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, 2019

OR

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

For the transition period from ________ to ________

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2668356**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
460 North Gulph Road, King of Prussia, PA	**19406**
(Address of principal executive offices)	**(Zip Code)**

(610) 337-1000

(Registrant's telephone number, including area code)

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

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Stock, without par value	UGI	New York Stock Exchange, Inc.

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

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

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

At April 30, 2019, there were 174,183,724 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS

GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Form 10-Q are defined below:

UGI Corporation and Related Entities

AmeriGas OLP - AmeriGas Propane, L.P., the principal operating subsidiary of AmeriGas Partners

AmeriGas Partners - AmeriGas Partners, L.P., a publicly traded limited partnership. AmeriGas Partners, L.P. is also referred to as the “Partnership”

AmeriGas Propane - Reportable segment comprising AmeriGas Propane, Inc. and its subsidiaries, including AmeriGas Partners and AmeriGas OLP

AmeriGas Propane Holdings, Inc. - A Delaware corporation and an indirect wholly-owned subsidiary of UGI

AmeriGas Propane Holdings, LLC - A Delaware limited liability company and an indirect wholly-owned subsidiary of UGI. Also referred to as the Merger Sub

AmeriGas Propane, Inc. - A wholly owned second-tier subsidiary of UGI and the general partner of AmeriGas Partners and AmeriGas OLP. Also referred to as the General Partner

AvantiGas - AvantiGas Limited, a wholly owned subsidiary of UGI International, LLC

Company - UGI and its consolidated subsidiaries collectively

CPG - UGI Central Penn Gas, Inc., a wholly owned subsidiary of UGI Utilities prior to October 1, 2018

DVEP - DVEP Investeringen B.V., a wholly owned subsidiary of UGI International, LLC

Electric Utility - UGI Utilities’ regulated electric distribution utility

Energy Services - UGI Energy Services, LLC, a wholly owned subsidiary of Enterprises

Enterprises - UGI Enterprises, LLC, a wholly owned subsidiary of UGI

ESFC - Energy Services Funding Corporation, a wholly owned subsidiary of Energy Services

Finagaz - The retail LPG distribution business of Totalgaz SAS acquired on May 29, 2015

Flaga - Flaga GmbH, a wholly owned subsidiary of UGI International, LLC

Gas Utility - UGI Utilities’ regulated natural gas distribution businesses, comprising the natural gas utility businesses owned and operated by UGI Utilities and, prior to the Utility Merger, PNG and CPG

General Partner - AmeriGas Propane, Inc., the general partner of AmeriGas Partners and AmeriGas OLP

GP Audit Committee - The audit committee of the GP Board

GP Board - The board of directors of the General Partner

HVAC - UGI HVAC Enterprises, Inc., a wholly owned subsidiary of Enterprises

Merger Sub - AmeriGas Propane Holdings, LLC

Midstream & Marketing - Reportable segment comprising Energy Services, UGID and HVAC

Partnership - AmeriGas Partners and its consolidated subsidiaries, including AmeriGas OLP

PennEast - PennEast Pipeline Company, LLC

PNG - UGI Penn Natural Gas, Inc., a wholly owned subsidiary of UGI Utilities prior to October 1, 2018

UGI - UGI Corporation

UGI Central - The natural gas rate district of CPG subsequent to the Utility Merger

UGI France - UGI France SAS (*a Société par actions simplifiée*), a wholly owned subsidiary of UGI International, LLC

UGI Gas - UGI Utilities' natural gas utility prior to the Utility Merger

UGI International - Reportable segment comprising UGI's foreign operations

UGI International, LLC - UGI International, LLC, a wholly owned subsidiary of Enterprises

UGI North - The natural gas rate district of PNG subsequent to the Utility Merger

UGI PennEast, LLC - A wholly owned subsidiary of Energy Services that holds a 20% membership interest in PennEast

UGI South - The natural gas rate district of UGI Gas subsequent to the Utility Merger

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI. Also a reportable segment of UGI

UGID - UGI Development Company, a wholly owned subsidiary of Energy Services

UniverGas - UniverGas Italia S.r.l, a wholly owned subsidiary of UGI International

Other Terms and Abbreviations

2018 Annual Report - UGI Annual Report on Form 10-K for the fiscal year ended September 30, 2018, including annual financial statements and footnotes amended in the Current Report on Form 8-K dated May 6, 2019.

2018 six-month period - Six-month period ended March 31, 2018

2018 three-month period - Three-month period ended March 31, 2018

2018 UGI International Credit Facilities Agreement - A five-year unsecured Senior Facilities Agreement entered into by UGI International, LLC comprising a €300 million term loan facility and a €300 million revolving credit facility maturing October 2023

2019 six-month period - Six-month period ended March 31, 2019

2019 three-month period - Three-month period ended March 31, 2019

AFUDC - Allowance for funds used during construction

AOCI - Accumulated other comprehensive income (loss)

ASC - Accounting Standards Codification

ASC 605 - ASC 605, "Revenue Recognition"

ASC 606 - ASC 606, "Revenue from Contracts with Customers"

ASC 740 - ASC 740, "Income Taxes"

ASU - Accounting Standards Update

Bcf - Billions of cubic feet

BIE - Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement

BRP - Balance Responsible Party providing electricity imbalance services in the European electricity markets

COA - Consent order and agreement

CODM - Chief Operating Decision Maker as defined in ASC 280, "Segment Reporting"

Common Units - Limited partnership ownership interests in AmeriGas Partners

Core market - Comprises (1) firm residential, commercial and industrial customers for whom UGI Utilities has a statutory obligation to serve who purchase their natural gas or electricity from UGI Utilities; and (2) residential, commercial and industrial customers for whom UGI Utilities has a statutory obligation to serve who purchase their natural gas or electricity from others

December 2017 French Finance Bills - The French Finance Bill for 2018 and the second amendment to the French Finance Bill for 2017 (also referred to as French Finance Bill)

DS - Default service

Exchange Act - Securities Exchange Act of 1934, as amended

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

FTR - Financial transmission rights

GAAP - U.S. generally accepted accounting principles

Gwh - Millions of kilowatt hours

ICE - Intercontinental Exchange

IRPA - Interest rate protection agreement

IT - Information technology

LIBOR - London Inter-bank Offered Rate

LNG - Liquefied natural gas

LPG - Liquefied petroleum gases

MDPSC - Maryland Public Service Commission

Merger Agreement - Agreement and Plan of Merger, dated as of April 1, 2019, among UGI, AmeriGas Propane Holdings, Inc., AmeriGas Propane Holdings, LLC, AmeriGas Partners and AmeriGas Propane

MGP - Manufactured gas plant

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

NYISO - New York Independent System Operator

NYMEX - New York Mercantile Exchange

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

Partnership Adjusted EBITDA - A non-GAAP financial measure used by UGI to evaluate the Partnership’s performance consisting of Partnership earnings before interest expense, income taxes, depreciation and amortization as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have

Partnership Agreement - Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2009, as amended

PGC - Purchased gas costs

PJM - PJM Interconnection, LLC

Proposed Merger - The transaction contemplated by the Merger Agreement pursuant to which AmeriGas Propane Holdings, LLC will merge with and into the Partnership, with the Partnership surviving as an indirect wholly owned subsidiary of UGI

PRP - Potentially responsible party

Receivables Facility - A receivables purchase facility of Energy Services with an issuer of receivables-backed commercial paper

Retail core-market - Comprises firm residential, commercial and industrial customers for whom UGI Utilities has a statutory obligation to serve that purchase their natural gas from Gas Utility

ROD - Records of Decision

SCAA - Storage contract administrative agreements

SEC - U.S. Securities and Exchange Commission

Special Meeting - Special meeting of holders of Common Units to be held at a future date to approve (i) the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, (ii) the adjournment of the Special Meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, at the time of the Special Meeting and (iii) a non-binding advisory vote regarding certain compensation arrangements that may be payable to AmeriGas Partners' named executive officers in connection with the completion of the Proposed Merger

Support Agreement - Agreement between the Partnership and the General Partner, dated as of April 1, 2019, pursuant to which the General Partner has agreed to vote all Common Units that it or its affiliates beneficially own as of the record date of the Special Meeting in favor of the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, at the Special Meeting

TCJA - Tax Cuts and Jobs Act

UGI International 3.25% Senior Notes - An underwritten private placement of €350 million principal amount of senior unsecured notes due November 1, 2025, issued by UGI International, LLC

UGI Utilities 4.55% Senior Notes - A private placement of $150 million principal amount of senior notes issued by UGI Utilities due February 2049

USD - U.S. dollar

U.S. Pension Plan - Defined benefit pension plan for employees hired prior to January 1, 2009 of UGI, UGI Utilities, CPG, PNG and certain of UGI's other domestic wholly owned subsidiaries

Utility Merger - The merger, effective October 1, 2018, of CPG and PNG with and into UGI Utilities

VEBA - Voluntary Employees' Beneficiary Association

Western Missouri District Court - The United States District Court for the Western District of Missouri

UGI CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2019	September 30, 2018	March 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	$ 492.1	$ 452.6	$ 474.8
Restricted cash	26.3	9.6	10.6
Accounts receivable (less allowances for doubtful accounts of $43.6, $35.1 and $44.6, respectively)	1,231.4	751.9	1,272.7
Accrued utility revenues	52.1	14.0	62.3
Inventories	222.0	318.2	228.3
Utility regulatory assets	1.3	7.5	2.9
Derivative instruments	32.2	142.5	36.6
Prepaid expenses and other current assets	122.6	191.8	133.9
Total current assets	2,180.0	1,888.1	2,222.1
Property, plant and equipment, at cost (less accumulated depreciation of $3,274.6, $3,153.9 and $3,141.2, respectively)	5,917.0	5,808.2	5,716.6
Goodwill	3,147.8	3,160.4	3,218.1
Intangible assets, net	488.3	513.6	627.1
Utility regulatory assets	298.0	293.5	358.7
Derivative instruments	22.8	43.5	12.0
Other assets	297.0	273.6	290.7
Total assets	$ 12,350.9	$ 11,980.9	$ 12,445.3
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	$ 18.0	$ 18.8	$ 86.0
Short-term borrowings	341.0	424.9	302.8
Accounts payable	652.1	561.8	600.3
Derivative instruments	31.0	11.7	28.9
Other current liabilities	735.2	714.9	799.5
Total current liabilities	1,777.3	1,732.1	1,817.5
Long-term debt	4,283.8	4,146.5	4,192.8
Deferred income taxes	970.8	991.9	905.9
Derivative instruments	16.5	12.8	25.0
Other noncurrent liabilities	986.5	997.6	1,083.1
Total liabilities	8,034.9	7,880.9	8,024.3
Commitments and contingencies (Note 11)			
Equity:			
UGI Corporation stockholders' equity:			
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 174,596,873, 174,142,997 and 174,015,641 shares, respectively)	1,219.0	1,200.8	1,193.4
Retained earnings	2,818.2	2,610.7	2,656.6
Accumulated other comprehensive loss	(160.8)	(110.4)	(34.1)
Treasury stock, at cost	(23.4)	(19.7)	(41.6)
Total UGI Corporation stockholders' equity	3,853.0	3,681.4	3,774.3
Noncontrolling interests, principally in AmeriGas Partners	463.0	418.6	646.7
Total equity	4,316.0	4,100.0	4,421.0
Total liabilities and equity	$ 12,350.9	$ 11,980.9	$ 12,445.3

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Revenues	$ 2,606.1	$ 2,812.0	$ 4,806.3	$ 4,937.2
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	1,426.9	1,560.2	2,851.9	2,697.6
Operating and administrative expenses	536.7	554.7	1,039.9	1,041.6
Depreciation and amortization	108.9	112.2	220.1	222.5
Other operating income, net	(5.2)	(6.1)	(12.1)	(10.5)
	2,067.3	2,221.0	4,099.8	3,951.2
Operating income	538.8	591.0	706.5	986.0
Income from equity investees	1.6	0.7	3.1	1.7
Loss on extinguishments of debt	—	—	(6.1)	—
Other non-operating income (expense), net	7.9	(12.5)	16.9	(20.5)
Interest expense	(61.0)	(58.1)	(121.2)	(116.3)
Income before income taxes	487.3	521.1	599.2	850.9
Income tax expense	(90.6)	(113.4)	(114.0)	(9.0)
Net income including noncontrolling interests	396.7	407.7	485.2	841.9
Deduct net income attributable to noncontrolling interests, principally in AmeriGas Partners	(151.3)	(131.7)	(175.6)	(200.0)
Net income attributable to UGI Corporation	$ 245.4	$ 276.0	$ 309.6	$ 641.9
Earnings per common share attributable to UGI Corporation stockholders:				
Basic	$ 1.41	$ 1.59	$ 1.77	$ 3.70
Diluted	$ 1.38	$ 1.57	$ 1.74	$ 3.63
Weighted-average common shares outstanding (thousands):				
Basic	174,501	173,570	174,461	173,617
Diluted	177,318	176,350	177,446	176,646
Dividends declared per common share	$ 0.26	$ 0.25	$ 0.52	$ 0.50

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)
(Millions of dollars)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Net income including noncontrolling interests	$ 396.7	$ 407.7	$ 485.2	$ 841.9
Other comprehensive income (loss):				
Net losses on derivative instruments (net of tax of $1.0, $0.7, $1.4 and $0.9, respectively)	(1.2)	(1.6)	(2.7)	(2.0)
Reclassifications of net losses on derivative instruments (net of tax of $0.0, $(1.5), $(0.3) and $(1.4), respectively)	—	2.8	0.7	2.4
Foreign currency adjustments (net of tax of $(7.7), $0.0, $(4.9) and $0.0, respectively)	(26.8)	35.9	(42.4)	58.2
Benefit plans (net of tax of $(0.1), $(0.1), $(0.2) and $(0.3), respectively)	0.3	0.3	0.6	0.7
Other comprehensive (loss) income	(27.7)	37.4	(43.8)	59.3
Comprehensive income including noncontrolling interests	369.0	445.1	441.4	901.2
Deduct comprehensive income attributable to noncontrolling interests, principally in AmeriGas Partners	(151.3)	(131.7)	(175.6)	(200.0)
Comprehensive income attributable to UGI Corporation	$ 217.7	$ 313.4	$ 265.8	$ 701.2

See accompanying notes to condensed consolidated financial statements.

Table of Contents

UGI CORPORATION AND SUBSIDIARIES

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

	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interests	$ 485.2	$ 841.9
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	220.1	222.5
Deferred income tax benefit, net	(28.9)	(191.5)
Provision for uncollectible accounts	22.2	24.8
Changes in unrealized gains and losses on derivative instruments	161.2	41.5
Loss on extinguishments of debt	6.1	—
Other, net	2.9	18.0
Net change in:		
Accounts receivable and accrued utility revenues	(538.6)	(676.0)
Inventories	93.5	57.0
Utility deferred fuel and power costs, net of changes in unsettled derivatives	(17.0)	31.5
Accounts payable	121.1	136.2
Derivative instruments collateral deposits paid	(12.2)	(8.0)
Other current assets	65.0	(18.3)
Other current liabilities	37.0	99.8
Net cash provided by operating activities	617.6	579.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(340.6)	(266.1)
Acquisitions of businesses and assets, net of cash acquired	(58.5)	(174.3)
Other, net	5.8	9.0
Net cash used by investing activities	(393.3)	(431.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(90.5)	(86.6)
Distributions on AmeriGas Partners publicly held Common Units	(131.5)	(131.5)
Issuances of long-term debt, net of issuance costs	878.1	124.3
Repayments of long-term debt	(724.3)	(64.3)
Decrease in short-term borrowings	(81.9)	(38.7)
Receivables Facility net repayments	(2.0)	(29.0)
Issuances of UGI Common Stock	11.8	3.1
Repurchases of UGI Common Stock	(16.9)	(14.1)
Other, net	(3.4)	(3.4)
Net cash used by financing activities	(160.6)	(240.2)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(7.5)	8.9
Cash, cash equivalents and restricted cash increase (decrease)	$ 56.2	$ (83.3)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash, cash equivalents and restricted cash at end of period	$ 518.4	$ 485.4
Cash, cash equivalents and restricted cash at beginning of period	462.2	568.7
Cash, cash equivalents and restricted cash increase (decrease)	$ 56.2	$ (83.3)

See accompanying notes to condensed consolidated financial statements.

Table of Contents

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)
(Millions of dollars, except per share amounts)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Common stock, without par value				
Balance, beginning of period	$ 1,206.5	$ 1,189.3	$ 1,200.8	$ 1,188.6
Common Stock issued in connection with employee and director plans (including losses on treasury stock transactions), net of tax withheld	5.7	(2.5)	9.4	(3.8)
Equity-based compensation expense	6.8	6.6	8.8	8.6
Balance, end of period	$ 1,219.0	$ 1,193.4	$ 1,219.0	$ 1,193.4
Retained earnings				
Balance, beginning of period	$ 2,620.8	$ 2,429.3	$ 2,610.7	$ 2,106.7
Cumulative effect of change in accounting principle - ASC 606	—	—	(7.1)	—
Reclassification of stranded income tax effects related to TCJA	—	—	6.6	—
Losses on common stock transactions in connection with employee and director plans	(2.8)	(5.4)	(11.1)	(5.4)
Net income attributable to UGI	245.4	276.0	309.6	641.9
Cash dividends on UGI Common Stock ($0.26, $0.25, $0.52 and $0.50 per share, respectively)	(45.2)	(43.3)	(90.5)	(86.6)
Balance, end of period	$ 2,818.2	$ 2,656.6	$ 2,818.2	$ 2,656.6
Accumulated other comprehensive income (loss)				
Balance, beginning of period	$ (133.1)	$ (71.5)	$ (110.4)	$ (93.4)
Reclassification of stranded income tax effects related to TCJA	—	—	(6.6)	—
Net losses on derivative instruments	(1.2)	(1.6)	(2.7)	(2.0)
Reclassification of net losses on derivative instruments	—	2.8	0.7	2.4
Benefit plans	0.3	0.3	0.6	0.7
Foreign currency adjustments	(26.8)	35.9	(42.4)	58.2
Balance, end of period	$ (160.8)	$ (34.1)	$ (160.8)	$ (34.1)
Treasury stock				
Balance, beginning of period	$ (24.8)	$ (45.4)	$ (19.7)	$ (38.6)
Common Stock issued in connection with employee and director plans, net of tax withheld	3.8	10.3	16.0	13.0
Repurchases of UGI Common Stock	—	(4.6)	(16.9)	(14.1)
Reacquired UGI Common Stock - employee and director plans	(2.4)	(1.9)	(2.8)	(1.9)
Balance, end of period	$ (23.4)	$ (41.6)	$ (23.4)	$ (41.6)
Total UGI stockholders' equity	$ 3,853.0	$ 3,774.3	$ 3,853.0	$ 3,774.3
Noncontrolling interests				
Balance, beginning of period	$ 377.2	$ 580.4	$ 418.6	$ 577.6
Net income attributable to noncontrolling interests, principally in AmeriGas Partners	151.3	131.7	175.6	200.0
Dividends and distributions	(65.8)	(66.1)	(131.5)	(131.8)
Other	0.3	0.7	0.3	0.9
Balance, end of period	$ 463.0	$ 646.7	$ 463.0	$ 646.7
Total equity	$ 4,316.0	$ 4,421.0	$ 4,316.0	$ 4,421.0

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Note 1 — Nature of Operations

UGI is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In the United States, we (1) are the general partner and own limited partner interests in a retail propane marketing and distribution business; (2) own and operate natural gas and electric distribution utilities; and (3) own and operate an energy marketing, midstream infrastructure, storage, natural gas gathering, natural gas production, electricity generation and energy services business. In Europe, we market and distribute propane and other LPG and market energy products and services.

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary, AmeriGas Propane, Inc., serves as the General Partner of AmeriGas Partners and AmeriGas OLP. At March 31, 2019, the General Partner held a 1% general partner interest and a 25.3% limited partner interest in AmeriGas Partners and held an effective 27.0% ownership interest in AmeriGas OLP. Our limited partnership interest in AmeriGas Partners comprises Common Units. The remaining 73.7% interest in AmeriGas Partners comprises Common Units held by the public. The General Partner also holds incentive distribution rights that entitle it to receive distributions from AmeriGas Partners in excess of its 1% general partner interest under certain circumstances as further described in Note 14 of the Company's 2018 Annual Report. Incentive distributions received by the General Partner during the six months ended March 31, 2019 and 2018 were $22.9 and $22.7, respectively.

Our wholly owned subsidiary, Enterprises, through subsidiaries, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, the Netherlands and the United Kingdom. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas.

Energy Services conducts directly and through subsidiaries energy marketing, midstream transmission, LNG, storage, natural gas gathering, natural gas production, electricity generation and energy services businesses primarily in the Mid-Atlantic region of the U.S. UGID owns all or a portion of electricity generation facilities principally located in Pennsylvania. HVAC, a first-tier subsidiary of Enterprises, also conducts heating, ventilation, air-conditioning, refrigeration and electrical contracting businesses in portions of eastern and central Pennsylvania. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC.

UGI Utilities owns and operates Gas Utility, a natural gas distribution utility business in eastern and central Pennsylvania and in a portion of one Maryland county directly and, prior to the Utility Merger on October 1, 2018, through PNG and CPG. Gas Utility is subject to regulation by the PAPUC and the FERC and, with respect to a small service territory in one Maryland county, the MDPSC. UGI Utilities also owns and operates Electric Utility, an electric distribution utility located in northeastern Pennsylvania. Electric Utility is subject to regulation by the PAPUC and the FERC.

Proposed Merger

On April 1, 2019, we entered into the Merger Agreement, pursuant to which Merger Sub will merge with and into the Partnership, with the Partnership surviving as an indirect, wholly owned subsidiary of UGI. Under the terms of the Merger Agreement, at the effective time of the Proposed Merger, each outstanding Common Unit other than Common Units owned by UGI and its subsidiaries, including the General Partner, will be converted into the right to receive, at the election of each holder of such Common Units, one of the following forms of merger consideration:

(i) 0.6378 shares of UGI common stock (such election, a "Share Election," such ratio of shares of UGI common stock received per Common Unit, the "Share Election Exchange Ratio");
(ii) $7.63 in cash, without interest, and 0.500 shares of UGI common stock (such election, a "Mixed Election," such ratio of shares of UGI common stock received per Common Unit, the "Mixed Election Exchange Ratio"); or
(iii) $35.325 in cash, without interest (such election, a "Cash Election").

The merger consideration is subject to proration designed to ensure that the total number of shares of UGI common stock issuable as merger consideration will equal approximately 34.6 million shares, and the amount of cash consideration paid will equal approximately $530. Also, at the effective time of the Proposed Merger, the General Partner's 1% economic general partner interest in AmeriGas Partners, which includes its incentive distribution rights, will convert into (i) 10,615,711 Common Units, which will remain outstanding as partnership interests in AmeriGas Partners, and (ii) a non-economic general partner interest in AmeriGas Partners.

Upon completion of the Proposed Merger, Common Units will no longer be publicly traded. Subject to the satisfaction or waiver of certain conditions, including the approval of the Merger Agreement by the Partnership's unitholders, the Proposed Merger is expected to close in the fourth quarter of Fiscal 2019.

The Proposed Merger will be accounted for in accordance with ASC 810, *Consolidation - Overall-Changes in a Parent's Ownership Interest in a Subsidiary.* Because UGI controls the Partnership before and after the Proposed Merger, the changes in UGI's ownership interest in the Partnership resulting from the merger will be accounted for as an equity transaction and no gain or loss will be recognized in UGI's consolidated income statement resulting from the merger. In addition, the carrying amounts of AmeriGas' assets and liabilities will not be adjusted. Finally, the tax effects of the merger will be reported as adjustments to deferred income taxes and UGI stockholders' equity.

See Note 17 for further information on the Proposed Merger.

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the SEC. They include all adjustments that 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. The September 30, 2018, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all disclosures required by GAAP.

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's 2018 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.

Revenue Recognition. Effective October 1, 2018, the Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers," which, as amended, is included in ASC 606. This new accounting guidance supersedes previous revenue recognition requirements in ASC 605. ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We adopted this new accounting guidance using the modified retrospective transition method to those contracts which were not completed as of October 1, 2018. Periods prior to October 1, 2018, have not been restated and continue to be reported in accordance with ASC 605. The Company recorded a $7.1 reduction to opening retained earnings as of October 1, 2018, to reflect the cumulative effect of ASC 606 on certain contracts not complete as of the date of adoption. The adoption of ASC 606 did not, and is not expected to, have a material impact on the amount or timing of our revenue recognition and on our consolidated net income, cash flows or financial position.

Certain revenues such as revenue from leases, financial instruments and other revenues are not within the scope of ASC 606 because they are not from contracts with customers. Such revenues are accounted for in accordance with other GAAP. Revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, are not included in revenues. Gross receipts taxes at Midstream & Marketing and Electric Utility are presented on a gross basis. The Company has elected to use the practical expedient to expense the costs to obtain contracts when incurred for contracts that have a term less than one year. The costs incurred to obtain contracts that have durations of longer than one year are not material.

See Note 4 for additional disclosures regarding the Company's revenue from contracts with customers.

Restricted Cash. Restricted cash principally represents those cash balances in our commodity futures brokerage accounts that are restricted from withdrawal. Upon adoption of revised accounting guidance in October 2018 (see Note 3), changes in restricted cash is no longer reflected as a separate investing activity but included in cash, cash equivalents and restricted cash when reconciling the beginning and end of period total amounts in the Company's Condensed Consolidated Statements of Cash Flows. The guidance required retrospective application, which resulted in adjustments to the previously reported cash flows from investing activities for the six months ended March 31, 2018, decreasing net cash used by investing activities by $0.3.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

The following table provides a reconciliation of the total cash, cash equivalents and restricted cash reported on the Condensed Consolidated Balance Sheets to the corresponding amounts reported on the Condensed Consolidated Statements of Cash Flows.

	Cash, Cash Equivalents and Restricted Cash			
	March 31, 2019	March 31, 2018	September 30, 2018	September 30, 2017
Cash and cash equivalents	$ 492.1	$ 474.8	$ 452.6	$ 558.4
Restricted cash	26.3	10.6	9.6	10.3
Cash, cash equivalents and restricted cash	$ 518.4	$ 485.4	$ 462.2	$ 568.7

Earnings Per Common Share. Basic earnings per share attributable to UGI shareholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share attributable to UGI 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,	
	2019	2018	2019	2018
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic	174,501	173,570	174,461	173,617
Incremental shares issuable for stock options and awards (a)	2,817	2,780	2,985	3,029
Weighted-average common shares outstanding — diluted	177,318	176,350	177,446	176,646

(a) For the three and six months ended March 31, 2019, there were 208 shares associated with outstanding stock option awards that were excluded from the computation of diluted earnings per share above because their effect was antidilutive. For the three and six months ended March 31, 2018, there were 2,486 shares associated with outstanding stock option awards that were excluded from the computation of diluted earnings per share above because their effect was antidilutive.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is subject to regulatory ratemaking mechanisms or if it qualifies and is designated as a hedge for accounting purposes.

Certain of our derivative instruments qualify and are designated as cash flow hedges. For cash flow hedges, changes in the fair values of the derivative instruments are recorded in AOCI, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if occurrence of the forecasted transaction is determined to be no longer probable. Hedge accounting is also discontinued for derivatives that cease to be highly effective. We do not designate our commodity and certain foreign currency derivative instruments as hedges under GAAP. Changes in the fair values of these derivative instruments are reflected in net income. Gains and losses on substantially all of the commodity derivative instruments used by UGI Utilities are included in regulatory assets or liabilities because it is probable such gains or losses will be recoverable from, or refundable to, customers. From time to time, we also enter into net investment hedges. Gains and losses on net investment hedges that relate to our foreign operations are included in the cumulative translation adjustment component of AOCI until such foreign net investment is sold or liquidated.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. Because these contracts do not qualify for hedge accounting treatment, realized and unrealized gains and losses on these contracts are recorded in “Other non-operating income (expense), net” on the Condensed Consolidated Statements of Income.

Cash flows from derivative instruments, other than certain cross-currency swaps and net investment hedges, if any, are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows. Cash flows from the interest portion of our cross-currency hedges, if any, are included in cash flows from operating activities while cash flows from the currency portion of such hedges, if any, are included in cash flows from financing activities. Cash flows from net investment hedges, if any, are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 14.

Income Taxes. UGI's consolidated effective income tax rate, defined as total income taxes as a percentage of income (loss) before income taxes, includes amounts associated with noncontrolling interests in the Partnership, which principally comprises AmeriGas Partners and AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are not directly subject to federal income taxes. As a result, UGI's consolidated effective income tax rate is affected by the amount of income (loss) before income taxes attributable to noncontrolling interests in the Partnership not subject to income taxes.

Our results for the three and six months ended March 31, 2018 were significantly affected by the enactment of the TCJA in the U.S. and the enactment of the December 2017 French Finance Bills in France. See Note 6 for additional information regarding the effects of the TCJA and the December 2017 French Finance Bills.

Other non-operating income (expense), net. Included in "Other non-operating income (expense), net," on the Condensed Consolidated Statements of Income are net gains and losses on forward foreign currency contracts used to reduce volatility in net income associated with our foreign operations, and non-service income (expense) associated with our pension and other postretirement plans.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management's knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Reclassifications. Certain amounts for the three and six months ended March 31, 2018, have been reclassified as a result of the adoption of revised accounting guidance pertaining to certain net periodic pension and other postretirement benefit costs and restricted cash (see Note 3). In addition, certain other prior-period amounts have been reclassified to conform to the current-period presentation.

Note 3 — Accounting Changes

New Accounting Standards Adopted Effective October 1, 2018

Revenue Recognition. Effective October 1, 2018, the Company adopted new accounting guidance regarding revenue recognition. See Notes 2 and 4 for a detailed description of the impact of the new guidance and related disclosures.

Cloud Computing Implementation Costs. In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The new guidance requires a customer in a cloud computing arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an internal-use software project. These deferred implementation costs are expensed over the fixed, noncancelable term of the service arrangement plus any reasonably certain renewal periods. The new guidance also requires the entity to present the expense related to the capitalized implementation costs in the same income statement line as the hosting service fees; to classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments for hosting service fees; and to present the capitalized implementation costs in the balance sheet in the same line item in which prepaid hosting service fees are presented. The new guidance can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We adopted this ASU effective October 1, 2018, and applied the guidance prospectively to all implementation costs associated with cloud computing arrangements that are service contracts incurred beginning October 1, 2018. The adoption of the new guidance did not have a material impact on our results of operations for the three and six months ended March 31, 2019.

Stranded Tax Effects in Accumulated Other Comprehensive Income. In February 2018, the FASB issued ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This ASU provides that the stranded

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

tax effects in AOCI resulting from the remeasurement of deferred income taxes associated with items included in AOCI due to the enactment of the TCJA may be reclassified to retained earnings, at the election of the entity, in the period the ASU is adopted. We adopted this ASU effective October 1, 2018. In connection with the adoption of this guidance, we reclassified a benefit of $6.6 from AOCI to opening retained earnings as of October 1, 2018, to reflect the reduction in the federal income tax rate, and the federal benefit of state income taxes, on the components of AOCI.

Pension and Other Postretirement Benefit Costs. In March 2017, the FASB issued ASU No. 2017-07, “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” This ASU requires entities to disaggregate the service cost component from the other components of net periodic benefit cost and present it with compensation costs for related employees in the income statement. The other components are required to be presented elsewhere in the income statement and outside of income from operations. The amendments in this ASU permit only the service cost component to be eligible for capitalization, when applicable. For entities subject to rate regulation, including UGI Utilities, the ASU recognized that in the event a regulator continues to require capitalization of all net periodic benefit costs prospectively, the difference would result in the recognition of a regulatory asset or liability.

The guidance became effective for the Company beginning October 1, 2018, with retrospective adoption for the presentation of pension and postretirement expense on the income statement and a prospective adoption for capitalization. The Company’s Condensed Consolidated Statement of Income for the three and six months ended March 31, 2018, has been recast to reflect the retrospective adoption for the presentation of the non-service cost component of net periodic pension and other postretirement benefit cost, net of estimated amounts capitalized, within “Other non-operating income (expense), net,” on the Condensed Consolidated Statement of Income. Previously, the non-service cost components were reflected in “Operating and administrative expenses.”

The amount of income (expense) comprising the non-service cost components of our pension and postretirement benefit plans, net of amounts capitalized, presented in "Other non-operating income (expense), net,” totaled $0.2 and $0.3, respectively, for the three and six months ended March 31, 2019, and $(1.5) and $(4.7), respectively, for the three and six months ended March 31, 2018.

Statement of Cash Flows - Restricted Cash. In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows: Restricted Cash.” The guidance in this ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, as well as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows. The amendments in the ASU are required to be adopted on a retrospective basis. We adopted this ASU effective October 1, 2018. Adoption of this new guidance resulted in a change in presentation of restricted cash on the Condensed Consolidated Statements of Cash Flows; otherwise, this guidance did not have a significant impact on our Condensed Consolidated Statements of Cash Flows and disclosures (see Note 2, “Restricted Cash”).

Accounting Standards Not Yet Adopted

Pension and Other Postretirement Benefit Costs Disclosures. In August 2018, the FASB issued ASU No. 2018-14, “Changes to the Disclosure Requirements for Defined Benefit Plans.” This ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans by removing and adding certain disclosures for these plans. The amendments in this ASU are effective for interim and annual periods beginning October 1, 2020 (Fiscal 2021). The guidance shall be adopted retrospectively for all periods presented in the financial statements. Early adoption is permitted. The Company is in the process of assessing the impact on its financial statement disclosures from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Fair Value Measurements Disclosures. In August 2018, the FASB issued ASU No. 2018-13, “Changes to the Disclosure Requirements for Fair Value Measurement.” This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in this ASU are effective for annual periods beginning October 1, 2020 (Fiscal 2021). The guidance regarding removing and modifying disclosures will be adopted on a retrospective basis and the guidance regarding new disclosures will be adopted on a prospective basis. Early adoption is permitted. The Company is in the process of assessing the impact on its financial statement disclosures from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

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

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU, as subsequently updated, amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for the Company for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements unless an entity chooses the transition option in ASU 2018-11, “Leases: Targeted Improvements” which, among other things, provides entities with a transition option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption. We will adopt ASU No. 2016-02, as updated, effective October 1, 2019, and expect to elect the transition option which would allow the Company to maintain historical presentation for periods before October 1, 2019. The Company has completed a preliminary assessment for evaluating the impact of the guidance and anticipates that its adoption will result in a significant amount of right-of-use assets and lease liabilities for leases in effect at the adoption date. The Company has begun implementation activities including accumulating contracts and lease data in formats compatible with a new lease management system that will assist with the initial adoption and future reporting required by the standard.

Note 4 — Revenue from Contracts with Customers

The Company recognizes revenue when control of promised goods or services is transferred to our customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The Company generally has the right to consideration from a customer in an amount that corresponds directly with the value to the customer for our performance completed to date. As such, we have elected to recognize revenue in the amount to which we have a right to invoice except in the case of certain UGI Utilities’ large delivery service customers and Midstream & Marketing’s peaking contracts for which we recognize revenue on a straight-line basis over the term of the contract, consistent with when the performance obligations are satisfied by the Company.

We do not have a significant financing component in our contracts because we receive payment shortly before, at, or shortly after the transfer of control of the good or service. Because the period between the time the performance obligation is satisfied and payment is received is one year or less, the Company has elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

The Company’s revenues from contracts with customers are discussed below.

Utility Revenues

UGI Utilities supplies natural gas and electricity and provides distribution services of natural gas and electricity to residential, commercial, and industrial customers who are generally billed at standard regulated tariff rates approved by the PAPUC through the ratemaking process. Tariff rates include a component that provides for a reasonable opportunity to recover operating costs and expenses and to earn a return on net investment, and a component that provides for the recovery, subject to reasonableness reviews, of PGC and DS costs.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Customers may choose to purchase their natural gas and electricity from Gas Utility or Electric Utility, or, alternatively, may contract separately with alternate suppliers. Accordingly, our contracts with customers comprise two promised goods or services: (1) delivery service of natural gas and electricity through the Company's utility distribution systems and (2) the natural gas or electricity commodity itself for those customers who choose to purchase the natural gas or electricity directly from the Company. Revenue is not recorded for the sale of natural gas or electricity to customers who have contracted separately with alternate suppliers. For those customers who choose to purchase their natural gas or electricity from the Company, the performance obligation includes both the supply of the commodity and the delivery service.

The terms of our core market customer contracts are generally considered day-to-day as customers can discontinue service at any time without penalty. Performance obligations are generally satisfied over time as the natural gas or electricity is delivered to customers, at which point the customers simultaneously receive and consume the benefits provided by the delivery service and, when applicable, the commodity. Amounts are billed to customers based upon the reading of a customer's meter which occurs on a cycle basis throughout each reporting period. An unbilled amount is recorded at the end of each reporting period based upon estimated amounts of natural gas or electricity delivered to customers since the date of the last meter reading. These unbilled estimates consider various factors such as historical customer usage patterns, customer rates and weather.

UGI Utilities has certain fixed-term contracts with large commercial and industrial customers to provide natural gas delivery services at contracted rates and at volumes generally based on the customer's needs. The performance obligation to provide the contracted delivery service for these large commercial and industrial customers is satisfied over time and revenue is generally recognized on a straight-line basis.

UGI Utilities makes off-system sales whereby natural gas delivered to our system in excess of amounts needed to fulfill our distribution system needs is sold to other customers, primarily other distributors of natural gas, based on an agreed-upon price and volume between the Company and the counterparty. Gas Utility also sells excess capacity whereby interstate pipeline capacity in excess of amounts needed to meet our customer obligations is sold to other distributors of natural gas based upon an agreed-upon rate. Off-system sales and capacity releases are generally entered into one month at a time and comprise the sale of a specific volume of gas or pipeline capacity at a specific delivery point or points over a specific time. As such, performance obligations associated with off-system sales and capacity release customers are satisfied, and associated revenue is recorded, when the agreed upon volume of natural gas is delivered or capacity is provided, and title is transferred, in accordance with the contract terms.

Electric Utility provides transmission services to PJM by allowing PJM to access Electric Utility's electricity transmission facilities. In exchange for providing access, PJM pays Electric Utility consideration determined by a formula-based rate approved by FERC. The formula-based rate, which is updated annually, allows recovery of costs incurred to provide transmission services and return on transmission-related net investment. We recognize revenue over time as we provide transmission service.

Other Utility revenues represent revenues from other ancillary services provided to customers and are generally recorded as the service is provided to customers.

Non-Utility Revenues

LPG. AmeriGas Propane and UGI International record revenue principally from the sale of LPG to retail and wholesale customers. The primary performance obligation associated with the sale of LPG is the delivery of propane to (1) the customer's point of delivery for retail customers and (2) the customer's specified location where LPG is picked up by wholesale customers, at which point control of the propane is transferred to the customer, the performance obligation is satisfied, and the associated revenue is recognized. For contracts with retail customers that consume LPG from a metered tank, we recognize revenue as LPG is consumed, at which point we have the right to invoice, and generally invoice monthly based on consumption.

Contracts with customers comprise different types of contracts with varying length terms, fixed or variable prices, and fixed or variable quantities. Contracts with our residential customers, which comprise a substantial number of our customer contracts, are generally one year or less. Customer contracts for the sale of LPG include fixed-price, fixed-quantity contracts under which LPG is provided to a customer at a fixed price and a fixed volume, and contracts that provide for the sale of propane at market prices at date of delivery with no fixed volumes. AmeriGas Propane offers contracts that permit the customer to lock in a fixed price for their volumes for a fee and also provide the customer with the option to pre-buy a fixed amount of propane at a fixed price. Amounts received under pre-buy arrangements are recorded as a contract liability when received and recorded as revenue when LPG is delivered and control is transferred to the customer. Fees associated with fixed-price contracts are recorded as contract liabilities and recorded ratably over the contract period.

AmeriGas Propane and UGI International also distribute LPG to customers in portable cylinders. Under certain contracts, filled cylinders are delivered, and control is transferred, to a reseller. In such instances, the reseller is our customer and we record revenue upon delivery to the reseller. Under other contracts, filled cylinders are delivered to a reseller, but the Company retains control of the cylinders. In such instances, we record revenue at the time the reseller transfers control of the cylinder to the end user.

Certain retail LPG customers receive credits which we account for as variable consideration. We estimate these credits based upon past practices and historical customer experience and we reduce our revenues recognized for these credits.

Energy Marketing. Midstream & Marketing and UGI International operate energy marketing businesses that sell energy commodities, principally natural gas and electricity, to residential, commercial, industrial and wholesale customers. In addition, UGI International provides system balancing and procurement services to other energy marketers in the Netherlands.

Midstream & Marketing and UGI International market natural gas and electricity on full-requirements or agreed-upon volume bases under contracts with varying length terms and at fixed or floating prices that are based on market indices adjusted for differences in price between the market location and delivery locations. Performance obligations associated with these contracts primarily comprise the delivery of the natural gas and electricity over a contractual period of time. Performance obligations also include other energy-related ancillary services provided to customers such as capacity. For performance obligations that are satisfied at a point in time such as the delivery of natural gas, revenue is recorded when customers take control of the natural gas. Revenue is recorded for performance obligations that qualify as a series, when customers consume the natural gas or electricity delivered, which corresponds to the amount invoiced to the customer. For transactions where the price or volume is not fixed, the transaction price is not determined until delivery occurs. The billed amount, and the revenue recorded, is based upon consumption by the customer.

In addition to providing natural gas and electricity to end-user customers, our energy marketing business in the Netherlands has contracts with third-party natural gas and electricity marketers to provide BRP services in the electricity and natural gas markets in the Netherlands. These contracts are typically multi-year agreements and include full BRP services which include, among other things, estimating, procuring and scheduling all energy requirements to meet third-party marketers' needs, or provide more limited system procurement and balancing services. The amount of revenue recognized from our BRP customers is based upon the amount of energy delivered with respect to these agreements, and the level of BRP services provided. We typically receive payments from our BRP customers one month in advance of our performing the related services. Amounts received in advance are deferred on the balance sheet as contract liabilities. Based upon an evaluation of the terms and conditions of the BRP contracts and our ability to control the goods or services provided to the third-party marketers, in addition to other factors, we are considered a principal in these contracts and are required to record the revenue associated with the sale of energy to the third-party energy marketers on a gross basis. We record the associated revenue ratably over time, typically monthly, as the performance obligations are satisfied.

Midstream. Midstream & Marketing provides natural gas pipeline transportation, natural gas gathering and natural gas underground storage services, which generally contain a performance obligation for the Company to have availability to transport or store a product. Additionally, the Company provides stand-ready services to sell supplemental energy products and related services, primarily LNG and propane-air mixtures during periods of high demand that typically result from cold weather. The Company also sells LNG to end-user customers for use by trucks, drilling rigs and other motored vehicles and equipment, and facilities that are located off the natural gas grid.

Contracts for natural gas transportation and gathering services are typically long-term contracts with terms of up to 30 years, while contracts for storage are typically for one-year or multiple storage season periods. Contracts to provide natural gas during periods of high demand have terms of up to 15 years. Contracts to sell LNG for trucks, drilling rigs and other motor vehicles and facilities are typically short-term (less than one year). Depending on the type of services provided or goods sold, midstream revenues may consist of demand rates, commodity rates, and transportation rates and may include other fees for ancillary services. Pipeline transportation, natural gas gathering and storage services provided and services to stand ready to sell supplemental energy products and services each are considered to have a single performance obligation satisfied through the passage of time ratably based upon providing a stand-ready service on a monthly basis. Contracts to sell LNG to end-user customers contain performance obligations to deliver LNG over the term of the contract and revenue is recognized at a point in time when the control of the energy products is transferred to the customer. The price in the contract corresponds to our efforts to satisfy the performance obligation and reflects the consideration we expect to receive for the satisfied performance obligation, and, therefore, the revenue is recognized based on the volume delivered and the price within the contract. In cases where shipping & handling occurs prior to the LNG being delivered to the customer's storage vessel, we have elected to treat this as a cost of fulfillment and not a separate performance obligation. Revenues are typically billed and payment received monthly. Advance fees received from customers for stand-ready services are deferred as contract liabilities and revenue is recognized ratably over time as the performance obligation is satisfied over a period less than one year.

Electricity Generation. Midstream & Marketing also sells power generated from our electricity generation assets in the wholesale electricity markets administered by PJM regional transmission organization. Power contracts with PJM consist of the sale of power, capacity and ancillary services, all of which are considered a bundle of various services. Performance obligations are satisfied over time, generally on a daily basis, as electricity is delivered to and simultaneously consumed by the customer. As such, the Company has elected to recognize revenue in the amount to which we have a right to invoice which is based on market prices at the time of the delivery of the electricity to the customers.

Other. Other revenues from contracts with customers are generated primarily from services and products provided by Midstream & Marketing's HVAC business and AmeriGas Propane's parts and services business. The performance obligations of these businesses include installation, repair and warranty agreements associated with HVAC equipment and installation services provided for combined heat and power and solar panel installations. For installation and repair goods and services, the performance obligations under these contracts are satisfied, and revenue is recognized, as control of the product is transferred or the services are rendered. For warranty services, revenue is recorded ratably over the warranty period. Other LPG revenues from contracts with customers are generated primarily from certain fees AmeriGas Partners and UGI International charge associated with the delivery of LPG, including hazmat safety compliance, inspection, metering, installation, fuel recovery and certain other services. Revenues from fees are typically recorded when the LPG is delivered to the customer or the associated service is completed.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers or cash receipts. Contract assets represent our right to consideration after the performance obligations have been satisfied when such right is conditioned on something other than the passage of time. Contract assets were not material at March 31, 2019. Substantially all of our receivables are unconditional rights to consideration and are included in "Accounts receivable" and, in the case of UGI Utilities, "Accrued utility revenues" on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Company's obligations to transfer goods or services to a customer for which we have received consideration. The balances of contract liabilities were $60.4 and $115.6 at March 31, 2019 and October 1, 2018, respectively, and are included in "Other current liabilities" on the Condensed Consolidated Balance Sheets. Revenue recognized for the six months ended March 31, 2019, from the amount included in contract liabilities at October 1, 2018 was $82.8.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Revenue Disaggregation

The following tables present our disaggregated revenues by reportable segment for the three and six months ended March 31, 2019:

Three Months Ended March 31, 2019	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing (a)	UGI Utilities (a)	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 240.3	$ —	$ —	$ —	$ —	$ 240.3	$ —
Commercial & Industrial	100.7	—	—	—	—	100.7	—
Large delivery service	44.1	—	—	—	—	44.1	—
Off-system sales and capacity releases	21.9	(24.5)	—	—	—	46.4	—
Other (b)	(3.3)	(0.8)	—	—	—	(2.5)	—
Total Utility	403.7	(25.3)	—	—	—	429.0	—
Non-Utility:							
LPG:							
Retail	1,405.6	—	874.6	531.0	—	—	—
Wholesale	93.8	—	25.2	68.6	—	—	—
Energy Marketing	552.1	(46.4)	—	162.7	435.8	—	—
Midstream:							
Pipeline	22.4	—	—	—	22.4	—	—
Peaking	8.1	(51.7)	—	—	59.8	—	—
Other	0.7	—	—	—	0.7	—	—
Electricity Generation	11.6	—	—	—	11.6	—	—
Other	79.5	(0.7)	57.1	12.7	10.4	—	—
Total Non-Utility	2,173.8	(98.8)	956.9	775.0	540.7	—	—
Total revenues from contracts with customers	2,577.5	(124.1)	956.9	775.0	540.7	429.0	—
Other revenues (c)	28.6	(0.7)	14.7	8.2	1.7	0.6	4.1
Total revenues	$ 2,606.1	$ (124.8)	$ 971.6	$ 783.2	$ 542.4	$ 429.6	$ 4.1

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Six Months Ended March 31, 2019	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing (a)	UGI Utilities (a)	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 416.0	$ —	$ —	$ —	$ —	$ 416.0	$ —
Commercial & Industrial	168.3	—	—	—	—	168.3	—
Large delivery service	83.6	—	—	—	—	83.6	—
Off-system sales and capacity releases	37.1	(47.4)	—	—	—	84.5	—
Other (b)	(2.8)	(1.5)	—	—	—	(1.3)	—
Total Utility	702.2	(48.9)	—	—	—	751.1	—
Non-Utility:							
LPG:							
Retail	2,635.3	—	1,596.5	1,038.8	—	—	—
Wholesale	153.8	—	46.2	107.6	—	—	—
Energy Marketing	1,021.0	(93.9)	—	305.8	809.1	—	—
Midstream:							
Pipeline	41.8	—	—	—	41.8	—	—
Peaking	10.1	(90.4)	—	—	100.5	—	—
Other	1.7	—	—	—	1.7	—	—
Electricity Generation	23.3	—	—	—	23.3	—	—
Other	163.5	(1.4)	117.7	25.1	22.1	—	—
Total Non-Utility	4,050.5	(185.7)	1,760.4	1,477.3	998.5	—	—
Total revenues from contracts with customers	4,752.7	(234.6)	1,760.4	1,477.3	998.5	751.1	—
Other revenues (c)	53.6	(1.8)	31.4	16.6	3.3	1.2	2.9
Total revenues	$ 4,806.3	$ (236.4)	$ 1,791.8	$ 1,493.9	$ 1,001.8	$ 752.3	$ 2.9

(a) Includes intersegment revenues principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.
(b) UGI Utilities includes unallocated negative surcharge revenue of $(10.5) and $(14.6) for the three and six months ended March 31, 2019, respectively, as a result of a PAPUC Order issued May 17, 2018, related to the TCJA (see Note 8).
(c) Primarily represents revenues from tank rentals at AmeriGas Propane and UGI International, revenues from certain gathering assets at Midstream & Marketing, and gains and losses on commodity derivative instruments not associated with current-period transactions reflected in Corporate & Other, none of which are within the scope of ASC 606 and are accounted for in accordance with other GAAP.

Remaining Performance Obligations

The Company has elected to use practical expedients as allowed in ASC 606 to exclude disclosures related to the aggregate amount of the transaction price allocated to certain performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less, or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date. Certain contracts with customers at Midstream & Marketing and UGI Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At March 31, 2019, Midstream & Marketing and UGI Utilities expect to record approximately $1.5 billion and $0.2 billion of revenues, respectively, related to the minimum future performance obligations over the remaining terms of the related contracts.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Note 5 — Inventories

Inventories comprise the following:

	March 31, 2019	September 30, 2018	March 31, 2018
Non-utility LPG and natural gas	$ 159.7	$ 231.7	$ 163.0
Gas Utility natural gas	3.4	37.3	3.5
Materials, supplies and other	58.9	49.2	61.8
Total inventories	$ 222.0	$ 318.2	$ 228.3

At March 31, 2019, UGI Utilities was party to five principal SCAAs with terms of up to three years. Pursuant to the SCAAs, UGI Utilities has, among other things, released certain storage and transportation contracts for the terms of the SCAAs. UGI Utilities also transferred certain associated storage inventories upon commencement of the SCAAs, will receive a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the terms of the SCAAs. The historical cost of natural gas storage inventories released under the SCAAs, which represents a portion of Gas Utility's total natural gas storage inventories, and any exchange receivable (representing amounts of natural gas inventories used by the other parties to the agreement but not yet replenished for which UGI Utilities has the rights), are included in the caption "Gas Utility natural gas" in the table above.

As of March 31, 2019, UGI Utilities had SCAAs with Energy Services, the effects of which are eliminated in consolidation, and with a non-affiliate. The carrying value of gas storage inventories released under the SCAAs with the non-affiliate at September 30, 2018, comprising 2.3 bcf of natural gas, was $5.4. There were no gas storage inventories released under SCAAs with the non-affiliate at March 31, 2019 and March 31, 2018.

Note 6 — Income Taxes

Results for the three and six months ended March 31, 2018, reflect the impacts of two significant tax law changes in the U.S. and in France including remeasurement adjustments to deferred income tax assets and liabilities in the U.S. and France. The following sections describe these tax law changes.

TCJA

On December 22, 2017, the TCJA was enacted into law. Among the significant changes resulting from the law, the TCJA reduced the U.S. federal income tax rate from 35% to 21%, effective January 1, 2018, created a territorial tax system with a one-time mandatory "toll tax" on previously un-repatriated foreign earnings, and allowed for immediate capital expensing of certain qualified property. It also applied restrictions on the deductibility of interest expense, eliminated bonus depreciation for regulated utilities and certain FERC-regulated property beginning in Fiscal 2019, and applied a broader application of compensation limitations.

In accordance with GAAP as determined by ASC 740 we are required to record the effects of tax law changes in the period enacted. As further discussed below, our results for the three and six months ended March 31, 2018, contained provisional estimates of the impact of the TCJA. These amounts were considered provisional because they used estimates for which tax returns had not yet been filed and because estimated amounts could have been impacted by future regulatory and accounting guidance if and when issued. We adjusted provisional amounts as further information became available and as we refined our calculations. As permitted by SEC Staff Accounting Bulletin No. 118, these adjustments occurred during the reasonable "measurement period" defined as twelve months from the date of enactment. During the three months ended December 31, 2018, adjustments to provisional amounts recorded in prior periods were not material.

As a result of the enactment of the TCJA on December 22, 2017, during the three and six months ended March 31, 2018, we reduced our net deferred income tax liabilities by $5.0 and $388.8, respectively, due to the remeasuring of our existing federal deferred income tax assets and liabilities as of the date of the enactment of the TCJA, and as a result of adjusting our original provisional amounts during the quarter ended March 31, 2018. Because current law requires that excess deferred income taxes associated with UGI Utilities' regulated utility plant assets are to be amortized no more rapidly than over the remaining lives of the assets that gave rise to the excess deferred taxes, UGI Utilities recorded a regulatory liability related to such excess deferred income taxes (see Note 8).

(Currency in millions, except per share amounts and where indicated otherwise)

For the six months ended March 31, 2018, discrete deferred income tax adjustments reduced income tax expense by $171.3, which amount is net of $5.3 of adjustments recorded during the three months ended March 31, 2018 in accordance with the previously mentioned SEC Staff Accounting Bulletin No. 118. The $171.3 discrete deferred income tax adjustment for the six months ended March 31, 2018, was comprised of the following:

(1) a $180.3 reduction in net deferred tax liabilities in the U.S from the reduction of the U.S. tax rate;
(2) the establishment of $7.6 of valuation allowances related to deferred tax assets impacted by U.S. tax law changes; and
(3) a $1.4 “toll tax” on un-repatriated foreign earnings.

For the three and six months ended March 31, 2019 and 2018, we included the estimated impacts of the TCJA in determining our estimated annual effective income tax rates. We are subject to a 21.0% U.S. federal tax rate in Fiscal 2019. We were subject to a blended U.S. federal tax rate of 24.5% for Fiscal 2018 because our fiscal year contained the effective date of the rate change from 35% to 21% on January 1, 2018. As a result, our annual effective income tax rates used for the six months ended March 31, 2019 was based upon a federal income tax rate of 21.0% and our annual effective tax rate used for the six months ended March 31, 2018 was based upon a federal income tax rate of 24.5%. Our estimated annual effective tax rate was not impacted by any regulatory action taken by the PAPUC.

December 2017 French Finance Bills

In December 2017, the December 2017 French Finance Bills were approved. One impact of the December 2017 French Finance Bills was an increase in the Fiscal 2018 corporate income tax rate in France from 34.4% to 39.4%. The December 2017 French Finance Bills also include measures to reduce the corporate income tax rate to 25.8%, effective for fiscal years starting after January 1, 2022 (Fiscal 2023). As a result of the future corporate income tax rate reduction effective in Fiscal 2023, during the three months ended December 31, 2017, the Company reduced its net French deferred income tax liabilities and recognized an estimated deferred tax benefit of $17.3. During the three months ended March 31, 2018, this estimated deferred tax benefit was adjusted downward by $3.7 to $13.6. The estimated annual effective income tax rate used in determining income taxes for the six months ended March 31, 2018, reflected the impact of the single year Fiscal 2018 income tax rate as a result of the December 2017 French Finance Bills.

Note 7 — Goodwill and Intangible Assets

Goodwill and intangible assets comprise the following:

	March 31, 2019	September 30, 2018	March 31, 2018
Goodwill (not subject to amortization)	$ 3,147.8	$ 3,160.4	$ 3,218.1
Intangible assets:			
Customer relationships, noncompete agreements and other	$ 837.3	$ 848.6	$ 867.0
Trademarks and tradenames	16.5	7.9	—
Accumulated amortization	(416.3)	(393.2)	(376.2)
Intangible assets, net (definite-lived)	437.5	463.3	490.8
Trademarks and tradenames (indefinite-lived)	50.8	50.3	136.3
Total intangible assets, net	$ 488.3	$ 513.6	$ 627.1

The changes in goodwill and intangible assets are primarily due to acquisitions, the effects of foreign currency translation, and a $75.0 impairment of Partnership tradenames and trademarks recorded in April 2018. Amortization expense of intangible assets was $14.5 and $13.7 for the three months ended March 31, 2019 and 2018, respectively, and $29.1 and $28.5 for the six months ended March 31, 2019 and 2018, respectively. Amortization expense included in “Cost of sales” on the Condensed Consolidated Statements of Income was not material. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2019 and for the next four fiscal years is as follows: remainder of Fiscal 2019 — $28.9; Fiscal 2020 — $56.5; Fiscal 2021 — $53.2; Fiscal 2022 — $50.2; Fiscal 2023 — $48.7.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Note 8 — Utility Regulatory Assets and Liabilities and Regulatory Matters

For a description of the Company's regulatory assets and liabilities other than those described below, see Note 8 in the Company's 2018 Annual Report. Other than removal costs, UGI Utilities does not recover a rate of return on its regulatory assets listed below. The following regulatory assets and liabilities associated with UGI Utilities are included on the Condensed Consolidated Balance Sheets:

	March 31, 2019	September 30, 2018	March 31, 2018
Regulatory assets:			
Income taxes recoverable	$ 120.3	$ 110.1	$ 128.3
Underfunded pension and postretirement plans	83.6	87.1	135.3
Environmental costs	58.8	58.8	59.8
Removal costs, net	30.1	32.0	30.5
Other	6.5	13.0	7.7
Total regulatory assets	$ 299.3	$ 301.0	$ 361.6
Regulatory liabilities (a):			
Postretirement benefits	$ 16.9	$ 17.8	$ 17.1
Deferred fuel and power refunds	17.7	36.7	35.3
State tax benefits — distribution system repairs	24.3	22.6	19.9
PAPUC temporary rates order	25.1	24.4	—
Excess federal deferred income taxes	276.7	285.2	301.2
Other	18.8	3.5	7.2
Total regulatory liabilities	$ 379.5	$ 390.2	$ 380.7

(a) Regulatory liabilities are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Deferred fuel and power refunds. Gas Utility's and Electric Utility's tariffs contain clauses that permit recovery of all prudently incurred purchased gas and power costs through the application of PGC rates in the case of Gas Utility and DS tariffs in the case of Electric Utility. These clauses provide for periodic adjustments to PGC and DS rates for differences between the total amount of purchased gas and electric generation supply costs collected from customers and recoverable costs incurred. Net undercollected costs are classified as a regulatory asset and net overcollections are classified as a regulatory liability.

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for retail core-market customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel and power costs or refunds. Net unrealized gains on such contracts at March 31, 2019, September 30, 2018 and March 31, 2018 were $1.0, $2.9 and $0.3, respectively.

PAPUC temporary rates order. On May 17, 2018, the PAPUC ordered each regulated utility currently not in a general base rate case proceeding, including UGI Gas, PNG and CPG, to reduce their rates through the establishment of a negative surcharge applied to bills rendered on or after July 1, 2018. In accordance with the terms of the temporary rates order, the initial temporary negative surcharge was reconciled at the end of Fiscal 2018 to reflect the difference in the amount of bill credit received by customers and the amount of benefits received by the Company through the fiscal year end period and updated negative surcharges were placed in effect on January 1, 2019 at rates of 4.71%, 2.87% and 6.34%, respectively, for the UGI South, UGI North and UGI Central rate districts (as described below). These negative surcharges will remain in place until the effective date of new rates established in UGI Gas's current general base rate proceeding filed January 28, 2019.

In its May 17, 2018 Order, the PAPUC also required Pennsylvania utilities to establish a regulatory liability for tax benefits that accrued during the period January 1, 2018 through June 30, 2018, resulting from the reduced federal tax rate. The rate treatment of this regulatory liability is addressed in UGI Gas's base rate proceeding filed January 28, 2019 (see "*Base Rate Filings*" below). In its initial filing, UGI Gas has proposed a 4.5% negative surcharge applicable to all customer distribution service bills to return $24.0 of tax benefits experienced by UGI Utilities over the period January 1, 2018 to June 30, 2018, plus applicable interest, thereby satisfying a requirement to make a proposal for distributing those benefits within three years of the May 17, 2018 Order. As proposed, the negative surcharge would become effective for a twelve-month period beginning on the effective date of the new base rates.

For Pennsylvania utilities that were in a general base rate proceeding, including Electric Utility, no negative surcharge applies. The tax benefits that accrued during the period January 1, 2018 through October 26, 2018, the date before Electric Utility's base rate case became effective (see below), were refunded to Electric Utility ratepayers through a one-time bill credit.

Excess federal deferred income taxes. This regulatory liability is the result of remeasuring UGI Utilities' federal deferred income tax liabilities on utility plant due to the enactment of the TCJA on December 22, 2017 (see Note 6). In order for our utility assets to continue to be eligible for accelerated tax depreciation, current law requires that excess federal deferred income taxes resulting from the remeasurement be amortized no more rapidly than over the remaining lives of the assets that gave rise to the excess federal deferred income taxes, ranging from 1 year to approximately 65 years. This regulatory liability has been increased to reflect the tax benefit generated by the amortization of the excess deferred federal income taxes and is being amortized and credited to tax expense.

Other Regulatory Matters

Utility Merger. On March 8, 2018 and March 13, 2018, UGI Utilities filed merger authorization requests with the PAPUC and MDPSC, respectively, to merge PNG and CPG into UGI Utilities. After receiving all necessary FERC, MDPSC, and PAPUC approvals, CPG and PNG were merged with and into UGI Utilities, effective October 1, 2018. Consistent with the MDPSC order issued July 25, 2018, and the PAPUC order issued September, 26, 2018, the former CPG, PNG and UGI Utilities, Inc. Gas Division service territories became the UGI Central, UGI North and UGI South rate districts of the UGI Utilities, Inc. Gas Division, respectively, without any ratemaking change. UGI Utilities' obligations under the settlement approved by the PAPUC include various non-monetary conditions requiring UGI Utilities to maintain separate accounting-type schedules for limited future ratemaking purposes.

Base Rate Filings. On January 28, 2019, UGI Gas filed a request with the PAPUC to increase its operating revenues for residential, commercial and industrial customers by $71.1 annually. The requested rate increase applies to the consolidated UGI Central, UGI North and UGI South rate districts. The increased revenues would be used to fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and fund new programs designed to promote and reward customers' efforts to increase efficient use of natural gas. Additionally, UGI Gas has proposed a 4.5% negative surcharge applicable to all customer distribution service bills to return $24.0 of tax benefits experienced by UGI Utilities over the period January 1, 2018 to June 30, 2018, plus applicable interest. As proposed, the negative surcharge would become effective for a twelve-month period beginning on the effective date of the new base rates. UGI Gas requested that the new gas rates become effective March 29, 2019. The PAPUC entered an Order dated February 28, 2019, suspending the effective date for the rate increase to allow for investigation and public hearings. Unless a settlement is reached sooner, this review process is expected to last up to nine months from the date of filing. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 26, 2018, Electric Utility filed a rate request with the PAPUC to increase its annual base distribution revenues by $9.2, which was later reduced by Electric Utility to $7.7 to reflect the impact of the TCJA and other adjustments. The increased revenues would be used to fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. On October 25, 2018, the PAPUC approved a final order providing for a $3.2 annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final order, Electric Utility provided customers with a one-time $0.2 billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC's acceptance of the UGI Utilities' use of a fully projected future test year and handling of consolidated federal income tax benefits. UGI Utilities cannot predict the ultimate outcome of this appeal.

On January 19, 2017, PNG (now the UGI North rate district of Gas Utility) filed a rate request with the PAPUC to increase PNG's annual base operating revenues for residential, commercial and industrial customers by $21.7 annually. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service. On June 30, 2017, all active parties supported the filing of a Joint Petition for Approval of Settlement of all issues with the PAPUC providing for an $11.3 PNG annual base distribution rate increase. On August 31, 2017, the PAPUC approved the Joint Petition and the increase became effective October 20, 2017.

(Currency in millions, except per share amounts and where indicated otherwise)

Manor Township, Pennsylvania Natural Gas Incident Complaint. In connection with a July 2, 2017, explosion in Manor Township, Lancaster County, Pennsylvania, that resulted in the death of one UGI Utilities employee and injuries to two UGI Utilities employees and one sewer authority employee, and destroyed two residences and damaged several other homes, the BIE filed a formal complaint at the PAPUC in which BIE alleged that UGI Utilities committed multiple violations of federal and state gas pipeline regulations in connection with its emergency response leading up to the explosion, and it requested that the PAPUC order UGI Utilities to pay approximately $2.1 in civil penalties, which is the maximum allowable fine. On November 16, 2018, UGI Utilities filed its formal written answer contesting the BIE complaint. The matter remains pending before the PAPUC.

Note 9 — Energy Services Accounts Receivable Securitization Facility

Energy Services has a Receivables Facility currently scheduled to expire in October 2019. The Receivables Facility, as amended, provides Energy Services with the ability to borrow up to $150 of eligible receivables during the period November to April and up to $75 of eligible receivables during the period May to October. Energy Services uses the Receivables Facility to fund working capital, margin calls under commodity futures contracts, capital expenditures, dividends and for general corporate purposes.

Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, ESFC, which is consolidated for financial statement purposes. ESFC, in turn, has sold and, subject to certain conditions, may from time to time sell an undivided interest in some or all of the receivables to a major bank. Amounts sold to the bank are reflected as “Short-term borrowings” on the Condensed Consolidated Balance Sheets. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. Trade receivables sold to the bank remain on the Company’s balance sheet and the Company reflects a liability equal to the amount advanced by the bank. The Company records interest expense on amounts owed to the bank. Energy Services continues to service, administer and collect trade receivables on behalf of the bank, as applicable. Losses on sales of receivables to the bank during the three and six months ended March 31, 2019 and 2018, which are included in “Interest expense” on the Condensed Consolidated Statements of Income, were not material.

Information regarding the trade receivables transferred to ESFC and the amounts sold to the bank for the six months ended March 31, 2019 and 2018, as well as the balance of ESFC trade receivables at March 31, 2019, September 30, 2018 and March 31, 2018, is as follows:

	Six Months Ended March 31,	
	2019	2018
Trade receivables transferred to ESFC during the period	$ 884.8	$ 806.9
ESFC trade receivables sold to the bank during the period	$ 41.0	$ 128.0

	March 31, 2019	September 30, 2018	March 31, 2018
ESFC trade receivables - end of period (a)	$ 117.0	$ 65.0	$ 99.6

(a) At March 31, 2019, there were no ESFC trade receivables sold to the bank. At September 30, 2018 and March 31, 2018, the amounts of ESFC trade receivables sold to the bank were $2.0 and $10.0, respectively. Amounts sold to the bank are reflected as “Short-term borrowings” on the Condensed Consolidated Balance Sheets.

Note 10 — Debt

UGI International. On October 18, 2018, UGI International, LLC, a wholly owned second-tier subsidiary of UGI, entered into the 2018 UGI International Credit Facilities Agreement, a five-year unsecured Senior Facilities Agreement with a consortium of banks consisting of (1) a €300 variable-rate term loan which was drawn on October 25, 2018, and (2) a €300 senior unsecured multicurrency revolving facility agreement. The 2018 UGI International Credit Facilities Agreement matures on October 18, 2023. Term loan borrowings bear interest at rates per annum comprising the aggregate of the applicable margin and the associated euribor rate, which euribor rate has a floor of zero. The margin on term loan borrowings, which ranges from 1.55% to 3.20%, is dependent upon a ratio of net consolidated indebtedness to consolidated EBITDA, as defined. The initial margin on term loan borrowings is 1.70%. UGI International, LLC has entered into pay-fixed, receive-variable interest rate swaps through October 18, 2022, to fix the underlying euribor rate on term loan borrowings at 0.34%. Under the multicurrency revolving credit facility agreement, UGI

International, LLC may borrow in euros or U.S. dollars. Loans made in euros will bear interest at the associated euribor rate plus a margin ranging from 1.20% to 2.85%. Loans made in U.S. dollars will bear interest at the associated LIBOR rate plus a margin ranging from 1.45% to 3.10%. The margin on revolving facility borrowings is dependent upon a ratio of net consolidated indebtedness to consolidated EBITDA, as defined.

Restrictive covenants under the 2018 UGI International Credit Facilities Agreement include restrictions on the incurrence of additional indebtedness and also restrict liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. In addition, the 2018 UGI International Credit Facilities Agreement requires a ratio of net consolidated indebtedness to consolidated EBITDA, as defined, not to exceed 3.85 to 1.00.

On October 25, 2018, UGI International, LLC issued, in an underwritten private placement, €350 principal amount of the UGI International 3.25% Senior Notes due November 1, 2025. The UGI International 3.25% Senior Notes rank equal in right of payment with indebtedness issued under the 2018 UGI International Credit Facilities Agreement.

The net proceeds from the UGI International 3.25% Senior Notes and the 2018 UGI International Credit Facilities Agreement variable-rate term loan plus cash on hand were used on October 25, 2018 (1) to repay €540 outstanding principal of UGI France's variable-rate term loan under its 2015 senior facilities agreement; €45.8 outstanding principal of Flaga's variable-rate term loan; and $49.9 outstanding principal of Flaga's U.S. dollar variable-rate term loan, plus accrued and unpaid interest, and (2) for general corporate purposes. Because these outstanding term loans were refinanced on a long-term basis in October 2018, we have classified €60 of such debt due in April 2019 as long-term debt on the September 30, 2018 Consolidated Balance Sheet. Upon entering into the 2018 UGI International Credit Facilities Agreement, we also terminated (1) UGI International LLC's existing revolving credit facility agreement dated December 19, 2017, (2) UGI France's revolving credit facility under its 2015 senior facilities agreement and (3) Flaga's credit facility agreement. We have designated term loan borrowings under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes as net investment hedges.

UGI Utilities. On February 1, 2019, UGI Utilities issued in a private placement $150 of UGI Utilities 4.55% Senior Notes due February 1, 2049. The UGI Utilities 4.55% Senior Notes were issued pursuant to a Note Purchase Agreement dated December 21, 2018, between UGI Utilities and certain note purchasers. The UGI Utilities 4.55% Senior Notes are unsecured and rank equally with UGI Utilities' existing outstanding senior debt. The net proceeds from the sale of the UGI Utilities 4.55% Senior Notes were used to reduce short-term borrowings and for general corporate purposes. The UGI Utilities 4.55% Senior Notes include the usual and customary covenants for similar type notes including, among others, maintenance of existence, payment of taxes when due, compliance with laws and maintenance of insurance. The UGI Utilities 4.55% Senior Notes require UGI Utilities not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00.

Note 11 — Commitments and Contingencies

UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

On November 7, 2017, UGI entered into a Standby Equity Commitment Agreement with AmeriGas Partners and AmeriGas Propane, Inc. Under the terms of the Commitment Agreement, UGI has committed to make up to $225 of capital contributions to the Partnership through July 1, 2019. UGI's capital contributions may be made from time to time through July 1, 2019 upon request of the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement, and the last date on which AmeriGas Partners may request a capital contribution, without the consent of UGI, is May 17, 2019.

In consideration for any capital contributions made pursuant to the Standby Equity Commitment Agreement, AmeriGas Partners will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in AmeriGas Partners. The Class B Common Units will be issued at a price per unit equal to the 20-day volume-weighted average price of AmeriGas Partners Common Units prior to the date of the Partnership's related capital call. The Class B Common Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Unit yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in the form of additional Class B Common Units. While outstanding, the Class B Common Units will not be subject to any incentive distributions from the Partnership.

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

Environmental Matters

UGI Utilities

From the late 1800s through the mid-1900s, UGI Utilities and its current and former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. By the early 1950s, UGI Utilities divested all of its utility operations other than certain Pennsylvania operations, including those which now constitute UGI South and Electric Utility. Beginning in 2006 and 2008, UGI Utilities also owned and operated two acquired subsidiaries (CPG and PNG), which now constitute UGI North and UGI Central, with similar histories of owning, and in some cases operating, MGPs in Pennsylvania. CPG and PNG merged into UGI Utilities effective October 1, 2018.

Prior to the Utility Merger, each of UGI Utilities and its subsidiaries, CPG and PNG, were subject to COAs with the PADEP to address the remediation of specified former MGP sites in Pennsylvania. In accordance with the COAs, as amended to recognize the Utility Merger, UGI Utilities, as the successor to CPG and PNG, is required to either obtain a certain number of points per calendar year based on defined eligible environmental investigatory and/or remedial activities at the MGPs and in the case of one COA, an additional obligation to plug specific natural gas wells, or make expenditures for such activities in an amount equal to an annual environmental cost cap (i.e. minimum expenditure threshold). The cost cap of the three COAs, in the aggregate, is $5.4. The three COAs are currently scheduled to terminate at the end of 2031, 2020 and 2020. At March 31, 2019, September 30, 2018 and March 31, 2018, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the COAs totaled $50.8, $51.0 and $51.9, respectively. UGI Utilities has recorded associated regulatory assets for these costs because recovery of these costs from customers is probable (see Note 8).

We do not expect the costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to UGI Utilities' results of operations because UGI Utilities receives ratemaking recovery of actual environmental investigation and remediation costs associated with the sites covered by the COAs. This ratemaking recognition reconciles the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites.

From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by a former subsidiary. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. Management believes that, under applicable law, UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by a former subsidiary of UGI Utilities if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded, or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP. At March 31, 2019, September 30, 2018 and March 31, 2018, neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Utilities' MGP sites outside Pennsylvania was material.

AmeriGas Propane

AmeriGas OLP Saranac Lake. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately $27.7 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information, the Partnership accrued an undiscounted environmental remediation liability of $7.5 related to the site during the third quarter of Fiscal 2017. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Other Matters

Purported Class Action Lawsuits. Between May and October of 2014, purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in 2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys' fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Missouri District Court. As the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs were remanded to the Western Missouri District Court. The decision of the Western Missouri District Court to dismiss the federal antitrust claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. On April 15, 2019, the Western Missouri District Court ruled that it has jurisdiction over the indirect purchasers' state law claims and that the indirect customer plaintiffs have standing to pursue those claims.

We are unable to reasonably estimate the impact, if any, arising from such litigation. We believe we have strong defenses to the claims and intend to vigorously defend against them.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Note 12 — Defined Benefit Pension and Other Postretirement Plans

The U.S. Pension Plan is a defined benefit pension plan for employees hired prior to January 1, 2009, of UGI, UGI Utilities, PNG, CPG and certain of UGI's other domestic wholly owned subsidiaries. U.S. Pension Plan benefits are based on years of service, age and employee compensation. We also provide postretirement health care benefits to certain retirees and postretirement life insurance benefits to nearly all U.S. active and retired employees. In addition, employees of UGI France and its subsidiaries are covered by certain defined benefit pension and postretirement plans.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

The service cost component of our pension and other postretirement plans, net of amounts capitalized, are reflected in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income. The non-service cost component, net of amounts capitalized, are reflected in "Other non-operating income (expense), net" on the Condensed Consolidated Statements of Income. Net periodic pension cost and other postretirement benefit cost include the following components:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31,	2019	2018	2019	2018
Service cost	$ 2.6	$ 2.8	$ 0.1	$ 0.2
Interest cost	6.8	6.5	0.2	0.2
Expected return on assets	(9.1)	(8.6)	(0.2)	(0.2)
Amortization of:				
Prior service cost (benefit)	—	0.1	(0.2)	—
Actuarial loss	2.0	3.3	—	—
Net benefit cost (benefit)	2.3	4.1	(0.1)	0.2
Change in associated regulatory liabilities	—	—	(0.4)	(0.1)
Net benefit cost (benefit) after change in regulatory liabilities	$ 2.3	$ 4.1	$ (0.5)	$ 0.1

	Pension Benefits		Other Postretirement Benefits	
Six Months Ended March 31,	2019	2018	2019	2018
Service cost	$ 5.1	$ 5.6	$ 0.1	$ 0.4
Interest cost	13.6	13.0	0.4	0.4
Expected return on assets	(18.1)	(17.2)	(0.4)	(0.4)
Amortization of:				
Prior service cost (benefit)	0.1	0.2	(0.3)	(0.1)
Actuarial loss	3.9	6.6	—	—
Net benefit cost (benefit)	4.6	8.2	(0.2)	0.3
Change in associated regulatory liabilities	—	—	(0.7)	(0.2)
Net benefit cost (benefit) after change in regulatory liabilities	$ 4.6	$ 8.2	$ (0.9)	$ 0.1

The U.S. Pension Plan's assets are held in trust and consist principally of publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, UGI Common Stock. It is our general policy to fund amounts for U.S. Pension Plan benefits equal to at least the minimum required contribution set forth in applicable employee benefit laws. During the six months ended March 31, 2019 and 2018, the Company made cash contributions to the U.S. Pension Plan of $5.0 and $6.7, respectively. The Company expects to make additional cash contributions of approximately $6.5 to the U.S. Pension Plan during the remainder of Fiscal 2019.

UGI Utilities has established a VEBA trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs, if any. The difference between such cash deposits or expense recorded and the amounts included in UGI Gas' and Electric Utility's rates, if any, is deferred for future recovery from, or refund to, ratepayers. There were no required contributions to the VEBA during the six months ended March 31, 2019 and 2018.

We also sponsor unfunded and non-qualified supplemental executive defined benefit retirement plans. Net costs associated with these plans for the three and six months ended March 31, 2019 and 2018, were not material.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Note 13 — Fair Value Measurements

Recurring Fair Value Measurements

The following table presents, on a gross basis, our financial assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
March 31, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 33.3	$ 27.7	$ —	$ 61.0
Foreign currency contracts	$ —	$ 29.8	$ —	$ 29.8
Liabilities:				
Commodity contracts	$ (17.0)	$ (55.7)	$ —	$ (72.7)
Foreign currency contracts	$ —	$ (4.9)	$ —	$ (4.9)
Interest rate contracts	$ —	$ (5.7)	$ —	$ (5.7)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 40.2	$ —	$ —	$ 40.2
September 30, 2018:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 93.5	$ 117.5	$ —	$ 211.0
Foreign currency contracts	$ —	$ 20.6	$ —	$ 20.6
Cross-currency contracts	$ —	$ 0.9	$ —	$ 0.9
Liabilities:				
Commodity contracts	$ (33.6)	$ (9.8)	$ —	$ (43.4)
Foreign currency contracts	$ —	$ (14.4)	$ —	$ (14.4)
Interest rate contracts	$ —	$ (1.0)	$ —	$ (1.0)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 40.8	$ —	$ —	$ 40.8
March 31, 2018:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 39.6	$ 27.0	$ —	$ 66.6
Foreign currency contracts	$ —	$ 13.9	$ —	$ 13.9
Liabilities:				
Commodity contracts	$ (24.3)	$ (13.5)	$ —	$ (37.8)
Foreign currency contracts	$ —	$ (43.5)	$ —	$ (43.5)
Interest rate contracts	$ —	$ (1.9)	$ —	$ (1.9)
Cross-currency contracts	$ —	$ (2.2)	$ —	$ (2.2)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 37.9	$ —	$ —	$ 37.9

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans (see Note 12.)

The fair values of our Level 1 exchange-traded commodity futures and option contracts and non-exchange-traded commodity futures and forward contracts are based upon actively quoted market prices for identical assets and liabilities. The remainder of our derivative instruments are designated as Level 2. The fair values of certain non-exchange-traded commodity derivatives designated as Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. The fair values of our Level 2 interest rate contracts, foreign currency contracts

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

and cross-currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets. There were no transfers between Level 1 and Level 2 during the periods presented.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) were as follows:

	March 31, 2019	September 30, 2018	March 31, 2018
Carrying amount	$ 4,341.2	$ 4,199.4	$ 4,316.4
Estimated fair value	$ 4,380.4	$ 4,150.3	$ 4,287.3

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 14. Our investment in a private equity partnership is measured at fair value on a non-recurring basis. Generally this measurement uses Level 3 fair value inputs because the investment does not have a readily available market value.

Note 14 — Derivative Instruments and Hedging Activities

We are exposed to certain market risks related to our ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risks managed by derivative instruments are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies, which govern, among other things, the derivative instruments we can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months. For more information on the accounting for our derivative instruments, see Note 2.

Commodity Price Risk

Regulated Utility Operations

Natural Gas

Gas Utility’s tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PAPUC pursuant to Gas Utility’s annual PGC filings, Gas Utility currently uses NYMEX natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. Gains and losses on Gas Utility’s natural gas futures contracts and natural gas option contracts are recorded in regulatory assets or liabilities on the Condensed Consolidated Balance Sheets because it is probable such gains or losses will be recoverable from, or refundable to, customers through the PGC recovery mechanism (see Note 8).

Electricity

Electric Utility's DS tariffs permit the recovery of all prudently incurred costs of electricity it sells to DS customers, including the cost of financial instruments used to hedge electricity costs. Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. At March 31, 2019, September 30, 2018 and March 31, 2018, all Electric Utility forward electricity purchase contracts were subject to the NPNS exception.

Non-utility Operations

LPG

In order to manage market price risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, certain other domestic businesses and our UGI International operations also use over-the-counter price swap contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases. The Partnership, from time to time, enters into price swap agreements to reduce the effects of short-term commodity price volatility. Also, Midstream & Marketing, from time to time, uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of propane.

Natural Gas

In order to manage market price risk relating to fixed-price sales contracts for natural gas, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures and forward contracts and ICE natural gas basis swap contracts. In addition, Midstream & Marketing uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of natural gas. UGI International also uses natural gas futures and forward contracts to economically hedge market price risk associated with fixed-price sales contracts with its customers.

Electricity

In order to manage market price risk relating to fixed-price sales contracts for electricity, Midstream & Marketing enters into electricity futures and forward contracts. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. From time to time, Midstream & Marketing purchases FTRs to economically hedge electricity transmission congestion costs associated with its fixed-price electricity sales contracts and from time to time also enters into NYISO capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid. UGI International also uses electricity futures and forward contracts to economically hedge market price risk associated with fixed-price sales and purchase contracts for electricity.

Interest Rate Risk

Prior to their repayment on October 25, 2018 (see Note 10), UGI France's and Flaga's long-term debt agreements had interest rates that were generally indexed to short-term market interest rates. UGI France and Flaga entered into pay-fixed, receive-variable interest rate swap agreements to hedge the underlying euribor and LIBOR rates of interest on these variable-rate debt agreements. We designated these interest rate swaps as cash flow hedges. These interest rate swaps were settled concurrent with the repayment of the UGI France and Flaga long-term debt. In November 2018, UGI International, LLC entered into pay-fixed, receive-variable interest rate swaps through October 18, 2022, to fix the underlying euribor rate on the 2018 UGI International Credit Facilities Agreement term loan borrowings at 0.34%. We designated these interest rate swaps as cash flow hedges.

UGI Utilities has a variable-rate term loan with an interest rate that is indexed to short-term market interest rates. UGI Utilities has entered into a forward starting, amortizing, pay-fixed, receive-variable interest rate swap agreement commencing September 30, 2019, that generally fixes the underlying variable interest rate on borrowings at 3.00% through July 2022. We have designated this interest rate swap as a cash flow hedge.

The remainder of our businesses' long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into IRPAs. We account for IRPAs as cash flow hedges.

At March 31, 2019, September 30, 2018 and March 31, 2018, we had no unsettled IRPAs. At March 31, 2019, the amount of net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is $3.5.

Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

In order to reduce exposure to foreign exchange rate volatility related to our foreign LPG operations, through September 30, 2016, we entered into forward foreign currency exchange contracts to hedge a portion of anticipated U.S. dollar-denominated LPG product purchases primarily during the heating-season months of October through March. We account for these foreign currency exchange contracts associated with anticipated purchases of U.S. dollar-denominated LPG as cash flow hedges. At March 31, 2019, the amount of net gains associated with these contracts expected to be reclassified into earnings during the next twelve months based upon current fair values is not material.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate to the euro and British pound sterling, we enter into forward foreign currency exchange contracts. Because these contracts do not qualify for hedge accounting treatment, realized and unrealized gains and losses on these contracts are recorded in “Other non-operating income (expense), net,” on the Condensed Consolidated Statements of Income.

From time to time, we also enter into forward foreign currency exchange contracts to reduce the volatility of the U.S. dollar value of a portion of our UGI International euro-denominated net investments. We account for these foreign currency exchange contracts as net investment hedges. We use the forward rate method for measuring ineffectiveness for these net investment hedges and all changes in the fair value of the forward foreign currency contracts are reported in the cumulative translation adjustment component of AOCI.

Concurrent with the issuance of euro-denominated long-term debt under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes in October 2018, we designated this euro-denominated debt as net investment hedges of a portion of our euro-denominated UGI International net investment (see Note 10).

Cross-currency Contracts

Prior to its repayment on October 25, 2018 (see Note 10), Flaga entered into cross-currency swaps to hedge its exposure to the variability in expected future cash flows associated with the foreign currency and interest rate risk of its U.S. dollar denominated variable-rate term loan. These cross-currency hedges included initial and final exchanges of principal from a fixed euro denomination to a fixed U.S. dollar-denominated amount, to be exchanged at a specified rate, which was determined by the market spot rate on the date of issuance. These cross-currency swaps also included interest rate swaps of a floating U.S. dollar-denominated interest rate to a fixed euro-denominated interest rate. We designated these cross-currency swaps as cash flow hedges. These cross-currency swaps were settled concurrent with the repayment of Flaga’s U.S. dollar variable rate term loan in October 2018.

Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at March 31, 2019, September 30, 2018 and March 31, 2018, and the final settlement date of the Company's open derivative transactions as of March 31, 2019, excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)		
Type	Units	Settlements Extending Through	March 31, 2019	September 30, 2018	March 31, 2018
Commodity Price Risk:					
Regulated Utility Operations					
Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	March 2020	11.6	23.2	12.7
FTRs contracts	Kilowatt hours	N/A	—	—	25.5
Non-utility Operations					
LPG swaps	Gallons	March 2021	369.2	394.3	229.2
Natural gas futures, forward and pipeline contracts	Dekatherms	January 2024	213.7	159.7	128.9
Natural gas basis swap contracts	Dekatherms	March 2023	84.0	54.4	74.1
NYMEX natural gas storage	Dekatherms	March 2020	0.3	1.8	0.9
NYMEX propane storage	Gallons	April 2019	0.1	0.6	—
Electricity long forward and futures contracts	Kilowatt hours	May 2022	3,685.0	4,307.6	4,184.1
Electricity short forward and futures contracts	Kilowatt hours	May 2022	265.0	359.3	490.9
Interest Rate Risk:					
Interest rate swaps	Euro	October 2022	€ 300.0	€ 585.8	€ 645.8
Interest rate swaps	USD	July 2022	$ 114.1	$ 114.1	$ —
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	September 2021	$ 299.1	$ 512.2	$ 496.2
Forward foreign currency exchange contracts	Euro	October 2024	€ 172.8	€ —	€ —
Cross-currency contracts	USD	N/A	$ —	$ 49.9	$ 49.9

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties’ financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At March 31, 2019, September 30, 2018 and March 31, 2018, restricted cash in brokerage accounts totaled $26.3, $9.6 and $10.6, respectively. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at March 31,

2019. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At March 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. We offset amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty. Our derivative instruments include both those that are executed on an exchange through brokers and centrally cleared and over-the-counter transactions. Exchange contracts utilize a financial intermediary, exchange or clearinghouse to enter, execute or clear the transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter and exchange contracts contain contractual rights of offset through master netting arrangements, derivative clearing agreements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency or other conditions.

In general, most of our over-the-counter transactions and all exchange contracts are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

(Currency in millions, except per share amounts and where indicated otherwise)

Fair Value of Derivative Instruments

The following table presents the Company's derivative assets and liabilities by type, as well as the effects of offsetting:

	March 31, 2019	September 30, 2018	March 31, 2018
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ 7.1	$ 1.5	$ 0.3
Cross-currency contracts	—	0.9	—
	7.1	2.4	0.3
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	1.3	3.0	0.9
Derivatives not designated as hedging instruments:			
Commodity contracts	59.7	208.0	65.7
Foreign currency contracts	22.7	19.1	13.6
	82.4	227.1	79.3
Total derivative assets — gross	90.8	232.5	80.5
Gross amounts offset in the balance sheet	(35.8)	(34.3)	(31.5)
Cash collateral received	—	(12.2)	(0.4)
Total derivative assets — net	$ 55.0	$ 186.0	$ 48.6
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ —	$ (0.4)	$ (4.0)
Cross-currency contracts	—	—	(2.2)
Interest rate contracts	(5.7)	(1.0)	(1.9)
	(5.7)	(1.4)	(8.1)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(0.2)	(0.1)	(0.6)
Derivatives not designated as hedging instruments:			
Commodity contracts	(72.5)	(43.3)	(37.2)
Foreign currency contracts	(4.9)	(14.0)	(39.5)
	(77.4)	(57.3)	(76.7)
Total derivative liabilities — gross	(83.3)	(58.8)	(85.4)
Gross amounts offset in the balance sheet	35.8	34.3	31.5
Total derivative liabilities — net	$ (47.5)	$ (24.5)	$ (53.9)

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Income and changes in AOCI for the three and six months ended March 31, 2019 and 2018:

Three Months Ended March 31,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:	2019	2018	2019	2018	
Foreign currency contracts	$ 0.2	$ (3.1)	$ 1.3	$ (3.9)	Cost of sales
Cross-currency contracts	—	0.3	—	0.3	Interest expense/other operating income, net
Interest rate contracts	(2.4)	0.5	(1.3)	(0.7)	Interest expense
Total	$ (2.2)	$ (2.3)	$ —	$ (4.3)	
Net Investment Hedges:					
Foreign currency contracts	$ 5.9	$ —			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2019	2018	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (26.2)	$ (41.8)	Cost of sales
Commodity contracts	4.6	(0.2)	Revenues
Commodity contracts	0.1	0.1	Operating and administrative expenses
Foreign currency contracts	7.8	(11.0)	Other non-operating income (expense), net
Total	$ (13.7)	$ (52.9)	

Six Months Ended March 31,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:	2019	2018	2019	2018	
Foreign currency contracts	$ 1.2	$ (4.5)	$ 2.1	$ (3.1)	Cost of sales
Cross-currency contracts	(0.1)	0.4	(0.3)	0.5	Interest expense/other operating income, net
Interest rate contracts	(5.2)	1.2	(2.8)	(1.2)	Interest expense
Total	$ (4.1)	$ (2.9)	$ (1.0)	$ (3.8)	
Net Investment Hedges:					
Foreign currency contracts	$ 6.8	$ —			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2019	2018	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (185.9)	$ (17.4)	Cost of sales
Commodity contracts	1.8	(1.5)	Revenues
Commodity contracts	(0.3)	0.2	Operating and administrative expenses
Foreign currency contracts	16.7	(15.8)	Other non-operating income (expense), net
Total	$ (167.7)	$ (34.5)	

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

For the three and six months ended March 31, 2019 and 2018, the amounts of derivative gains or losses representing ineffectiveness and the amounts of gains or losses recognized in income as a result of excluding derivatives from ineffectiveness testing were not material.

We are also a party to a number of other contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery, or sale, of energy products, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments. Although certain of these contracts have the requisite elements of a derivative instrument, these contracts qualify for NPNS exception accounting because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

Note 15 — Accumulated Other Comprehensive Income

The tables below present changes in AOCI, net of tax, during the three and six months ended March 31, 2019 and 2018:

Three Months Ended March 31, 2019	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — December 31, 2018	$ (13.6)	$ (20.6)	$ (98.9)	$ (133.1)
Other comprehensive loss before reclassification adjustments (after-tax)	—	(1.2)	(26.8)	(28.0)
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.4	—	—	0.4
Reclassification adjustments tax benefit	(0.1)	—	—	(0.1)
Reclassification adjustments (after-tax)	0.3	—	—	0.3
Other comprehensive income (loss) attributable to UGI	0.3	(1.2)	(26.8)	(27.7)
AOCI — March 31, 2019	$ (13.3)	$ (21.8)	$ (125.7)	$ (160.8)

Three Months Ended March 31, 2018	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — December 31, 2017	$ (18.8)	$ (22.2)	$ (30.5)	$ (71.5)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(1.6)	35.9	34.3
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.4	4.3	—	4.7
Reclassification adjustments tax benefit	(0.1)	(1.5)	—	(1.6)
Reclassification adjustments (after-tax)	0.3	2.8	—	3.1
Other comprehensive income attributable to UGI	0.3	1.2	35.9	37.4
AOCI — March 31, 2018	$ (18.5)	$ (21.0)	$ 5.4	$ (34.1)

(Currency in millions, except per share amounts and where indicated otherwise)

Six Months Ended March 31, 2019	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2018	$ (11.0)	$ (16.1)	$ (83.3)	$ (110.4)
Other comprehensive loss before reclassification adjustments (after-tax)	—	(2.7)	(42.4)	(45.1)
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.8	1.0	—	1.8
Reclassification adjustments tax benefit	(0.2)	(0.3)	—	(0.5)
Reclassification adjustments (after-tax)	0.6	0.7	—	1.3
Other comprehensive income (loss) attributable to UGI	0.6	(2.0)	(42.4)	(43.8)
Reclassification of stranded income tax effects related to TCJA	(2.9)	(3.7)	—	(6.6)
AOCI — March 31, 2019	$ (13.3)	$ (21.8)	$ (125.7)	$ (160.8)

Six Months Ended March 31, 2018	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2017	$ (19.2)	$ (21.4)	$ (52.8)	$ (93.4)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(2.0)	58.2	56.2
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	1.0	3.8	—	4.8
Reclassification adjustments tax benefit	(0.3)	(1.4)	—	(1.7)
Reclassification adjustments (after-tax)	0.7	2.4	—	3.1
Other comprehensive income attributable to UGI	0.7	0.4	58.2	59.3
AOCI — March 31, 2018	$ (18.5)	$ (21.0)	$ 5.4	$ (34.1)

For additional information on amounts reclassified from AOCI relating to derivative instruments, see Note 14.

Note 16 — Segment Information

Our operations comprise four reportable segments generally based upon products or services sold, geographic location and regulatory environment: (1) AmeriGas Propane; (2) UGI International; (3) Midstream & Marketing; and (4) UGI Utilities.

Corporate & Other principally comprise net expenses of UGI's captive general liability insurance company and UGI's corporate headquarters facility, and UGI's unallocated corporate and general expenses and interest income. In addition, Corporate & Other includes net gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions (including such amounts attributable to noncontrolling interests) because such items are excluded from profit measures evaluated by our CODM in assessing our reportable segments' performance or allocating resources. Corporate & Other assets principally comprise cash and cash equivalents of UGI and its captive insurance company, and UGI corporate headquarters' assets.

The accounting policies of our reportable segments are the same as those described in Note 2, "Summary of Significant Accounting Policies," in the Company's 2018 Annual Report. We evaluate AmeriGas Propane's performance principally based upon Partnership Adjusted EBITDA. Although we use Partnership Adjusted EBITDA to evaluate AmeriGas Propane's profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under GAAP. Our definition of Partnership Adjusted EBITDA may be different from that used by other companies. Our CODM evaluates the performance of our other reportable segments principally based upon their income before income taxes excluding gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions, as previously mentioned.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Three Months Ended March 31, 2019	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	$ 2,606.1	$ —	$ 971.6	$ 783.2	$ 443.6	$ 404.3	$ 3.4
Intersegment revenues	$ —	$ (124.8) (c)	$ —	$ —	$ 98.8	$ 25.3	$ 0.7
Cost of sales	$ 1,426.9	$ (123.6) (c)	$ 435.2	$ 444.7	$ 449.3	$ 218.0	$ 3.3
Segment profit:							
Operating income (loss)	$ 538.8	$ (0.4)	$ 246.4	$ 126.9	$ 51.3	$ 119.9	$ (5.3)
Income from equity investees	1.6	—	—	0.1	1.5 (d)	—	—
Other non-operating income, net	7.9	—	—	3.1	—	0.4	4.4
Interest expense	(61.0)	—	(42.2)	(6.1)	(0.5)	(12.2)	—
Income (loss) before income taxes	$ 487.3	$ (0.4)	$ 204.2	$ 124.0	$ 52.3	$ 108.1	$ (0.9)
Partnership Adjusted EBITDA (a)			$ 290.3				
Noncontrolling interests' net income	$ 151.3	$ —	$ 138.7	$ 0.2	$ —	$ —	$ 12.4
Depreciation and amortization	$ 108.9	$ (0.1)	$ 44.3	$ 30.6	$ 11.5	$ 22.3	$ 0.3
Capital expenditures (including the effects of accruals)	$ 151.2	$ —	$ 25.8	$ 22.1	$ 32.3	$ 70.8	$ 0.2

Three Months Ended March 31, 2018	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	$ 2,812.0	$ —	$ 1,040.3	$ 909.6	$ 436.2	$ 424.6	$ 1.3
Intersegment revenues	$ —	$ (188.9) (c)	$ —	$ —	$ 129.0	$ 58.7	$ 1.2
Cost of sales	$ 1,560.2	$ (187.9) (c)	$ 483.7	$ 541.1	$ 418.6	$ 257.3	$ 47.4
Segment profit:							
Operating income (loss) (e)	$ 591.0	$ 0.3	$ 266.6	$ 132.0	$ 107.6	$ 135.7	$ (51.2)
Income (loss) from equity investees	0.7	—	—	(0.1)	0.8 (d)	—	—
Other non-operating expense, net (e)	(12.5)	—	—	(9.2)	(0.1)	(0.6)	(2.6)
Interest expense	(58.1)	—	(41.0)	(5.2)	(0.7)	(11.1)	(0.1)
Income (loss) before income taxes	$ 521.1	$ 0.3	$ 225.6	$ 117.5	$ 107.6	$ 124.0	$ (53.9)
Partnership Adjusted EBITDA (a)			$ 309.5				
Noncontrolling interests' net income (loss)	$ 131.7	$ —	$ 155.7	$ (1.2)	$ —	$ —	$ (22.8)
Depreciation and amortization	$ 112.2	$ (0.1)	$ 45.2	$ 34.9	$ 10.8	$ 21.1	$ 0.3
Capital expenditures (including the effects of accruals)	$ 110.1	$ —	$ 23.6	$ 26.1	$ 4.3	$ 55.1	$ 1.0

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Six Months Ended March 31, 2019	Total	Eliminations		AmeriGas Propane	UGI International	Midstream & Marketing		UGI Utilities	Corporate & Other (b)
Revenues	$ 4,806.3	$ —		$ 1,791.8	$ 1,493.9	$ 816.1		$ 703.4	$ 1.1
Intersegment revenues	$ —	$ (236.4)	(c)	$ —	$ —	$ 185.7		$ 48.9	$ 1.8
Cost of sales	$ 2,851.9	$ (234.4)	(c)	$ 813.7	$ 893.3	$ 826.8		$ 377.5	$ 175.0
Segment profit:									
Operating income (loss)	$ 706.5	$ —		$ 413.0	$ 185.2	$ 92.4		$ 196.9	$ (181.0)
Income from equity investees	3.1	—		—	0.1	3.0	(d)	—	—
Loss on extinguishments of debt	(6.1)	—		—	(6.1)	—		—	—
Other non-operating income, net	16.9	—		—	3.8	—		0.8	12.3
Interest expense	(121.2)	—		(84.6)	(11.5)	(1.0)		(23.9)	(0.2)
Income (loss) before income taxes	$ 599.2	$ —		$ 328.4	$ 171.5	$ 94.4		$ 173.8	$ (168.9)
Partnership Adjusted EBITDA (a)				$ 500.9					
Noncontrolling interests' net income (loss)	$ 175.6	$ —		$ 220.2	$ 0.3	$ —		$ —	$ (44.9)
Depreciation and amortization	$ 220.1	$ (0.1)		$ 90.0	$ 62.0	$ 23.0		$ 44.8	$ 0.4
Capital expenditures (including the effects of accruals)	$ 313.0	$ —		$ 56.8	$ 49.9	$ 57.4		$ 148.1	$ 0.8
As of March 31, 2019									
Total assets	$ 12,350.9	$ (121.5)		$ 3,978.1	$ 3,229.6	$ 1,500.9		$ 3,438.4	$ 325.4
Short-term borrowings	$ 341.0	$ —		$ 236.0	$ —	$ —		$ 105.0	$ —
Goodwill	$ 3,147.8	$ —		$ 2,003.1	$ 944.8	$ 17.8		$ 182.1	$ —

Six Months Ended March 31, 2018	Total	Eliminations		AmeriGas Propane	UGI International	Midstream & Marketing		UGI Utilities	Corporate & Other (b)
Revenues	$ 4,937.2	$ —		$ 1,827.6	$ 1,693.8	$ 686.0		$ 730.0	$ (0.2)
Intersegment revenues	$ —	$ (286.0)	(c)	$ —	$ —	$ 207.2		$ 76.4	$ 2.4
Cost of sales	$ 2,697.6	$ (283.9)	(c)	$ 849.8	$ 1,025.9	$ 657.6		$ 409.1	$ 39.1
Segment profit:									
Operating income (loss) (e)	$ 986.0	$ 0.5		$ 414.5	$ 225.2	$ 161.0		$ 232.6	$ (47.8)
Income (loss) from equity investees	1.7	—		—	(0.3)	2.0	(d)	—	—
Other non-operating expense, net (e)	(20.5)	—		—	(14.0)	(1.2)		(1.2)	(4.1)
Interest expense	(116.3)	—		(81.6)	(10.8)	(1.6)		(22.0)	(0.3)
Income (loss) before income taxes	$ 850.9	$ 0.5		$ 332.9	$ 200.1	$ 160.2		$ 209.4	$ (52.2)
Partnership Adjusted EBITDA (a)				$ 503.6					
Noncontrolling interests' net income (loss)	$ 200.0	$ —		$ 223.7	$ (1.5)	$ —		$ —	$ (22.2)
Depreciation and amortization	$ 222.5	$ (0.1)		$ 92.6	$ 67.1	$ 20.9		$ 41.5	$ 0.5
Capital expenditures (including the effects of accruals)	$ 238.6	$ —		$ 47.2	$ 47.8	$ 15.6		$ 126.8	$ 1.2
As of March 31, 2018									
Total assets	$ 12,445.3	$ (59.4)		$ 4,149.8	$ 3,562.3	$ 1,347.7		$ 3,204.0	$ 240.9
Short-term borrowings	$ 302.8	$ —		$ 154.5	$ 3.3	$ 10.0		$ 135.0	$ —
Goodwill	$ 3,218.1	$ —		$ 2,001.3	$ 1,023.2	$ 11.5		$ 182.1	$ —

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

(a)The following table provides a reconciliation of Partnership Adjusted EBITDA to AmeriGas Propane income before income taxes:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Partnership Adjusted EBITDA	$ 290.3	$ 309.5	$ 500.9	$ 503.6
Depreciation and amortization	(44.3)	(45.2)	(90.0)	(92.6)
Interest expense	(42.2)	(41.0)	(84.6)	(81.6)
Merger expense	(0.9)	—	(0.9)	—
Noncontrolling interest (i)	1.3	2.3	3.0	3.5
Income before income taxes	$ 204.2	$ 225.6	$ 328.4	$ 332.9

(i) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

(b) Includes net pre-tax gains (losses) on commodity and certain foreign currency derivative instruments not associated with current-period transactions (including such amounts attributable to noncontrolling interests) totaling $4.7 and $(48.1) for the three months ended March 31, 2019 and 2018, respectively, and $(161.2) and $(41.5) for the six months ended March 31, 2019 and 2018, respectively.

(c) Represents the elimination of intersegment transactions principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.

(d) Represents AFUDC associated with our PennEast Pipeline equity investment.

(e) Amounts reflect the reclassification of non-service income (expense) associated with our pension and other postretirement plans from "Operating and administrative expenses" to "Other non-operating income (expense), net," on the Condensed Consolidated Statements of Income as a result of the adoption of ASU No. 2017-07 (see Note 3).

Note 17 — Proposed Merger

On April 1, 2019, we entered into the Merger Agreement, pursuant to which Merger Sub will merge with and into the Partnership, with the Partnership surviving as an indirect, wholly owned subsidiary of UGI. Under the terms of the Merger Agreement, at the effective time of the Proposed Merger, each outstanding Common Unit other than Common Units owned by UGI and its subsidiaries, including the General Partner, will be converted into the right to receive, at the election of each holder of such Common Units, one of the following forms of merger consideration:

(i) 0.6378 shares of UGI common stock;
(ii) $7.63 in cash, without interest, and 0.500 shares of UGI common stock; or
(iii) $35.325 in cash, without interest.

The merger consideration is subject to proration designed to ensure that the total number of shares of UGI common stock issuable as merger consideration will equal approximately 34.6 million shares, and the amount of cash consideration paid will equal approximately $530. Also, at the effective time of the Proposed Merger, the General Partner's 1% economic general partner interest in AmeriGas Partners, which includes its incentive distribution rights, will convert into (i) 10,615,711 Common Units, which will remain outstanding as partnership interests in AmeriGas Partners, and (ii) a non-economic general partner interest in AmeriGas Partners. Pursuant to the Merger Agreement, the General Partner will declare and cause to pay regular quarterly cash distributions on outstanding Common Units in accordance with the Partnership Agreement in an amount that will not be less than $0.95 per Common Unit. In addition, the Merger Agreement requires that the record date for the quarterly cash distribution related to the quarter immediately prior to the quarter in which the closing of the Proposed Merger occurs be designated so that such record date precedes the closing of the Proposed Merger so as to permit the payment of such quarterly distribution to the holders of the Common Units; provided that the Partnership's unitholders are not intended to receive, for any quarter, distributions both in respect of Common Units and also dividends in respect of shares of UGI common stock that they receive in exchange for such Common Units in the transaction.

Completion of the Proposed Merger is subject to certain customary conditions, including, among others: (i) approval of the Merger Agreement by holders of a majority of the outstanding Common Units; (ii) there being no law or injunction prohibiting consummation of the transactions contemplated under the Merger Agreement; (iii) the effectiveness of a registration statement on Form S-4 relating to the issuance of shares of UGI common stock pursuant to the Merger Agreement; (iv) approval for listing on the New York Stock Exchange of the shares of UGI common stock issuable pursuant to the Merger Agreement; (v) subject to specified materiality standards, the accuracy of certain representations and warranties of the other party; and (vi) compliance by the respective parties in all material respects with their respective covenants.

Pursuant to a Support Agreement, the General Partner has agreed to vote all Partnership Common Units that it or its affiliates beneficially own as of the record date of the Special Meeting in favor of the Merger Agreement and the Proposed Merger.

The Merger Agreement provides for certain termination rights for both UGI and the Partnership which, under certain circumstances, would require the Partnership to pay UGI a termination fee of $20 and/or reimburse UGI for expenses in an amount not to exceed $5, or require UGI to reimburse the Partnership for expenses not to exceed $5.

Upon completion of the Proposed Merger, Common Units will no longer be publicly traded. Subject to the satisfaction or waiver of certain conditions, including the approval of the Merger Agreement by AmeriGas Partners' unitholders, the Proposed Merger is expected to close in the fourth quarter of Fiscal 2019. On May 6, 2019, UGI filed with the SEC its registration statement on Form S-4 relating to the Proposed Merger.

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

Forward-Looking Statements

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane and other LPG, oil, electricity, and natural gas and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, tax, consumer protection, environmental and accounting matters; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal proceedings; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers and retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, and other catastrophic events that may result from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and LPG; (13) transmission or distribution system service interruptions; (14) political, regulatory and economic conditions in the United States and in foreign countries, including the current conflicts in the Middle East, and foreign currency exchange rate fluctuations, particularly the euro; (15) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (16) changes in commodity market prices resulting in significantly higher cash collateral requirements; (17) reduced distributions from subsidiaries impacting the ability to pay dividends; (18) changes in Marcellus Shale gas production; (19) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (20) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (21) the interruption, disruption, failure, malfunction, or breach of our information technology systems, including due to cyber attack; (22) continuous enactment of tax legislation; (23) the failure to realize the anticipated benefits of the Proposed Merger; (24) the possible diversion of management time on issues related to the Proposed Merger; (25) the risk that the requisite approvals to complete the Proposed Merger are not obtained; (26) the performance of the Partnership; and (27) the potential need to address any reviews, investigations or other proceedings by governmental authorities or shareholder actions.

These factors, and those factors set forth in Item 1A. Risk Factors in this Form 10-Q and the Company's 2018 Annual Report, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

Fiscal 2019 and 2018 Quarterly Results

The following analyses compare the Company's results of operations for the 2019 three-month period with the 2018 three-month period, and the 2019 six-month period with the 2018 six-month period. Our analyses of results of operations should be read in conjunction with the segment information included in Note 16 to the condensed consolidated financial statements.

Because most of our businesses sell or distribute energy products used in large part for heating purposes, our results are significantly influenced by temperatures in our service territories, particularly during the heating-season months of October through March. As a result, our operating results, excluding the effects of gains and losses on commodity derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors. Adjusted net income attributable to UGI Corporation excludes (1) net after-tax gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and (2) other significant discrete items that management believes affect the comparison of period-over-period results. For further information on these non-GAAP financial measures including reconciliations of such non-GAAP financial measures to the most directly comparable GAAP measures, see "Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share" below.

Our results for the 2019 and 2018 three and six-month periods include the effects of the enactments of the TCJA in the U.S. and the December 2017 French Finance Bills in France. Among other things, the TCJA reduces the U.S. federal income tax rate from 35% to 21%, effective January 1, 2018, creates a territorial tax system with a one-time mandatory "toll tax" on previously un-repatriated foreign earnings, and allows for immediate capital expensing of certain qualified property which for UGI Utilities and certain FERC-regulated assets is eliminated beginning in Fiscal 2019. The December 2017 French Finance Bills increased the corporate income tax rate in France for Fiscal 2018 but also included measures to reduce the corporate income tax rate for fiscal years starting after January 1, 2022.

Our results for the three and six months ended March 31, 2018, reflect provisional amounts that resulted from remeasuring our deferred income tax assets and liabilities at the new tax rates in the U.S. and in France during the quarter ended December 31, 2017, the period during which the tax laws were enacted, and subsequent adjustments to provisional amounts made during the quarter ended March 31, 2018, as a result of the TCJA and the December 2017 French Finance Bills. Because a significant amount of the reduction in deferred income taxes in the U.S. related to our regulated utility plant assets, most of the reductions to UGI Utilities' deferred income tax assets and liabilities were not recognized immediately in income tax expense but were reflected in regulatory assets and liabilities in accordance with utility ratemaking. Our results for the three and six months ended March 31, 2019, reflect the effects on UGI Utilities' revenues of the May 17, 2018 PAPUC Order addressing certain regulatory effects of the TCJA on Pennsylvania utilities.

Although the remeasurement adjustments to our deferred income tax assets and liabilities for the 2018 three-month and six-month periods affected income tax expense and GAAP net income, we have eliminated these remeasurement adjustments from our non-GAAP adjusted net income presented in the section below entitled "Adjusted Net Income Attributable to UGI Corporation by Business Unit (Non-GAAP)." For further information on the TCJA and the December 2017 French Finance Bills, see Note 6 to Condensed Consolidated Financial Statements.

Proposed Merger

On April 1, 2019, we entered into the Merger Agreement, pursuant to which Merger Sub will merge with and into the Partnership, with the Partnership surviving as an indirect, wholly owned subsidiary of UGI. Under the terms of the Merger Agreement, at the effective time of the Proposed Merger, each outstanding Common Unit other than Common Units owned by UGI and its subsidiaries, including the General Partner, will be converted into the right to receive, at the election of each holder of such Common Units, one of the following forms of merger consideration:

(i) 0.6378 shares of UGI common stock;
(ii) $7.63 in cash, without interest, and 0.500 shares of UGI common stock; or
(iii) $35.325 in cash, without interest.

The merger consideration is subject to proration designed to ensure that the total number of shares of UGI common stock issuable as merger consideration will equal approximately 34.6 million shares, and the amount of cash consideration paid will equal approximately $530 million. Also, at the effective time of the Proposed Merger, the General Partner's 1% economic general partner interest in AmeriGas Partners, which includes its incentive distribution rights, will convert into (i) 10,615,711 Common Units, which will remain outstanding as partnership interests in AmeriGas Partners, and (ii) a non-economic general partner interest in AmeriGas Partners. Pursuant to the Merger Agreement, the General Partner will declare and cause to pay regular quarterly cash distributions on outstanding Common Units in accordance with the Partnership Agreement in an amount that will not be less than $0.95 per Common Unit. In addition, the Merger Agreement requires that the record date for the quarterly cash distribution related to the quarter immediately prior to the quarter in which the closing of the Proposed Merger occurs be designated so that such record date precedes the closing of the Proposed Merger so as to permit the payment of such quarterly distribution to the holders of the Common Units; provided that the Partnership's unitholders are not intended to receive, for any quarter, distributions both in respect of Common Units and also dividends in respect of shares of UGI common stock that they receive in exchange for such Common Units in the transaction.

Upon completion of the Proposed Merger, Common Units will no longer be publicly traded. Subject to the satisfaction or waiver of certain conditions, including the approval of the Merger Agreement by the AmeriGas Partners' unitholders, the Proposed Merger is expected to close in the fourth quarter of Fiscal 2019. On May 6, 2019, UGI filed with the SEC its registration statement on Form S-4 relating to the Proposed Merger.

The Proposed Merger will be accounted for in accordance with ASC 810, *Consolidation - Overall-Changes in a Parent's Ownership Interest in a Subsidiary.* Because UGI controls the AmeriGas Partners before and after the Proposed Merger, the changes in UGI's ownership interest in the Partnership resulting from the merger will be accounted for as an equity transaction and no gain or loss will be recognized in UGI's consolidated income statement resulting from the merger. In addition, the carrying amounts of AmeriGas Partners' assets and liabilities will not be adjusted. Finally, the tax effects of the merger will be reported as adjustments to deferred income taxes and UGI stockholders' equity.

See Note 17 to Condensed Consolidated Financial Statements for further information on the Proposed Merger.

EXECUTIVE OVERVIEW

THREE MONTHS ENDED MARCH 31, 2019 AND 2018

Net Income Attributable to UGI Corporation by Business Unit (GAAP):

Net income attributable to UGI Corporation determined in accordance with GAAP for the three months ended March 31, 2019 and 2018 is as follows:

For the three months ended March 31,	2019		2018		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount (a)	% of Total	Amount	%
AmeriGas Propane (b)	$ 47.5	19.4 %	$ 49.8	18.0 %	$ (2.3)	(4.6)%
UGI International (c)(d)	89.7	36.6 %	77.4	28.0 %	12.3	15.9 %
Midstream & Marketing	38.1	15.5 %	76.6	27.8 %	(38.5)	(50.3)%
UGI Utilities	82.8	33.7 %	89.2	32.3 %	(6.4)	(7.2)%
Corporate & Other (e)	(12.7)	(5.2)%	(17.0)	(6.1)%	4.3	N.M.
Net income attributable to UGI Corporation	$ 245.4	100.0 %	$ 276.0	100.0 %	$ (30.6)	(11.1)%

(a) Net income attributable to UGI Corporation for the three months ended March 31, 2018, includes changes to provisional remeasurement adjustments initially recorded in December 2017 as a result of the enactment of the TCJA which decreased income taxes and increased net income attributable to UGI by business unit as follows:

UGI International	$ 0.2
Corporate & Other	5.1
Net income attributable to UGI Corporation	$ 5.3

(b) The three months ended March 31, 2019, includes after-tax expenses associated with the Proposed Merger of $0.2 million.
(c) Three months ended March 31, 2018, includes changes to provisional remeasurement adjustments initially recorded in December 2017 as a result of the enactment of the December 2017 French Finance Bills which increased income taxes and decreased net income attributable to UGI by $3.7 million.
(d) Three months ended March 31, 2018, includes after-tax integration expenses associated with Finagaz of $6.8 million.
(e) Includes net after-tax (losses) on commodity derivative instruments not associated with current-period transactions of $(11.5) million and $(15.7) million for the three months ended March 31, 2019 and 2018, respectively. Also includes net after-tax unrealized gains (losses) on certain foreign currency derivative instruments of $3.3 million and $(1.3) million for the three months ended March 31, 2019 and 2018, respectively.
N.M. — Variance is not meaningful.

Adjusted Net Income Attributable to UGI Corporation by Business Unit (Non-GAAP):

Adjusted net income attributable to UGI Corporation for the three months ended March 31, 2019 and 2018 is as follows:

For the three months ended March 31,	2019		2018		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	%
AmeriGas Propane	$ 47.7	18.8 %	$ 49.8	16.7 %	$ (2.1)	(4.2)%
UGI International (a)	89.7	35.3 %	87.7	29.4 %	2.0	2.3 %
Midstream & Marketing	38.1	15.0 %	76.6	25.7 %	(38.5)	(50.3)%
UGI Utilities	82.8	32.6 %	89.2	29.9 %	(6.4)	(7.2)%
Corporate & Other	(4.4)	(1.7)%	(5.1)	(1.7)%	0.7	N.M.
Adjusted net income attributable to UGI Corporation	$ 253.9	100.0 %	$ 298.2	100.0 %	$ (44.3)	(14.9)%

(a) Includes after-tax realized gains (losses) on certain foreign currency derivative instruments used to reduce volatility in foreign earnings of $2.3 million and $(6.1) million for the three months ended March 31, 2019 and 2018, respectively.

N.M. - Variance is not meaningful.

Discussion. Adjusted net income attributable to UGI Corporation for the 2019 three-month period was $253.9 million (equal to $1.43 per diluted share) compared to adjusted net income attributable to UGI Corporation for the 2018 three-month period of $298.2 million (equal to $1.69 per diluted share).

Our results for the three months ended March 31, 2019, reflect average temperatures that were near or slightly colder than normal, and colder than the prior-year period, at our AmeriGas Propane, Midstream & Marketing and UGI Utilities reportable segments, but significantly warmer than normal and the prior year at our UGI International reportable segment. Although average temperatures during the 2019 three-month period at our domestic business units were colder than the prior-year period, 2019 three-month period temperatures were less volatile than in the prior-year period.

Adjusted net income attributable to UGI from AmeriGas Propane decreased $2.1 million in the 2019 three-month period principally reflecting the effects of lower retail propane gallons sold. Although average temperatures during the 2019 three-month period across our entire service territory were colder than normal, we experienced significantly warmer than normal weather in the southeastern U.S. during January and February.

Our UGI International adjusted net income was slightly higher in the 2019 three-month period. Temperatures in the 2019 three-month period at UGI International were 9.5% warmer than the prior year. The warmer temperatures reduced LPG gallons sold but the impact of the lower volumes was partially offset by slightly higher average retail LPG unit margin. Although the euro and the British pound sterling were weaker during the current-year period, resulting in reduced translated results, UGI International's period-over-period adjusted net income was favorably impacted by significantly higher realized gains on foreign currency contracts used to reduce volatility in foreign earnings.

Midstream & Marketing adjusted net income in the 2019 three-month period was significantly lower than in the 2018 three-month period reflecting lower prices for pipeline capacity due to the absence of extremely cold and volatile weather experienced early in the prior-year period, and increased pipeline restrictions experienced during the current-year period. Midstream & Marketing's 2019 three-month period adjusted net income also reflects lower electric generation total margin and lower average natural gas marketing unit margins.

Although temperatures at UGI Utilities were slightly colder than the prior-year period, UGI Utilities' 2019 three-month period net income was lower. The decrease in the 2019 three-month period net income is the result of reflecting the credit to customers of tax savings resulting from the TCJA in accordance with the PAPUC's May 17, 2018 Order. Tax savings resulting from the TCJA that accrued beginning January 1, 2018 through March 31, 2018 of approximately $14.9 million were recorded during the three months ended June 30, 2018. Accordingly, net income in the prior-year period was not reduced by the previously mentioned $14.9 million credit to customers for tax savings resulting from the TCJA.

SIX MONTHS ENDED MARCH 31, 2019 AND 2018

Net Income Attributable to UGI Corporation by Business Unit (GAAP):

Net income attributable to UGI Corporation determined in accordance with GAAP for the six months ended March 31, 2019 and 2018 is as follows:

For the six months ended March 31,	2019		2018		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount (a)	% of Total	Amount	%
AmeriGas Propane (b)	$ 78.1	25.2 %	$ 191.4	29.8 %	$ (113.3)	(59.2)%
UGI International (c)(d)(e)	122.2	39.5 %	138.5	21.6 %	(16.3)	(11.8)%
Midstream & Marketing	69.1	22.3 %	188.6	29.4 %	(119.5)	(63.4)%
UGI Utilities	132.7	42.9 %	157.5	24.5 %	(24.8)	(15.7)%
Corporate & Other (f)	(92.5)	(29.9)%	(34.1)	(5.3)%	(58.4)	N.M.
Net income attributable to UGI Corporation	$ 309.6	100.0 %	$ 641.9	100.0 %	$ (332.3)	(51.8)%

(a) Net income attributable to UGI Corporation for the six months ended March 31, 2018, includes income (loss) from remeasurement adjustments to tax-related accounts as a result of the enactment of the TCJA as follows:

AmeriGas Propane	$ 113.1
UGI International	(9.1)
Midstream & Marketing	74.3
UGI Utilities	8.1
Corporate & Other	(15.1)
Net income attributable to UGI Corporation	$ 171.3

(b) Six months ended March 31, 2019, includes after-tax expenses associated with the Proposed Merger of $0.2 million.
(c) Six months ended March 31, 2019, includes net after-tax loss from extinguishment of debt of $4.2 million.
(d) Six months ended March 31, 2018, includes beneficial impact of a $13.6 million remeasurement adjustment to net deferred income tax liabilities associated with a December 2017 change in French income tax rates.
(e) Six months ended March 31, 2018, includes after-tax integration expenses associated with Finagaz of $8.0 million.
(f) Includes net after-tax (losses) on commodity derivative instruments not associated with current-period transactions of $(92.7) million and $(11.1) million for the six months ended March 31, 2019 and 2018, respectively. Also includes net after-tax unrealized gains (losses) on certain foreign currency derivative instruments of $9.0 million and $(1.4) million for the six months ended March 31, 2019 and 2018, respectively.
N.M. — Variance is not meaningful.

Adjusted Net Income Attributable to UGI Corporation by Business Unit (Non-GAAP):

Adjusted net income attributable to UGI Corporation for the six months ended March 31, 2019 and 2018 is as follows:

For the six months ended March 31,	2019		2018		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	%
AmeriGas Propane	$ 78.3	19.7 %	$ 78.3	16.4 %	$ —	— %
UGI International (a)	126.4	31.8 %	142.0	29.7 %	(15.6)	(11.0)%
Midstream & Marketing	69.1	17.4 %	114.3	23.9 %	(45.2)	(39.5)%
UGI Utilities	132.7	33.4 %	149.4	31.3 %	(16.7)	(11.2)%
Corporate & Other	(8.8)	(2.3)%	(6.5)	(1.3)%	(2.3)	N.M.
Adjusted net income attributable to UGI Corporation	$ 397.7	100.0 %	$ 477.5	100.0 %	$ (79.8)	(16.7)%

(a) Includes after-tax realized gains (losses) on certain foreign currency derivative instruments used to reduce volatility in foreign earnings of $2.8 million and $(9.3) million for the six months ended March 31, 2019 and 2018, respectively.

N.M. - Variance not meaningful.

Discussion. Adjusted net income attributable to UGI Corporation for the 2019 six-month period was $397.7 million (equal to $2.24 per diluted share) compared to adjusted net income attributable to UGI Corporation for the 2018 six-month period of $477.5 million (equal to $2.70 per diluted share).

Our results for the six months ended March 31, 2019, reflect average temperatures that were slightly colder than the prior-year period at our AmeriGas Propane, Midstream & Marketing and UGI Utilities reportable segments. Temperatures were significantly warmer than the prior-year period at our UGI International reportable segment. Although average temperatures during the 2019 six-month period at our domestic business units were colder than the prior-year period, 2019 six-month period temperatures were less volatile than in the prior-year period.

Adjusted net income attributable to UGI from AmeriGas Propane was comparable to the prior year as slightly lower retail propane volume was offset by higher average retail unit margins.

Our UGI International adjusted net income was lower reflecting the negative volume and associated margin effects of significantly warmer weather on heating-related sales, and lower volumes sold for crop drying due to a very dry and warm summer and early fall in Europe. Although the euro and the British pound sterling were weaker in the current-year period reducing translated local currency results, UGI International's period-over-period adjusted net income was favorably impacted by significantly higher realized gains on foreign currency contracts used to reduce volatility in foreign earnings.

Midstream & Marketing adjusted net income in the 2019 six-month period was significantly lower than in the 2018 six-month period reflecting lower prices for pipeline capacity due to the absence of extremely cold and volatile weather experienced in the prior-year period, and increased pipeline restrictions experienced during the current-year period. Midstream & Marketing's 2019 six-month period adjusted net income also reflects lower electric generation total margin and lower average natural gas marketing unit margins.

Although temperatures at UGI Utilities were slightly colder than the prior-year period, UGI Utilities' 2019 six-month period net income was lower as a result of reflecting the credit to customers of tax savings resulting from the TCJA in accordance with the PAPUC's May 17, 2018 Order. Tax savings resulting from the TCJA that accrued beginning January 1, 2018 through March 31, 2018 of approximately $14.9 million were recorded during the three months ended June 30, 2018. Accordingly, net income in the prior-year period was not reduced by the previously mentioned $14.9 million credit to customers for tax savings resulting from the TCJA.

Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share

As previously mentioned, UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. For the 2019 and 2018 three and six-month periods, adjusted net income attributable to UGI Corporation is net income attributable to UGI after excluding (1) net after-tax gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions (principally comprising changes in unrealized gains and losses on such derivative instruments); (2) Finagaz integration expenses; (3) losses associated with extinguishments of debt; (4) remeasurement impacts on income tax balances resulting from the enactments of the TCJA and French Finance Bills; and (5) merger expenses associated with the Proposed Merger.

UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under GAAP. Volatility in net income attributable to UGI Corporation as determined in accordance with GAAP can occur as a result of gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity and certain foreign currency derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions. However, because these derivative instruments economically hedge anticipated future purchases or sales of energy commodities, or in the case of certain foreign currency derivatives reduce volatility in anticipated future earnings associated with our foreign operations, we expect that such gains or losses will be largely offset by gains or losses on anticipated future energy commodity transactions or mitigate volatility in anticipated future earnings.

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and other significant discrete items that can affect the comparison of period-over-period results.

The following tables reconcile consolidated net income attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconcile diluted earnings per share, the most comparable GAAP measure, to adjusted diluted earnings per share, to reflect the adjustments referred to above:

Three Months Ended March 31, 2019	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
(Dollars in millions, except per share data)						
Adjusted net income attributable to UGI Corporation:						
Net income (loss) attributable to UGI Corporation	$ 245.4	$ 47.5	$ 89.7	$ 38.1	$ 82.8	$ (12.7)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of $(0.9)) (a)	11.5	—	—	—	—	11.5
Unrealized gains on foreign currency derivative instruments (net of tax of $1.4) (a)	(3.2)	—	—	—	—	(3.2)
Merger expenses (net of tax of $(0.1))	0.2	0.2	—	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	$ 253.9	$ 47.7	$ 89.7	$ 38.1	$ 82.8	$ (4.4)
Adjusted diluted earnings per share:						
UGI Corporation earnings (loss) per share — diluted	$ 1.38	$ 0.27	$ 0.51	$ 0.21	$ 0.47	$ (0.08)
Net losses on commodity derivative instruments not associated with current-period transactions (b)	0.07	—	—	—	—	0.07
Unrealized gains on foreign currency derivative instruments	(0.02)	—	—	—	—	(0.02)
Merger expenses	—	—	—	—	—	—
Adjusted diluted earnings (loss) per share	$ 1.43	$ 0.27	$ 0.51	$ 0.21	$ 0.47	$ (0.03)

Three Months Ended March 31, 2018	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
(Dollars in millions, except per share data)						
Adjusted net income attributable to UGI Corporation:						
Net income (loss) attributable to UGI Corporation	$ 276.0	$ 49.8	$ 77.4	$ 76.6	$ 89.2	$ (17.0)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of $(8.1)) (a)	15.7	—	—	—	—	15.7
Unrealized losses on foreign currency derivative instruments (net of tax of $(0.7)) (a)	1.3	—	—	—	—	1.3
Integration expenses associated with Finagaz (net of tax of $(4.5)) (a)	6.8	—	6.8	—	—	—
Impact of French Finance Bill	3.7	—	3.7	—	—	—
Remeasurement impact of TCJA	(5.3)	—	(0.2)	—	—	(5.1)
Adjusted net income (loss) attributable to UGI Corporation	$ 298.2	$ 49.8	$ 87.7	$ 76.6	$ 89.2	$ (5.1)
Adjusted diluted earnings per share:						
UGI Corporation earnings (loss) per share - diluted	$ 1.57	$ 0.28	$ 0.44	$ 0.43	$ 0.51	$ (0.09)
Net losses on commodity derivative instruments not associated with current-period transactions	0.08	—	—	—	—	0.08
Unrealized losses on foreign currency derivative instruments	0.01	—	—	—	—	0.01
Integration expenses associated with Finagaz	0.04	—	0.04	—	—	—
Impact of French Finance Bill	0.02	—	0.02	—	—	—
Remeasurement impact of TCJA	(0.03)	—	—	—	—	(0.03)
Adjusted diluted earnings (loss) per share	$ 1.69	$ 0.28	$ 0.50	$ 0.43	$ 0.51	$ (0.03)

Six Months Ended March 31, 2019	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
(Dollars in millions, except per share data)						
Adjusted net income attributable to UGI Corporation:						
Net income (loss) attributable to UGI Corporation	$ 309.6	$ 78.1	$ 122.2	$ 69.1	$ 132.7	$ (92.5)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of $(36.4)) (a)	92.7	—	—	—	—	92.7
Unrealized gains on foreign currency derivative instruments (net of tax of $3.7) (a)	(9.0)	—	—	—	—	(9.0)
Loss on extinguishments of debt (net of tax of $(1.9)) (a)	4.2	—	4.2	—	—	—
Merger expenses (net of tax of $(0.1))	0.2	0.2	—	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	$ 397.7	$ 78.3	$ 126.4	$ 69.1	$ 132.7	$ (8.8)
Adjusted diluted earnings per share:						
UGI Corporation earnings (loss) per share — diluted	$ 1.74	$ 0.44	$ 0.69	$ 0.39	$ 0.75	$ (0.53)
Net losses on commodity derivative instruments not associated with current-period transactions (b)	0.53	—	—	—	—	0.53
Unrealized gains on foreign currency derivative instruments	(0.05)	—	—	—	—	(0.05)
Loss on extinguishments of debt	0.02	—	0.02	—	—	—
Merger expenses	—	—	—	—	—	—
Adjusted diluted earnings (loss) per share	$ 2.24	$ 0.44	$ 0.71	$ 0.39	$ 0.75	$ (0.05)

UGI CORPORATION AND SUBSIDIARIES

Six Months Ended March 31, 2018	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
(Dollars in millions, except per share data)						
Adjusted net income attributable to UGI Corporation:						
Net income (loss) attributable to UGI Corporation	$ 641.9	$ 191.4	$ 138.5	$ 188.6	$ 157.5	$ (34.1)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of $(6.0)) (a)	11.1	—	—	—	—	11.1
Unrealized losses on foreign currency derivative instruments (net of tax of $(0.7)) (a)	1.4	—	—	—	—	1.4
Integration expenses associated with Finagaz (net of tax of $(5.2)) (a)	8.0	—	8.0	—	—	—
Impact of French Finance Bill	(13.6)	—	(13.6)	—	—	—
Remeasurement impact of TCJA	(171.3)	(113.1)	9.1	(74.3)	(8.1)	15.1
Adjusted net income (loss) attributable to UGI Corporation	$ 477.5	$ 78.3	$ 142.0	$ 114.3	$ 149.4	$ (6.5)
Adjusted diluted earnings per share:						
UGI Corporation earnings (loss) per share - diluted	$ 3.63	$ 1.08	$ 0.78	$ 1.07	$ 0.89	$ (0.19)
Net losses on commodity derivative instruments not associated with current-period transactions	0.06	—	—	—	—	0.06
Unrealized losses on foreign currency derivative instruments	0.01	—	—	—	—	0.01
Integration expenses associated with Finagaz	0.05	—	0.05	—	—	—
Impact of French Finance Bill	(0.08)	—	(0.08)	—	—	—
Remeasurement impact of TCJA	(0.97)	(0.64)	0.05	(0.42)	(0.05)	0.09
Adjusted diluted earnings (loss) per share	$ 2.70	$ 0.44	$ 0.80	$ 0.65	$ 0.84	$ (0.03)

(a) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.
(b) Includes the effects of rounding associated with per share amounts.

SEGMENT RESULTS OF OPERATIONS

2019 Three-Month Period Compared to the 2018 Three-Month Period

AmeriGas Propane

For the three months ended March 31,	2019	2018	Decrease	
(Dollars in millions)				
Revenues	$ 971.6	$ 1,040.3	$ (68.7)	(6.6)%
Total margin (a)	$ 536.4	$ 556.6	$ (20.2)	(3.6)%
Partnership operating and administrative expenses (b)	$ 250.0	$ 251.5	$ (1.5)	(0.6)%
Partnership Adjusted EBITDA (c)	$ 290.3	$ 309.5	$ (19.2)	(6.2)%
Operating income (d)	$ 246.4	$ 266.6	$ (20.2)	(7.6)%
Retail gallons sold (millions)	383.6	398.5	(14.9)	(3.7)%
Heating degree days—% colder (warmer) than normal (e)	4.4%	(0.5)%	—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended March 31, 2019 and 2018 excludes net pre-tax unrealized gains (losses) of $17.1 million and $(31.2) million, respectively, on commodity derivative instruments not associated with current-period transactions.
(b) Partnership operating and administrative expenses for the three months ended March 31, 2019 include $0.9 million of expenses associated with the Proposed Merger.
(c) Partnership Adjusted EBITDA should not be considered as an alternative to net income (loss) (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 16 to Condensed Consolidated Financial Statements).
(d) Operating income includes certain operating and administrative expenses of the General Partner.
(e) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by the NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership's retail gallons sold during the 2019 three-month period were 3.7% lower than the prior-year period. Average temperatures based upon heating degree days were 4.4% colder than normal and 4.9% colder than the prior-year period. Although average temperatures during the 2019 three-month period across our entire service territory were colder than normal, we experienced significantly warmer than normal weather in the southeastern U.S. during January and February.

Retail propane revenues decreased $71.8 million during the 2019 three-month period reflecting the effects of lower average retail selling prices ($36.4 million) and the lower retail volumes sold ($35.4 million). Wholesale propane revenues increased $3.9 million reflecting higher wholesale volumes sold ($8.9 million) partially offset by lower average wholesale selling prices ($5.0 million). Average daily wholesale propane commodity prices during the 2019 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 21% lower than such prices during the 2018 three-month period. Other revenues in the 2019 three-month period were approximately equal to the prior-year period. Total cost of sales decreased $48.5 million, principally reflecting the effects of the lower average propane product costs ($39.4 million) and the lower retail propane volumes sold ($16.6 million), partially offset by higher wholesale propane volumes sold ($8.5 million).

AmeriGas Propane total margin decreased $20.2 million in the 2019 three-month period principally reflecting lower retail propane total margin ($20.3 million). The decrease in retail propane total margin principally reflects the effects of the lower retail volumes sold ($18.8 million).

Partnership Adjusted EBITDA decreased $19.2 million in the 2019 three-month period principally reflecting the effects of the lower total margin ($20.2 million) and slightly lower other operating income ($1.7 million), partially offset by a decrease in the Partnership operating and administrative expenses excluding the impact of $0.9 million of expenses associated with the Proposed Merger ($2.4 million). The decrease in the Partnership operating and administrative expenses reflects, among other things, lower general insurance and self-insured casualty and liability expense and slightly lower total compensation and benefits costs partially offset by slightly higher vehicle expenses. AmeriGas Propane operating income decreased $20.2 million in the 2019 three-month period principally reflecting the $19.2 million decrease in Partnership Adjusted EBITDA.

UGI International

For the three months ended March 31,	2019		2018		Increase (Decrease)		
(Dollars in millions)							
Revenues	$	783.2	$	909.6	$	(126.4)	(13.9)%
Total margin (a)	$	338.5	$	368.5	$	(30.0)	(8.1)%
Operating and administrative expenses (b)	$	181.3	$	199.3	$	(18.0)	(9.0)%
Operating income	$	126.9	$	132.0	$	(5.1)	(3.9)%
Income before income taxes (c)	$	124.0	$	117.5	$	6.5	5.5 %
LPG retail gallons sold (millions)		258.7		274.4		(15.7)	(5.7)%
Heating degree days—% (warmer) colder than normal (d)		(7.5)%		2.2%		—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended March 31, 2019 and 2018 excludes net pre-tax losses of $28.6 million and $20.6 million, respectively, on commodity derivative instruments not associated with current-period transactions.
(b) The 2018 three-month period includes $11.3 million of Finagaz integration expenses.
(c) Income before income taxes for the three months ended March 31, 2019 and 2018 excludes net pre-tax unrealized gains (losses) on certain foreign currency derivative contracts of $4.6 million and $(2.0) million, respectively. Income before income taxes for the three months ended March 31, 2019 and 2018 includes realized gains (losses) on certain foreign currency derivative contracts of $3.3 million and $(9.0) million, respectively.
(d) Deviation from average heating degree days for the 15-year period 2002-2016 at locations in our UGI International service territories.

Average temperatures during the 2019 three-month period were 7.5% warmer than normal and 9.5% warmer than the prior-year period. Total retail gallons sold during the 2019 three-month period were 5.7% lower reflecting the effects of the significantly warmer weather on heating-related bulk sales, primarily sales to residential heating customers.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. Differences in these translation rates affect the comparison of line item amounts presented in the table above. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2019 and 2018 three-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.14 and $1.23, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.30 and $1.39, respectively. During the three months ended March 31, 2019 and 2018, realized gains and losses on foreign currency exchange contracts used to reduce volatility in foreign net income settled at average euro-to-dollar exchange rates of $1.17 and $1.09, respectively, and at average British pound sterling-to-dollar exchange rates of $1.30 and $1.27, respectively.

UGI International revenues decreased $126.4 million during the 2019 three-month period principally reflecting the translation effects of the weaker euro and British pound sterling (approximately $65 million) and the effects of the lower retail and lower wholesale LPG volumes sold. UGI International cost of sales decreased $96.4 million during the 2019 three-month period principally reflecting the translation effects of the weaker euro and British pound sterling (approximately $37 million), the lower retail and wholesale LPG volumes sold, and slightly lower average LPG product costs.

UGI International total margin decreased $30.0 million largely reflecting the translation effects of the weaker euro and British pound sterling (approximately $28 million). Local currency total margin was slightly lower in the 2019 three-month period as the effects of the lower retail LPG volumes sold were largely offset by higher average LPG unit margins mainly reflecting margin management efforts and, to a lesser extent, recovery of energy conservation compliance costs.

The $5.1 million decrease in UGI International operating income principally reflects the previously mentioned $30.0 million decrease in total margin partially offset by lower operating and administrative expenses ($18.0 million), lower depreciation and amortization expense ($4.3 million), and slightly higher other operating income ($2.8 million). The decrease in operating and administrative expenses reflects, in large part, the translation effects of the weaker euro and British pound sterling (approximately $15 million) and slightly lower local currency operating and administrative expenses. Operating and administrative expenses in the prior-year three-month period include $11.3 million of Finagaz integration costs. Excluding the impact of the Finagaz integration costs in the prior-year period, local currency operating and administrative expenses in the current-year period were higher reflecting, in large part, higher compliance costs associated with energy conservation and costs related to strategic projects. The lower depreciation and amortization expense principally reflects the translation effects of the weaker currencies (approximately $2.5 million) and, to a lesser extent, slightly lower local currency depreciation and amortization expense. Notwithstanding the $5.1

million decrease in operating income, UGI International income before income taxes in the 2019 three-month period increased $6.5 million reflecting higher pre-tax realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International net income resulting from the translation effects of changes in foreign currency exchange rates ($12.3 million).

Midstream & Marketing

For the three months ended March 31,	2019		2018		Increase (Decrease)		
(Dollars in millions)							
Revenues	$	542.4	$	565.2	$	(22.8)	(4.0)%
Total margin (a)	$	93.1	$	146.6	$	(53.5)	(36.5)%
Operating and administrative expenses	$	31.5	$	28.3	$	3.2	11.3 %
Operating income	$	51.3	$	107.6	$	(56.3)	(52.3)%
Income before income taxes	$	52.3	$	107.6	$	(55.3)	(51.4)%

(a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended March 31, 2019 and 2018 excludes net pre-tax gains of $11.6 million and $5.7 million, respectively, on commodity derivative instruments not associated with current-period transactions.

Average temperatures across Midstream & Marketing's energy marketing territory during the three months ended March 31, 2019 were approximately 0.7% warmer than normal and 1.2% colder than the prior-year period. Although temperatures for the 2019 three-month period were slightly colder than the prior year, temperatures early in the prior-year period were much colder and more volatile in the current-year period.

Midstream & Marketing's 2019 three-month period revenues were $22.8 million lower than the prior-year period principally reflecting lower total revenues from midstream assets ($43.1 million) and lower electric generation revenues ($9.2 million). These decreases in revenue were partially offset principally by higher natural gas revenues ($24.2 million). The decrease in revenues from midstream assets reflects significantly lower capacity management revenues ($46.9 million) partially offset by slightly higher natural gas gathering and peaking revenues. The significant decrease in capacity management revenues reflects lower baseload capacity values during the 2019 three-month period and significantly lower pricing spreads between Marcellus and non-Marcellus delivery points during the current-year period. Electric generation revenues were lower principally reflecting significantly lower off peak volumes at the Hunlock Station generating facility due to a decline in economic dispatch opportunities. The significant increase in natural gas revenues principally reflects the effects of higher natural gas volumes resulting from the colder 2019 three-month period temperatures and customer growth, including customers obtained through the acquisition of South Jersey Energy Company's natural gas marketing business on December 1, 2018, partially offset by the effects of lower average natural gas prices during the 2019 three-month period. Midstream & Marketing cost of sales were $449.3 million in the 2019 three-month period compared to $418.6 million in the 2018 three-month period, an increase of $30.7 million, principally reflecting the higher natural gas volumes partially offset by lower electric generation cost of sales.

Midstream & Marketing total margin decreased $53.5 million in the 2019 three-month period principally reflecting lower total margin from our midstream assets ($47.3 million), lower electric generation total margin ($4.4 million) and, to a lesser extent, lower margin from natural gas marketing reflecting lower unit margins. The decrease in total margin from midstream assets is principally the result of significantly lower capacity management total margin ($46.9 million) and, to a much lesser extent, lower peaking margin. The decrease in capacity management total margin reflects significantly lower baseload capacity values, and higher prior-year pricing spreads between Marcellus and non-Marcellus delivery points, due to the absence of extremely cold and volatile weather experienced in early January of the prior-year period, and the effects of increased pipeline restrictions experienced during the current-year period. These decreases in midstream assets total margin were partially offset by slightly higher natural gas gathering total margin. The lower total margin from electric generation reflects significantly lower electric generation volumes principally from our Hunlock Station generating facility.

Midstream & Marketing operating income and income before income taxes during the 2019 three-month period decreased $56.3 million and $55.3 million, respectively. The decrease in operating income principally reflects the previously mentioned decrease in total margin ($53.5 million), higher operating and administrative expenses ($3.2 million) and, to a much lesser extent, slightly higher depreciation expense ($0.7 million). The $3.2 million increase in operating and administrative expenses reflects higher compensation and benefits expense and slightly higher expenses associated with greater peaking, LNG and natural gas gathering activities. The increase in depreciation expense principally reflects incremental depreciation from the expansion of our natural gas gathering, LNG and peaking assets. The $55.3 million decrease in income before income taxes in the 2019 three-month period principally reflects the lower operating income ($56.3 million).

UGI Utilities

For the three months ended March 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues (a)	$ 429.6	$ 483.3	$ (53.7)	(11.1)%
Total margin (a)(b)	$ 210.2	$ 224.6	$ (14.4)	(6.4)%
Operating and administrative expenses (b)	$ 67.7	$ 68.8	$ (1.1)	(1.6)%
Operating income	$ 119.9	$ 135.7	$ (15.8)	(11.6)%
Income before income taxes	$ 108.1	$ 124.0	$ (15.9)	(12.8)%
Gas Utility system throughput—bcf				
Core market	40.2	38.9	1.3	3.3 %
Total	96.6	87.3	9.3	10.7 %
Electric Utility distribution sales - gwh	279.2	278.7	0.5	0.2 %
Gas Utility heating degree days—% (warmer) than normal (c)	(0.8)%	(2.2)%	—	—

(a) In accordance with the PAPUC Order issued May 17, 2018, Gas Utility's revenues and total margin for the three months ended March 31, 2019, were reduced by $22.7 million to reflect the credit to customers of tax savings of the TCJA. Substantially all of the credits to customers associated with tax savings for the 2018 three-month period were recorded during the three months ended June 30, 2018. See Notes 6 and 8 to Condensed Consolidated Financial Statements.

(b) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e., Electric Utility gross receipts taxes, of $1.4 million during each of the three months ended March 31, 2019 and March 31, 2018. For financial statement purposes, revenue-related taxes are included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income (but are excluded from operating expenses presented above).

(c) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility's service territory.

Temperatures in Gas Utility's service territory during the three months ended March 31, 2019, were slightly warmer than normal and 1.4% colder than the three months ended March 31, 2018. Gas Utility core market volumes increased 1.3 bcf (3.3%) principally reflecting the effects of the growth in the number of core market customers and the slightly colder temperatures. Total Gas Utility distribution system throughput increased 9.3 bcf reflecting higher large firm delivery service volumes (10.1 bcf) and the previously mentioned higher core market volumes partially offset by a decrease in interruptible delivery service volumes. Electric Utility kilowatt-hour sales were slightly higher than the prior-year period principally reflecting the impact of the colder weather on Electric Utility heating-related sales.

UGI Utilities revenues decreased $53.7 million in the three months ended March 31, 2019, reflecting a $54.6 million decrease in Gas Utility revenues partially offset by a $0.9 million increase in Electric Utility revenues. In accordance with the May 17, 2018, PAPUC Order, during the three months ended March 31, 2019, Gas Utility's revenues were reduced by $22.7 million to reflect the credit to customers of tax savings of the TCJA. Excluding the impact of this reduction in revenues, Gas Utility revenues decreased $31.9 million. The decrease principally reflects $18.8 million of lower off-system sales revenue which is net of capacity releases due in part to the adoption of ASC 606 (which requires that capacity release contracts be reflected on a gross, rather than net, basis), lower core market revenues ($13.2 million) and lower firm delivery service revenue ($2.7 million). The $13.2 million decrease in Gas Utility core market revenues reflects lower average retail core market PGC rates ($24.3 million) partially offset by the effects of the higher core market throughput ($11.1 million).The $0.9 million increase in Electric Utility revenues during the 2019 three-month period principally reflects an increase in Electric Utility base rates effective October 27, 2018 ($0.8 million) and higher transmission revenue ($0.7 million).

UGI Utilities' cost of sales was $218.0 million in the three months ended March 31, 2019 compared with $257.3 million in the three months ended March 31, 2018, reflecting lower Gas Utility cost of sales ($38.9 million) and lower Electric Utility cost of sales ($0.5 million) from DS customers transferring to alternate suppliers. The lower Gas Utility cost of sales principally reflects a decrease in cost of sales associated with off-system sales ($20.0 million), which is net of capacity release cost of sales (due principally to the presentation of capacity release contracts resulting from the adoption of ASC 606), and the effects of lower average retail core-market PGC rates ($20.7 million), partially offset by the higher core market volumes ($2.0 million).

UGI Utilities total margin decreased $14.4 million reflecting lower total margin from Gas Utility ($15.8 million) principally attributable to the impact of the $22.7 million reduction in revenues resulting from the PAPUC Order, partially offset by higher Electric Utility total margin ($1.4 million). Excluding the reduction in Gas Utility total margin resulting from the PAPUC Order, Gas Utility total margin increased $6.9 million principally reflecting higher total margin from Gas Utility core market customers and, to a lesser extent, higher off-system sales margin reflecting the margin impacts of the presentation of certain revenues in accordance with ASC 606. The increase in Electric Utility margin principally reflects the increase in base rates and higher transmission revenue.

UGI Utilities operating income decreased $15.8 million principally reflecting the decrease in total margin ($14.4 million), greater depreciation expense ($1.2 million), and higher other operating expense ($1.4 million) partially offset by slightly lower operating and administrative expenses ($1.1 million). The slight decrease in UGI Utilities operating and administrative expenses principally reflects lower uncollectible accounts expense due principally to the timing of adjustments to reserves and lower benefit-related expenses partially offset by higher contractor and outside services expense and higher allocated corporate expenses. The increase in depreciation expense reflects increased distribution system capital expenditure activity. UGI Utilities income before income taxes decreased $15.9 million principally reflecting the decrease in UGI Utilities operating income.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2019 three-month period was $61.0 million, slightly higher than the $58.1 million of interest expense recorded during the 2018 three-month period. The higher interest expense principally reflects higher short-term interest expense on credit agreement borrowings and higher average long-term debt outstanding.

Our effective income tax rate in the 2019 three-month period reflects a U.S. federal income tax rate of 21%. Our effective income tax rate in the 2018 three-month period reflects a blended U.S. federal income tax rate of 24.5%. Income tax expense in the 2018 three-month period also reflects changes to provisional adjustments to income tax balances initially recorded in December 2017 as a result of the enactment of the TCJA which decreased 2018 three-month period income taxes, and increased net income attributable to UGI Corporation, by $5.3 million. The three months ended March 31, 2018 also includes changes to provisional adjustments to income tax balances initially recorded in December 2017 as a result of the December 2017 French Finance Bills which increased 2018 three-month period income taxes, and decreased 2018 three-month period net income attributable to UGI Corporation, by $3.7 million. For further information on these tax law changes and their effects on regulatory assets and liabilities, see Notes 6 and 8 to Condensed Consolidated Financial Statements.

2019 Six-Month Period Compared to the 2018 Six-Month Period

AmeriGas Propane

For the six months ended March 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 1,791.8	$ 1,827.6	$ (35.8)	(2.0)%
Total margin (a)	$ 978.1	$ 977.8	$ 0.3	— %
Partnership operating and administrative expenses (b)	$ 485.1	$ 481.8	$ 3.3	0.7 %
Partnership Adjusted EBITDA (c)	$ 500.9	$ 503.6	$ (2.7)	(0.5)%
Operating income (d)	$ 413.0	$ 414.5	$ (1.5)	(0.4)%
Retail gallons sold (millions)	693.9	703.5	(9.6)	(1.4)%
Heating degree days—% colder (warmer) than normal (e)	4.6%	(0.9)%	—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for the six months ended March 31, 2019 and 2018 excludes net pre-tax unrealized losses of $61.4 million and $30.4 million, respectively, on commodity derivative instruments not associated with current-period transactions.
(b) Partnership operating and administrative expenses for the six months ended March 31, 2019 include $0.9 million of expenses associated with the Proposed Merger.
(c) Partnership Adjusted EBITDA should not be considered as an alternative to net income (loss) (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 16 to Condensed Consolidated Financial Statements).
(d) Operating income includes certain operating and administrative expenses of the General Partner.
(e) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by the NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership's retail gallons sold during the 2019 six-month period were 1.4% lower than the prior-year period. Average temperatures based upon heating degree days were 4.6% colder than normal and 5.5% colder than the prior-year period. Although average temperatures during the 2019 six-month period across our entire service territory were colder than normal, we experienced significantly warmer than normal weather in the southeastern U.S. during January and February.

Retail propane revenues decreased $42.7 million during the 2019 six-month period reflecting the effects of the lower retail volumes sold ($22.4 million) and the lower average retail selling prices ($20.3 million). Wholesale propane revenues increased $6.2 million reflecting higher wholesale volumes sold ($14.3 million) partially offset by lower average wholesale selling prices ($8.1 million). Average daily wholesale propane commodity prices during the 2019 six-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 19% lower than such prices during the 2018 six-month period. Other revenues in the 2019 six-month period were slightly higher than in the prior-year period principally reflecting higher service and ancillary revenues. Total cost of sales decreased $36.1 million reflecting the effects of lower average propane product costs ($38.9 million) and lower retail propane volumes sold ($10.5 million) partially offset by higher wholesale propane volumes sold ($13.8 million).

AmeriGas Propane total margin in the 2019 six-month period was approximately equal to total margin in the 2018 six-month period as the effect of lower retail volumes sold ($11.9 million) was offset by slightly higher average retail propane unit margins ($11.0 million) due, in part, to the effects of declining wholesale propane prices during the 2019 six-month period.

Partnership Adjusted EBITDA decreased $2.7 million in the 2019 six-month period principally reflecting higher Partnership operating and administrative expenses, excluding the impact of $0.9 million of expenses associated with the Proposed Merger in the 2019 six-month period ($2.4 million). The increase in the Partnership operating and administrative expenses includes higher total compensation and benefits costs and higher vehicle expense, including higher lease expense, partially offset by lower general insurance and self-insured casualty and liability expense. AmeriGas Propane operating income decreased $1.5 million in the 2019 six-month period principally reflecting a $3.3 million increase in Partnership operating and administrative expenses, including the impact of $0.9 million of expenses associated with the Proposed Merger in the 2019 six-month period, partially offset by lower depreciation and amortization expense ($2.6 million).

UGI International

For the six months ended March 31,		2019		2018		Decrease	
(Dollars in millions)							
Revenues	$	1,493.9	$	1,693.8	$	(199.9)	(11.8)%
Total margin (a)	$	600.6	$	667.9	$	(67.3)	(10.1)%
Operating and administrative expenses (b)	$	355.7	$	373.1	$	(17.4)	(4.7)%
Operating income	$	185.2	$	225.2	$	(40.0)	(17.8)%
Income before income taxes (c)(d)	$	171.5	$	200.1	$	(28.6)	(14.3)%
LPG retail gallons sold (millions)		496.3		535.0		(38.7)	(7.2)%
Heating degree days—% (warmer) colder than normal (e)		(7.6)%		1.0%		—	—

(a) Total margin represents total revenues less total cost of sales. Total margin for the six months ended March 31, 2019 and 2018 excludes net pre-tax losses of $125.9 million and $3.6 million, respectively, on commodity derivative instruments not associated with current-period transactions.
(b) The 2018 six-month period includes $13.2 million of Finagaz integration expenses.
(c) Income before income taxes for the six months ended March 31, 2019 and 2018 excludes net pre-tax unrealized gains (losses) on certain foreign currency derivative contracts of $12.7 million and $(2.1) million, respectively. Income before income taxes for the six months ended March 31, 2019 and 2018 includes realized gains (losses) on certain foreign currency derivative contracts of $4.0 million and $(13.7) million, respectively.
(d) Income before income taxes for the six months ended March 31, 2019, is also net of a $6.1 million loss on extinguishments of debt.
(e) Deviation from average heating degree days for the 15-year period 2002-2016 at locations in our UGI International service territories.

Average temperatures during the 2019 six-month period were 7.6% warmer than normal and 8.5% warmer than the prior-year period. Total retail gallons sold during the 2019 six-month period were 7.2% lower reflecting lower volumes associated with crop drying as a result of a very warm and dry summer, and the effects of the warmer weather on heating-related bulk sales, primarily sales to residential heating customers.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. Differences in these translation rates affect the comparison of line item amounts presented in the table above. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2019 and 2018 six-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.14 and $1.20, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.29 and $1.36, respectively. During the six months ended March 31, 2019 and 2018, realized gains and losses on foreign currency exchange contracts used to reduce volatility in our foreign operations net income settled at average euro-to-dollar exchange rates of $1.17 and $1.09, respectively, and at average British pound sterling-to-dollar exchange rates of $1.30 and $1.27, respectively.

UGI International revenues decreased $199.9 million during the 2019 six-month period principally reflecting the lower retail and lower wholesale LPG volumes sold, and the translation effects of the weaker euro and British pound sterling (approximately $90 million). UGI International cost of sales decreased $132.6 million during the 2019 six-month period principally reflecting the effects of the lower LPG retail and wholesale volumes sold, the translation effects of the weaker euro and British pound sterling (approximately $55 million), and the effects of slightly lower average wholesale prices for LPG. Although the average un-weighted wholesale price for LPG during the 2019 six-month period was slightly lower than in the prior-year period, wholesale LPG prices during late Fiscal 2018 and early in the 2019 six-month period were higher than in the prior-year period resulting in higher LPG inventory costs entering the heating season.

UGI International total margin decreased $67.3 million primarily reflecting the lower retail LPG volumes sold, and the translation effects of the weaker euro and British pound sterling (approximately $35 million). These decreases in total margin were partially offset by slightly higher average retail LPG unit margin.

The $40.0 million decrease in UGI International operating income principally reflects the $67.3 million decrease in total margin partially offset by lower operating and administrative expenses ($17.4 million), lower depreciation and amortization expense ($5.2 million), and higher other operating income ($5.1 million) which includes higher income on asset sales during the 2019 six-month period. The decrease in operating and administrative expenses reflects, in large part, the impact of the weaker euro and British pound sterling (approximately $20 million) partially offset by slightly higher local currency operating and administrative expenses. Operating and administrative expenses in the prior-year period include $13.2 million of Finagaz integration expenses. Excluding the Finagaz integration expenses recorded in the prior-year, local currency operating and administrative expenses were slightly higher principally reflecting higher compliance costs associated with energy conservation and costs related to strategic projects. The lower depreciation and amortization expense principally reflects the translation effects of the weaker currencies (approximately $3.5 million) and lower local currency depreciation and amortization expense. UGI International income before income taxes in the 2019 six-month period was $28.6 million lower than the prior-year period principally reflecting the net effects of the $40.0 million decrease in UGI International operating income and a $6.1 million loss on debt extinguishments partially offset by higher pre-tax realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International net income resulting from changes in foreign exchange rates ($17.7 million).

Midstream & Marketing

For the six months ended March 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 1,001.8	$ 893.2	$ 108.6	12.2 %
Total margin (a)	$ 175.0	$ 235.6	$ (60.6)	(25.7)%
Operating and administrative expenses	$ 60.7	$ 53.9	$ 6.8	12.6 %
Operating income	$ 92.4	$ 161.0	$ (68.6)	(42.6)%
Income before income taxes	$ 94.4	$ 160.2	$ (65.8)	(41.1)%

(a) Total margin represents total revenues less total cost of sales. Total margin for the six months ended March 31, 2019 and 2018 excludes net pre-tax gains (losses) of $13.4 million and $(5.4) million, respectively, on commodity derivative instruments not associated with current-period transactions.

Average temperatures across Midstream & Marketing’s energy marketing territory during the 2019 six-month period were approximately 1.2% colder than normal and 2.8% colder than the prior-year period. Although average temperatures in the 2019 six-month period were slightly colder than the prior-year period, the prior-year six-month period experienced extremely cold and more volatile weather in late December 2017 and early January 2018.

Midstream & Marketing 2019 six-month period revenues were $108.6 million higher than the prior-year period principally reflecting higher natural gas revenues ($157.9 million) and, to a much lesser extent, higher revenues from peaking ($5.0 million) and natural gas gathering ($4.2 million) activities. These increases in revenue were partially offset principally by lower capacity revenues ($56.1 million) and lower electric generation revenues ($13.8 million). The significant increase in natural gas revenues principally reflects higher average natural gas prices during the 2019 six-month period, the effects of higher natural gas volumes resulting from the colder 2019 six-month period temperatures and customer growth including customers obtained through the acquisition of South Jersey Energy Company's natural gas marketing business on December 1, 2018. The decrease in capacity management revenues reflects lower baseload capacity values in the 2019 six-month period and significantly lower pricing spreads between Marcellus and non-Marcellus delivery points. Electric generation revenues were lower principally reflecting lower off-peak volumes at the Hunlock Station generating facility due to a decline in economic dispatch opportunities. Midstream & Marketing cost of sales were $826.8 million in the 2019 six-month period compared to $657.6 million in the 2018 six-month period, an increase of $169.2 million, principally reflecting higher natural gas costs and higher natural gas volumes.

Midstream & Marketing total margin decreased $60.6 million in the 2019 six-month period principally reflecting lower total margin from our midstream assets ($51.1 million), lower electric generation total margin ($7.4 million) and lower margin from natural gas marketing reflecting lower average unit margins. The decrease in total margin from our midstream assets is principally the result of significantly lower capacity management total margin ($56.1 million) partially offset by higher natural gas gathering and peaking total margin. The decrease in capacity management total margin reflects significantly lower baseload capacity values, and higher prior-year pricing spreads between Marcellus and non-Marcellus delivery points, due to the absence of extremely cold and volatile weather experienced in late December and early January of the prior-year period, and the effects of increased pipeline restrictions experienced during the current-year period. The lower total margin from electric generation principally reflects lower electric generation volumes from our Hunlock Station generating facility due to a decline in off-peak economic dispatch opportunities.

Midstream & Marketing operating income and income before income taxes during the 2019 six-month period decreased $68.6 million and $65.8 million, respectively. The decrease in operating income principally reflects the previously mentioned decrease in total margin ($60.6 million), higher operating and administrative expenses ($6.8 million), and higher depreciation expense ($2.1 million). The $6.8 million increase in operating and administrative expenses reflects higher compensation and benefits expense and higher expenses associated with greater peaking, LNG and natural gas gathering activities. The increase in operating and administrative expense also reflects higher operating and maintenance expenses associated with a planned outage at the Conemaugh generating unit. The increase in depreciation expense principally reflects incremental depreciation from the expansion of our LNG, natural gas gathering and peaking assets. The $65.8 million decrease in income before income taxes in the 2019 six-month period principally reflects the lower operating income ($68.6 million) partially offset by the absence of a pension settlement recorded in the prior-year period, higher AFUDC income associated with PennEast pipeline and lower interest expense.

UGI Utilities

For the six months ended March 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues (a)	$ 752.3	$ 806.4	$ (54.1)	(6.7)%
Total margin (a)(b)	$ 372.1	$ 394.7	$ (22.6)	(5.7)%
Operating and administrative expenses (b)	$ 128.9	$ 121.6	$ 7.3	6.0 %
Operating income	$ 196.9	$ 232.6	$ (35.7)	(15.3)%
Income before income taxes	$ 173.8	$ 209.4	$ (35.6)	(17.0)%
Gas Utility system throughput—bcf				
Core market	66.7	64.4	2.3	3.6 %
Total	172.3	156.6	15.7	10.0 %
Electric Utility distribution sales - gwh	528.9	525.3	3.6	0.7 %
Gas Utility heating degree days—% (warmer) than normal (c)	(0.7)%	(2.1)%	—	—

(a) In accordance with the PAPUC Order issued May 17, 2018, Gas Utility's revenues and total margin for the six months ended March 31, 2019, were reduced by $36.2 million to reflect the credit to customers of tax savings of the TCJA. Substantially all of the credits to customers associated with tax savings for the 2018 six-month period were recorded during the three months ended June 30, 2018. See Notes 6 and 8 to Condensed Consolidated Financial Statements.

(b) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e., Electric Utility gross receipts taxes, of $2.7 million and 2.6 million during the six months ended March 31, 2019 and March 31, 2018, respectively. For financial statement purposes, revenue-related taxes are included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income (but are excluded from operating expenses presented above).

(c) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility's service territory.

Temperatures in Gas Utility's service territory during the 2019 six-month period were slightly warmer than normal and 1.5% colder than the 2018 six-month period. Gas Utility core market volumes increased 2.3 bcf (3.6%) principally reflecting the effects of the colder weather and growth in the number of core market customers. Total Gas Utility distribution system throughput increased 15.7 bcf reflecting higher large firm delivery service volumes (17.4 bcf) and the previously mentioned increase in core market volumes partially offset by a decrease in interruptible delivery service volumes (3.9 bcf). Electric Utility kilowatt-hour sales were 0.7% higher than the prior-year period principally reflecting the impact of the colder weather on Electric Utility heating-related sales.

UGI Utilities revenues decreased $54.0 million reflecting a $57.4 million decrease in Gas Utility revenues partially offset by a $3.3 million increase in Electric Utility revenues. In accordance with the May 17, 2018, PAPUC Order, during the six months ended March 31, 2019, Gas Utility's revenues were reduced by $36.2 million to reflect the credit to customers of tax savings of the TCJA. Excluding the impact of this reduction in revenues, Gas Utility revenues decreased $21.2 million. The decrease principally reflects lower core market revenues ($23.1 million) and a decrease in off-system sales revenues ($1.3 million) which is net of capacity release revenues due principally to the adoption of ASC 606 (which requires capacity release contracts be reflected on a gross, rather than net, basis) partially offset by higher other revenues ($3.3 million). The $23.1 million decrease in Gas Utility core market revenues reflects lower average retail core market PGC rates ($43.2 million) partially offset by the effects of the higher core market throughput ($20.1 million). The increase in Electric Utility revenues during the 2019 six-month period principally reflects higher transmission revenue ($1.4 million), an increase in Electric Utility base rates effective October 27, 2018 ($1.3 million) and higher DS rates ($0.4 million).

UGI Utilities' cost of sales was $377.5 million in the 2019 six-month period compared with $409.1 million in the 2018 six-month period reflecting lower Gas Utility cost of sales ($32.6 million) partially offset by higher Electric Utility cost of sales ($1.0 million) from the higher DS rates. The lower Gas Utility cost of sales principally reflects lower average retail core-market PGC rates ($40.3 million) partially offset by the higher core market volumes ($9.8 million).

UGI Utilities total margin decreased $22.6 million reflecting lower total margin from Gas Utility ($24.8 million) principally attributable to the impact of the $36.2 million reduction in revenues resulting from the PAPUC Order, partially offset by higher Electric Utility total margin ($2.3 million). Excluding the reduction in Gas Utility total margin resulting from the PAPUC Order, Gas Utility total margin increased $11.4 million principally reflecting higher total margin from Gas Utility core market customers and, to a much lesser extent, higher off-system sales margin reflecting the margin impacts of the presentation of certain revenues in accordance with the adoption of ASC 606. The increase in Electric Utility margin principally reflects higher transmission revenue and the increase in base rates.

UGI Utilities operating income decreased $35.7 million principally reflecting the decrease in total margin ($22.6 million), higher operating and administrative expenses ($7.3 million), greater depreciation expense ($3.3 million), and higher other operating expense ($2.6 million). The increase in UGI Utilities operating and administrative expenses principally reflects higher general and administrative costs including higher contractor and outside services expense ($3.2 million), higher allocated corporate expenses ($2.3 million), the absence of a favorable payroll tax adjustment recorded in the prior-year period ($2.1 million) and higher IT maintenance and consulting expense ($1.9 million). These increases were partially offset by a decrease in uncollectible accounts expense ($2.0 million). The increase in depreciation expense reflects increased distribution system and IT capital expenditure activity. UGI Utilities income before income taxes decreased $35.6 million principally reflecting the decrease in UGI Utilities operating income.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2019 six-month period was $121.2 million, slightly higher than the $116.3 million of interest expense recorded during the 2018 six-month period. The higher interest expense principally reflects higher short-term interest expense on credit agreement borrowings and higher long-term debt outstanding.

Our effective income tax rate in the 2019 six-month period reflects a U.S. federal income tax rate of 21%. Our effective income tax rate in the 2018 six-month period reflects a blended U.S. federal income tax rate of 24.5%.

As previously mentioned, our consolidated income taxes for the prior-year six month period ended March 31, 2018, were significantly impacted by the enactment of the TCJA and the December 2017 French Finance Bills. As a result of the TCJA and the December 2017 French Finance Bills, during the three months ended December 31, 2017, we remeasured our existing U.S. and French deferred income tax assets and liabilities at the new tax rates in the U.S. and France. Due to the effects of utility ratemaking, most of the reductions in UGI Utilities' deferred income tax assets and liabilities were not recognized immediately in income tax expense but were reflected in regulatory assets and liabilities. Income tax expense for the six months ended March 31, 2018, was reduced by remeasurement adjustments to tax-related accounts as a result of the enactment of the TCJA totaling $171.3

million, and was reduced by remeasurement adjustments to net deferred income tax liabilities as a result of the December 2017 French Finance Bills totaling $13.6 million. For further information on these tax law changes and their effects on regulatory assets and liabilities, see Notes 6 and 8 to Condensed Consolidated Financial Statements.

FINANCIAL CONDITION AND LIQUIDITY

We depend on both internal and external sources of liquidity to provide funds for working capital and to fund capital requirements. Our short-term cash requirements not met by cash from operations are generally satisfied with borrowings under credit facilities and, in the case of Midstream & Marketing, also from a Receivables Facility. Long-term cash requirements are generally met through issuance of long-term debt or equity securities. We believe that each of our business units has sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and Receivable Facility borrowings; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt and equity securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units. Our cash and cash equivalents totaled $492.1 million at March 31, 2019, compared with $452.6 million at September 30, 2018. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at March 31, 2019 and September 30, 2018, UGI had $217.6 million and $194.3 million of cash and cash equivalents, respectively, most of which are located in the U.S. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

Long-term Debt and Short-term Borrowings

Long-term Debt

The Company's debt outstanding at March 31, 2019 and September 30, 2018, comprises the following:

	March 31, 2019						September 30, 2018
(Millions of dollars)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Other	Total	Total
Short-term borrowings	$ 236.0	$ —	$ —	$ 105.0	$ —	$ 341.0	$ 424.9
Long-term debt (including current maturities):							
Senior notes	$ 2,575.0	$ 392.6	$ —	$ 825.0	$ —	$ 3,792.6	$ 3,250.0
Term loans and notes	20.0	336.5	—	157.2	—	513.7	890.4
Other long-term debt	—	20.0	0.4	5.9	8.6	34.9	59.0
Unamortized debt issuance costs	(25.5)	(9.1)	—	(4.8)	—	(39.4)	(34.1)
Total long-term debt	$ 2,569.5	$ 740.0	$ 0.4	$ 983.3	$ 8.6	$ 4,301.8	$ 4,165.3
Total debt	$ 2,805.5	$ 740.0	$ 0.4	$ 1,088.3	$ 8.6	$ 4,642.8	$ 4,590.2

UGI International. On October 18, 2018, UGI International, LLC, a wholly owned second-tier subsidiary of UGI, entered into the 2018 UGI International Credit Facilities Agreement, a five-year unsecured Senior Facilities Agreement with a consortium of banks consisting of (1) a €300 million variable-rate term loan which was drawn on October 25, 2018, and (2) a €300 million senior unsecured multicurrency revolving facility agreement. The 2018 UGI International Credit Facilities Agreement matures on October 18, 2023. Term loan borrowings bear interest at rates per annum comprising the aggregate of the applicable margin and the associated euribor rate, which euribor rate has a floor of zero. The margin on term loan borrowings, which ranges from 1.55% to 3.20%, is dependent upon a ratio of net consolidated indebtedness to consolidated EBITDA, as defined. The initial margin on term loan borrowings is 1.70%. UGI International, LLC has entered into pay-fixed, receive-variable interest rate swaps through October 18, 2022, to fix the underlying euribor rate on term loan borrowings at 0.34%. Under the multicurrency revolving facility agreement, UGI International, LLC may borrow in euros or U.S. dollars. Loans made in euros will bear interest at the associated euribor rate plus a margin ranging from 1.20% to 2.85%. Loans made in U.S. dollars will bear interest at the associated LIBOR rate plus a margin ranging from 1.45% to 3.10%. The margin on revolving facility borrowings is dependent upon a ratio of net consolidated indebtedness to consolidated EBITDA, as defined.

On October 25, 2018, UGI International, LLC issued the UGI International 3.25% Senior Notes, in an underwritten private placement, €350 million principal amount of 3.25% senior unsecured notes due November 1, 2025. The UGI International 3.25% Senior Notes rank equal in right of payment with indebtedness issued under the 2018 UGI International Credit Facilities Agreement.

The net proceeds from the UGI International 3.25% Senior Notes and the UGI International Credit Facilities Agreement variable-rate term loan plus cash on hand were used on October 25, 2018 (1) to repay €540 million outstanding principal of UGI France's variable-rate term loan under its 2015 senior facilities agreement due April 2020; €45.8 million of outstanding principal of Flaga's variable-rate term loan due October 2020; and $49.9 million of outstanding principal of Flaga's U.S. dollar variable-rate term loan due April 2020, plus accrued and unpaid interest, and (2) for general corporate purposes.

UGI Utilities. On February 1, 2019, UGI Utilities issued in a private placement $150 million of UGI Utilities 4.55% Senior Notes due February 1, 2049. The UGI Utilities 4.55% Senior Notes were issued pursuant to a Note Purchase Agreement dated December 21, 2018, between UGI Utilities and certain note purchasers. The UGI Utilities 4.55% Senior Notes are unsecured and rank equally with UGI Utilities' existing outstanding senior debt. The net proceeds from the sale of the UGI Utilities 4.55% Senior Notes were used to reduce short-term borrowings and for general corporate purposes.

For further information on these transactions and the Company's other long-term borrowings, see Note 10 to Condensed Consolidated Financial Statements.

Credit Facilities

Additional information related to the Company's credit agreements can be found in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 5 to the Consolidated Financial Statements in the Company's 2018 Annual Report.

Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility discussed below) as of March 31, 2019 and 2018, is presented in the table below.

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity
As of March 31, 2019				
AmeriGas OLP	$ 600.0	$ 236.0	$ 63.4	$ 300.6
UGI International, LLC	€ 300.0	€ —	€ —	€ 300.0
Energy Services	$ 240.0	$ —	$ —	$ 240.0
UGI Utilities	$ 450.0	$ 105.0	$ 2.0	$ 343.0
As of March 31, 2018				
AmeriGas OLP	$ 600.0	$ 154.5	$ 67.2	$ 378.3
UGI International, LLC (a)	€ 300.0	€ —	€ —	€ 300.0
UGI France SAS (a)	€ 60.0	€ —	€ —	€ 60.0
Flaga (a)	€ 55.0	€ —	€ 1.0	€ 54.0
Energy Services	$ 240.0	$ —	$ —	$ 240.0
UGI Utilities	$ 300.0	$ 135.0	$ 2.0	$ 163.0

(a) Facility terminated on October 25, 2018, concurrent with entering into the 2018 UGI International Credit Facilities Agreement.

The average daily and peak short-term borrowings under the Company's principal credit agreements during the six months ended March 31, 2019 and 2018 are as follows:

	For the six months ended March 31, 2019		For the six months ended March 31, 2018	
(Currency in millions)	Average	Peak	Average	Peak
AmeriGas OLP	$ 303.2	$ 422.0	$ 206.3	$ 349.0
UGI International, LLC	€ —	€ —	€ —	€ —
Energy Services	$ —	$ —	$ 31.0	$ 79.0
UGI Utilities	$ 223.8	$ 311.0	$ 171.4	$ 215.0

UGI International. On October 18, 2018, UGI International, LLC entered into a €300 million senior unsecured multicurrency revolving credit facility agreement. For further information on this transaction, see "Long-term Debt" above.

Midstream & Marketing. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire on October 25, 2019. At March 31, 2019, the outstanding balance of ESFC trade receivables was $117.0 million, of which none were sold to the bank. At March 31, 2018, the outstanding balance of ESFC trade receivables was $99.6 million, of which $10.0 million was sold to the bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. During the six months ended March 31, 2019 and 2018, peak sales of receivables were $16.0 million and $68.0 million, respectively, and average daily amounts sold were $1.3 million and $22.2 million, respectively. For additional information regarding the Receivables Facility, see Note 9 to the Condensed Consolidated Financial Statements.

UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

AmeriGas Partners has a Standby Equity Commitment Agreement with the General Partner and UGI under which UGI has committed to make up to $225 million of capital contributions to the Partnership through July 1, 2019. UGI's capital contributions may be made from time to time through July 1, 2019, upon request of the Partnership. In consideration for any capital contributions pursuant to the Standby Equity Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new AmeriGas Partners Class B Common Units representing limited partner interests in the Partnership. There have been no capital contributions made to the Partnership under the Standby Equity Commitment Agreement, and the last date on which AmeriGas Partners may request a capital contribution, without the consent of UGI, is May 17, 2019.

Dividends and Distributions

On April 30, 2019, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.30 per Common Share, or $1.20 on an annual basis. The new dividend rate reflects an approximate 15.4% increase from the previous quarterly rate of $0.26. The new quarterly dividend rate is effective with the dividend payable on July 1, 2019, to shareholders of record on June 14, 2019.

On April 29, 2019, the General Partner's Board of Directors approved a quarterly distribution on AmeriGas Partners Common Units of $0.95 per Common Unit, equal to an annual rate of $3.80 per Common Unit. The distribution is payable on May 17, 2019, to unitholders of record on May 10, 2019.

Cash Flows

Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers pay for natural gas, LPG, electricity and other energy products and services consumed during the peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the fourth and first fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest.

Operating Activities. Cash flow provided by operating activities was $617.6 million in the 2019 six-month period compared to $579.4 million in the 2018 six-month period. Cash flow from operating activities before changes in operating working capital was $868.8 million in the 2019 six-month period compared to $957.2 million in the prior-year period. The lower cash flow from operating activities before changes in operating working capital principally reflects the lower operating results in the current-year period. Cash used to fund changes in operating working capital totaled $251.2 million in the 2019 six-month period compared to $377.8 million in the prior-year period. The lower net cash used by changes in operating working capital in the 2019 six-month period reflects, among other things, a smaller increase in changes in accounts receivable as the prior year included the effects of colder late winter weather on accounts receivable balances principally at our UGI Utilities and UGI International segments. Cash flow from changes in operating working capital also reflects net refunds of UGI Utilities' deferred fuel and power costs during the current-year period compared to net recoveries of such costs during the prior-year period.

Investing Activities. Cash flow used by investing activities was $393.3 million in the 2019 six-month period compared with $431.4 million in the prior-year period. Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses and assets; investments in investees; and proceeds from sales of assets and businesses. Cash expenditures for property, plant and equipment were $340.6 million in the 2019 six-month period compared to $266.1 million in the prior-year period reflecting, in part, higher IT expenditures associated with Enterprise Resource Planning systems and higher UGI Utilities main replacement and new business capital expenditures. Cash used for acquisitions of businesses and assets in the 2019 six-month period reflects Energy Services' acquisitions of South Jersey Energy Company's natural gas marketing business and gas gathering assets in Pennsylvania and UGI International's acquisitions of several smaller LPG retail businesses in Europe. Cash used for acquisitions of businesses and assets in the 2018 six-month period principally reflects UGI International's acquisition of UniverGas and Midstream & Marketing's acquisition of the Texas Creek natural gas gathering assets in Pennsylvania.

Financing Activities. Cash flow provided by financing activities was $160.6 million in the 2019 six-month period compared with $240.2 million in the prior-year period. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings; dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units; and, from time to time, issuances of UGI and AmeriGas Partners equity instruments. On October 25, 2018, UGI International, LLC, pursuant to a new five-year unsecured Senior Facilities Agreement, borrowed €300 million under a variable-rate term loan facility. Also on October 25, 2018, UGI International, LLC issued in an underwritten private placement €350 million principal amount of 3.25% senior unsecured notes due November 1, 2025. The net proceeds from these borrowings plus cash on hand were used principally to repay €540 million outstanding principal of UGI France SAS's variable-rate term loan; €45.8 million of outstanding principal of Flaga's variable-rate term loan; and $49.9 million of outstanding principal of Flaga's U.S. dollar variable-rate term loan, plus accrued and unpaid interest. In addition, on February 1, 2019, UGI Utilities issued in a private placement $150 million of UGI Utilities 4.55% Senior Notes due February 1, 2049.

UTILITY REGULATORY MATTERS

Utility Merger. On March 8, 2018 and March 13, 2018, UGI Utilities filed merger authorization requests with the PAPUC and MDPSC, respectively, to merge PNG and CPG into UGI Utilities. After receiving all necessary FERC, MDPSC, and PAPUC approvals, CPG and PNG were merged with and into UGI Utilities, effective October 1, 2018. Consistent with the MDPSC order issued July 25, 2018, and the PAPUC order issued September, 26, 2018, the former CPG, PNG and UGI Utilities, Inc. Gas Division service territories became the UGI Central, UGI North and UGI South rate districts of the UGI Utilities, Inc. Gas Division, respectively, without any ratemaking change. UGI Utilities' obligations under the settlement approved by the PAPUC include various non-monetary conditions requiring UGI Utilities to maintain separate accounting-type schedules for limited future ratemaking purposes.

Base Rate Filings. On January 28, 2019, UGI Gas filed a request with the PAPUC to increase its operating revenues for residential, commercial and industrial customers by $71.1 million annually. The requested rate increase applies to the consolidated UGI Central, UGI North and UGI South rate districts. The increased revenues would be used to fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and fund new programs designed to promote and reward customers' efforts to increase efficient use of natural gas. Additionally, UGI Gas has proposed a 4.5% negative surcharge applicable to all customer distribution service bills to return $24.0 million of tax benefits experienced by UGI Utilities over the period January 1, 2018 to June 30, 2018, plus applicable interest. As proposed, the negative surcharge would become effective for a twelve-month period beginning on the effective date of the new base rates. UGI Gas requested that the new gas rates become effective March 29, 2019. The PAPUC entered an Order dated February 28, 2019, suspending the effective date for the rate increase to allow for investigation and public hearings. Unless a settlement is reached sooner, this review process is expected to last up to nine months from the date of filing. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 26, 2018, Electric Utility filed a rate request with the PAPUC to increase its annual base distribution revenues by $9.2 million, which was later reduced by Electric Utility to $7.7 million to reflect the impact of the TCJA and other adjustments. The increased revenues would be used to fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. On October 25, 2018, the PAPUC approved a final order providing for a $3.2 million annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final order, Electric Utility provided customers with a one-time $0.2 million billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC's acceptance of UGI

Utilities' use of a fully projected future test year and handling of consolidated federal income tax benefits. UGI Utilities cannot predict the ultimate outcome of this appeal.

Manor Township, Pennsylvania Natural Gas Incident Complaint. In connection with a July 2, 2017, explosion in Manor Township, Lancaster County, Pennsylvania, that resulted in the death of one UGI Utilities' employee and injuries to two UGI Utilities' employees and one sewer authority employee, and destroyed two residences and damaged several other homes, the BIE filed a formal complaint at the PAPUC in which BIE alleged that UGI Utilities committed multiple violations of federal and state gas pipeline regulations in connection with its emergency response leading up to the explosion, and it requested that the PAPUC order UGI Utilities to pay approximately $2.1 million in civil penalties, which is the maximum allowable fine. On November 16, 2018, UGI Utilities filed its formal written answer contesting the BIE complaint. The matter remains pending before the PAPUC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership and our UGI International operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for LPG and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and UGI International may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of LPG market price risk, the Partnership uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements and over-the-counter derivative commodity instruments including price swap contracts. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of LPG are generally settled at expiration of the contract. In addition, certain of our UGI International businesses hedge a portion of their anticipated U.S. dollar-denominated LPG product purchases through the use of forward foreign currency exchange contracts as further described below.

Gas Utility's tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to its retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. The recovery clauses provide for periodic adjustments for the difference between the total amounts actually collected from customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses derivative financial instruments, including natural gas futures and option contracts traded on the NYMEX, to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in Gas Utility's PGC recovery mechanism. At March 31, 2019, the fair values of Gas Utility’s natural gas futures and option contracts were not material.

Electric Utility's DS tariffs contain clauses which permit recovery of all prudently incurred power costs, including the cost of financial instruments used to hedge electricity costs, through the application of DS rates. Because of this ratemaking mechanism, there is limited power cost risk, including the cost of forward electricity purchase contracts, associated with our Electric Utility operations. At March 31, 2019, all of Electric Utility’s forward electricity purchase contracts were subject to the NPNS exception.

In addition, Gas Utility and Electric Utility from time to time enter into exchange-traded gasoline futures contracts for a portion of gasoline volumes expected to be used in their operations. These gasoline futures contracts are recorded at fair value with changes in fair value reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income. At March 31, 2019, the fair values of Gas Utility’s and Electric Utility’s gasoline futures contracts were not material.

In order to manage market price risk relating to substantially all of Midstream & Marketing’s fixed-price sales contracts for natural gas and electricity, Midstream & Marketing enters into NYMEX, ICE and over-the-counter natural gas and electricity futures and natural gas basis swap contracts or enters into fixed-price supply arrangements. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge a portion of its anticipated sales of electricity from its electricity generation facilities. Although Midstream & Marketing’s fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas or electricity would adversely impact Midstream & Marketing’s results. In order to reduce this risk of supplier nonperformance, Midstream & Marketing has diversified its purchases across a number of suppliers. UGI International’s natural gas and electricity marketing businesses also use natural gas and electricity futures and forward contracts to economically hedge market risk associated with fixed-price sales and purchase contracts.

From time to time, Midstream & Marketing purchases FTRs to economically hedge certain transmission costs that may be associated with its fixed-price electricity sales contracts. Midstream & Marketing from time to time also enters into NYISO capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid. Midstream & Marketing also uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of natural gas or propane.

Midstream & Marketing has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, Midstream & Marketing would be required to purchase electricity on the spot market or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact Midstream & Marketing's results.

The fair value of unsettled commodity price risk sensitive derivative instruments held at March 31, 2019 (excluding those Gas Utility and Electric Utility commodity derivative instruments that are refundable to, or recoverable from, customers) was a loss of $12.8 million. A hypothetical 10% adverse change in the market price of LPG, gasoline, natural gas and electricity would result in a decrease in fair value of approximately $95.4 million at March 31, 2019.

Interest Rate Risk

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

Our variable-rate debt at March 31, 2019, includes short-term borrowings and UGI International's and UGI Utilities' variable-rate term loans. These debt agreements have interest rates that are generally indexed to short-term market interest rates. UGI International has entered into pay-fixed, receive-variable interest rate swaps that generally fixes the underlying euribor interest rate on its euro-denominated term loan at 0.34% through October 2022. We have designated these interest rate swaps as a cash flow hedges. UGI Utilities has entered into a forward starting, amortizing, pay-fixed, receive-variable interest rate swap that generally fixes the underlying prevailing market interest rates on its variable-rate term loan at 3.00% beginning September 30, 2019 through July 2022. We have designated this forward-starting interest rate swap as a cash flow hedge. At March 31, 2019, combined borrowings outstanding under variable-rate debt agreements, excluding UGI International's effectively fixed-rate debt, totaled $458.2 million.

Long-term debt associated with our domestic businesses is typically issued at fixed rates of interest based upon market rates for debt with similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce interest rate risk associated with near- to medium-term forecasted issuances of fixed rate debt, from time to time we enter into IRPAs.

The fair value of unsettled interest rate risk sensitive derivative instruments held at March 31, 2019 (including pay-fixed, receive-variable interest rate swaps) was a loss of $5.7 million. A 50 basis point adverse change in short-term market interest rates would result in a decrease in fair value of approximately $2.4 million.

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the U.S. dollar versus the euro and, to a lesser extent, the U.S. dollar versus the British pound sterling. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries. Gains or losses on these net investment hedges remain in AOCI until such foreign operations are sold or liquidated. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at March 31, 2019, by approximately $115 million, which amount would be reflected in other comprehensive income. In October 2018, concurrent with entering into the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes, we designated borrowings under these agreements as net investment hedges.

In addition, in order to reduce exposure to foreign exchange rate volatility related to our foreign LPG operations, through September 30, 2016, we entered into forward foreign currency exchange contracts to hedge a portion of anticipated U.S. dollar-denominated LPG product purchases primarily during the heating-season months of October through March.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts.

The fair value of unsettled foreign currency exchange rate risk sensitive derivative instruments held at March 31, 2019, was a gain of $24.9 million. A hypothetical 10% adverse change in the value of the euro and the British pound sterling versus the U.S. dollar would result in a decrease in fair value of approximately $28.1 million.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate.

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At March 31, 2019, restricted cash in brokerage accounts totaled $26.3 million. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at March 31, 2019. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At March 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

UGI CORPORATION AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

Set forth below are updated risk factors associated with the Proposed Merger of Merger Sub with and into the Partnership. In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2018 Annual Report, which could materially affect our business, financial condition or future results. The risks described below or in our 2018 Annual Report are not the only risks facing UGI. Other unknown or unpredictable factors could also have material adverse effects on future results.

UGI and the Partnership may be targets of securities class action and derivative lawsuits, which could result in substantial costs and may delay or prevent the completion of the Proposed Merger.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements in an effort to enjoin the merger or seek monetary relief from the counterparties. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. We cannot predict the occurrence or outcome of any such lawsuits, or others, nor can we predict the amount of time and expense that will be required to resolve such litigation. An unfavorable resolution of any such litigation surrounding the Proposed Merger could delay or prevent its completion. In addition, the costs of defending the litigation, even if resolved in our favor, could be substantial and such litigation could distract our management from pursuing the completion of the Proposed Merger and other potentially beneficial business opportunities.

The market price of UGI common stock is affected by factors different from those affecting the market price of the Common Units. The price of UGI common stock could decline following the Proposed Merger.

If the Proposed Merger is consummated, Partnership unitholders who make the Share Election or Mixed Election will become UGI shareholders, subject to any applicable proration. The businesses operated by UGI have different risks associated with them than those associated with the Partnership. Accordingly, the performance of UGI common stock is likely to be different from the performance of the Common Units in the absence of the Proposed Merger. Shares of UGI common stock are subject to investment risks and may decline in value due to UGI's business performance or extrinsic factors affecting the industry or financial markets generally.

The Partnership Agreement limits the duties of the General Partner to Partnership unitholders and restricts the remedies available to Partnership unitholders for actions taken by the General Partner that might otherwise constitute breaches of its duties.

The General Partner is a wholly owned subsidiary of UGI. In light of potential conflicts of interest between UGI and the General Partner, on the one hand, and the Partnership and the Partnership unitholders, on the other hand, the GP Board submitted the Proposed Merger and related matters to the GP Audit Committee for, among other things, review, evaluation, negotiation and possible approval of a majority of its members, which is referred to as "Special Approval" in the Partnership Agreement and this Form 10-Q. In addition, the Proposed Merger is conditioned upon the approval of holders of at least a majority of the outstanding Common Units. Under the Partnership Agreement:

- any resolution or course of action by the General Partner or its affiliates in respect of a conflict of interest is permitted and deemed approved by all limited partners of the Partnership (i.e., the Partnership unitholders), and will not constitute a breach of the Partnership Agreement or of any duty stated or implied by law or equity, if the resolution or course of action is approved by Special Approval; and

- the General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such persons as to matters that the General Partner reasonably believes to be within such person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

The GP Audit Committee reviewed, negotiated and evaluated the Merger Agreement, the Proposed Merger and related matters on behalf of the Partnership's unitholders who are unaffiliated with UGI or the General Partner (the "Unaffiliated Partnership Unitholders') and the Partnership. Among other things, the GP Audit Committee unanimously determined in good faith that the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, are fair and reasonable to, and in the best interests of, the Partnership and the Unaffiliated Partnership Unitholders, approved the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, and recommended the approval of the Merger Agreement and the transactions contemplated thereby, including the Proposed Merger, to the GP Board.

The duties of the General Partner, the GP Board and the GP Audit Committee to Partnership unitholders in connection with the Proposed Merger are substantially limited by the Partnership Agreement.

The number of outstanding shares of UGI common stock will increase as a result of the Proposed Merger, which could make it more difficult for UGI to pay the current level of quarterly dividends.

UGI expects to issue approximately 34.6 million shares in connection with the Proposed Merger. Accordingly, the aggregate dollar amount required to pay the current per share quarterly dividend on all shares of UGI common stock will increase, which could increase the likelihood that we will not have sufficient funds to pay the current level of quarterly distributions to all UGI shareholders.

The completion of the Proposed Merger is subject to various conditions, including certain conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Proposed Merger, or significant delays in completing it, could negatively affect the trading prices of UGI common stock and the Common Units and the future business and financial results of UGI and the Partnership.

The completion of the Proposed Merger is subject to a number of conditions, some of which are beyond the parties' control. In addition, UGI and the Partnership can agree not to consummate the Proposed Merger even if the Partnership unitholders approve the Proposed Merger and the conditions to completion of the Proposed Merger are otherwise satisfied.

The completion of the Proposed Merger is not assured and is subject to risks, including the risk that the closing conditions are not satisfied, including that the Partnership unitholders fail to approve the Proposed Merger or the occurrence of a material adverse change to the business or results of operations of UGI or the Partnership. The failure to satisfy conditions to the Proposed Merger may prevent or delay the Proposed Merger or otherwise result in it not occurring. The failure of the completion of the Proposed Merger, or any significant delays in completing the Proposed Merger, could cause us not to realize, or delay the realization of, some or all of the benefits that we expect to achieve from the Proposed Merger, including those relating to the trading prices of shares of UGI common stock and the respective future business and financial results of UGI and the Partnership, which could be negatively affected, and each of which are subject to risks, including the following:

- the parties may be liable for damages to one another under the terms and conditions of the Merger Agreement;
- negative reactions from the financial markets, including declines in the price of shares of UGI common stock or the Common Units due to the fact that current prices may reflect a market assumption that the Proposed Merger will be completed;
- having to pay certain significant costs relating to the Proposed Merger, including, in certain circumstances, the reimbursement by the Partnership of up to $5.0 million of UGI's expenses and a termination fee of $20.0 million (see the Form S-4 filed by UGI with the SEC on May 6, 2019 for more information); and
- the attention of our management will have been diverted to the Proposed Merger rather than other strategic opportunities that could have been beneficial to the Company.

If a governmental authority asserts objections to the Proposed Merger, UGI and the Partnership may be unable to complete the Proposed Merger or, in order to do so, UGI and the Partnership may be required to comply with material restrictions or satisfy material conditions.

The closing of the Proposed Merger is subject to the condition that there is no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining, preventing or prohibiting the Proposed Merger contemplated by the Merger Agreement. If a U.S. or foreign governmental authority asserts objections to the Proposed Merger, UGI or the Partnership may be required to take certain actions or accept other remedies in order to complete the Proposed Merger. There can be no assurance as to the cost, scope or impact of the actions that may be required to address any governmental authority objections to the Proposed Merger. If UGI or the Partnership takes such actions, it could be detrimental to it or to the combined company following the completion of the Proposed Merger. Furthermore, these actions could have the effect of delaying or preventing completion of the Proposed Merger or imposing additional costs on or limiting the revenues or cash available for distribution of the combined company following the completion of the Proposed Merger. See the Form S-4 filed by UGI with the SEC on May 6, 2019.

Additionally, state attorneys general or other state or local regulators could seek to block, rescind or challenge the Proposed Merger as they deem necessary or desirable in the public interest at any time, including after completion of the Proposed Merger. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin or rescind the Proposed Merger, before or after it is completed. UGI may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

UGI and the Partnership are subject to contractual interim operating restrictions while the Proposed Merger is pending, which could adversely affect each party's business and operations.

Under the terms of the Merger Agreement, each of UGI and the Partnership is subject to certain restrictions on the conduct of its business prior to completing the Proposed Merger, which may adversely affect its ability to execute certain of its business strategies. Such limitations could negatively affect each party's business and operations prior to the completion of the Proposed Merger (see the Form S-4 filed by UGI with the SEC on May 6, 2019 for more information).

UGI and the Partnership will incur substantial transaction-related costs in connection with the Proposed Merger, including fees paid to legal, financial and accounting advisors, filing fees and printing costs.

UGI and the Partnership expect to incur a number of non-recurring transaction-related costs associated with completing the Proposed Merger. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. Thus, any net benefit of the Proposed Merger may not be achieved in the near term, the long term or at all.

ITEM 6. EXHIBITS

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

		Incorporation by Reference		
Exhibit No.	**Exhibit**	**Registrant**	**Filing**	**Exhibit**
2.1	Agreement and Plan of Merger, dated as of April 1, 2019, by and among UGI Corporation, AmeriGas Propane Holdings, Inc., AmeriGas Propane Holdings, LLC, AmeriGas Partners, L.P. and AmeriGas Propane, Inc.*	AmeriGas Partners, L.P.	Form 8-K (4/1/19)	2.1
10.1	Support Agreement, dated as of April 1, 2019, by and between AmeriGas Partners, L.P. and AmeriGas Propane, Inc.	AmeriGas Partners, L.P.	Form 8-K (4/1/19)	10.1
10.2	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Nonqualified Stock Option Grant Letter for UGI and Utilities Employees.			
10.3	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Performance Unit Grant Letter for UGI and Utilities Employees.			
10.4	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan Stock Unit Grant Letter for Non-Employee Directors.			
10.5	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for Non-Employee Directors.			
10.6	UGI Corporation 2013 Omnibus Incentive Compensation Plan, Terms and Conditions for Non-Employee Directors, effective January 1, 2019.			
10.7	UGI Corporation Executive Annual Bonus Plan as amended November 15, 2018.			
10.8	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Non-Employees Directors.			
10.9	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P., Terms and Conditions, effective January 1, 2019.			

10.10	AmeriGas Propane, Inc. Executive Annual Bonus Plan as amended November 15, 2018.
10.11	UGI Utilities, Inc. Executive Annual Bonus Plan as amended November 15, 2018.
10.12	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement between UGI Corporation and Mr. Roger Perreault.
10.13	Form of Change in Control Agreement between UGI Corporation and Mr. Roger Perreault.
10.14	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. Performance Unit Grant Letter.
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2019, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2019, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2019, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* The schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.

Table of Contents

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

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UGI CORPORATION AND SUBSIDIARIES

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 8, 2019	By: /s/ Ted J. Jastrzebski Ted J. Jastrzebski Chief Financial Officer
Date: May 8, 2019	By: /s/ Laurie A. Bergman Laurie A. Bergman Vice President, Chief Accounting Officer and Corporate Controller

Exhibit 10.2

UGI and Utilities Employees

FORM OF UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated _________________ (the “Date of Grant”), is delivered by UGI Corporation (“UGI”) to you (the “Participant”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the “Plan”), provides for the grant of options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of UGI (the “Committee”) has decided to make a stock option grant to the Participant. The Participant’s portal in the Morgan Stanley website for Plan participants (the “Grant Summary”) sets forth the number of shares subject to the Option granted to the Participant in this grant.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a nonqualified stock option (the “Option”) to purchase the number of shares of common stock of UGI (“Shares”) specified in the Grant Summary at an exercise price of $___________ per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option. The Option shall become exercisable on the following dates, if the Participant is employed by, or providing service to, the Company (as defined below) on the applicable date:

Date	Shares for Which the Option is Exercisable
January 1, _____	33⅓%
January 1, _____	33⅓%
January 1, _____	33⅓%

The exercisability of the Option is cumulative, but shall not exceed 100% of the Shares subject to the Option. If the foregoing schedule would produce fractional Shares, the number of Shares for which the Option becomes exercisable shall be rounded down to the nearest whole Share.

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on December 31, _____), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by, or provide service to, the Company, the Option will terminate on the date the Participant ceases such employment or service. However, if the Participant ceases to be employed by, or provide service to, the Company by reason of one of the following events, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

(i) *Termination without Cause*. If the Participant terminates employment or service on account of a Termination without Cause, the Option will thereafter be exercisable only with respect to that number of Shares with respect to which the Option is already exercisable on the date the Participant's employment or service terminates, except as provided in subsection (v) below. Such portion of the 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 the Participant ceases to be employed by, or provide service to, the Company.

(ii) *Retirement*. If the Participant ceases to be employed by, or provide service to, the Company on account of Retirement on or after the date that is six months following the Date of Grant, the Option will thereafter become exercisable as if the Participant had continued to be employed by, or provide service to, the Company after the date of such Retirement. In this case, the Option will terminate upon the expiration date of the Option. However, if the Participant ceases to be employed by, or provide service to, the Company on account of Retirement within six months following the Date of Grant, the Option will terminate on the date of such termination of employment or service.

(iii) *Disability*. If the Participant ceases to be employed by, or provide service to, the Company on account of Disability, the Option will thereafter become exercisable as if the Participant had continued to provide service to the Company for 36 months after the date of such termination of employment or service. The 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 the Participant while employed by, or providing service to, the Company, the Option will be fully and immediately exercisable and 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. Death of the Participant after the Participant has ceased to be employed by, or provide service to, the Company will not affect the otherwise applicable period for exercise of the Option determined pursuant to subsections (i), (ii), (iii) or (v). After the Participant's death, the Participant's Option may be exercised by the Participant's estate.

(v) *Termination without Cause or Good Reason Termination upon or within two years after a Change of Control.* Notwithstanding the foregoing, if the Participant's employment or service terminates on account of a Termination without Cause or a Good Reason Termination upon or within two years after a Change of Control, the Option will be fully and immediately exercisable. The 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 the Participant ceases to be employed by, or provide service to, the Company; provided that if the Participant is eligible for Retirement at the date of such termination of employment, the Option will terminate on the expiration date of the Option.

4. <u>Exercise Procedures</u>.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option through the Morgan Stanley website for Plan participants. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by "net exercise," which is the surrender of shares for which the Option is exercisable to the Company in exchange for a distribution of Shares equal to the amount by which the then fair market value of the Shares subject to the exercised Option exceeds the applicable Option Price, (iii) by payment through a broker in accordance with procedures acceptable to the Committee and permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve. The Committee may impose such limitations as it deems appropriate on the use of Shares to exercise the Option.

(b) The obligation of UGI to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as UGI's counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. UGI may require that the Participant (or other person exercising the Option after the Participant's death) represent that the Participant is purchasing Shares for the Participant's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as UGI deems appropriate.

(c) All obligations of UGI under this Grant Letter shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.

5. <u>Restrictive Covenants</u>.

(a) The Participant acknowledges and agrees that, in consideration for the grant of the Option the Participant agrees to comply with all written restrictive covenants and agreements with the Company, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Option (without regard to whether any portion of the Option has vested), and the outstanding Option shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any shares of Common Stock upon exercise of the Option, the Committee may in its discretion require the Participant to return to the Company any such shares of Common Stock, net of the exercise price paid by the Participant; provided, that if the Participant has disposed of any such shares of Common Stock received upon exercise of the Option, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such shares of Common Stock as of the date of disposition, net of the exercise price paid by the Participant upon exercise of the Option.

6. Definitions. Whenever used in this Grant Letter, the following terms shall have the meanings set forth below:

(a) "*Change of Control*" shall mean a Change of Control of UGI as defined in the Plan. In addition, "Change of Control" shall include (i) any of the events with respect to UGI Utilities, Inc. ("Utilities") defined as a "Change of Control" on Exhibit A hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event, and (ii) any of the events with respect to AmeriGas Propane, Inc. ("AmeriGas") defined as a "Change of Control" on Exhibit B hereto to the extent that the Participant is employed by AmeriGas as of the date of the occurrence of such event.

(b) "*Company*" means UGI and its Subsidiaries (as defined in the Plan).

(c) "*Disability*" means a long-term disability as defined in the Company's long-term disability plan applicable to the Participant.

(d) "*Employed by, or provide service to, the Company*" shall mean employment or service as an employee or director of the Company.

(e) "*Good Reason Termination*" shall mean a termination of employment or service initiated by the Participant upon or within two years after a Change of Control upon one or more of the following occurrences:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant's base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Grant Letter, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant's principal place of business immediately preceding the Change of Control, without the Participant's express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 14, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(f) "*Retirement*" means the Participant's retirement under the Retirement Income Plan for Employees of UGI Utilities, Inc., if the Participant is covered by that Retirement Income Plan. "Retirement" for other Company employees means termination of employment or service after attaining (i) age 55 with ten or more years of service with the Company or (ii) age 65 with five or more years of service with the Company.

(g) "*Termination without Cause*" means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

7. Change of Control. If a Change of Control occurs, the Committee may take such actions with respect to the Option as it deems appropriate pursuant to the Plan. The Option shall not automatically become exercisable upon a Change of Control but, instead, shall become exercisable as described in Sections 2 and 3 above.

8. Restrictions on Exercise. Except as the Committee may otherwise permit pursuant to the Plan, only the Participant may exercise the Option during the Participant's lifetime and, after the Participant's death, the Option shall be exercisable by the Participant's estate, to the extent that the Option is exercisable pursuant to this Grant Letter.

9. Grant Subject to Plan Provisions and Company Policies.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) changes in capitalization of the Company and (iii) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) All Shares issued pursuant to this Option grant shall be subject to the UGI Corporation Stock Ownership Policy. This Option grant and all Shares issued pursuant to this Option grant shall be subject to any applicable clawback and other policies implemented by the Board of Directors of UGI, as in effect from time to time.

10. No Employment or Other Rights. The grant of the Option shall not confer upon the Participant any right to be retained by or in the employ or service of the Company and shall not interfere in any way with the right of the Company to terminate the Participant’s employment or service at any time. The right of the Company to terminate at will the Participant’s employment or service at any time for any reason is specifically reserved.

11. No Shareholder Rights. Neither the Participant, nor any person entitled to exercise the Participant’s rights in the event of the Participant’s death, shall have any of the rights and privileges of a shareholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

12. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company’s parents, subsidiaries, and affiliates.

13. Applicable Law. The validity, construction, interpretation and effect of this instrument shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

14. Notice. Any notice to UGI provided for in this instrument shall be addressed to UGI in care of the Corporate Secretary at UGI’s headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

15. Acceptance. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or

she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Option described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan, including the Grant Letter, and (v) agrees that all the decisions and determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this Grant.

* * *

EXHIBIT A

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of UGI Utilities, Inc. (“Utilities”) or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

(A) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of Utilities or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of Utilities entitled to vote generally in the election of directors; or

(B) Completion by Utilities 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 Utilities’ outstanding common stock and voting securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than fifty percent (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 Utilities’ outstanding common stock and voting securities, as the case may be; or

(C) Completion of a complete liquidation or dissolution of the Utilities or sale or other disposition of all or substantially all of the assets of Utilities other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (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 Utilities’ outstanding common stock and voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of Utilities’ outstanding common stock and voting securities, as the case may be, immediately prior to such sale or disposition.

EXHIBIT B

Change of Control with Respect to AmeriGas

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of AmeriGas Propane, Inc. (“AmeriGas”) as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

(A) Completion by AmeriGas, the “Public Partnership” or the “Operating Partnership” (as defined in the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P., including, without limitation, Exhibit A thereto) of a reorganization, merger or consolidation (a “Propane 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 AmeriGas voting securities or of the outstanding units of AmeriGas Partners, L.P. (“Outstanding Units”) immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than fifty percent (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 such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the AmeriGas’ voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of AmeriGas’ voting securities or the Outstanding Units, as the case may be; or

(B) (a) Completion of a complete liquidation or dissolution of AmeriGas, the Public Partnership or the Operating Partnership or (b) sale or other disposition of all or substantially all of the assets of AmeriGas, the Public Partnership or the Operating Partnership other than to an entity with respect to which, following such sale or disposition, (I) if such entity is a corporation, more than fifty percent (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 AmeriGas’ voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas’ voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition, or, (II) if such entity is a partnership, more than fifty percent (50%) of the then outstanding common units is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of

AmeriGas’ voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas’ voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

(C) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding general partnership interests of the Public Partnership or the Operating Partnership; or

(D) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of AmeriGas or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of AmeriGas entitled to vote generally in the election of directors; or

(E) AmeriGas is removed as the general partner of the Public Partnership by vote of the limited partners of the Public Partnership, or is removed as the general partner of the Public Partnership or the Operating Partnership as a result of judicial or administrative proceedings involving AmeriGas, the Public Partnership or the Operating Partnership.

Exhibit 10.3

UGI and Utilities Employees

FORM OF UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated _______________ (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to you (the "Participant").

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of performance units ("Performance Units") with respect to shares of common stock of UGI ("Shares"). The Compensation and Management Development Committee of the Board of Directors of UGI (the "Committee") has decided to grant Performance Units to the Participant. The Participant's portal in the Morgan Stanley website for Plan participants (the "Grant Summary") sets forth the number of Performance Units granted to the Participant with respect to this grant.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a target award of the number of Performance Units specified in the Grant Summary (the "Target Award"). The Performance Units are contingently awarded and will be earned and payable if and to the extent that the Performance Goals (defined below) and other conditions of the Grant Letter are met. The Performance Units are granted with Dividend Equivalents (as defined in Section 8).

2. Performance Goals.

(a) The Participant shall earn the right to payment of the Performance Units if the Performance Goals are met for the Performance Period, and if the Participant continues to be employed by, or provide service to, the Company (as defined in Section 8) through December 31, _____.The Performance Period is the period beginning January 1, _____ and ending December 31, ______. The Total Shareholder Return ("TSR") goals and other requirements of this Section 2 are referred to as the "Performance Goals."

(b) The Target Award level of Performance Units and Dividend Equivalents will be payable if UGI's TSR equals the median TSR of the comparison group designated by the Committee (the "Peer Group") for the Performance Period. The Peer Group is the group of companies that comprises the Russell Midcap Utilities Index, excluding telecommunications companies and UGI, as of the beginning of the Performance Period, as set forth on the attached Exhibit A, and as described herein. If a company is added to the Russell Midcap Utilities Index during the Performance Period, that company is not included in the TSR calculation. A company that is included in the Russell Midcap Utilities Index at the beginning of the Performance Period will be removed from the TSR calculation only if the company ceases to exist as a publicly traded company during the Performance Period (including by way of a merger or similar transaction in which the company is not the surviving company), consistent with the methodology described in subsection (c) below. Companies that are designated at the beginning of the Performance Period as telecommunications companies in the Russell Midcap Utilities Index shall be excluded from the TSR calculation. The actual amount of the award of Performance Units may be higher or lower than the Target Award, or it may be zero, based on UGI's TSR percentile rank relative to the companies in the Peer Group, as follows:

UGI's TSR Rank	Percentage of Target Award Earned (Percentile)
90th	200%
75th	162.50%
60th	125%
50th	100%
40th	70%
25th	25%
Less than 25th	0%

The award percentage earned will be interpolated between each of the measuring points.

(c) TSR shall be calculated by UGI using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The share price used for determining TSR at the beginning and the end of the Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, _____) and the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, _____), respectively. The TSR calculation gives effect to all dividends throughout the three-year Performance Period as if they had been reinvested.

(d) The Target Award is the amount designated for 100% (50th TSR rank) performance. The Participant can earn up to 200% of the Target Award if UGI's TSR percentile rank exceeds the 50th TSR percentile rank, according to the foregoing schedule.

(e) At the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and the amount to be paid with respect to the Performance Units. Except as described in Sections 3 and 6 below, the Participant must be employed by, or providing service to, the Company on December 31, _____ in order for the Participant to receive payment with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant ceases to be employed by, or provide services to, the Company before December 31, _____, the Performance Units and all Dividend Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service on account of Retirement (as defined in Section 8), Disability (as defined in Section 8) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Dividend Equivalents, if the Performance Goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after the end of the Performance Period, based on achievement of the Performance Goals, multiplied by a fraction, the numerator of which is the number of calendar years during the Performance Period in which the Participant has been employed by, or provided service to, the Company and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service on account of Retirement, Disability or death, the prorated amount shall be paid after the end of the Performance Period, pursuant to Section 4 below, except as provided in Section 6.

4. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant (i) Shares equal to the number of Performance Units to be paid according to achievement of the Performance Goals, up to the Target Award, provided that the Company may withhold Shares to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect of the Performance Units earned up to the Target Award, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the number of Shares equal to the Performance Units to be paid in excess of the Target Award, subject to applicable tax withholding. Payment shall be made between January 1, _____ and March 15, _____, except as provided in Section 6 below.

5. Dividend Equivalents with Respect to Performance Units.

(a) Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals and terms as the Performance Units to which they relate. Dividend Equivalents shall be credited with respect to the Target Award of Performance Units from the Date of Grant until the payment date. If and to the extent that the underlying Performance Units are forfeited, all related Dividend Equivalents shall also be forfeited.

(b) While the Performance Units are outstanding, the Company will keep records of Dividend Equivalents in a bookkeeping account for the Participant. On each payment date for a dividend paid by UGI on its common stock, the Company shall credit to the Participant's account an amount equal to the Dividend Equivalents associated with the Target Award of Performance Units held by the Participant on the record date for the dividend. No interest will be credited to any such account.

(c) The target amount of Dividend Equivalents (100% of the Dividend Equivalents credited to the Participant's account) will be earned if UGI's TSR rank is at the 50th TSR percentile rank for the Performance Period. The Participant can earn up to 200% of the target amount of Dividend Equivalents if UGI's TSR percentile rank exceeds the 50th TSR rank, according to the schedule in Section 2 above. Except as described in Section 3(b) above, or Section 6, if the Participant's employment or service with the Company terminates before December 31, _____, all Dividend Equivalents will be forfeited.

(d) Dividend Equivalents will be paid in cash at the same time as the underlying Performance Units are paid, after the Committee determines that the conditions to payment have been met. Notwithstanding anything in this Grant Letter to the contrary, the Participant may not accrue Dividend Equivalents in excess of $1,000,000 during any calendar year under all grants under the Plan.

6. Change of Control.

(a) If a Change of Control occurs, the Performance Units and Dividend Equivalents shall not automatically become payable upon the Change of Control, but, instead, shall become payable as described in this Section 6. The Committee may take such other actions with respect to the Performance Units and Dividend Equivalents as it deems appropriate pursuant to the Plan. The term "Change of Control" shall mean a Change of Control of UGI as defined in the Plan. In addition, "Change of Control" shall include (i) any of the events with respect to UGI Utilities, Inc. ("Utilities") defined as a "Change of Control" on Exhibit B hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event, and (ii) any of the events with respect to AmeriGas Propane, Inc. ("AmeriGas") defined as a "Change of Control" on Exhibit C hereto to the extent that the Participant is employed by AmeriGas as of the date of the occurrence of such event.

(b) If a Change of Control occurs during the Performance Period, the Committee shall calculate a Change of Control Amount as follows:

(i) The Performance Period shall end as of the closing date of the Change of Control (the "Change of Control Date") and the TSR ending date calculation for the Performance Period shall be based on the 90 calendar day period ending on the Change of Control Date.

(ii) The Committee shall calculate a "Change of Control Amount" equal to the greater of (i) the Target Award amount or (ii) the amount of Performance Units that would be payable based on the Company's achievement of the Performance Goals as of the Change of Control Date, as determined by the Committee. The Change of Control Amount shall include related Dividend Equivalents and, if applicable, interest as described below.

(iii) The Committee shall determine whether the Change of Control Amount attributable to Performance Units shall be (A) converted to units with respect to shares or other equity interests of the acquiring company or its parent ("Successor Units"), in which case Dividend Equivalents shall continue to be credited on the Successor Units, or (B) valued based on the Fair Market Value of the Performance Units as of the Change of Control Date and credited to a bookkeeping account for the Participant, in which case interest shall be credited on the amount so determined at a market rate for the period between the Change of Control Date and the applicable payment date. Notwithstanding the provisions of Section 4, all payments on and after a Change of Control shall be made in cash. If alternative (A) above is used, the cash payment shall equal the Fair Market Value on the date of payment of the number of shares or other equity interests underlying the Successor Units, plus accrued Dividend Equivalents. All payments shall be subject to applicable tax withholding.

(c) If a Change of Control occurs during the Performance Period and the Participant continues in employment or service through December 31, _____, the Change of Control Amount shall be paid in cash between January 1, _____ and March 15, _____.

(d) If a Change of Control occurs during the Performance Period, and the Participant has a Termination without Cause or a Good Reason Termination upon or within two years after the Change of Control Date and before December 31, _____, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 14 below.

(e) If a Change of Control occurs during the Performance Period, and the Participant terminates employment or service on account of Retirement, Disability or death upon or after the Change of Control Date and before December 31, _____, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 14 below; provided that, if required by section 409A, if the Participant's Retirement, Disability or death occurs more than two years after the Change of Control Date, payment will be made between January 1, _____ and March 15, _____, and not upon the earlier separation from service.

(f) If a Participant's employment or service terminates on account of Retirement, death or Disability before a Change of Control, and a Change of Control subsequently occurs before the end of the Performance Period, the prorated amount in Section 3(b) shall be calculated by multiplying the fraction described in Section 3(b) by the Change of Control Amount. The prorated Change of Control Amount shall be paid in cash within 30 days after the Change of Control Date, subject to Section 14 below.

7. <u>Restrictive Covenants</u>.

(a) The Participant acknowledges and agrees that, in consideration for the grant of Performance Units, the Participant agrees to comply with all written restrictive covenants and agreements with the Company, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Performance Units (without regard to whether the Performance Units have vested), and the outstanding Performance Units shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any shares of Common Stock upon settlement of the Performance Units, the Committee may in its discretion require the Participant to return to the Company any such shares of Common Stock; provided, that if the Participant has disposed of any such shares of Common Stock received upon settlement of the Performance Units, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such shares of Common Stock as of the date of disposition.

8. Definitions. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Company*" means UGI and its Subsidiaries (as defined in the Plan).

(b) "*Disability*" means a long-term disability as defined in the Company's long-term disability plan applicable to the Participant.

(c) "*Dividend Equivalent*" means an amount determined by multiplying the number of shares of UGI common stock subject to the target award of Performance Units by the per-share cash dividend, or the per-share fair market value of any dividend in consideration other than cash, paid by UGI on its common stock.

(d) *"Employed by, or provide service to, the Company"* shall mean employment or service as an employee or director of the Company. The Participant shall not be considered to have a termination of employment or service under this Grant Letter until the Participant is no longer employed by, or performing services for, the Company.

(e) "*Good Reason Termination*" shall mean a termination of employment or service initiated by the Participant upon or after a Change of Control upon one or more of the following events:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant's base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Agreement, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant's principal place of business immediately before the Change of Control, without the Participant's express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 16, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(f) *"Performance Unit"* means a hypothetical unit that represents the value of one share of UGI common stock.

(g) *Retirement*" means the Participant's retirement under the Retirement Income Plan for Employees of UGI Utilities, Inc., if the Participant is covered by that Retirement Income Plan. "Retirement" for other Company employees means termination of employment or service after attaining (i) age 55 with ten or more years of service with the Company or (ii) age 65 with five or more years of service with the Company.

(h) "*Termination without Cause*" means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

9. Withholding. All payments under this Grant Letter are subject to applicable tax withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal (including FICA), state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter. The Company may withhold from cash distributions to cover required tax withholding, or may withhold Shares to cover required tax withholding in an amount equal to the minimum applicable tax withholding amount.

10. Grant Subject to Plan Provisions and Company Policies.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Performance Units and Dividend Equivalents are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) adjustments pursuant to Section 5(d) of the Plan, and (iii) other requirements of applicable law. The Committee shall have the authority to interpret and construe the grant pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) This Performance Unit grant and Shares issued pursuant to this Performance Unit grant shall be subject to the UGI Corporation Stock Ownership Policy as adopted by the Board of Directors of UGI and any applicable clawback and other policies implemented by the Board of Directors of UGI, as in effect from time to time.

11. No Employment or Other Rights. The grant of Performance Units shall not confer upon the Participant any right to be retained by or in the employ or service of the Company and shall not interfere in any way with the right of the Company to terminate the Participant's employment or service at any time. The right of the Company to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

12. No Shareholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to the Shares related to the Performance Units, unless and until certificates for Shares have been distributed to the Participant or successor.

13. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

14. Compliance with Code Section 409A. Notwithstanding the other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, or an exception, and shall be administered accordingly. Any reference to a Participant's termination of employment shall mean a Participant's "separation from service," as such term is defined under section 409A. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment. Notwithstanding anything in this Grant Letter to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Grant Letter is required to be delayed for a period of six months after separation from service pursuant to section 409A, payment of such amount shall be delayed as required by section 409A and shall be paid within 10 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of section 409A shall be paid to the personal representative of the Participant's estate within 60 days after the date of the Participant's death. Notwithstanding anything in this Grant Letter to the contrary, if a Change of Control is not a "change in control event" under section 409A, any Performance Units and Dividend Equivalents

that are payable pursuant to Section 6 shall be paid to the Participant between January 1, _____ and March 15, _____, and not upon the earlier separation from service, if required by section 409A.

15. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

16. Notice. Any notice to UGI provided for in this Grant Letter shall be addressed to UGI in care of the Corporate Secretary at UGI's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

17. Acceptance. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan, including the Grant Letter, and (v) agrees that all the decisions and determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this Grant.

* * *

EXHIBIT A

UGI CORPORATION
PERFORMANCE UNIT PEER GROUP

RUSSELL MIDCAP UTILITIES
(EXCLUDING TELECOMS)
as of 1/1/_____

Alliant Energy Corporation (LNT)	Hawaiian Electric Industries, Inc. (HE)
Ameren Corporation (AEE)	MDU Resources Group, Inc. (MDU)
American Water Works Company, Inc. (AWK)	National Fuel Gas Company (NFG)
Aqua America, Inc. (WTR)	NiSource Inc (NI)
Atmos Energy Corporation (ATO)	NRG Energy, Inc. (NRG)
Avangrid, Inc. (AGR)	OGE Energy Corp. (OGE)
CenterPoint Energy, Inc. (CNP)	PG&E Corporation (PCG)
CMS Energy Corporation (CMS)	Pinnacle West Capital Corporation (PNW)
Consolidated Edison, Inc. (ED)	PPL Corporation (PPL)
DTE Energy Company (DTE)	Public Service Enterprise Group Incorporated (PEG)
Edison International (EIX)	Sempra Energy (SRE)
Entergy Corporation (ETR)	The AES Corporation (AES)
Evergy Inc. (EVRG)	Vectren Corp (VVC)
Eversource Energy (ES)	Vistra Energy Corporation (VST)
FirstEnergy Corp. (FE)	WEC Energy Group, Inc. (WEC)
	Xcel Energy Inc. (XEL)

EXHIBIT B

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of UGI Utilities, Inc. (“Utilities”) or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

(A) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of Utilities or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of Utilities entitled to vote generally in the election of directors; or

(B) Completion by Utilities 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 Utilities’ outstanding common stock and voting securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than fifty percent (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 Utilities’ outstanding common stock and voting securities, as the case may be; or

(C) Completion of a complete liquidation or dissolution of the Utilities or sale or other disposition of all or substantially all of the assets of Utilities other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (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 Utilities’ outstanding common stock and voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of Utilities’ outstanding common stock and voting securities, as the case may be, immediately prior to such sale or disposition.

EXHIBIT C

Change of Control with Respect to AmeriGas

For purposes of this Grant Letter, each of the following events shall constitute a "Change of Control" for Participants who are employees of AmeriGas Propane, Inc. ("AmeriGas") as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

"Change of Control" shall include any of the following events:

(A) Completion by AmeriGas, the "Public Partnership" or the "Operating Partnership" (as defined in the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P., including, without limitation, Exhibit A thereto) of a reorganization, merger or consolidation (a "Propane 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 AmeriGas voting securities or of the outstanding units of AmeriGas Partners, L.P. ("Outstanding Units") immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than fifty percent (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 such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the AmeriGas' voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of AmeriGas' voting securities or the Outstanding Units, as the case may be; or

(B) (a) Completion of a complete liquidation or dissolution of AmeriGas, the Public Partnership or the Operating Partnership or (b) sale or other disposition of all or substantially all of the assets of AmeriGas, the Public Partnership or the Operating Partnership other than to an entity with respect to which, following such sale or disposition, (I) if such entity is a corporation, more than fifty percent (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 AmeriGas' voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas' voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition, or, (II) if such entity is a partnership, more than fifty percent (50%) of the then outstanding common units is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of

AmeriGas' voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas' voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

(C) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding general partnership interests of the Public Partnership or the Operating Partnership; or

(D) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of AmeriGas or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of AmeriGas entitled to vote generally in the election of directors; or

(E) AmeriGas is removed as the general partner of the Public Partnership by vote of the limited partners of the Public Partnership, or is removed as the general partner of the Public Partnership or the Operating Partnership as a result of judicial or administrative proceedings involving AmeriGas, the Public Partnership or the Operating Partnership.

Exhibit 10.4

Non-Employee Directors

FORM OF UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
STOCK UNIT GRANT LETTER

This STOCK UNIT GRANT LETTER is dated _______________ (the “Date of Grant”) and delivered by UGI Corporation (“UGI”), to _______________________ (the “Participant”) (the “Grant Letter”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan, as amended (the “Plan”) provides for the grant of stock units with respect to shares of common stock of UGI (“Shares”). The Board of Directors of UGI (the “Board”) has decided to make a stock unit grant to the Participant.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of _______ Stock Units (as defined in Section 4). The Stock Units are granted with Dividend Equivalents (as defined in Section 4).

(b) UGI shall keep records in an Account (as defined in Section 4) to reflect the number of Stock Units and Dividend Equivalents credited to the Participant. Fractional Stock Units shall accumulate in the Participant’s Account and shall be added to other fractional Stock Units to create whole Stock Units.

2. Dividend Equivalents with Respect to Stock Units.

(a) *Crediting of Dividend Equivalents.* From the Date of Grant until the Participant’s Account has been fully distributed, on each payment date for a dividend paid by UGI on its Shares, UGI shall credit to the Participant’s Account an amount equal to the Dividend Equivalent associated with the Stock Units credited to the Participant on the record date for the dividend.

(b) *Conversion to Stock Units.* On the last day of each Plan Year (as defined in Section 4), the amount of the Dividend Equivalents credited to the Participant’s Account during that Plan Year shall be converted to a number of Stock Units, based on the Unit Value (as defined in Section 4) on the last day of the Plan Year. In the event of a Change of Control (as defined in the Plan) or in the event the Participant dies or Separates from Service (as defined in Section 4) 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 Stock Units are redeemed in accordance with Section 3, UGI shall convert the amount of Dividend Equivalents previously credited to the Participant's Account during the Plan Year to a number of Stock Units based on the Unit Value on the date of such Change of Control, death or Separation from Service.

3. Events Requiring Redemption of Stock Units.

(a) *Redemption.* UGI shall redeem Stock Units credited to the Participant's Account at the times and in the manner prescribed by this Section 3. When Stock Units are to be redeemed, UGI will determine the Unit Value of the Stock Units credited to the Participant's Account as of the date of the Participant's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Shares (with fractional Shares paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash.

(b) *Separation from Service or Death.* In the event the Participant Separates from Service or dies, UGI shall redeem all the Stock Units then credited to the Participant's Account as of the date of the Participant's Separation from Service or death. In the event of a Separation from Service, the redemption amount shall be paid within 30 business days after the date of the Participant's Separation from Service. In the event of death, the redemption amount shall be paid to the Participant's estate within 60 business days after the Participant's death.

(c) *Change of Control.* In the event of a Change of Control, UGI shall redeem all the Stock Units then credited to the Participant's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Stock Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code (as defined in Section 4), the Participant's Stock Units shall be redeemed and paid in cash upon Separation from Service on the applicable date described in subsection (b) above (based on the aggregate Unit Value on the date of Separation from Service as determined by the Board), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Board may provide for the Stock Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Deferral Elections*. Notwithstanding the foregoing, pursuant to the Deferral Plan, the Participant may make a one-time, irrevocable election to elect to have all of the Participant's Stock Units credited to the Participant's account under the Deferral Plan on the date of the Participant's Separation from Service, in lieu of the redemption and payments described in subsection (b) above. If the Participant makes a deferral election, the Participant's Stock Units will be credited to the Participant's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Participant makes a deferral election under the Deferral Plan and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of Control occurs before the Participant's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Participant's Separation from Service. An election under the Deferral Plan shall be made in writing, on a form and at a time prescribed by the committee that administers the Deferral Plan and shall be irrevocable upon submission to the Corporate Secretary.

4. Definitions. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Account*" means UGI's bookkeeping account established pursuant to Section 1, which reflects the number of Stock Units and the amount of Dividend Equivalents standing to the credit of the Participant.

(b) *"Dividend Equivalent"* means an amount determined by multiplying the number of Shares subject to Stock Units by the per-share cash dividend, or the per-share fair market value of any dividend in consideration other than cash, paid by UGI on its common stock.

(c) "*Code*" means the Internal Revenue Code of 1986, as amended.

(d) *"Deferral Plan"* means the UGI Corporation 2009 Deferral Plan.

(e) "*Plan Year*" means the calendar year.

(f) "*Separates from Service*" or *"Separation from Service"* means the Participant's termination of service as a non-employee director and as an employee of UGI for any reason other than death and shall be determined in accordance with section 409A of the Code.

(g) *"Stock Unit"* means the right of the Participant to receive a Share of UGI common stock, or an amount based on the value of a Share of UGI common stock, subject to the terms and conditions of this Grant Letter and the Plan.

(h) "*Unit Value*" means, at any time, the value of each Stock Unit, which value shall be equal to the Fair Market Value (as defined in the Plan) of a Share on such date.

5. Taxes. All obligations of UGI under this Grant Letter shall be subject to the rights of UGI as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.

6. Conditions. The obligation of UGI to deliver Shares shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Shares 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 issue of Shares, the Shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Shares to the

Participant pursuant to this Grant Letter is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

7. Grant Subject to Plan Provisions and Company Policies.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Stock Units are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares issued under the Plan, (ii) changes in capitalization of UGI and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant Letter pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) All Shares issued pursuant to this Stock Unit grant shall be subject to any applicable policies implemented by the Board of Directors of UGI, as in effect from time to time.

8. No Shareholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to Shares, until certificates for Shares have been issued upon payment of Stock Units. The Participant shall not have any interest in any fund or specific assets of UGI by reason of this award or the Stock Unit account established for the Participant.

9. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of UGI hereunder shall extend to any successors or assigns of UGI and to UGI's parents, subsidiaries, and affiliates.

10. Compliance with Code Section 409A. Notwithstanding any other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Code. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment.

11. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

12. Notice. Any notice to UGI provided for in this Grant Letter shall be addressed to UGI in care of the Corporate Secretary at UGI's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of UGI, or to such other address as the Participant may designate to UGI in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above,

registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the parties have executed this Stock Unit Grant Letter as of the Date of Grant.

Attest: UGI Corporation

By:______________

Name: Title:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Stock Units described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

Exhibit 10.5

Non-Employee Directors

FORM OF UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated ________________ (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to ______________________ (the "Participant").

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Board of Directors of UGI (the "Board") has decided to make a stock option grant to the Participant.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Board hereby grants to the Participant a nonqualified stock option (the "Option") to purchase ___________ shares of common stock of UGI ("Shares") at an exercise price of $_____ per Share. The Option shall be fully and immediately exercisable on the Date of Grant.

2. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on ______________), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) The Option, to the extent that it has not previously been exercised, will terminate when the Participant Separates from Service (as defined below) with the Company (as defined below). However, if the Participant Separates from Service by reason of Retirement (as defined below), Disability (as defined below), or death, the Option will thereafter be exercisable pursuant to the following:

(i) *Retirement*. If the Participant Separates from Service on account of Retirement, the Option held by such Participant may be exercised at any time prior to the expiration date of the Option.

(ii) *Disability*. If the Participant is determined to be Disabled by the Board, the Option 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 Separation from Service on account of Disability.

(iii) *Death*. In the event of the death of the Participant while serving as a non-employee director or employee of the Company, the Option may be exercised by the personal representative of the Participant's estate, or the personal representative under applicable law if the Participant dies intestate, 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.

(c) In no event may the Option be exercised after the date that is immediately before the tenth anniversary of the Date of Grant.

3. Exercise Procedures.

(a) Subject to the provisions of Section 2 above, the Participant may exercise part or all of the exercisable Option by giving UGI irrevocable written notice of intent to exercise on a form provided by UGI and delivered in the manner provided in Section 11 below. Payment of the exercise price must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by delivering Shares, which shall be valued at their fair market value on the date of delivery, which shall have been held by the Participant for at least six months, and which shall have a fair market value on the date of exercise equal to the exercise price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by a "net exercise" in accordance with procedures established by the Committee, or (v) by such other method as the Board may approve.

(b) The obligation of UGI to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Board, including such actions as UGI's counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. UGI may require that the Participant (or other person exercising the Option after the Participant's death) represent that the Participant is purchasing Shares for the Participant's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as UGI deems appropriate.

(c) All obligations of UGI under this Grant Letter shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.

4. Definitions. Whenever used in this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Company*" means UGI and its Subsidiaries (as defined in the Plan).

(b) "*Disability*" means the Participant's physical or mental disability, as determined by the Board in its sole discretion.

(c) "*Retirement*" means the Participant's Separation from Service 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.

(d) "*Separates from Service*" or "*Separation from Service*" means the Participant's termination of service as a non-employee director and as an employee of the Company for any reason other than death.

(e) "*Termination without Cause*" means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

5. Change of Control. The provisions of the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Option, and, in the event of a Change of Control, the Board may take such actions as it deems appropriate pursuant to the Plan.

6. Restrictions on Exercise. Only the Participant may exercise the Option during the Participant's lifetime and, after the Participant's death, the Option shall be exercisable by the Participant's estate, to the extent that the Option is exercisable pursuant to this Grant Letter.

7. Grant Subject to Plan Provisions and Company Policies.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) changes in capitalization of the Company and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) All Shares issued pursuant to this grant shall be subject to any applicable policies implemented by the Board of Directors of UGI as in effect from time to time.

8. No Shareholder Rights. Neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

9. Assignment and Transfers. Except as the Board may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

10. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

11. Notice. Any notice to UGI provided for in this Grant Letter shall be addressed to UGI in care of the Corporate Secretary at UGI's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, UGI has caused its duly authorized officers to execute and attest this Grant Letter, and the Participant has executed this Grant Letter, effective as of the Date of Grant.

Attest: UGI Corporation

By:______________

Name: Title:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Option described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

Exhibit 10.6

UGI CORPORATION

2013 OMNIBUS INCENTIVE COMPENSATION PLAN

TERMS AND CONDITIONS FOR NON-EMPLOYEE DIRECTORS

Effective January 1, 2019

UGI Corporation
2013 Omnibus Equity Compensation Plan

<u>Stock Options and Stock Units For Non-Employee Directors</u>

<u>Terms and Conditions</u>

The following Terms and Conditions shall be used for purposes of administering Options and Stock Units granted to Non-Employee Directors under the 2013 Omnibus Equity Compensation Plan (the “Plan”). The Committee has discretion to modify or deviate from the Terms and Conditions at any time, and in all events the specific terms of the Grant Letter shall control. The defined terms shall have the meanings given those terms in the Plan or in these Terms and Conditions, if not defined in the Plan.

1. <u>Definitions</u>.

Whenever used in these Terms and Conditions for Non-Employee Directors, the following terms will have the meanings set forth below:

(a) “*Account*” means the Company’s bookkeeping account established pursuant to Section 3, which reflects the number of Stock Units and the amount of Dividend Equivalents standing to the credit of a Participant under the Plan.

(b) “*Beneficiary*” means the person designated by a Non-Employee Director to receive any benefits payable after the Non-Employee Director’s death. The Company shall provide a form for this purpose. In the event a Non-Employee Director has not filed a Beneficiary designation with the Company or none of the designated Beneficiaries are living at the date of the Non-Employee Director’s death, the Beneficiary shall be the Non-Employee Director’s estate.

(c) “*Committee*” means, for purposes of Grants to Non-Employee Directors, the Board or its delegate.

(d) “*Deferral Plan*” means the UGI Corporation 2009 Deferral Plan, as amended from time to time.

(e) “*Retirement*” means a Non-Employee Director’s Separation from Service 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.

(f) “*Separates from Service*” means the Non-Employee Director’s termination of service as a non-employee director and as an employee of the Company for any reason other than death and shall be determined in accordance with section 409A of the Code.

(g) “*Unit Value”* means, at any time, the value of each Stock Unit issued under the Plan, which value shall be equal to the Fair Market Value of a share of Stock on such date.

2. Options.

(a) *Grant of Options*. The Board shall grant Options annually to Non-Employee Directors in the amounts set forth on the attached Exhibit A, on the date specified therein. The Option Price will equal the Fair Market Value on the Date of Grant. Any Non-Employee Director who becomes a Non-Employee Director mid-year (i.e., after the annual meeting of shareholders) shall not automatically receive an Option award upon election to the Board.

(b) *Exercise and Vesting*. Except as otherwise specified in the Grant Letter, an Option will be fully and immediately exercisable on the Date of Grant. In the event that any 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. Except as otherwise specified by the Committee, if a vested Option would terminate at a time when trading in Stock is prohibited by law or by the Company’s insider trading policy, the vested Option may be exercised until the thirtieth day after expiration of such prohibition (but not beyond the term of the Option).

(c) S*eparation from Service*. 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 Separates from Service. However, if a Participant holding an Option Separates from Service by reason of Retirement, disability, or death, the Option held by any such Participant will be fully and immediately exercisable and will thereafter be exercisable pursuant to the following:

(A) *Retirement*. If a Participant Separates from Service on account of Retirement, the Option held by such Participant will continue in effect and terminate upon the expiration date of the Option.

(2) *Disability*. 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 held by 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 Separation from Service on account of disability.

(3) *Death*. In the event of the death of a Participant while serving as a non-employee director or employee of the Company, the Option held by 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 personal representative of the Participant’s estate, or the personal representative under applicable law if the Participant dies intestate.

(d) *Payment*. An Option may be exercised, and the Option Price paid, in any method permitted by the Plan.

3. Award of Stock Units.

(a) *Annual Award of Stock Units*. Each Non-Employee Director shall receive an annual award of Stock Units in the amount set forth on the attached Exhibit A on the date specified therein. Such Stock Units shall be credited to each Participant's Account as specified in Section 3(c) below. Any Non-Employee Director who becomes a Non-Employee Director mid-year (i.e., after the annual meeting of shareholders) shall not automatically receive an award of Stock Units upon election to the Board.

(b) *Dividend Equivalents*

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

(ii) *Conversion to Stock Units.* On the last day of each calendar year, the amount of the Dividend Equivalents credited to the Participant's Account during that calendar year, shall be converted to a number of Stock Units, based on the Unit Value on the last day of the calendar year. Notwithstanding the foregoing, in the event of a Change of Control or in the event the Non-Employee Director dies or Separates from Service prior to the last day of the calendar year, as soon as practicable following such event and in no event later than the date on which Stock Units are redeemed in accordance with Section 5, 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 a number of Stock Units based on the Unit Value on the Conversion Date.

(c) *Accounts.* The Company shall keep records to reflect the number of Stock Units and Dividend Equivalents credited to each Non-Employee Director hereunder. Fractional Stock Units shall accumulate in the Participant's Account and shall be added to fractional Stock Units held in such Account to create whole Stock Units.

4. Dividend Equivalents on Stock Units Granted under 2004 Plan. Shares of Stock will be issued under the Plan with respect to Dividend Equivalents that are credited after the effective date of the Plan on Stock Units granted under the 2004 Omnibus Equity Compensation Plan before January 24, 2013.

5. Events Requiring Redemption of Stock Units.

The Company shall redeem Stock Units credited to a Participant's Account only at the times and in the manner prescribed by the terms of this Section 5.

(a) *Death.* In the event a Participant dies, the Company shall redeem all of the Stock Units then credited to the Participant's Account as of the date of the Participant's death, based on the Unit Value of the Stock Units credited to the Participant's Account as of the date of the

Participant's death. An amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Shares (with fractional Shares paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash. The redemption amount shall be paid to the Participant's estate within 60 business days after the Participant's death.

(b) *Separation from Service.* In the event a Participant Separates from Service, the Company shall redeem all of the Stock Units then credited to the Participant's Account as of the date of such Separation from Service, based on the Unit Value of the Stock Units credited to the Participant's Account as of the date of the Participant's Separation from Service. An amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Shares (with fractional Shares paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash, within 30 business days after the date of the Participant's Separation from Service.

(c) *Change of Control.* In the event of a Change of Control, the Company shall redeem all the Stock Units then credited to the Participant's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Stock Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code, the Participant's Stock Units shall be redeemed and paid in cash upon Separation from Service or death on the applicable date described in subsection (a) or (b) above (based on the aggregate Unit Value on the date of Separation from Service or death as determined by the Committee), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Committee may provide for the Stock Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Effect on Outstanding Stock Units and Dividend Equivalents.* The provisions of this Section 5 relating to the medium of payment (i.e., payment in cash or in a combination of cash and Shares) shall apply to all outstanding Stock Units and Dividend Equivalents.

(e) *Section 409A.* Stock Units and Dividend Equivalents shall meet the requirements of section 409A of the Code or an exemption from such requirements. If a Grant is subject to section 409A of the Code, (i) distributions shall only be made in a manner and upon an event permitted under section 409A of the Code, (ii) payments to be made upon a termination of employment shall only be made upon a "separation from service" under section 409A of the Code, (iii) payments to be made upon a Change of Control shall only be made upon a "change of control event" under section 409A of the Code, (iv) unless the Grant specifies otherwise, each payment shall be treated as a separate payment for purposes of section 409A of the Code, and (v) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with section 409A of the Code.

(f) *Deferral Elections*. Notwithstanding the foregoing, a Non-Employee Director may make a one-time, irrevocable election to elect to have all of the Non-Employee Director's Stock Units credited to the Non-Employee Director's account under the Deferral Plan on the date of the Non-Employee Director's Separation from Service, in lieu of the redemption and payments described in subsections (a) or (b). If the Non-Employee Director makes a deferral election, the Non-Employee Director's Stock Units will be credited to the Non-Employee Director's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Non-Employee Director makes a deferral election and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of Control occurs before the Non-Employee Director's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Non-Employee Director's Separation from Service. An election under this subsection (f) shall be made in writing, on a form and at a time prescribed by the Committee and shall be irrevocable upon submission to the Corporate Secretary.

6. Company Policies. All Shares issued pursuant to an Option or Stock Unit shall be subject to any applicable policies implemented by the Board of Directors of UGI, as in effect from time to time.

Exhibit A

Non-Employee Director Grants

Options:

The number of shares based on a value determined by the Board in its discretion

Grant Date: The date on which the Non-Employee Director is elected to the Board at an annual meeting of shareholders

Options granted to Non-Employee Directors through 2015 were granted under the 2004 Omnibus Equity Compensation Plan.

Stock Units:

The number of units based on a value determined by the Board in its discretion

Grant Date: The date on which the Non-Employee Director is elected to the Board at an annual meeting of shareholders

Notwithstanding the foregoing, a Non-Employee Director who becomes a Non-Employee Director mid-year (i.e., after the annual meeting of shareholders) shall not automatically receive an Option award or an award of Phantom Units upon election to the Board.

Exhibit 10.7

UGI CORPORATION
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 15, 2018)

I. **<u>Purpose</u>**. The purpose of the UGI Corporation Executive Annual Bonus Plan (the "Plan") is to provide a means whereby UGI Corporation (the "Company") may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the growth of the Company and the enhancement of shareholder value. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees' total compensation is based on achievement of performance goals relating to the eligible employees' business and/or area of responsibility. The Plan was originally effective as of October 1, 2006, was amended and restated as of November 16, 2012, and is hereby amended and restated as of November 15, 2018.

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

2.1 "*Administrative Committee*" means the Chief Executive Officer of the Company and the chief human resources officer of the Company.

2.2 "*Board*" means the board of directors of the Company as constituted from time to time.

2.3 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.4 "*Committee*" means (i) for Senior Management, the Compensation and Management Development Committee of the Board or its successor or (ii) for Eligible Employees who are not members of Senior Management, the Chief Executive Officer of the Company or his designee.

2.5 "*Company*" means UGI Corporation, a Pennsylvania corporation, or any successor thereto.

2.6 "*Eligible Employee*" means, unless determined otherwise by the Committee, (i) a U.S. salaried employee of the Employer or an expatriate of the Employer, in either case who is compensated in the executive salary grade structure, or (ii) an employee of the Employer who is employed outside of the U.S. and has the title of UGI International Regional Business Unit Head or equivalent as determined by the Committee. The Committee may also designate in writing that one or more other senior level employees of an Employer shall be Eligible Employees for purposes of the Plan for a Fiscal Year, in its sole discretion.

2.7 “*Employer*” means, unless determined otherwise by the Committee, the Company and its subsidiaries, other than UGI Utilities, Inc. and AmeriGas Propane, Inc. and each of their subsidiaries.

2.8 “*Equity Plan*” means the UGI Corporation 2013 Omnibus Incentive Compensation Plan, as in effect from time to time, or a successor plan.

2.9 “*Fiscal Year*” means the Company’s fiscal year beginning each October 1 and ending each September 30.

2.10 “*Participant*” means, unless determined otherwise by the Committee, an Eligible Employee who provides services to the Employer during the applicable Fiscal Year. Employees of UGI Utilities, Inc. and AmeriGas Propane, Inc. and their subsidiaries, and participants in any other annual bonus plan of an Employer, are not eligible to participate in the Plan, except in the case of a transfer to or from an eligible position during a Fiscal Year, as set forth in Section 3.4.

2.11 “*Plan*” means this UGI Corporation Executive Annual Bonus Plan, as in effect from time to time.

2.12 “*Senior Management*” means those Eligible Employees who are designated as executive officers by the Board pursuant to Rule 16a-1 of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.

2.13 “*Stock Award*” shall have the meaning given that term under the Equity Plan.

III. Annual Bonus.

3.1 **Target Bonus.** At the beginning of each Fiscal Year, the Committee shall establish a target bonus as a percentage of each Participant’s salary for the Fiscal Year. Each Participant shall be eligible to receive an annual bonus for the Fiscal Year based on the achievement of business and financial performance goals, and the Participant’s individual performance goals, if applicable, during the Fiscal Year, as established by the Committee in its discretion. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied, as determined by the Committee.

3.2 **Performance Goals**.

(a) Business/Financial Goals. At the beginning of each Fiscal Year, the Committee shall establish the business and/or financial performance goals for the Fiscal Year and leverage tables (as described below) that apply to the performance goals.

(b) Individual Goals. The Committee shall determine which Participants shall have individual performance goals as part of their bonus calculation. At the beginning of each Fiscal Year, the Committee shall establish each Participant’s individual performance goals for the year, if applicable, and shall set leverage tables that shall apply to individual performance goals.

(c) Weighting; Leverage Tables. At the time the Committee establishes performance goals for each Fiscal Year, the Committee shall determine the weighting for each Participant with respect to the business and financial performance goals and the individual goals, as applicable, for the Fiscal Year. At such time, the Committee shall also determine the leverage tables, which shall set forth the percentage of the target bonus that may become payable based on the achievement of the performance goals, subject to the eligibility and other conditions of payment as set forth in the Plan. The leverage tables and weighting of the goals need not be uniform as to all Participants.

(d) Communication of Goals. The Committee shall provide for the communication of the performance goals and corresponding leverage tables to the Participants, which may be by email.

3.3 **Determination and Approval of Bonus Payments.**

(a) At the end of the Fiscal Year, the Committee shall determine the amount of each Participant’s bonus, if any, based on the achievement of the business and financial performance goals and, if applicable, the achievement of the individual performance goals. The Committee shall have sole discretion to determine whether and to what extent the performance goals have been met. No bonus shall be deemed earned until the Committee makes such determinations and all qualifying conditions of the Plan have been satisfied. The Committee shall have sole discretion to determine whether a Participant has earned a bonus, and the amount of any such bonus earned.

(b) The Committee may adjust the performance results for extraordinary items or other events, as the Committee deems appropriate.

(c) If the threshold level of business and financial performance is not achieved, no bonuses will be paid, unless determined otherwise by the Committee in its discretion.

(d) The Committee shall have discretion to increase or decrease the amount of the annual bonus by up to 50% more or less than the amount otherwise determined, based on the Participant’s contribution to the achievement of the performance goals, other contributions that have a significant impact on Company performance, or other factors. The Committee may determine that no increase or decrease will be made for a Fiscal Year.

3.4 **Newly Hired Employees, Promotions and Transfers.** Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the Fiscal Year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. If a Participant is transferred into a position that is not eligible to participate in the Plan during the Fiscal Year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. A Participant’s annual bonus target percentage and the Participant's performance goals may be adjusted to reflect any change in position during a Fiscal Year.

3.5 **Payment of Annual Bonus.** Each annual bonus for a Fiscal Year shall be paid to the Participant in a single lump sum payment between September 30 and December 31 of the calendar year in which the Fiscal Year ends, except as provided below. Annual bonuses for a Fiscal Year shall be paid in cash; provided that the Committee may determine that part or all of a Participant's annual bonus shall be paid in the form of a Stock Award under the Equity Plan. Unless the Committee determines otherwise, to the extent that an officer of the Company who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, shall not have satisfied any ownership requirement then applicable to such officer, as set forth in the UGI Corporation Stock Ownership Policy, up to 10% of the gross amount of the officer's annual bonus shall be paid in fully vested Stock Awards under the Equity Plan.

3.6 **Withholding Tax.** Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise, withholding taxes with respect to any portion of a bonus paid in the form of a Stock Award shall be deducted from the cash portion of such bonus.

IV. <u>Termination of Employment</u>.

4.1 The Plan is, in part, intended as a retention tool, and bonuses are not deemed earned until the Committee has determined whether and to what extent the performance goals have been met and all qualifying conditions and eligibility criteria of the Plan have been satisfied. Except as provided in Sections 4.2 and 4.3 below, a Participant must be employed by the Employer on the payment date in order to receive a bonus.

4.2 If a Participant's employment terminates on account of retirement, death or disability, (a) if such retirement, death or disability occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Committee may determine that the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.3 If a Participant's employment terminates on account of involuntary termination by the Employer without cause, the Committee may determine in its sole discretion that (a) if such termination occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.4 In determining whether to pay any bonus under Section 4.2 and 4.3 above, the Committee may take into account factors such as Company performance, individual performance, and the portion of the year elapsed prior to termination. The annual bonus payable under Section 4.2 or 4.3, if any, shall be paid within 60 days after the date of termination, death or disability, as applicable (and not later than the date on which bonuses for the applicable Fiscal Year are paid to other Participants), subject to any conditions that may be imposed by the Committee, including execution of a release of claims.

V. Administration.

5.1 The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan.

5.2 Any action required of the Committee under the Plan shall be made in the Committee's sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant's acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VI. General Provisions.

6.1 **Clawback.** Any annual bonus paid under the Plan shall be subject to any applicable clawback and other policies implemented by the Board, as in effect from time to time.

6.2 **Transferability.** No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. In the event of a Participant's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant's estate.

6.3 **Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

6.4 **No Rights to Employment.** Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the

Employer, or affect the right of the Employer to terminate a Participant's employment at any time for cause or for no cause whatsoever.

6.5 **Section 409A**. The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A. Any payment from the Plan that is subject to the requirements of section 409A may only be made in a manner and upon an event permitted by section 409A, including the requirement that deferred compensation payable to a "specified employee" of a publicly traded company be postponed for six months after separation from service or death, if earlier. Payments upon termination of employment may only be made upon a "separation from service" under section 409A. For purposes of section 409A, each payment shall be treated as a separate payment. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under the Plan, and if a payment that is subject to section 409A is conditioned on the execution of a release of claims, and such payment could be made in more than one taxable year, payment shall be made in the later taxable year.

6.6 **Termination and Amendment of the Plan.** The Compensation and Management Development Committee of the Board may amend or terminate the Plan at any time. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations, (ii) correct errors and omissions in the Plan document, and (iii) facilitate the administration and operation of the Plan. The Administrative Committee shall notify the Management Development Committee of the Board of any such amendments to the Plan within a reasonable period of time following such amendment.

6.7 **Successors.** The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

6.8 **Applicable Law.** The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

Exhibit 10.8

Directors Phantom Unit Grant

FORM OF AMERIGAS PROPANE, INC.
2010 LONG-TERM INCENTIVE PLAN
ON BEHALF OF AMERIGAS PARTNERS, L.P.

PHANTOM UNIT GRANT LETTER

This PHANTOM UNIT GRANT, dated _____________ (the "Date of Grant"), is delivered by AmeriGas Propane, Inc. (the "Company") to __________________ (the "Participant").

RECITALS

WHEREAS, the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. (the "Plan") provides for the grant of Phantom Units ("Phantom Units") with respect to common units of AmeriGas Partners, L.P. ("APLP");

WHEREAS, the Plan has been adopted by the Board of Directors of the Company (the "Board"), and approved by common unit holders of APLP ("Unitholders");

WHEREAS, a Phantom Unit is a Phantom Unit that represents the value of one common unit of APLP ("Common Unit"); and

WHEREAS, the Board has decided to grant Phantom Units to the Participant on the terms described below.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Phantom Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of _________ Phantom Units (as defined in Section 4). The Phantom Units are granted with Distribution Equivalents (as defined in Section 4).

(b) The Company shall keep records in an Account (as defined in Section 4) to reflect the number of Phantom Units and Distribution Equivalents credited to the Participant. Fractional Phantom Units shall accumulate in the Participant's Account and shall be added to other fractional Phantom Units to create whole Phantom Units.

2. Distribution Equivalents with Respect to Phantom Units.

(a) *Crediting of Distribution Equivalents*. From the Date of Grant until the Participant's Account has been fully distributed, on each payment date for a distribution paid by APLP on its Common Units, the Company shall credit to the Participant's Account an amount equal to the Distribution Equivalent associated with the Phantom Units credited to the Participant on the record date for the distribution.

(b) *Conversion to Phantom Units*. On the last day of each Plan Year (as defined in Section 4), the amount of the Distribution Equivalents credited to the Participant's Account during that Plan Year shall be converted to a number of Phantom Units, based on the Unit Value (as defined in Section 4) on the last day of the Plan Year. In the event of a Change of Control (as defined in the Plan) or in the event the Participant dies or Separates from Service (as defined in Section 4) 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 Phantom Units are redeemed in accordance with Section 3, the Company shall convert the amount of Distribution Equivalents previously credited to the Participant's Account during the Plan Year to a number of Phantom Units based on the Unit Value on the date of such Change of Control, death or Separation from Service.

3. <u>Events Requiring Redemption of Phantom Units</u>.

(a) *Redemption*. The Company shall redeem Phantom Units credited to the Participant's Account at the times and in the manner prescribed by this Section 3. When Phantom Units are to be redeemed, the Company will determine the Unit Value of the Phantom Units credited to the Participant's Account as of the date of the Participant's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Common Units (with fractional Common Units paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash.

(b) *Separation from Service or Death.* In the event the Participant Separates from Service or dies, the Company shall redeem all the Phantom Units then credited to the Participant's Account as of the date of the Participant's Separation from Service or death. In the event of a Separation from Service, the redemption amount shall be paid within 30 business days after the date of the Participant's Separation from Service. In the event of death, the redemption amount shall be paid to the Participant's estate within 60 business days after the Participant's death.

(c) *Change of Control.* In the event of a Change of Control, the Company shall redeem all the Phantom Units then credited to the Participant's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Phantom Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code (as defined in Section 4), the Participant's Phantom Units shall be redeemed and paid in cash upon Separation from Service or death on the applicable date described in subsection (b) above (based on the aggregate Unit Value on the date of Separation from Service or death as determined by the Board), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Board may provide for the Phantom Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Deferral Elections*. Notwithstanding the foregoing, pursuant to the Deferral Plan, the Participant may make a one-time, irrevocable election to elect to have all of the Participant's Phantom Units credited to the Participant's account under the Deferral Plan on the date of the Participant's Separation from Service, in lieu of the redemption and payments described in subsection (b) above. If the Participant makes a deferral election, the Participant's Phantom Units will be credited to the Participant's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Participant makes a deferral election under the Deferral Plan and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of Control occurs before the Participant's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Participant's Separation from Service. An election under the Deferral Plan shall be made in writing, on a form and at a time prescribed by the committee that administers the Deferral Plan and shall be irrevocable upon submission to the Corporate Secretary. A deferral election shall be made in accordance with section 409A of the Code.

4. <u>Definitions</u>. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Account*" means the Company's bookkeeping account established pursuant to Section 1, which reflects the number of Phantom Units and the amount of Distribution Equivalents standing to the credit of the Participant.

(b) *"APLP"* means AmeriGas Partners, L.P.

(c) "*Distribution Equivalent"* means an amount determined by multiplying the number of Common Units subject to Phantom Units by the per-Common Unit cash distribution, or the per-Common Unit fair market value of any distribution in consideration other than cash, paid by APLP on its Common Units.

(d) "*Code*" means the Internal Revenue Code of 1986, as amended.

(e) *"Deferral Plan"* means the UGI Corporation 2009 Deferral Plan, as amended and restated.

(f) "*Plan Year*" means the calendar year.

(g) "*Separates from Service*" or *"Separation from Service"* means the Participant's termination of service as a non-employee director and as an employee of the Company for any reason other than death and shall be determined in accordance with section 409A of the Code.

(h) *"Phantom Unit"* means the right of the Participant to receive a Common Unit, or an amount based on the value of a Common Unit, subject to the terms and conditions of this Grant Letter and the Plan.

(i) "*Unit Value*" means, at any time, the value of each Phantom Unit, which value shall be equal to the Fair Market Value (as defined in the Plan) of a Common Unit on such date.

5. Taxes. All obligations of the Company under this Grant Letter shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.

6. Conditions. The obligation of the Company to deliver Common Units shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Common Units 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 issue of Common Units, the Common Units may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Common Units to the Participant pursuant to this Grant Letter is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

7. Grant Subject to Plan Provisions.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Phantom Units are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Common Units issued under the Plan, (ii) changes in capitalization of APLP and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant Letter pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) All Common Units issued pursuant to this grant shall be subject to any applicable policies implemented by the Board of Directors of the Company, as in effect from time to time.

8. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a Unitholder with respect to the Common Units, until certificates for the Common Units have been issued upon payment of Phantom Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Phantom Unit account established for the Participant.

9. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the

death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

10. Compliance with Code Section 409A. Notwithstanding any other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Code. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment.

11. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

12. Notice. Any notice to the Company provided for in this Grant Letter shall be addressed to the Company in care of the Corporate Secretary at the Company's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the parties have executed this Phantom Unit Grant Letter as of the Date of Grant.

Attest AmeriGas Propane, Inc.

By:____________

Assistant Secretary Name:
Position:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Phantom Units described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

Exhibit 10.9

AMERIGAS PROPANE, INC.

2010 LONG-TERM INCENTIVE PLAN

ON BEHALF OF AMERIGAS PARTNERS, L.P.

TERMS AND CONDITIONS

Effective January 1, 2019

AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.
Terms and Conditions

Table of Contents

AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.

Performance Units and Phantom Units For Employees

Terms and Conditions

The following Terms and Conditions shall be used for purposes of administering Performance Units and Phantom Units granted to Employees under the Plan. The Committee has discretion to modify or deviate from the Terms and Conditions at any time, and in all events the specific terms of the Grant Letter shall control. The defined terms shall have the meanings given those terms in the Plan or in these Terms and Conditions, if not defined in the Plan.

1. Definitions

Whenever used in these Terms and Conditions for Employees, the following terms shall have the meanings set forth below:

(a) *"Account"* means a bookkeeping account established on the records of AmeriGas or its Affiliates to record Performance Units, Phantom Units and Distribution Equivalents credited under the Plan.

(b) *"Affiliate"* shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules under the Exchange Act.

(c) *"AmeriGas"* means AmeriGas Propane, Inc.

(d) *"APLP"* means AmeriGas Partners, L.P.

(e) *"Code"* means the Internal Revenue Code of 1986, as amended.

(f) *"Committee"* means the Compensation/Pension Committee of the Board of Directors of AmeriGas or its successor.

(g) *"Common Unit"* means a common unit of APLP.

(h) *"Disability" or "Disabled"* means a long-term disability as determined under the long-term disability plan of AmeriGas, UGI or one of their Affiliates, which is applicable to the Participant.

(i) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

(j) *"Good Reason Termination"* shall mean a termination of employment or service initiated by the Participant upon or after a Change of Control upon one or more of the following events:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant's base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Agreement, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant's principal place of business immediately before the Change of Control, without the Participant's express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to AmeriGas, specifying in reasonable detail the events or conditions upon which the Participant is basing such good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, AmeriGas shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If AmeriGas does not cure such events or conditions within the 30-day period, the Participant may terminate employment based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with AmeriGas or an Affiliate, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(k) *"Retirement"* means the Participant's separation from employment upon or after attaining (i) age 55 with at least 10 years of service with AmeriGas or its Affiliates, or (ii) age 65 with at least 5 years of service with AmeriGas or its Affiliates.

(l) *"Severance Plan"* means any severance plan maintained by AmeriGas, UGI or an Affiliate of AmeriGas or UGI, that is applicable to the Participant.

(m) *"UGI"* means UGI Corporation.

2. Performance Units

(a) *Grant of Performance Units*. The Committee shall select the Employees who shall receive Performance Units and shall determine the number of Common Units subject to Performance Units and the terms of the Performance Units. Unless the Committee determines otherwise, Distribution Equivalents shall be granted with respect to Performance Units. The Committee shall specify in the Grant Letter for Performance Units the terms and conditions of the Performance Units and the applicable restrictions and performance goals, including the objective goals, employment requirements, period during which the Performance Units shall be subject to restrictions and other conditions of the Grant.

(b) *Terms*. The Committee shall establish performance goals and terms for Performance Units in accordance with Section 9 of the Plan. The Committee shall establish appropriate threshold, target amount and maximum payments to be made with respect to the Performance Units.

(c) *Requirements of Employment or Service*. If the Participant ceases to be employed by, or provide service to, AmeriGas or its Affiliates during the applicable period specified in the Grant Letter, all of the Participant's Performance Units shall terminate. However, if a Participant holding Performance Units ceases to be employed by, or provide service to AmeriGas by reason of Retirement, Disability, or death, the restrictions on Performance Units held by the Participant shall lapse pursuant to the following:

(i) If a Participant terminates employment or service on account of Retirement, Disability or death, the restrictions on a pro-rata portion of the Participant's outstanding Performance Units shall lapse at the end of the restriction period set forth in the Grant Letter, if the performance goals and all requirements of the Grant Letter (other than continued employment) are met. The prorated portion shall be determined, for each Performance Unit, as the amount that would otherwise be paid according to the terms of the Performance Unit, based on achievement of the performance goals, multiplied by a fraction, the numerator of which is the number of years during the restriction period in which the Participant has been employed by, or provided service to, AmeriGas or its Affiliates and the denominator of which is three. For purposes of the proration calculation, the year in which the Participant's Retirement, Disability, or death occurs shall be counted as a full year.

(ii) In the event of Retirement, Disability or death, the prorated portion of the Performance Units shall be paid at the date specified for payment of the Performance Units in the Grant Letter, or at an earlier date determined by the Committee in the Grant Letter.

(d) *Payment with Respect to Performance Units.* If the Committee determines that the conditions to payment of the Performance Units have been met, AmeriGas shall pay to the Participant, within 2½ months after the end of the restriction period, Common Units equal to the number of Performance Units to be paid according to achievement of the Performance Goals, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Performance Units earned. The Grant Letter may provide that a portion of the Performance Units (e.g., the number of Performance Units to be paid in excess of the target award) will be paid in cash instead of Common Units.

(e) *Distribution Equivalents with Respect to Performance Units*. Distribution Equivalents, if granted, shall accrue with respect to Performance Units and shall be payable subject to the same performance goals and terms as the Performance Units to which they relate. Distribution Equivalents shall be credited with respect to the target award of Performance Units from the Date of Grant until the payment date, provided, however, that the Participant may be eligible to receive Distribution Equivalents in excess of the target award if certain performance goals are satisfied, as provided in the Grant Letter. If and to the extent that the underlying Performance Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(f) *Accounts.* While Performance Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Performance Units. On each payment date for a distribution paid by APLP on its common units, AmeriGas shall credit to the Participant's Account an amount equal to the Distribution Equivalents associated with the target award of Performance Units held by the Participant on the record date for the distribution. No interest shall be credited to any such Account.

(g) *Payment of Distribution Equivalents.* Distribution Equivalents shall be paid in cash at the same time and on the same terms as the underlying Performance Units are paid, after the Committee determines that the conditions to payment have been met.

(h) *Change of Control.* Upon a Change of Control, outstanding Performance Units granted before November 2012, and related Distribution Equivalents, shall be paid in cash in an amount equal to the greater of (i) the target amount or (ii) the amount earned as of the date of the Change of Control based on AmeriGas's achievement of the performance goals as of the Change of Control, as determined by the Committee. If a former Participant is entitled to receive a prorated award for the restriction period, the award shall be the prorated portion of the amount described in the preceding sentence. The Performance Units and Distribution Equivalents shall be paid on the closing date of the Change of Control. Outstanding Performance Units granted in November 2012 and thereafter, and related Dividend Equivalents shall vest upon a Termination without Cause or Good Reason Termination upon, or during a specified period after, a Change of Control as described in the Grant Letter ("double trigger" vesting), and special rules may apply for termination of service on account of Retirement, death or Disability before or after a Change of Control, as described in the Grant Letter.

3. Phantom Units – Executive Employees

(a) *Grant of Phantom Units*. The Committee shall select the executive level Employees who shall receive Phantom Units and shall determine the number of Common Units subject to Phantom Units and the terms of the Phantom Units. Unless the Committee determines otherwise, Distribution Equivalents shall be granted with respect to Phantom Units for executive level Employees. The Committee shall specify in the Participant's Grant Letter the terms and conditions of the Phantom Units and the applicable restrictions, including the period during which the Phantom Units shall be subject to vesting requirements, if any, and other conditions of the Grant.

(b) *Vesting of Phantom Units*. Phantom Units will vest on such terms as the Committee determines and specifies in the Grant Letter. If the Participant ceases to be employed by, or provide service to, AmeriGas or its Affiliates, any unvested Phantom Units will immediately terminate, except as provided below. The Committee may authorize payment of Phantom Units on a prorated or other basis in such circumstances as the Committee deems appropriate, including in the event that a Participant ceases to be employed by, or provide service to AmeriGas or its Affiliates, on account of Retirement, Disability or death.

(c) *Payment with respect to Phantom Units.* A Participant will receive payment with respect to Phantom Units as the Phantom Units vest, within 30 business days after the vesting date. Payment with respect to Phantom Units shall be made in Common Units, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Phantom Units earned.

(d) *Distribution Equivalents with Respect to Phantom Units*. Distribution Equivalents, if granted, shall accrue with respect to Phantom Units and shall be payable subject to the same terms as the Phantom Units to which they relate. Distribution Equivalents shall be credited with respect to Phantom Units from the Date of Grant until the payment date. If the underlying Phantom Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(e) *Accounts.* While Phantom Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Phantom Units. If the Phantom Unit was granted with Distribution Equivalents, on each payment date for a distribution paid by APLP on its common units, AmeriGas shall credit to the Participant's Account an amount equal to the Distribution Equivalents associated with the Phantom Units held by the Participant on the record date for the distribution. No interest shall be credited to any such Account.

(f) *Payment of Distribution Equivalents.* Distribution Equivalents shall be paid after the vesting and other requirements specified in the Grant Letter have been met, at the same time as the underlying Phantom Units are paid or as otherwise determined by the Committee. Distribution Equivalents will be paid in cash.

(g) *Change of Control.*

(i) All outstanding Phantom Units granted before November 2012 shall become fully vested upon a Change of Control and shall be paid in cash on the closing date of the Change of Control (except as described below). All Distribution Equivalents shall become fully vested and paid when the underlying Phantom Units are paid. Notwithstanding the foregoing, if the Phantom Units are subject to section 409A of the Code, the Phantom Units shall be paid upon a Change of Control only if the transaction constituting a Change of Control is also a change in control event under section 409A of the Code ("409A Change in Control Event"). If the transaction constituting a Change of Control does not constitute a 409A Change in Control Event, the outstanding Phantom Units shall vest upon the Change of Control, and any outstanding Phantom Units that are subject to section 409A shall be paid in cash (based on the Unit Value of the Phantom Units on the payment date as determined by the Committee) within 30 days after the first to occur of (x) the vesting date set forth in the Participant's Grant Letter or (y) the Participant's termination of employment or service (subject to the section 409A six-month delay, if applicable). If payment is delayed after the Change of Control, the Committee may provide for the Phantom Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(ii) Outstanding Phantom Units granted in November 2012 and thereafter, and related Dividend Equivalents, shall vest upon a Termination without Cause or Good Reason Termination upon, or during a specified period after, a Change of Control as described in the Grant Letter ("double trigger" vesting).

4. Phantom Units – Non-Executive Employees

(a) *Grant of Phantom Units*. The Committee shall select the non-executive level Employees who shall receive Phantom Units and shall determine the number of Common Units subject to Phantom Units and the terms of the Phantom Units. Unless the Committee determines otherwise, Distribution Equivalents shall not be granted with respect to Phantom Units for non-executive Employees. The Committee shall specify in the Participant's Grant Letter the terms and conditions of the Phantom Units and the applicable restrictions, including the period during which the Phantom Units shall be subject to vesting requirements, if any, and other conditions of the Grant.

(b) *Vesting of Phantom Units*. Phantom Units will vest on such terms as the Committee determines and specifies in the Grant Letter. Unless the Committee determines otherwise, if the Participant ceases to be employed by, or provide service to, AmeriGas or its Affiliates, any unvested Phantom Units will immediately terminate and be forfeited.

(c) *Payment with respect to Phantom Units.* A Participant will receive payment with respect to Phantom Units when the Phantom Units vest, within 30 business days after the vesting date. Payment with respect to Phantom Units shall be made in Common Units, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Phantom Units earned.

(d) *Accounts.* While Phantom Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Phantom Units.

(e) *Change of Control.* The Committee may specify in the Grant Letter the effect that a Change of Control will have on Phantom Units.

5. Section 409A. Performance Units, Phantom Units and Distribution Equivalents are intended to meet the requirements of section 409A of the Code or an exemption from such requirements.

AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.

Phantom Units For Non-Employee Directors

Terms and Conditions

The following Terms and Conditions shall be used for purposes of administering Phantom Units granted to Non-Employee Directors under the Plan. The Committee has discretion to modify or deviate from the Terms and Conditions at any time, and in all events the specific terms of the Grant Letter shall control. The defined terms shall have the meanings given those terms in the Plan or in these Terms and Conditions, if not defined in the Plan.

1. Definitions

Whenever used in these Terms and Conditions for Non-Employee Directors, the following terms shall have the meanings set forth below:

(a) "*Account*" means a bookkeeping account established on the records of AmeriGas or its Affiliates to record Phantom Units and Distribution Equivalents credited under the Plan.

(b) "*AmeriGas*" means AmeriGas Propane, Inc.

(c) "*APLP*" means AmeriGas Partners, L.P.

(d) "*Code*" means the Internal Revenue Code of 1986, as amended.

(e) "*Committee*" means, for purposes of Grants to Non-Employee Directors, the Board or its delegate.

(f) "*Common Unit*" means a common unit of APLP.

(g) "*Deferral Plan*" means the UGI Corporation 2009 Deferral Plan.

(h) "*Plan Year*" means the calendar year.

(i) "*Separates from Service*" means the Non-Employee Director's termination of service as a non-employee director and as an employee of AmeriGas for any reason other than death and shall be determined in accordance with section 409A of the Code.

(j) "*Unit Value*" means, at any time, the value of each Phantom Unit, which value shall be equal to the Fair Market Value (as defined in the Plan) of a Common Unit on such date.

2. Phantom Units

(a) *Annual Award of Phantom Units*. Each Non-Employee Director shall receive an annual award of Phantom Units in the amount set forth on the attached Exhibit A on the date set forth therein. Such Phantom Units shall be credited to each Non-Employee Director's Account as specified in Section 2(c) below. Any Non-Employee Director who becomes a Non-Employee Director mid-year (i.e., after the annual organizational meeting) shall not automatically receive an award of Phantom Units upon election to the Board.

(b) *Distribution Equivalents*

(i) *Crediting of Distribution Equivalents.* From the Date of Grant of each Phantom Unit until the Non-Employee Director's Account has been fully distributed, on each payment date for a distribution paid by APLP on its Common Units, AmeriGas shall credit to the Non-Employee Director's Account an amount equal to the Distribution Equivalent associated with the Phantom Units held by the Non-Employee Director on the record date for the distribution.

(ii) *Conversion to Phantom Units.* On the last day of each Plan Year, the amount of the Distribution Equivalents credited to the Non-Employee Director's Account during that Plan Year shall be converted to a number of Phantom Units, based on the Unit Value on the last day of the Plan Year. In the event of a Change of Control or in the event the Non-Employee Director 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 Phantom Units are redeemed, AmeriGas shall convert the amount of the Distribution Equivalents credited to the Non-Employee Director's Account as of the date of the Change of Control, death or Separation from Service (the "Conversion Date") to a number of Phantom Units based on the Unit Value on the Conversion Date.

(c) *Accounts.* AmeriGas shall keep records to reflect the number of Phantom Units and Distribution Equivalents credited to each Non-Employee Director. Fractional Phantom Units shall accumulate in the Non-Employee Director's Account and shall be added to other fractional Phantom Units held in such Account to create whole Phantom Units.

3. Events Requiring Redemption of Phantom Units

AmeriGas shall redeem Phantom Units credited to a Non-Employee Director's Account only at the times and in the manner prescribed by the terms of this Section 3 and the Grant Letter.

(a) *Redemption.* When Phantom Units are to be redeemed, AmeriGas will determine the Unit Value of the Phantom Units credited to the Non-Employee Director's Account as of the date of the Non-Employee Director's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate Unit Value of the Phantom Units shall be paid in the form of whole Common Units (with fractional Common Units paid in cash), and the remaining 35% of the aggregate Unit Value of the Phantom Units shall be paid in cash.

(b) *Separation from Service or Death.* In the event a Non-Employee Director Separates from Service or dies, AmeriGas shall redeem all of the Phantom Units then credited to the Non-Employee Director's Account as of the date of such Separation from Service or death. In the event of a Separation from Service, the redemption amount shall be paid within 30 business days after the date of the Non-Employee Director's Separation from Service. In the event of death, the redemption amount shall be paid to the Non-Employee Director's estate within 60 business days after the Non-Employee Director's death.

(c) *Change of Control.* In the event of a Change of Control, AmeriGas shall redeem all the Phantom Units then credited to the Non-Employee Director's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Phantom Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code, the Non-Employee Director's Phantom Units shall be redeemed and paid in cash upon Separation from Service or death on the applicable date described in subsection (b) above (based on the aggregate Unit Value of the Phantom Units on the date of Separation from Service or death as determined by the Committee), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Committee may provide for the Phantom Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Effect on Outstanding Phantom Units and Distribution Equivalents.* The provisions of this Section 3 relating to the medium of payment (i.e., payment in cash or in a combination of cash and Common Units) shall apply to all outstanding Phantom Units and Distribution Equivalents.

(e) *Section 409A.* Phantom Units and Distribution Equivalents are intended to meet the requirements of section 409A of the Code or an exemption from such requirements.

(f) *Deferral Elections*. Notwithstanding the foregoing, a Non-Employee Director may make a one-time, irrevocable election to elect to have all of the Non-Employee Director's Phantom Units credited to the Non-Employee Director's account under the Deferral Plan on the date of the Non-Employee Director's Separation from Service, in lieu of the redemption and payments described in subsection (b). If the Non-Employee Director makes a deferral election, the Non-Employee Director's Phantom Units will be credited to the Non-Employee Director's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Non-Employee Director makes a deferral election and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of Control occurs before the Non-Employee Director's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Non-Employee Director's Separation from Service. An election under this subsection (f) shall be made in writing, on a form and at a time prescribed by the Committee and shall be irrevocable upon submission to the Corporate Secretary.

Exhibit A

Non-Employee Director Grants

Phantom Units:

The number of units based on a value determined by the Board in its discretion

Grant Date: The date on which the Non-Employee Director is elected to the Board of Directors at an annual organizational meeting, provided that a Non-Employee Director who becomes a Non-Employee Director mid-year (i.e., after the annual organizational meeting) shall not automatically receive an award of Phantom Units upon election to the Board.

Exhibit 10.10

AMERIGAS PROPANE, INC.
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 15, 2018)

I. **Purpose**. The purpose of the AmeriGas Propane, Inc. Executive Annual Bonus Plan (the "Plan") is to provide a means whereby AmeriGas Propane, Inc. (the "Company"), which is the general partner of AmeriGas Partners, L.P., may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the growth of AmeriGas Partners, L.P. and the enhancement of unitholder value. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees' total compensation is based on achievement of performance goals relating to the eligible employees' business and/or area of responsibility. The Plan was originally effective as of October 1, 2006, was amended and restated as of November 15, 2012, and is hereby amended and restated as of November 15, 2018.

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

2.1 "*Administrative Committee*" means the Chief Executive Officer of UGI Corporation and the chief human resources officer of UGI Corporation.

2.2 "*AmeriGas LTIP*" means the AmeriGas Propane, Inc. 2010 Long Term Incentive Plan on behalf of AmeriGas Partners, L.P., as in effect from time to time, or a successor plan.

2.3 "*Board*" means the board of directors of the Company as constituted from time to time.

2.4 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.5 "*Committee*" means (i) for Senior Management, the Compensation/Pension Committee of the Board or its successor or (ii) for Eligible Employees who are not members of Senior Management, the Chief Executive Officer of the Company or his designee.

2.6 "*Company*" means AmeriGas Propane, Inc., a Pennsylvania corporation, or any successor thereto.

2.7 "*Eligible Employee*" means, unless determined otherwise by the Committee, a U.S. salaried employee of the Employer who is compensated in the executive salary grade structure. The Committee may also designate in writing that one or more other senior level employees of an Employer shall be Eligible Employees for purposes of the Plan for a Fiscal Year, in its sole discretion.

2.8 "*Employer*" means, unless determined otherwise by the Committee, the Company and its subsidiaries.

2.9 "*Fiscal Year*" means the Company's fiscal year beginning each October 1 and ending each September 30.

2.10 "*Participant*" means, unless determined otherwise by the Committee, an Eligible Employee who provides services to the Employer during the applicable Fiscal Year. Participants in any other annual bonus plan of an Employer, are not eligible to participate in the Plan, except in the case of a transfer to or from an eligible position during a Fiscal Year, as set forth in Section 3.4.

2.11 "*Plan*" means this AmeriGas Propane, Inc. Executive Annual Bonus Plan, as in effect from time to time.

2.12 "*Senior Management*" means those Eligible Employees who are designated as executive officers by the Board pursuant to Rule 16a-1 of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.

2.13 *"Unit Award"* shall have the meaning given that term under the AmeriGas LTIP.

III. Annual Bonus.

3.1 **Target Bonus.** At the beginning of each Fiscal Year, the Committee shall establish a target bonus as a percentage of each Participant's salary for the Fiscal Year. Each Participant shall be eligible to receive an annual bonus for the Fiscal Year based on the achievement of business and financial performance goals, and the Participant's individual performance goals, if applicable, during the Fiscal Year, as established by the Committee in its discretion. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied, as determined by the Committee.

3.2 **Performance Goals**.

(a) Business/Financial Goals. At the beginning of each Fiscal Year, the Committee shall establish the business and/or financial performance goals for the Fiscal Year and leverage tables (as described below) that apply to the performance goals.

(b) Individual Goals. The Committee shall determine which Participants shall have individual performance goals as part of their bonus calculation. At the beginning of each Fiscal Year, the Committee shall establish each Participant's individual performance goals for the year, if applicable, and shall set leverage tables that shall apply to individual performance goals.

(c) Weighting; Leverage Tables. At the time the Committee establishes performance goals for each Fiscal Year, the Committee shall determine the weighting for each Participant with respect to the business and financial performance goals and the individual goals, as applicable, for the Fiscal Year. At such time, the Committee shall also determine the leverage tables, which shall set forth the percentage of the target bonus that may become payable based on the achievement of the performance goals, subject to the eligibility and other conditions of payment as set forth in the Plan. The leverage tables and weighting of the goals need not be uniform as to all Participants.

(d) Communication of Goals. The Committee shall provide for the communication of the performance goals and corresponding leverage tables to the Participants, which may be by email.

3.3 **Determination and Approval of Bonus Payments.**

(a) At the end of the Fiscal Year, the Committee shall determine the amount of each Participant’s bonus, if any, based on the achievement of the business and financial performance goals and, if applicable, the achievement of the individual performance goals. The Committee shall have sole discretion to determine whether and to what extent the performance goals have been met. No bonus shall be deemed earned until the Committee makes such determinations and all qualifying conditions of the Plan have been satisfied. The Committee shall have sole discretion to determine whether a Participant has earned a bonus, and the amount of any such bonus earned.

(b) The Committee may adjust the performance results for extraordinary items or other events, as the Committee deems appropriate.

(c) If the threshold level of business and financial performance is not achieved, no bonuses will be paid, unless determined otherwise by the Committee in its discretion.

(d) The Committee shall have discretion to increase or decrease the amount of the annual bonus by up to 50% more or less than the amount otherwise determined, based on the Participant’s contribution to the achievement of the performance goals, other contributions that have a significant impact on Company performance, or other factors. The Committee may determine that no increase or decrease will be made for a Fiscal Year.

3.4 **Newly Hired Employees, Promotions and Transfers.** Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the Fiscal Year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. If a Participant is transferred into a position that is not eligible to participate in the Plan during the Fiscal Year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. A Participant’s annual bonus target percentage and the Participant’s performance goals may be adjusted to reflect any change in position during a Fiscal Year.

3.5 **Payment of Annual Bonus.** Each annual bonus for a Fiscal Year shall be paid to the Participant in a single lump sum payment between September 30 and December 31 of the calendar year in which the Fiscal Year ends, except as provided below. Annual bonuses for a Fiscal Year shall be paid in cash; provided that the Committee may determine that part or all of a Participant's annual bonus shall be paid in the form of a Unit Award under the AmeriGas LTIP. Unless the Committee determines otherwise, to the extent that an officer of the Company who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, shall not have satisfied any ownership requirement then applicable to such officer, as set forth in the UGI Corporation Stock Ownership Policy, up to 10% of the gross amount of the officer's annual bonus shall be paid in fully vested Unit Awards under the AmeriGas LTIP.

3.6 **Withholding Tax.** Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise, withholding taxes with respect to any portion of a bonus paid in the form of a Unit Award shall be deducted from the cash portion of such bonus.

IV. Termination of Employment.

4.1 The Plan is, in part, intended as a retention tool, and bonuses are not deemed earned until the Committee has determined whether and to what extent the performance goals have been met and all qualifying conditions and eligibility criteria of the Plan have been satisfied. Except as provided in Sections 4.2 and 4.3 below, a Participant must be employed by the Employer on the payment date in order to receive a bonus.

4.2 If a Participant's employment terminates on account of retirement, death or disability, (a) if such retirement, death or disability occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Committee may determine that the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.3 If a Participant's employment terminates on account of involuntary termination by the Employer without cause, the Committee may determine in its sole discretion that (a) if such termination occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.4 In determining whether to pay any bonus under Section 4.2 and 4.3 above, the Committee may take into account factors such as Company performance, individual performance, and the portion of the year elapsed prior to termination. The annual bonus payable under Section 4.2 or 4.3, if any, shall be paid within 60 days after the date of termination, death or disability, as applicable (and not later than the date on which bonuses for the applicable Fiscal Year are paid to other Participants), subject to any conditions that may be imposed by the Committee, including execution of a release of claims.

V. <u>Administration</u>.

5.1 The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan.

5.2 Any action required of the Committee under the Plan shall be made in the Committee’s sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant’s acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VI. <u>General Provisions</u>.

6.1 **Clawback.** Any annual bonus paid under the Plan shall be subject to any applicable clawback and other policies implemented by the Board, as in effect from time to time.

6.2 **Transferability.** No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee’s process, or any other legal or equitable process available to any creditor of such Participant. In the event of a Participant’s death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant’s estate.

6.3 **Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant’s right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

6.4 **No Rights to Employment.** Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the Employer, or affect the right of the Employer to terminate a Participant’s employment at any time for cause or for no cause whatsoever.

6.5 **Section 409A**. The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A. Any payment from the Plan that is subject to the requirements of section 409A may only be made in a manner and upon an event permitted by section 409A, including the requirement that deferred compensation payable to a "specified employee" of a publicly traded company be postponed for six months after separation from service or death, if earlier. Payments upon termination of employment may only be made upon a "separation from service" under section 409A. For purposes of section 409A, each payment shall be treated as a separate payment. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under the Plan, and if a payment that is subject to section 409A is conditioned on the execution of a release of claims, and such payment could be made in more than one taxable year, payment shall be made in the later taxable year.

6.6 **Termination and Amendment of the Plan.** The Compensation/Pension Committee of the Board may amend or terminate the Plan at any time. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations, (ii) correct errors and omissions in the Plan document, and (iii) facilitate the administration and operation of the Plan. The Administrative Committee shall notify the Compensation/Pension Committee of the Board of any such amendments to the Plan within a reasonable period of time following such amendment.

6.7 **Successors.** The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

6.8 **Applicable Law.** The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

Exhibit 10.11

UGI UTILITIES, INC.
EXECUTIVE ANNUAL BONUS PLAN
(As amended as of November 15, 2018)

I. **Purpose**. The purpose of the UGI Utilities, Inc. Executive Annual Bonus Plan (the "Plan") is to provide a means whereby UGI Utilities, Inc. (the "Company") may provide incentive compensation to its eligible employees to serve as an incentive for employee performance and retention. The Plan is intended to encourage eligible employees to contribute to the overall success of the Company. The Plan is part of a total compensation structure under which a meaningful portion of eligible employees' total compensation is based on achievement of performance goals relating to the eligible employees' business and/or area of responsibility. The Plan was originally effective as of October 1, 2006, was amended and restated as of November 16, 2012, and is hereby amended and restated as of November 15, 2018.

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

2.1 "*Administrative Committee*" means the Chief Executive Officer of UGI Corporation and the chief human resources officer of UGI Corporation.

2.2 "*Board*" means the board of directors of the Company as constituted from time to time.

2.3 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.4 "*Committee*" means (i) for Senior Management, the Compensation and Management Development Committee of the Board or its successor or (ii) for Eligible Employees who are not members of Senior Management, the Chief Executive Officer of the Company or his designee.

2.5 "*Company*" means UGI Utilities, Inc., a Pennsylvania corporation, or any successor thereto.

2.6 "*Eligible Employee*" means, unless determined otherwise by the Committee, a U.S. salaried employee of the Employer who is compensated in the executive salary grade structure. The Committee may also designate in writing that one or more other senior level employees of an Employer shall be Eligible Employees for purposes of the Plan for a Fiscal Year, in its sole discretion.

2.7 "*Employer*" means, unless determined otherwise by the Committee, the Company and its subsidiaries.

2.8 “*Equity Plan*” means the UGI Corporation 2013 Omnibus Incentive Compensation Plan, as in effect from time to time, or a successor plan.

2.9 “*Fiscal Year*” means the Company’s fiscal year beginning each October 1 and ending each September 30.

2.10 “*Participant*” means, unless determined otherwise by the Committee, an Eligible Employee who provides services to the Employer during the applicable Fiscal Year. Participants in any other annual bonus plan of an Employer, are not eligible to participate in the Plan, except in the case of a transfer to or from an eligible position during a Fiscal Year, as set forth in Section 3.4.

2.11 “*Plan*” means this UGI Utilities, Inc. Executive Annual Bonus Plan, as in effect from time to time.

2.12 “*Senior Management*” means those Eligible Employees who are designated as executive officers by the Board pursuant to Rule 3b-7 of the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended.

2.13 “*Stock Award*” shall have the meaning given that term under the Equity Plan.

III. Annual Bonus.

3.1 **Target Bonus.** At the beginning of each Fiscal Year, the Committee shall establish a target bonus as a percentage of each Participant’s salary for the Fiscal Year. Each Participant shall be eligible to receive an annual bonus for the Fiscal Year based on the achievement of business and financial performance goals, and the Participant’s individual performance goals, if applicable, during the Fiscal Year, as established by the Committee in its discretion. The amount actually paid to a Participant may be more or less than the target bonus amount, depending on the extent to which the performance goals are satisfied, as determined by the Committee.

3.2 **Performance Goals**.

(a) Business/Financial Goals. At the beginning of each Fiscal Year, the Committee shall establish the business and/or financial performance goals for the Fiscal Year and leverage tables (as described below) that apply to the performance goals.

(b) Individual Goals. The Committee shall determine which Participants shall have individual performance goals as part of their bonus calculation. At the beginning of each Fiscal Year, the Committee shall establish each Participant’s individual performance goals for the year, if applicable, and shall set leverage tables that shall apply to individual performance goals.

(c) Weighting; Leverage Tables. At the time the Committee establishes performance goals for each Fiscal Year, the Committee shall determine the weighting for each Participant with respect to the business and financial performance goals and the individual goals, as applicable, for the Fiscal Year. At such time, the Committee shall also determine the leverage tables, which shall set forth the percentage of the target bonus that may become payable based on the achievement of the performance goals, subject to the eligibility and other conditions of payment as set forth in the Plan. The leverage tables and weighting of the goals need not be uniform as to all Participants.

(d) Communication of Goals. The Committee shall provide for the communication of the performance goals and corresponding leverage tables to the Participants, which may be by email.

3.3 **Determination and Approval of Bonus Payments.**

(a) At the end of the Fiscal Year, the Committee shall determine the amount of each Participant's bonus, if any, based on the achievement of the business and financial performance goals and, if applicable, the achievement of the individual performance goals. The Committee shall have sole discretion to determine whether and to what extent the performance goals have been met. No bonus shall be deemed earned until the Committee makes such determinations and all qualifying conditions of the Plan have been satisfied. The Committee shall have sole discretion to determine whether a Participant has earned a bonus, and the amount of any such bonus earned.

(b) The Committee may adjust the performance results for extraordinary items or other events, as the Committee deems appropriate.

(c) If the threshold level of business and financial performance is not achieved, no bonuses will be paid, unless determined otherwise by the Committee in its discretion.

(d) The Committee shall have discretion to increase or decrease the amount of the annual bonus by up to 50% more or less than the amount otherwise determined, based on the Participant's contribution to the achievement of the performance goals, other contributions that have a significant impact on Company performance, or other factors. The Committee may determine that no increase or decrease will be made for a Fiscal Year.

3.4 **Newly Hired Employees, Promotions and Transfers.** Employees who are newly hired or who are promoted or transferred into a position eligible to participate in the Plan during the Fiscal Year may be eligible to receive a prorated bonus award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. If a Participant is transferred into a position that is not eligible to participate in the Plan during the Fiscal Year, the Participant may be eligible to receive a prorated award calculated in whole months based on the relative time spent in the eligible position during the Fiscal Year, as determined by the Committee. A Participant's annual bonus target percentage and the Participant's performance goals may be adjusted to reflect any change in position during a Fiscal Year.

3.5 **Payment of Annual Bonus.** Each annual bonus for a Fiscal Year shall be paid to the Participant in a single lump sum payment between September 30 and December 31 of the calendar year in which the Fiscal Year ends, except as provided below. Annual bonuses for a Fiscal Year shall be paid in cash; provided that the Committee may determine that part or all of a Participant's annual bonus shall be paid in the form of a Stock Award under the Equity Plan. Unless the Committee determines otherwise, to the extent that an officer of the Company who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, shall not have satisfied any ownership requirement then applicable to such officer, as set forth in the UGI Corporation Stock Ownership Policy, up to 10% of the gross amount of the officer's annual bonus shall be paid in fully vested Stock Awards under the Equity Plan.

3.6 **Withholding Tax.** Each Employer shall withhold from each bonus payment an amount sufficient to satisfy all federal, state and local tax withholding requirements relating to the bonus. Unless the Committee determines otherwise, withholding taxes with respect to any portion of a bonus paid in the form of a Stock Award shall be deducted from the cash portion of such bonus.

IV. Termination of Employment.

4.1 The Plan is, in part, intended as a retention tool, and bonuses are not deemed earned until the Committee has determined whether and to what extent the performance goals have been met and all qualifying conditions and eligibility criteria of the Plan have been satisfied. Except as provided in Sections 4.2 and 4.3 below, a Participant must be employed by the Employer on the payment date in order to receive a bonus.

4.2 If a Participant's employment terminates on account of retirement, death or disability, (a) if such retirement, death or disability occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Committee may determine that the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.3 If a Participant's employment terminates on account of involuntary termination by the Employer without cause, the Committee may determine in its sole discretion that (a) if such termination occurs after the close of a Fiscal Year but prior to payment of bonuses for such Fiscal Year, the Participant will be eligible to receive the bonus that the Participant otherwise would have been eligible to receive if the Participant had remained employed until the payment date and (b) the Participant is eligible to receive an annual bonus for the Fiscal Year in which the termination occurs, which bonus may be prorated based on the Participant's period of employment with the Company during such Fiscal Year.

4.4 In determining whether to pay any bonus under Section 4.2 and 4.3 above, the Committee may take into account factors such as Company performance, individual performance, and the portion of the year elapsed prior to termination. The annual bonus payable under Section 4.2 or 4.3, if any, shall be paid within 60 days after the date of termination, death or disability, as applicable (and not later than the date on which bonuses for the applicable Fiscal

Year are paid to other Participants), subject to any conditions that may be imposed by the Committee, including execution of a release of claims.

V. <u>Administration</u>.

5.1 The Committee administers the Plan. The Committee shall have full power and discretionary authority to interpret and administer the Plan, to make all determinations, including all participation and bonus determinations, and to prescribe, amend and rescind any rules, forms or procedures as the Committee deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and take such other actions as the Committee deems necessary or advisable in carrying out its duties under the Plan.

5.2 Any action required of the Committee under the Plan shall be made in the Committee's sole discretion and not in a fiduciary capacity. All decisions and determinations by the Committee shall be final, conclusive and binding on the Company, the Participants, and any other persons having or claiming an interest hereunder. All bonuses shall be awarded conditional upon the Participant's acknowledgement, by continuing in employment with the Employer, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such bonus.

VI. <u>General Provisions</u>.

6.1 **Clawback.** Any annual bonus paid under the Plan shall be subject to any applicable clawback and other policies implemented by the Board, as in effect from time to time.

6.2 **Transferability.** No bonus under this Plan shall be transferred, assigned, pledged or encumbered by the Participant nor shall it be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. In the event of a Participant's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Participant's estate.

6.3 **Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive a bonus shall be no greater than the right of an unsecured general creditor of the Employer. All bonuses shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of bonuses.

6.4 **No Rights to Employment.** Nothing in the Plan, and no action taken pursuant hereto, shall confer upon a Participant the right to continue in the employ of the Employer, or affect the right of the Employer to terminate a Participant's employment at any time for cause or for no cause whatsoever.

6.5 **Section 409A**. The Plan is intended to comply with the short-term deferral rule set forth in the regulations under section 409A of the Code, in order to avoid application of section 409A to the Plan. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of section 409A. Any payment from the Plan that is subject to the requirements of section 409A may only be made in a manner and upon an event permitted by section 409A, including the requirement that deferred compensation payable to a “specified employee” of a publicly traded company be postponed for six months after separation from service or death, if earlier. Payments upon termination of employment may only be made upon a “separation from service” under section 409A. For purposes of section 409A, each payment shall be treated as a separate payment. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under the Plan, and if a payment that is subject to section 409A is conditioned on the execution of a release of claims, and such payment could be made in more than one taxable year, payment shall be made in the later taxable year.

6.6 **Termination and Amendment of the Plan.** The Compensation and Management Development Committee of the Board may amend or terminate the Plan at any time. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations, (ii) correct errors and omissions in the Plan document, and (iii) facilitate the administration and operation of the Plan. The Administrative Committee shall notify the Management Development Committee of the Board of any such amendments to the Plan within a reasonable period of time following such amendment.

6.7 **Successors.** The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

6.8 **Applicable Law.** The Plan shall be construed and governed in accordance with the laws of the Commonwealth of Pennsylvania.

Exhibit 10.12

FORM OF CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

A. I, __________, the undersigned employee, have been offered a promotion to the position of _____________, in connection with my employment with UGI Corporation, a Pennsylvania corporation. I will support UGI Corporation and its subsidiaries and affiliates (collectively, "UGI") throughout the United States and internationally where UGI operates. I will be responsible for ________________________________. I will work closely with executive officers and senior management of the various business units and will participate in meetings with UGI's Board of Directors and committees. I will also work closely with numerous vendors and suppliers of services to UGI.

B. I understand that UGI will put me in a position of trust and confidence and by disclosing to me, as well as having me develop, Confidential Information about its business and customers. I acknowledge that UGI is in a highly competitive industry and that it has legitimate interests in maintaining and preserving its Confidential Information and customer relationships. I will be privy to certain key business information, strategic plans and other highly Confidential Information about UGI's current and future business and will provide legal and other input on these issues.

C. Accordingly, in consideration for my promotion as well as an Amended and Restated Change in Control Agreement, which I acknowledge is adequate and sufficient consideration, I agree to the terms of this Confidentiality, Non-Competition and Non-Solicitation Agreement ("Agreement"), as follows:

1. Recitals.

The recitals contained in the lettered paragraphs above are hereby incorporated and made a part of this Agreement.

2. Definitions.

a. The term "Confidential Information" includes all confidential and proprietary information that UGI has developed, acquired, created, compiled, discovered or owns, that has value to UGI's business and which is not generally known or otherwise available to the public and which UGI wishes to maintain as confidential, including, without limitation, information, whether in tangible form or otherwise, concerning actual or anticipated business, products, sales and marketing plans; technical data and trade secrets; past, present and prospective customer identities, lists, preferences, credit information and usage patterns; pricing and marketing policies and practices; financial and forecast information; compliance and related initiatives; risk profiles and tolerance; passwords, log-in information and other details relating to system access, databases and computer programs; contractual and other dealings with customers, vendors and suppliers; acquisition and strategic plans; and other operating policies and practices.

b. The term "Territory" refers to the 50 States of the United States and any other United States territories and foreign countries in which UGI conducts business.

c. The term “UGI Customer” refers to any business or person who: (i) purchased goods or services from UGI during the one-year period prior to the termination of my employment; or (ii) solicited or was solicited by, or received a proposal from, UGI to supply it with goods or services, where I had involvement in the preparation or presentation of such solicitation or proposal, during the six-month period prior to the termination of my employment.

3. Confidential Information and UGI Property.

a. I will protect the Confidential Information of UGI and its predecessors, as well as Confidential Information of any other party to whom UGI owes an obligation of non-disclosure, from disclosure and will not divulge it during or after my employment to any other person or entity not associated with UGI, except as necessary to fulfill my obligations, duties and responsibilities associated with my work on behalf of UGI. To the extent that I am required to disclose Confidential Information in accordance with judicial proceedings or administrative orders, I shall give UGI reasonable notice prior to such disclosure and shall comply with any applicable protective order

b. All reports, manuals, memoranda, electronic information and data and other materials made available to me by UGI during the performance of my duties are the property of UGI, and I will use all such property exclusively for UGI's benefit and will return it, including copies, to UGI upon request of UGI, and in any event, without the requirement of a request, upon the termination of my employment. I shall take reasonable security precautions and measures to maintain and protect the confidentiality of Confidential Information, and shall follow all policies and procedures of UGI regarding the handling, use, access, distribution, maintenance, and disclosure of same. Nothing in this Agreement is intended to prevent any disclosure made in confidence to a government official or attorney, either directly or indirectly, solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. Intellectual Property Ownership

a. As used in this Agreement, “Company Innovations” means all inventions, creations, ideas (whether written or suggested), compositions, products, reports, outlines, improvements, modifications, processes, formulas, models, prototypes, sketches, drawings, plans or other works or material(s) for which I, alone or with one or more others, may make, devise or discover during my employment with UGI, including all ideas, inventions, creations, or plans written, suggested, created, produced, constructed, and/or contemplated including, but not limited to, items that pertain or are actually or potentially useful to any of the commercial or industrial activities, or processes and/or equipment for supporting same, of UGI. Company Innovations do not include, however, any invention that I developed entirely on my own time without using UGI’s equipment, supplies, facilities or trade secret information, except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the design, manufacturing, marketing or sale of goods or services that UGI distributes or sells; or (2) result from any work performed by me for UGI

b. All Company Innovations shall be the sole and exclusive property of UGI and shall constitute “works made for hire” as that term is defined in the copyright laws of the United States.

c. I agree to execute and deliver to UGI such assignments or other instruments as UGI may require from time to time to evidence UGI’s ownership of Company Innovations.

d. I agree to waive any and all rights to Company Innovations.

e. I shall, irrespective of the termination of my employment with UGI, give all information and data in my possession as to the exact working, producing, and using any inventions and will also at the expense of UGI give all such explanations, demonstrations, and instructions to UGI as UGI may deem appropriate to enable the full and effectual working production or use of the same. At UGI’s expense, I shall, irrespective of the termination of my employment with UGI, promptly execute all acts, matters, documents, and perform all other acts necessary to enable UGI or its designated representative to apply for and obtain any and all applicable intellectual property rights in any and all countries relating to any Company Innovations.

5. Non-competition and Non-solicitation.

During my employment and for a period of two years after the termination of my employment with UGI for any reason, voluntary or involuntary:

a. I will not, for the benefit of myself or any other person or entity other than UGI, directly or indirectly, for the purpose or effect of competing or interfering with any part of UGI’s business: (i) solicit or service the business of any UGI Customer within the Territory; or (ii) solicit or conduct business with any person or entity who is a vendor or supplier of any product or service to UGI in the Territory or induce any such vendor or supplier to terminate or reduce its relationship with UGI.

b. I will not, directly or indirectly: (i) own or operate; (ii) acquire an equity or partnership interest or a controlling interest of any other kind in; (iii) accept employment from; or (iv) serve in any role including, without limitation, as a principal, director, officer, partner, consultant, agent, representative or advisor of or to, any business that, now or in the future, distributes or sells goods or provides services that compete with goods sold or services provided by UGI (including, without limitation, propane and/or natural gas) in the Territory without first obtaining the written consent of the ______ of UGI Corporation. Notwithstanding anything to the contrary herein, in the event that my employment is involuntarily terminated by UGI based upon my failure to meet the performance or financial objectives established for my position and UGI, in its sole discretion, determines that such failure on my part was not deliberate, UGI may, in its sole discretion, on a case by case basis, determine that a reduction in the two-year post-employment term is appropriate. Nothing in this paragraph 5(b) shall prohibit me from passively investing in a publicly held business that competes with UGI provided my investment is less than 1% of the outstanding stock or market value of the business and I do not otherwise violate paragraph 3, 4, or 5 of this Agreement.

c. I will not, directly or indirectly, nor will I induce any other person or entity to, solicit, recruit, offer employment or engagement to, hire, employ or engage (or participate in any of the foregoing), in a competing business, any employee or consultant of UGI over whom I had direct or indirect supervisory responsibility or with whom I worked, or who was employed or engaged by UGI within the Territory during the two-year period prior to the termination of my employment. Furthermore, I shall not induce or attempt to induce any employee or consultant to terminate his or her employment or engagement with UGI.

6. Remedies and Reformation.

a. I understand that if I violate this Agreement, UGI will suffer irreparable harm; therefore, in addition to any other remedies available to it, UGI will be entitled to seek and obtain injunctive or equitable relief, including orders prohibiting violations of this Agreement, without the necessity of posting a bond. The limitations in this Agreement which apply for a period of two years after termination of employment shall be enforced by a court from the date of the last breach or violation of the applicable restriction(s) up to four years after termination of employment. If any provision of this Agreement shall be determined to be invalid or unenforceable to any extent, the parties to this Agreement authorize the court to modify it to the extent necessary to make the provision enforceable. If any provision of this Agreement shall be determined to be invalid or unenforceable to any extent, such invalidity shall not impair the operation of or affect the remaining provisions hereof.

b. In any legal proceeding in which UGI obtains injunctive or equitable relief or damages against me arising out of my violation of this Agreement, UGI shall be entitled to recover from me its reasonable attorneys' fees and costs.

c. The failure by UGI to insist on my compliance with this Agreement or to enforce it in any particular circumstance will not constitute a waiver by UGI of its rights to seek relief for any other or subsequent breach of this Agreement. Any breach by UGI of this Agreement or any other agreement between UGI and me, whether or not material, shall not constitute a defense to UGI’s enforcement of this Agreement against me.

7. Additional Provisions.

a. This Agreement shall continue to be in full force and effect without re-execution in the event that: (i) I am employed by UGI in another position or transferred to another territory; (ii) I take a leave of absence; or (iii) there are periods between active employment during which I do not perform services for UGI.

b. This Agreement was, and shall be deemed to have been, made in the Commonwealth of Pennsylvania. This Agreement and all disputes or claims arising under or relating to this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its choice of law provisions.

c. The Court of Common Pleas of Montgomery County and the United States District Court for the Eastern District of Pennsylvania (hereafter, the “Designated Courts”) shall have exclusive jurisdiction over disputes arising out of or relating to this Agreement. Accordingly, both UGI and I agree to submit to the exclusive jurisdiction and venue of the Designated Courts, and each of us agrees to waive any right to contest personal jurisdiction and venue before the Designated Courts or to seek to transfer or otherwise object to or challenge such Designated Courts.

d. I will disclose the existence of this Agreement to all of my prospective and actual employers. I authorize UGI to disclose the existence of this Agreement and to provide a copy of this Agreement to any prospective and actual employer.

e. I have read and understood this Agreement, believe it to be reasonable, and am signing it voluntarily. I acknowledge that my obligations under this Agreement will not impose an unreasonable economic hardship on me and are reasonable and necessary to protect UGI’s legitimate business interests. I further recognize that this Agreement may be enforced against me by a court of law or equity. I also understand that the execution of this Agreement is a requirement of my employment with UGI and that UGI will expect me to adhere strictly to the terms of this Agreement both during and following my employment.

f. I acknowledge that I am not bound by any agreement or understanding with any third party that would inhibit me in any way from working in my role for UGI. To the extent that I have any confidentiality obligations or other restrictions under any applicable agreements with third parties, I agree not to violate the terms of any such agreements or use any such confidential information of third parties in my employment with UGI.

g. The provisions of this Agreement constitute the entire agreement between me and UGI regarding UGI's Confidential Information and my non-competition and non-solicitation obligations, which Agreement cannot be varied except by a writing signed by me and the _______ of UGI Corporation. Notwithstanding the foregoing, the provisions of this Agreement are in addition to, and not a limitation or substitution of, nor do they supersede the provisions of UGI Corporation’s Code of Business Ethics and Conduct, Employee Handbook or Human Resources Policies.

h. I hereby consent to UGI Corporation's assignment of this Agreement to any direct or indirect affiliate, subsidiary, division, related company or entity of UGI Corporation and to any entity that acquires through purchase, merger or otherwise, the assets or stock of, or any interest in, UGI Corporation or any direct or indirect affiliate, subsidiary, division, related company or entity of UGI Corporation. Any assignee shall have the same rights as UGI Corporation under this Agreement.

i. I acknowledge that this Agreement is intended to benefit UGI Corporation, and its affiliates, subsidiaries, divisions, related companies or entities, successors and assigns, now existing or hereafter created. I further acknowledge that the intended beneficiaries of the Agreement are entitled to enforce the provisions of this Agreement to the same extent as UGI Corporation.

[SIGNATURE PAGE TO FOLLOW]

Dated this ____ day of ______________ 2018

_____________________________________ _____________________________________
Witness

UGI Corporation

_____________________________________ By:___________________________________
Witness

Title: _______________________________

Exhibit 10.13

FORM OF CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT ("Agreement") is made as of ______________ between UGI Corporation (the "Company") and _____________ (the "Employee").

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of the Company's management to their assigned duties without distraction arising from the possibility of a Change in Control (as defined below), although no such change is now contemplated;

WHEREAS, in order to induce the Employee to remain in the employ of the Company, the Company agrees that the Employee shall receive the compensation set forth in this Agreement in the event the Employee's employment with the Company is terminated in connection with a Change in Control as a cushion against the financial and career impact on the Employee of any such Change in Control;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereby agree as follows:

1. Definitions. For all purposes of this Agreement, the following terms shall have the meanings specified in this Section unless the context clearly otherwise requires:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of Regulation 12B under the Exchange Act.

(b) 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 Regulation 13D-G 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 Proxy Rules 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 1(b) 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 40 days after the date of such acquisition.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" shall mean (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 determination of Cause shall be made by an affirmative vote of at least two-thirds of the members of the Board at a duly called meeting of the Board.

(e) "Change in Control" shall have the meaning set forth in the attached Exhibit A to this Agreement.

(f) "COBRA Cost" shall mean 100% of the "applicable premium" under section 4980B(f)(4) of the Code for continued medical and dental COBRA Coverage under the Company's benefit plans.

(g) "COBRA Coverage" shall mean continued medical and dental coverage under the Company's benefit plans, as determined under section 4980B of the Code.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(i) "Compensation Committee" shall mean the Compensation and Management Development Committee of the Board.

(j) "Continuation Period" shall mean the _____-year period beginning on the Employee's Termination Date.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(l) "Executive Severance Plan" shall mean the Company's Senior Executive Employee Severance Pay Plan, as in effect from time to time.

(m) "Good Reason Termination" shall mean a Termination of Employment initiated by the Employee upon one or more of the following occurrences:

(i) a material breach by the Company of any terms of this Agreement, including without limitation a material breach of Section 2 or 13 of this Agreement;

(ii) a material diminution in the authority, duties or responsibilities held by the Employee immediately prior to the Change in Control;

(iii) a material diminution in the Employee's base compensation as in effect immediately prior to the Change in Control; or

(iv) a material change in the geographic location at which the Employee must perform services (which, for purposes of this Agreement, means the Employee is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Employee's principal place of business immediately preceding the Change in Control, without the Employee's express written consent).

Notwithstanding the foregoing, the Employee shall be considered to have a Good Reason Termination only if the Employee provides written notice to the Company, pursuant to Section 3, specifying in reasonable detail the events or conditions upon which the Employee is basing such Good Reason Termination and the Employee provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Employee may terminate employment with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

(n) "Key Employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

(o) "Postponement Period" shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which severance payments may not be paid to the Key Employee under section 409A of the Code.

(p) "Release" shall mean a release of any and all claims against the Company, its Affiliates, its Subsidiaries and all related parties with respect to all matters arising out of the Employee's employment by the Company and its Affiliates and Subsidiaries, or the termination thereof (other than claims relating to amounts payable under this Agreement or benefits accrued under any plan, program or arrangement of the Company or any of its Subsidiaries or Affiliates) and shall be in the form required by the Company of its terminating executives immediately prior to the Change in Control.

(q) "Subsidiary" shall mean any corporation in which the Company, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which the Company, directly or indirectly, owns at least 50% of the profits or capital interests.

(r) "Termination Date" shall mean the effective date of the Employee's Termination of Employment, as specified in the Notice of Termination.

(s) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company and its Subsidiaries and Affiliates.

2. Employment. After a Change in Control, during the term of the Agreement, Employee shall continue to serve in the same or a comparable executive position with the Company as in effect immediately before the Change in Control, and with the same or a greater target level of annual and long-term compensation as in effect immediately before the Change in Control.

3. Notice of Termination. Any Termination of Employment upon or following a Change in Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 14 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Employee's Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice) except as provided in Section 1(m) above.

4. Severance Compensation upon Termination of Employment.

(a) In the event of the Employee's involuntary Termination of Employment by the Company or a Subsidiary or Affiliate for any reason other than Cause or in the event of a Good Reason Termination, in either event upon or within two years after a Change in Control, the Employee will receive the following amounts in lieu of any severance compensation and benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate:

(i) The Company shall pay to the Employee a lump sum cash payment equal to the greater of (A) or (B) as set forth below:

(A) The Separation Pay and Paid Notice as calculated under the terms of the Executive Severance Plan based on the Employee's compensation and service as of the Termination Date, or

(B) _____ multiplied by the sum of (1) the Employee's annual base salary plus (2) the Employee's annual bonus. The annual base salary for this purpose shall be the Employee's annual base salary in effect as of the Employee's Termination Date. The annual bonus shall be calculated for this purpose as the greater of (x) the average annual cash bonus paid to the Employee for the three full fiscal years of the Company preceding the fiscal year in which the Termination Date occurs or (y) the Employee's target annual cash bonus for the fiscal year in which the Termination Date occurs. For purposes of the preceding sentence, if the Employee has not received an annual cash bonus for three full fiscal years, the Employee's average annual cash bonus shall be determined by dividing the total annual cash bonuses received by the Employee during the preceding three full fiscal years by the number of full and fractional years for which the Employee received an annual cash bonus during such three-year period.

(ii) The Company shall pay to the Employee a single lump sum payment equal to the COBRA Cost that the Employee would incur if the Employee continued medical and dental coverage under the Company's benefit plans during the Continuation Period, based on the benefits in effect for the Employee (and, if applicable, his or her spouse and dependents) at the Termination Date, less the amount that the Employee would be required to contribute for medical and dental coverage if the Employee were an active employee. The cash payment shall include a tax gross up payment equal to 75% of the lump sum amount described in the preceding sentence. The Employee may elect continuation coverage under the Company's applicable medical and dental plans during the Continuation Period by paying the COBRA Cost of such coverage. COBRA Coverage shall run concurrently with the Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(iii) The Employee's benefit under the Company's executive retirement plan in which the Employee participates shall be calculated as if the Employee had continued in employment during the Continuation Period, earning base salary and bonus at the annual rate calculated under subsection (i)(B) above.

(iv) The Company shall pay to the Employee an amount equal to the Employee's target annual cash bonus amount for the Company's fiscal year in which the Termination Date occurs, multiplied by the number of months (with a partial month counting as a full month) elapsed in the fiscal year to the Termination Date and divided by 12, as well as any amounts due but not yet paid from the prior year under such plan.

(b) Notwithstanding the foregoing, no payments shall be made to the Employee under this Section 4 unless the Employee signs and does not revoke a Release. The amounts described in subsections (a) (i), (ii) and (iv) above shall be paid on the 30th day after the Termination Date subject to the Company's receipt of a Release and expiration of the revocation period for the Release. Payments under this Agreement shall be made by mail to the last address provided for notices to the Employee pursuant to Section 14 of this Agreement.

5. <u>Other Payments</u>.

Upon any Termination of Employment entitling the Employee to payments under this Agreement, the Employee shall receive all accrued but unpaid salary and all benefits accrued and payable under any plans, policies and programs of the Company and its Subsidiaries or

Affiliates, provided that the Employee shall not receive severance benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate.

6. Interest; Enforcement.

(a) If the Company shall fail or refuse to pay any amounts due the Employee under Section 4 on the applicable due date, the Company shall pay interest at the rate described below on the unpaid payments from the applicable due date to the date on which such amounts are paid. Interest shall be credited at an annual rate equal to the rate listed in the *Wall Street Journal* as the "prime rate" as of the Employee's Termination Date, plus 1%, compounded annually.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of the Employee's rights under this Agreement by arbitration, litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Employee hereunder. Accordingly, the Company shall pay the Employee on demand the amount necessary to reimburse the Employee in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Employee in enforcing any of the obligations of the Company under this Agreement. The Employee shall notify the Company of the expenses for which the Employee demands reimbursement within 60 days after the Employee receives an invoice for such expenses, and the Company shall pay the reimbursement amount within 15 days after receipt of such notice.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

8. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company, or any of its Subsidiaries or Affiliates, and for which the Employee may qualify.

9. No Set-Off. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Employee or others.

10. Taxation. All payments under this Agreement shall be subject to all requirements of the law with regard to tax withholding and reporting and filing requirements, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Effect of Section 280G on Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Employee with a greater net after-tax amount than would be the case if no reduction was made. The Payments shall be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Employee would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this subsection (a). The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) All determinations to be made under this Section 11 shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to the Change in Control, which shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Change in Control. Any such determination by such firm shall be binding upon the Company and the Employee.

(c) All of the fees and expenses of the firm in performing the determinations referred to in this Section shall be borne solely by the Company.

12. Term of Agreement. The term of this Agreement shall be for three years from the date hereof and shall be automatically renewed for successive one-year periods unless the Company notifies the Employee in writing that this Agreement will not be renewed at least 60 days prior to the end of the then current term; provided, however, that (i) if a Change in Control occurs during the term of this Agreement, this Agreement shall remain in effect for two years following such Change in Control or until all of the obligations of the parties hereunder are satisfied or have expired, if later, and (ii) this Agreement shall terminate if the Employee's employment with the Company terminates for any reason before a Change in Control (regardless of whether the Employee is thereafter employed by a Subsidiary or Affiliate of the Company).

13. Successor Company. The Company shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Employee, to acknowledge expressly that this Agreement is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally

obligated with the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place. Failure of the Company to notify the Employee in writing as to such successorship, to provide the Employee the opportunity to review and agree to the successor's assumption of this Agreement or to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. As used in this Agreement, the Company shall mean the Company as defined above and any such successor or successors to its business or assets, jointly and severally.

14. Notice. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to the Company, to:

460 North Gulph Road
King of Prussia, PA 19406
Attention: Corporate Secretary

If to the Employee, to the most recent address provided by the Employee to the Company or a Subsidiary or Affiliate for payroll purposes,

or to such other address as the Company or the Employee, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by the Company following a Change in Control, notice at the last address of the Company or any successor pursuant to Section 13 shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

15. Section 409A of the Code.

(a) This Agreement is intended to meet the requirements of the "short-term deferral exception," "separation pay exception" and other exceptions under section 409A of the Code, as applicable. However, if the Employee is a Key Employee and if required by section 409A of the Code, no payments or benefits under this Agreement shall be paid to the Employee during the Postponement Period. If payment is required to be delayed for the Postponement Period pursuant to section 409A, the accumulated amounts withheld on account of section 409A, with interest as described in Section 6 above, shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Employee dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A, with interest as described above, shall be paid to the Employee's estate within 60 days after the Employee's death.

(b) Notwithstanding anything in this Agreement to the contrary, if required by section 409A, payments may only be made under this Agreement upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Agreement, the term “termination of employment” shall mean the Employee’s separation from service with the Company and its Subsidiaries and Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, each payment under the Agreement shall be treated as a separate payment. In no event may the Employee designate the year of payment for any amounts payable under the Agreement. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

17. Contents of Agreement; Amendment. This Agreement supersedes all prior agreements with respect to the subject matter hereof (including without limitation any other change in control agreement in effect between the Company or a Subsidiary or Affiliate and the Employee) and sets forth the entire understanding between the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended except pursuant to approval by the Board and a written amendment executed by the Employee and the Chair of the Compensation Committee. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Employee. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by the Company or the Board.

18. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Company or a Subsidiary or Affiliate.

19. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee and the Company hereunder shall not be assignable in whole or in part.

20. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provision or application.

21. Remedies Cumulative; No Waiver. No right conferred upon the Employee by this Agreement is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given

hereunder or now or hereafter existing at law or in equity. No delay or omission by the Employee in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

22. Miscellaneous. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

23. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in Montgomery County, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first written above. By executing this Agreement, the undersigned acknowledge that this Agreement replaces and supersedes any other understanding regarding the matters described herein.

UGI Corporation

By:____________

Title:____________

Employee:

____

Dated this ____ day of ________ 201__

EXHIBIT A
UGI CORPORATION
CHANGE IN CONTROL

For purposes of this Agreement, "Change in Control" shall mean:

(i) Any Person (except the Employee, 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 24-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 stockholders 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; 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.

Exhibit 10.14

FORM OF AMERIGAS PROPANE, INC.
2010 LONG-TERM INCENTIVE PLAN
ON BEHALF OF AMERIGAS PARTNERS, L.P.

PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated _______________ (the "Date of Grant"), is delivered by AmeriGas Propane, Inc. (the "Company") to you (the "Participant").

RECITALS

WHEREAS, the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. (the "Plan") provides for the grant of performance units ("Performance Units") with respect to common units of AmeriGas Partners, L.P. ("APLP");

WHEREAS, the Plan has been adopted by the Board of Directors of the Company, and approved by the common unit holders of APLP ("Unitholders");

WHEREAS, a Performance Unit is a performance unit that represents the value of one common unit of APLP ("Common Unit");

WHEREAS, the Compensation/Pension Committee of the Board of Directors of the Company (the "Committee") has decided to grant Performance Units to the Participant on the terms described below; and

WHEREAS, the Participant's portal in the Morgan Stanley website for Plan participants (the "Grant Summary") sets forth the target number of Performance Units granted to the Participant with respect to this grant as described in this grant letter (the "Grant Letter").

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a target award of the number of Performance Units specified in the Grant Summary (the "Target Award"). The Performance Units will be earned and payable if and to the extent that the Performance Goals (described below) and other conditions of the Grant Letter are met. The Performance Units are granted with Distribution Equivalents (as defined in the Plan).

2. Performance Goals: Overview.

(a) Conditions to Payment. The Participant shall earn the right to payment of the Performance Units if the Performance Goals described below are met for the Performance Period (as described below), and if the Participant continues to be employed by, or provide service to, the Company and its Affiliates (as defined in the Plan) through December 31, ________. All payments described in this Section 2 with respect to the Performance Units are subject to the Participant's continued employment or service with the Company and its Affiliates through December 31, ______, except as provided in Section 4 or 7.

(b) Performance Period. The Performance Period with respect to the Performance Goals is the period beginning January 1, ______ and ending December 31, ______.

(c) Certification by the Committee. After the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and the amount, if any, to be paid with respect to the Performance Units.

3. Performance Goals.

(a) The Target Award will be payable if and to the extent that the Total Unitholder Return ("TUR") for APLP equals the median TUR of the Peer Group set forth in Exhibit A and described below (the "Peer Group") for the Performance Period and the Participant continues in employment or service with the Company or an Affiliate through December 31, 2021, subject to Sections 4 and 7 below.

(b) For purposes of calculations under this Section 3, the Peer Group consists of those specified companies from the Tortoise MLP Index, as set forth on the attached Exhibit A. If a company is added to the Tortoise MLP Index during the Performance Period, that company is not included in the TUR calculation. A company that is included in the Peer Group, as set forth in Exhibit A, will be removed from the TUR calculation only if the company ceases to exist as a publicly traded entity during the Performance Period, consistent with the methodology described in subsection (c) below. The actual award of Performance Units with respect to TUR performance may be higher or lower than the Target Award, or it may be zero, based on APLP's TUR percentile rank relative to the companies in the Peer Group, as follows:

APLP's TUR Rank Based on the Peer Group (Percentile)	Percentage of Target Award
90th	200%
75th	162.5%
60th	125%
50th	100%
40th	70%
25th	25%
less than 25th	0%

The award percentage will be interpolated between each of the measuring points.

(c) For purposes of calculating TUR for the Performance Goals under this Section 3, TUR shall be calculated by the Company using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The price used for determining TUR at the beginning and the end of the Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, _____) and the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, _____), respectively. The TUR calculation gives effect to all dividends throughout the Performance Period as if they had been reinvested.

(d) The Target Award is the amount designated for 100% (50th TUR rank) performance. Under this Section 3, the Participant can earn up to 200% of the Target Award if APLP's TUR percentile rank exceeds the 50th TUR percentile rank, according to the foregoing schedule.

4. Termination of Employment or Service.

(a) Except as described below, if the Participant ceases to be employed by, or provide services to, the Company and its Affiliates before December 31, _____, the Performance Units and all Distribution Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service with the Company and its Affiliates on account of Retirement (as defined below), Disability (as defined in the Plan) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Distribution Equivalents, if the Performance Goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after December 31, _____, based on achievement of the Performance Goals for the Performance Period, multiplied by a fraction, the numerator of which is the number of calendar years from January 1, _____ through December 31, _____in which the Participant has been employed by, or provided service to, the Company or its Affiliates and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service with the Company and its Affiliates on account of Retirement, Disability or death, the prorated amount shall be paid between January 1, _____ and March 15, _____ pursuant to Section 5, except as provided in Section 7.

5. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant (i) Common Units equal to the number of Performance Units to be paid according to achievement of the Performance Goals, up to the Target Award, provided that the Company may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect of the Performance Units earned up to the Target Award, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the

number of Common Units equal to the Performance Units to be paid in excess of the Target Award, subject to applicable tax withholding. Payment shall be made between January 1, _____ and March 15, _____, except as provided in Section 7.

6. Distribution Equivalents with Respect to Performance Units.

(a) Distribution Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals and terms as the Performance Units to which they relate. Distribution Equivalents shall be credited with respect to the Target Award of Performance Units from the Date of Grant until the payment date. If and to the extent that underlying Performance Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(b) While the Performance Units are outstanding, the Company will keep records of Distribution Equivalents in a bookkeeping account for the Participant. On each payment date for a distribution paid by APLP on its Common Units, the Company shall credit to the Participant's account an amount equal to the Distribution Equivalents associated with the Target Award of Performance Units held by the Participant on the record date for the distribution. No interest will be credited to any such account. The Distribution Equivalents shall be payable if and to the extent that the underlying Performance Units are payable. The target amount of Distribution Equivalents (100% of the Distribution Equivalents credited to the Participant's account) will be payable if the Performance Goals are met at target, subject to continued employment. The Participant can earn from 0% to 200% of the target amount of the Distribution Equivalents based on attainment of the Performance Goals and continued employment or service with the Company or an Affiliate.

(c) Except as described in Section 4(b) above or Section 7, if the Participant's employment or service with the Company and its Affiliates terminates before December 31, _____, all Distribution Equivalents will be forfeited.

(d) Distribution Equivalents will be paid in cash at the same time and on the same terms as the underlying Performance Units are paid, after the Committee determines that the conditions to payment have been met.

7. Change of Control.

(a) If a Change of Control (as defined below) occurs, the Performance Units and Distribution Equivalents shall not automatically become payable upon the Change of Control but, instead, shall become payable as described in this Section 7. The Committee may take such other actions with respect to the Performance Units and Distribution Equivalents as it deems appropriate pursuant to the Plan. The term "Change of Control" shall mean a Change of Control, as defined in the Plan. In addition, "Change of Control" shall include any of the events with respect to UGI Utilities, Inc. ("Utilities") defined as a "Change of Control" on Exhibit B hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event.

(b) If a Change of Control occurs on or before December 31, _____, the Committee shall calculate a Change of Control Amount as follows:

(i) The Performance Period shall end as of the closing date of the Change of Control (the “Change of Control Date”). The TUR ending date calculations for the Performance Period shall be based on the 90 calendar day period ending on the Change of Control Date.

(ii) The Committee shall calculate a “Change of Control Amount” equal to the greater of (A) the Target Award amount or (B) the amount of Performance Units that would be payable based on the Company’s achievement of the Performance Goals as of the Change of Control Date as described in subsection (i) above.

(iii) The Change of Control Amount shall include related Distribution Equivalents and, if applicable, interest, as described below.

(iv) The Committee shall determine whether the Change of Control Amount attributable to Performance Units shall be (A) converted to units with respect to shares or other equity interests of the acquiring company or its parent (“Successor Units”), in which case Distribution Equivalents shall continue to be credited on the Successor Units, or (B) valued based on the Fair Market Value of the Performance Units as of the Change of Control Date and credited to a bookkeeping account for the Participant, in which case interest shall be credited on the amount so determined at a market rate for the period between the Change of Control Date and the applicable payment date. Notwithstanding the provisions of Section 5, all payments on and after a Change of Control shall be made in cash. If alternative (A) above is used, the cash payment shall equal the Fair Market Value on the date of payment of the number of shares or other equity interests underlying the Successor Units, plus accrued Distribution Equivalents. All payments shall be subject to applicable tax withholding.

(c) If a Change of Control occurs and the Participant continues in employment or service with the Company or an Affiliate through December 31, _____, the Change of Control Amount shall be paid in cash between January 1, _____ and March 15, ______.

(d) If a Change of Control occurs and the Participant has a Termination without Cause or a Good Reason Termination, in either case upon or within two years after the Change of Control Date and before December 31, _____ , the Change of Control Amount shall be paid in cash within 30 days after the Participant’s separation from service, subject to Section 15 below.

(e) If a Change of Control occurs and the Participant terminates employment or service with the Company and its Affiliates on account of Retirement, Disability or death upon or after the Change of Control Date and before December 31, _____ , the Change of Control Amount shall be paid in cash within 30 days after the Participant’s separation from service, subject to Section 15 below; provided that, if required by section 409A, if the Participant’s Retirement, Disability or death occurs more than two years after the Change of Control Date, payment will be made between January 1, _____ and March 15, _____, and not upon the earlier separation from service.

(f) If a Participant's employment or service with the Company and its Affiliates terminates on account of Retirement, death or Disability before a Change of Control, and a Change of Control subsequently occurs on or before December 31, _____, the prorated amount described in Section 4(b) shall be calculated by multiplying the fraction described in Section 4(b) by the Change of Control Amount. The prorated Change of Control Amount shall be paid in cash within 30 days after the Change of Control Date, subject to Section 15 below.

8. Restrictive Covenants.

(a) The Participant acknowledges and agrees that, in consideration for the grant of Performance Units, the Participant agrees to comply with all written restrictive covenants and agreements with the Company and its affiliates, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Performance Units (without regard to whether the Performance Units have vested), and the outstanding Performance Units shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any Common Units upon settlement of the Performance Units, the Committee may in its discretion require the Participant to return to the Company any such Common Units; provided, that if the Participant has disposed of any such Common Units received upon settlement of the Performance Units, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such Common Units as of the date of disposition.

9. Definitions. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Employed by, or provide service to, the Company or its Affiliates*" shall mean employment or service as an employee or director of the Company or its Affiliates. The Participant shall not be considered to have a termination of employment or service under this Grant Letter until the Participant is no longer employed by, or performing services for, the Company and its Affiliates.

(b) "*Good Reason Termination*" shall mean a termination of employment or service with the Company and its Affiliates initiated by the Participant upon or after a Change of Control upon one or more of the following events:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant's base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Grant Letter, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant's principal place of business immediately before the Change of Control, without the Participant's express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 17, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company and its Affiliates shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company or an Affiliate does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company and its Affiliates based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(c) "*Retirement*" means the Participant's separation from employment or service with the Company and its Affiliates upon or after attaining (i) age 55 with at least 10 years of service with the Company and its Affiliates, or (ii) age 65 with at least 5 years of service with the Company and its Affiliates.

(d) "*Termination without Cause*" means termination of employment or service by the Company and its Affiliates for the convenience of the Company or an Affiliate for any reason other than (i) theft, misappropriation of funds or conduct that has an adverse effect on the reputation of the Company and its Affiliates, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's or an Affiliate's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company or an Affiliate, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

10. Withholding. All payments under this Grant Letter are subject to applicable tax withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal (including

FICA), state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter. The Company may withhold from cash distributions to cover required tax withholding, or may withhold Units to cover required tax withholding in an amount equal to the minimum applicable tax withholding amount.

11. Grant Subject to Plan Provisions and Company Policies; Committee Discretion.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Performance Units and Distribution Equivalents are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Common Units, (ii) adjustments pursuant to Section 5(c) of the Plan and (iii) other requirements of applicable law.

(b) The Committee shall have the sole and absolute authority to interpret and construe the grant pursuant to the terms of the Plan, including discretion to determine whether and to what extent the Performance Goals are met and, when calculating performance results, to make such adjustments as it deems appropriate. The Committee's decisions shall be conclusive as to any questions arising hereunder.

(c) This Performance Unit grant and all Common Units issued pursuant to this Performance Unit grant shall be subject to the UGI Corporation Stock Ownership Policy as adopted by the Board of Directors of UGI Corporation or the Company and any applicable clawback and other policies implemented by the Board of Directors of UGI Corporation or the Company, as in effect from time to time.

12. No Employment or Other Rights. The grant of Performance Units shall not confer upon the Participant any right to be retained by or in the employ or service of the Company and its Affiliates and shall not interfere in any way with the right of the Company and its Affiliates to terminate the Participant's employment at any time. The right of the Company and its Affiliates to terminate at will the Participant's employment at any time for any reason is specifically reserved.

13. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a Unitholder with respect to the Common Units related to the Performance Units, unless and until Common Units have been distributed to the Participant or successor.

14. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and Affiliates.

15. Compliance with Code Section 409A. Notwithstanding the other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, or an exception, and shall be administered accordingly. Any reference to a Participant's termination of employment or service shall mean a Participant's "separation from service," as such term is defined under section 409A. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment. Notwithstanding anything in this Grant Letter to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Grant Letter is required to be delayed for a period of six months after separation from service pursuant to section 409A, payment of such amount shall be delayed as required by section 409A and shall be paid within 10 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of section 409A shall be paid to the personal representative of the Participant's estate within 60 days after the date of the Participant's death. Notwithstanding anything in this Grant Letter to the contrary, if a Change of Control is not a "change in control event" under section 409A, any Performance Units and Distribution Equivalents that are payable pursuant to Section 7 shall be paid to the Participant between January 1, _____ and March 15, _____, and not upon the earlier separation from service, if required by section 409A.

16. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

17. Notice. Any notice to the Company provided for in this Grant Letter shall be addressed to the Company in care of the Corporate Secretary at the Company's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

18. Acknowledgement. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan and the Grant Letter, and (v) agrees that all the decisions and determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this grant.

EXHIBIT A

Performance Period January 1, through December 31,

Peer Group

ARLP Alliance Resource Partners, L.P.
ANDX Andeavor Logistics LP
BSM Black Stone Minerals, L.P.
BPMP BP Midstream Partners LP
BPL Buckeye Partners, L.P.
CINR Ciner Resources LP
CCR CONSOL Coal Resources LP
CEQP Crestwood Equity Partners LP
CAPL CrossAmerica Partners LP
UAN CVR Partners, LP
CVRR CVR Refining, LP
DKL Delek Logistics Partners, LP
DMLP Dorchester Minerals, L.P.
EVA Enviva Partners, LP
EQM EQT Midstream Partners, LP
GLOP GasLog Partners LP
GEL Genesis Energy, L.P.
GLP Global Partners LP
GMLP Golar LNG Partners LP
GPP Green Plains Partners LP
HMLP Höegh LNG Partners LP
HEP Holly Energy Partners, L.P.
KNOP KNOT Offshore Partners LP
MMLP Martin Midstream Partners
NGL NGL Energy Partners LP
NBLX Noble Midstream Partners LP
NS NuStar Energy L.P.
PBFX PBF Logistics LP
PSXP Phillips 66 Partners LP
SHLX Shell Midstream Partners, L.P.
SRLP Sprague Resources LP
SPH Suburban Propane Partners, L.P.
SUN Sunoco LP
TCP TC PipeLines, LP
TLP Transmontaigne Partners L.P.
USDP USD Partners LP
WLKP Westlake Chemical Partners LP

EXHIBIT B

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a "Change of Control" for Participants who are employees of UGI Utilities, Inc. ("Utilities") or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

"Change of Control" shall include any of the following events:

(A) UGI and the UGI Subsidiaries fail to own more than fifty percent (50%) of the then outstanding shares of common stock of Utilities or more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of Utilities entitled to vote generally in the election of directors; or

(B) Completion by Utilities 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 Utilities' outstanding common stock and voting securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than fifty percent (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 Utilities' outstanding common stock and voting securities, as the case may be; or

(C) Completion of a complete liquidation or dissolution of the Utilities or sale or other disposition of all or substantially all of the assets of Utilities other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (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 Utilities' outstanding common stock and voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of Utilities' outstanding common stock and voting securities, as the case may be, immediately prior to such sale or disposition.

EXHIBIT 31.1

CERTIFICATION

I, John L. Walsh, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ John L. Walsh

John L. Walsh
President and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

CERTIFICATION

I, Ted J. Jastrzebski, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski
Chief Financial Officer of UGI Corporation

EXHIBIT 32

Certification by the Chief Executive Officer and Chief Financial Officer
Relating to a Periodic Report Containing Financial Statements

I, John L. Walsh, Chief Executive Officer, and I, Ted J. Jastrzebski, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

(1) The Company's periodic report on Form 10-Q for the period ended March 31, 2019 (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/ John L. Walsh	/s/ Ted J. Jastrzebski
John L. Walsh	Ted J. Jastrzebski
Date: May 8, 2019	Date: May 8, 2019