock subject to the Participant's unexercised Options exceeds the Option Price of the Options, as applicable, or (ii) after giving Participants an opportunity to exercise their outstanding Options, terminate any or all unexercised Options at such time as the Committee deems appropriate. Such surrender, termination or settlement will take place as of the date of the Change of Control or such other date as the Committee may specify.

9.4 Committee. The Committee making the determinations under this Section 9 following a Change of Control must be comprised of the same members as those on the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of Sections 9.1 and 9.2 will apply, and the Committee will not have discretion to vary them.

9.5 Limitations. Notwithstanding anything in the Plan to the contrary, in the event of a Change of Control, the Committee will not have the right to take any actions described in the Plan (including without limitation actions described in this Section 9) that would make the Change of Control ineligible for pooling of interests accounting treatment or that would make the Change of Control ineligible for desired accounting treatment if, in the absence of such right, the Change of Control would qualify for such treatment and the Company intends to use such treatment with respect to the Change of Control.

10. 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 grants of Options thereafter granted under the Plan, (iv) the number and kind of shares of Stock issuable upon exercise of outstanding Options, and (v) the Option Price per share thereof, 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.

11. LIMITATION OF RIGHTS

Nothing contained in this Plan shall be construed to give an Employee any right to be granted an Option hereunder 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.

12. 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 will 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. Notwithstanding the foregoing, the Administrative 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.

13. 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 Administrative Committee, the Company may withhold or receive Stock and make cash payments in respect thereof in satisfaction of a recipient's tax obligations in an amount that does not exceed the recipient's minimum applicable withholding tax obligations. In the event the Company receives Stock in satisfaction of a recipient's minimum applicable withholding tax obligations, the Stock must have been held by the recipient for more than six months.

14. 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.

15. EFFECTIVE DATE OF PLAN

This Plan will become effective as of January 1, 2002.

16. SUCCESSORS

This Plan will 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.

17. HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

18. GOVERNING LAW

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

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
RELATING TO A PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

I, Lon R. Greenberg, Chief Executive Officer, and I, Anthony J. Mendicino, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that:

- (1) The Company's periodic report on Form 10-Q for the period ended March 31, 2003 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

/s/ Lon R. Greenberg

/s/ Anthony J. Mendicino

Lon R. Greenberg

Anthony J. Mendicino

Date: May 15, 2003

Date: May 15, 2003

A signed original of this written statement required by Section 906 has been provided to UGI Corporation and will be retained by UGI Corporation and furnished to the Securities and Exchange Commission or its staff upon request.