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, 2023

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
Corporate Units	UGIC	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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, 2023, there were 209,328,319 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS

	Page
Glossary of Terms and Abbreviations	1
Part I Financial Information	
Item 1. Financial Statements (unaudited)	
Condensed Consolidated Balance Sheets as of March 31, 2023, September 30, 2022 and March 31, 2022	5
Condensed Consolidated Statements of Income for the three and six months ended March 31, 2023 and 2022	6
Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2023 and 2022	7
Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2023 and 2022	8
Condensed Consolidated Statements of Changes in Equity for the three and six months ended March 31, 2023 and 2022	9
Notes to Condensed Consolidated Financial Statements	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3. Quantitative and Qualitative Disclosures About Market Risk	54
Item 4. Controls and Procedures	56
Part II Other Information	
Item 1. Legal Proceedings	57
Item 1A. Risk Factors	57
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	57
Item 6. Exhibits	58
Signatures	60

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 Delaware limited partnership and an indirect wholly owned subsidiary of UGI; also referred to, together with its consolidated subsidiaries, as the "Partnership"

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

AmeriGas Propane, Inc. - A wholly owned second-tier subsidiary of UGI and the general partner of AmeriGas Partners

AvantiGas - AvantiGas Limited, an indirect wholly owned subsidiary of UGI International, LLC

Company - UGI and its consolidated subsidiaries collectively

DVEP - DVEP Investeringen B.V., an indirect 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

Flaga - Flaga GmbH, an indirect wholly owned subsidiary of UGI International, LLC

Gas Utility - UGI's regulated natural gas businesses, inclusive of PA Gas Utility and WV Gas Utility

GHI - GHI Energy, LLC, a Houston-based RNG company and indirect wholly owned subsidiary of Energy Services

MBL Bioenergy - MBL Bioenergy, LLC

Midstream & Marketing - Reportable segment comprising Energy Services and UGID

Mountaineer - Mountaineer Gas Company, a natural gas distribution company in West Virginia and a wholly owned subsidiary of Mountaintop Energy Holdings, LLC

Mountaintop Energy Holdings, LLC - Parent company of Mountaineer and wholly owned subsidiary of UGI, acquired on September 1, 2021

PA Gas Utility - UGI Utilities' regulated natural gas distribution business, primarily located in Pennsylvania

Partnership - AmeriGas Partners and its consolidated subsidiaries, including AmeriGas OLP; also referred to as "AmeriGas Partners"

Pennant - Pennant Midstream, LLC, an indirect wholly owned subsidiary of Energy Services

Pine Run - Pine Run Gathering, LLC

Stonehenge - Stonehenge Appalachia, LLC, a midstream natural gas gathering business

UGI - UGI Corporation or, collectively, UGI Corporation and its consolidated subsidiaries

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

UGI International - Reportable segment principally comprising UGI's foreign operations

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

UGI Moraine East - UGI Moraine East Gathering LLC, a wholly owned subsidiary comprising the assets acquired in the Stonehenge Acquisition

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI comprising PA Gas Utility and Electric Utility

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

UniverGas - UniverGas Italia S.r.l, an indirect wholly owned subsidiary of UGI International, LLC

Utilities - Reportable segment comprising UGI Utilities and Mountaintop Energy Holdings, LLC

WV Gas Utility - Mountaineer's regulated natural gas distribution business, located in West Virginia

Other Terms and Abbreviations

2022 Annual Report - UGI Annual Report on Form 10-K for the fiscal year ended September 30, 2022

2022 six-month period - Six months ended March 31, 2022

2022 three-month period - Three months ended March 31, 2022

2023 six-month period - Six months ended March 31, 2023

2023 three-month period - Three months ended March 31, 2023

2024 Purchase Contract - A forward stock purchase contract issued by UGI Corporation as a part of the issuance of Equity Units which obligates holders to purchase a number of shares of UGI Common Stock from the Company on June 1, 2024

2022 AmeriGas OLP Credit Agreement - Entered into by AmeriGas OLP providing for borrowings of up to $600 million, with the option to increase to a maximum principal amount of $900 million assuming certain conditions are met, including a letter of credit subfacility of up to $100 million

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

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

ASU - Accounting Standards Update

Bcf - Billions of cubic feet

COA - Consent Order and Agreement

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

Common Stock - Shares of UGI common stock

Convertible Preferred Stock - Preferred stock of UGI titled 0.125% series A cumulative perpetual convertible preferred stock without par value and having a liquidation preference of $1,000 per share

COVID-19 - A novel strain of coronavirus disease discovered in 2019

DS - Default service

DSIC - Distribution System Improvement Charge

Energy Services Amended Term Loan Credit Agreement - The first amendment to the Energy Services Term Loan Credit Agreement, entered into on February 23, 2023, comprising of an $800 million variable-rate term loan with a final maturity of February 2030

Energy Services Term Loan Credit Agreement **-** A seven-year $700 million variable senior secured term loan agreement entered into on August 13, 2019 by Energy Services

Equity Unit - A corporate unit consisting of a 2024 Purchase Contract and 1/10th or 10% undivided interest in one share of Convertible Preferred Stock

Exchange Act - Securities Exchange Act of 1934, as amended

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

Fiscal 2021 **-** The fiscal year ended September 30, 2021

Fiscal 2022 **-** The fiscal year ended September 30, 2022

Fiscal 2023 **-** The fiscal year ending September 30, 2023

GAAP - U.S. generally accepted accounting principles

Gwh - Millions of kilowatt hours

ICE - Intercontinental Exchange

IREP **-** Infrastructure Replacement and Expansion Plan

IRPA - Interest rate protection agreement

LIBOR - London Inter-Bank Offered Rate

LNG - Liquefied natural gas

LPG - Liquefied petroleum gas

MDPSC - Maryland Public Service Commission

MGP - Manufactured gas plant

Mountaineer Acquisition **-** Acquisition of Mountaintop Energy Holdings LLC, which closed on September 1, 2021

Mountaineer 2023 Credit Agreement - Third amendment to the third amended and restated credit agreement entered into by Mountaineer, as borrower, providing for borrowings up to $150 million, with the option to increase to a maximum principal amount of $250 million assuming certain conditions are met, including a letter or credit subfacility of up to $20 million, scheduled to expire in November 2024, with an option to extend the maturity date

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NTSB - National Transportation Safety Board

NYDEC - New York State Department of Environmental Conservation

NYMEX - New York Mercantile Exchange

OSHA - Occupational Safety and Health Administration

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

Pennant Acquisition - During Fiscal 2022, Energy Services acquired the remaining 53% equity interest in Pennant

PGA - Purchased gas adjustment

PGC - Purchased gas costs

PRP - Potentially responsible party

Purchase Contracts - Forward stock purchase contracts issued by UGI Corporation in May 2021, which obligate holders to purchase a number of shares of UGI common stock from the Company on June 1, 2024

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 to whom Utilities has a statutory obligation to provide service that purchase their natural gas from Utilities

RNG **-** Renewable natural gas

ROD - Record of Decision

SEC - U.S. Securities and Exchange Commission

SOFR - Secured Overnight Financing Rate

Stonehenge Acquisition - Acquisition of Stonehenge Appalachia, LLC, which closed January 27, 2022

U.K. - United Kingdom

U.S. **-** United States of America

UGI International 2023 Credit Facilities Agreement – A five-year unsecured senior facilities agreement entered into in March 2023 comprising a €300 million variable-rate term loan facility and a €500 million multicurrency revolving credit facility scheduled to expire in March 2028

UGI International Credit Facilities Agreement - A five-year unsecured senior facilities agreement entered into in October 2018, by UGI International, LLC comprising a €300 million term loan facility and a €300 million revolving credit facility, scheduled to expire in October 2023. Paid off in full and terminated concurrently with the execution of the UGI International 2023 Credit Facilities Agreement

UGI Utilities Credit Agreement - A five-year unsecured revolving credit agreement entered into by UGI Utilities on June 27, 2019 providing for borrowings up to $350 million, including a letter of credit subfacility of up to $100 million, scheduled to expire in June 2024. On December 13, 2022, UGI Utilities entered into an amendment to UGI Utilities Credit Agreement, providing for borrowings up to $425 million and to replace the use of LIBOR with SOFR

USD **-** U.S. dollar

WVPSC - Public Service Commission of West Virginia

UGI CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2023	September 30, 2022	March 31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	$ 321	$ 405	$ 718
Restricted cash	82	64	55
Accounts receivable (less allowances for doubtful accounts of $80, $64 and $70, respectively)	1,487	1,127	1,690
Accrued utility revenues	94	23	77
Income taxes receivable	36	128	128
Inventories	433	665	398
Derivative instruments	110	865	877
Held for sale assets	8	295	—
Prepaid expenses and other current assets	189	230	211
Total current assets	2,760	3,802	4,154
Property, plant and equipment, (less accumulated depreciation of $4,427, $4,166 and $4,117, respectively)	8,255	8,040	7,812
Goodwill	3,709	3,612	3,722
Intangible assets, net	472	500	545
Utility regulatory assets	314	301	372
Derivative instruments	67	565	340
Other assets	852	755	832
Total assets	$ 16,429	$ 17,575	$ 17,777
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	$ 62	$ 149	$ 130
Short-term borrowings	453	368	447
Accounts payable	757	891	915
Derivative instruments	117	144	69
Held for sale liabilities	—	19	—
Other current liabilities	884	873	938
Total current liabilities	2,273	2,444	2,499
Long-term debt	6,702	6,483	6,390
Deferred income taxes	958	1,305	1,306
Derivative instruments	48	50	40
Other noncurrent liabilities	1,234	1,219	1,332
Total liabilities	11,215	11,501	11,567
Commitments and contingencies (Note 9)			
Equity:			
UGI Corporation stockholders’ equity:			
Preferred stock, without par value (authorized – 5,000,000 shares; issued – 220,000, 220,000 and 220,000 Series A shares, respectively)	167	162	161
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 210,730,077, 210,560,494 and 210,127,957 shares, respectively)	1,492	1,483	1,465
Retained earnings	3,842	4,841	4,757
Accumulated other comprehensive loss	(241)	(380)	(178)
Treasury stock, at cost	(55)	(40)	(5)
Total UGI Corporation stockholders’ equity	5,205	6,066	6,200
Noncontrolling interests	9	8	10
Total equity	5,214	6,074	6,210
Total liabilities and equity	$ 16,429	$ 17,575	$ 17,777

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, 2023	Three Months Ended March 31, 2022	Six Months Ended March 31, 2023	Six Months Ended March 31, 2022
Revenues	$ 3,106	$ 3,466	$ 5,865	$ 6,139
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	2,148	1,470	5,254	3,590
Operating and administrative expenses	587	553	1,116	1,067
Depreciation and amortization	132	128	263	257
Loss on disposal of U.K. energy marketing business	—	—	215	—
Other operating income, net	(16)	(17)	(34)	(39)
	2,851	2,134	6,814	4,875
Operating income (loss)	255	1,332	(949)	1,264
Income from equity investees	—	5	1	13
Loss on extinguishment of debt	—	—	—	(11)
Other non-operating income (expense), net	2	11	(26)	21
Interest expense	(93)	(82)	(185)	(163)
Income (loss) before income taxes	164	1,266	(1,159)	1,124
Income tax (expense) benefit	(54)	(332)	315	(286)
Net income (loss) including noncontrolling interests	110	934	(844)	838
Deduct net income attributable to noncontrolling interests	—	(1)	—	(2)
Net income (loss) attributable to UGI Corporation	$ 110	$ 933	$ (844)	$ 836
Loss per common share attributable to UGI Corporation stockholders:				
Basic	$ 0.52	$ 4.44	$ (4.02)	$ 3.98
Diluted	$ 0.51	$ 4.32	$ (4.02)	$ 3.87
Weighted-average common shares outstanding (thousands):				
Basic	209,857	210,163	209,902	209,919
Diluted	216,120	215,928	209,902	215,936

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,	
	2023	2022	2023	2022
Net income (loss) including noncontrolling interests	$ 110	$ 934	$ (844)	$ 838
Other comprehensive income (loss):				
Net (losses) gains on derivative instruments (net of tax of $6, $(12), $5 and $(14), respectively)	(15)	24	(12)	34
Reclassifications of net (gains) losses on derivative instruments (net of tax of $2, $(1), $4 and $(3), respectively)	(5)	6	(10)	10
Foreign currency adjustments (net of tax of $(1), $(9), $29 and $(13), respectively)	10	(53)	161	(85)
Benefit plans (net of tax of $0, $0, $0 and $(1), respectively)	—	1	—	3
Other comprehensive (loss) income	(10)	(22)	139	(38)
Comprehensive income (loss) including noncontrolling interests	100	912	(705)	800
Deduct comprehensive income attributable to noncontrolling interests	—	(1)	—	(2)
Comprehensive income (loss) attributable to UGI Corporation	$ 100	$ 911	$ (705)	$ 798

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Six Months Ended March 31, 2023	Six Months Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income including noncontrolling interests	$ (844)	$ 838
Adjustments to reconcile net (loss) income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	263	257
Deferred income tax (benefit) expense, net	(346)	160
Provision for uncollectible accounts	36	33
Changes in unrealized gains and losses on derivative instruments	1,713	(341)
Loss on disposal of U.K. energy marketing business	215	—
Impairment of assets	19	—
Loss on extinguishment of debt	—	11
Income from equity investees	(1)	(13)
Settlement of Energy Services interest rate swap	32	—
Other, net	2	15
Net change in:		
Accounts receivable and accrued utility revenues	(450)	(943)
Income taxes receivable	91	—
Inventories	254	64
Utility deferred fuel and power costs, net of changes in unsettled derivatives	40	—
Accounts payable	(148)	106
Derivative instruments collateral deposits (paid) received	(453)	138
Other current assets	21	38
Other current liabilities	(20)	37
Net cash provided by operating activities	424	400
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(414)	(355)
Acquisitions of businesses and assets, net of cash and restricted cash acquired	(9)	(188)
Investments in equity method investees	(63)	(10)
Settlements of net investment hedges	22	13
Other, net	(9)	25
Net cash used by investing activities	(473)	(515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(151)	(145)
Issuances of long-term debt, net of discount and issuance costs	1,277	644
Repayments of long-term debt and finance leases, including redemption premiums	(1,219)	(552)
Increase in short-term borrowings	53	80
Receivables Facility net borrowings	15	—
Payments on Purchase Contracts	(8)	(8)
Issuances of UGI Common Stock	9	6
Repurchases of UGI Common Stock	(22)	—
Net cash (used) provided by financing activities	(46)	25
Effect of exchange rate changes on cash, cash equivalents and restricted cash	29	(14)
Cash, cash equivalents and restricted cash decrease	$ (66)	$ (104)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash, cash equivalents and restricted cash at end of period	$ 403	$ 773
Cash, cash equivalents and restricted cash at beginning of period	469	877
Cash, cash equivalents and restricted cash decrease	$ (66)	$ (104)

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)
(Millions of dollars, except per share amounts)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Preferred stock, without par value				
Balance, beginning of period	$ 167	$ 214	$ 162	$ 213
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)	—	—	5	—
Other	—	(53)	—	(52)
Balance, end of period	$ 167	$ 161	$ 167	$ 161
Common stock, without par value				
Balance, beginning of period	$ 1,482	$ 1,402	$ 1,483	$ 1,394
Common Stock issued in connection with employee and director plans, net of tax withheld	4	3	6	8
Equity-based compensation expense	6	7	9	10
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)	—	—	(6)	—
Other	—	53	—	53
Balance, end of period	$ 1,492	$ 1,465	$ 1,492	$ 1,465
Retained earnings				
Balance, beginning of period	$ 3,808	$ 3,908	$ 4,841	$ 4,081
Cumulative effect of change in accounting - ASU 2020-06 (Note 3)	—	—	1	—
Losses on common stock transactions in connection with employee and director plans	(1)	(11)	(5)	(15)
Net income (loss) attributable to UGI Corporation	110	933	(844)	836
Cash dividends on UGI Common Stock ($0.36, $0.345, $0.72 and $0.69, respectively)	(75)	(73)	(151)	(145)
Balance, end of period	$ 3,842	$ 4,757	$ 3,842	$ 4,757
Accumulated other comprehensive income (loss)				
Balance, beginning of period	$ (231)	$ (156)	$ (380)	$ (140)
Net (losses) gains on derivative instruments	(15)	24	(12)	34
Reclassification of net (gains) losses on derivative instruments	(5)	6	(10)	10
Benefit plans	—	1	—	3
Foreign currency adjustments	10	(53)	161	(85)
Balance, end of period	$ (241)	$ (178)	$ (241)	$ (178)
Treasury stock				
Balance, beginning of period	$ (46)	$ (19)	$ (40)	$ (26)
Common Stock issued in connection with employee and director plans, net of tax withheld	1	23	7	30
Repurchases of UGI Common Stock	(10)	—	(22)	—
Reacquired UGI Common Stock - employee and director plans	—	(9)	—	(9)
Balance, end of period	$ (55)	$ (5)	$ (55)	$ (5)
Total UGI stockholders' equity	$ 5,205	$ 6,200	$ 5,205	$ 6,200
Noncontrolling interests				
Balance, beginning of period	$ 8	$ 10	$ 8	$ 9
Net income attributable to noncontrolling interests	—	1	—	2
Other	1	(1)	1	(1)
Balance, end of period	$ 9	$ 10	$ 9	$ 10
Total equity	$ 5,214	$ 6,210	$ 5,214	$ 6,210

See accompanying notes to condensed consolidated financial statements.

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 U.S., we own and operate (1) a retail propane marketing and distribution business; (2) natural gas and electric distribution utilities; and (3) energy marketing, midstream infrastructure, storage, natural gas gathering and processing, natural gas production, electricity generation and energy services businesses. In Europe, we market and distribute propane and other LPG, and market other energy products and services.

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP.

UGI International, LLC, through its subsidiaries and affiliates, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, and the Netherlands. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas. See Note 5 for additional information regarding the energy marketing businesses at UGI International.

Energy Services conducts, directly and through subsidiaries and affiliates, energy marketing, including RNG, midstream transmission, LNG storage, natural gas gathering and processing, natural gas and RNG production, electricity generation and energy services businesses primarily in the eastern region of the U.S., eastern Ohio, the panhandle of West Virginia and California. UGID owns electricity generation facilities principally located in Pennsylvania. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC.

Our Utilities segment includes UGI Utilities and Mountaineer. PA Gas Utility serves customers in eastern and central Pennsylvania and in portions of one Maryland county, and Mountaineer serves customers in West Virginia. Electric Utility serves customers in portions of Luzerne and Wyoming counties in northeastern Pennsylvania. PA Gas Utility is subject to regulation by the PAPUC and FERC and, with respect to its customers in Maryland, the MDPSC. Mountaineer is subject to regulation by the WVPSC and FERC. Electric Utility is subject to regulation by the PAPUC and FERC.

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, 2022, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all footnote disclosures from the annual financial statements.

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's 2022 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.

Restricted Cash. Restricted cash principally represents those cash balances in our commodity futures brokerage accounts that are restricted from withdrawal. 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.

	March 31, 2023	March 31, 2022
Cash and cash equivalents	$ 321	$ 718
Restricted cash	82	55
Cash, cash equivalents and restricted cash	$ 403	$ 773

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

Earnings Per Common Share. Basic earnings per share attributable to UGI stockholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share attributable to UGI stockholders include the effects of dilutive stock options, common stock awards and Equity Units. Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic	209,857	210,163	209,902	209,919
Incremental shares issuable for stock options, common stock awards and Equity Units (a)	6,263	5,765	—	6,017
Weighted-average common shares outstanding — diluted	216,120	215,928	209,902	215,936

(a) For the three months ended March 31, 2023, 5,980 shares associated with outstanding stock option awards were excluded from the computation of diluted earnings per share because their effect was antidilutive. For the six months ended March 31, 2023, 6,348 of such shares have been excluded as such incremental shares would be antidilutive due to the net loss for the period. For the three and six months ended March 31, 2022, 6,535 shares associated with outstanding stock option awards were excluded from the computation of diluted earnings per share because their effect was antidilutive.

Equity Method Investments. We account for privately held equity securities of entities without readily determinable fair values in which we do not have control, but have significant influence over operating and financial policies, under the equity method. These are included in "Other assets" on the Condensed Consolidated Balance Sheets. Equity method earnings are included in "Income from equity method investees" on the Condensed Consolidated Statements of Income. Our equity method investments primarily comprise MBL Bioenergy, Pine Run and other equity method investments in biomass and other renewable energy projects.

MBL Bioenergy. The Company has an approximate 99.99% interest in MBL Bioenergy, a company jointly owned by UGI Dakota, LLC, Sevana Bioenergy and a subsidiary of California Bioenergy. The sole purpose of MBL Bioenergy is the development of RNG projects in South Dakota comprising three dairy waste anaerobic digester systems. MBL Bioenergy is a variable interest entity whereby the Company has determined that it is not the primary beneficiary since it does not direct the activities that most significantly impact the entity's economic performance. The carrying value of our investment in MBL Bioenergy at March 31, 2023 and 2022 was $78 and $0, respectively.

Pine Run. The Company has an approximately 49% interest in Pine Run, a company jointly owned by Stonehenge Energy Resources and UGI Pine Run LLC. Pine Run owns Pine Run Midstream which operates dry gas gathering pipelines and compression assets in western Pennsylvania. The carrying value of our investment in Pine Run at March 31, 2023 and 2022 was $72 and $65, respectively.

Pennant. At March 31, 2022, the carrying value of our investment in Pennant was $97. During Fiscal 2022, UGI through Energy Services, completed the Pennant Acquisition in which Energy Services acquired the remaining 53% of the equity interests in Pennant. The acquisition of the remaining interests was accounted for as an acquisition of assets, and the purchase price of approximately $61 was primarily allocated to property, plant and equipment.

Other Equity Method Investments. Our other equity method investments totaled $69 and $26 at March 31, 2023 and 2022, respectively, and principally comprise of a number of investments in biomass and other renewable energy projects at Midstream & Marketing and a renewable energy joint venture at UGI International. Our maximum exposure to loss related to these investments is limited to the amount invested.

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, 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 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 in AOCI until such foreign net investment is substantially sold or liquidated.

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 12.

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.

Goodwill. We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is an operating segment, or one level below an operating segment (a component) if it constitutes a business for which discrete financial information is available and regularly reviewed by segment management. Components are aggregated into a single reporting unit if they have similar economic characteristics. Each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired.

With respect to the AmeriGas Propane reporting unit’s Fiscal 2022 impairment test, we determined that AmeriGas Propane’s fair value exceeded its carrying value by approximately 30%. While the Company believes that the judgments used in that quantitative assessment of AmeriGas Propane’s fair value were reasonable based upon currently available facts and circumstances, if AmeriGas Propane were not able to achieve its anticipated results and/or if its weighted average cost of capital were to increase, its fair value would be adversely affected, which may result in an impairment. During the interim period ended March 31, 2023, AmeriGas Propane did not achieve its forecasted results and the weighted average cost of capital increased from the Fiscal 2022 impairment test. While these developments caused a decrease in the fair value of the AmeriGas Propane reporting unit, the Company has concluded that the decrease would not result in the carrying value of the reporting unit to exceed the estimated fair value. As a result, the Company has concluded that it is not more likely than not that the fair value of the AmeriGas Propane reporting unit is below its carrying amount as of March 31, 2023. There is approximately $2 billion of goodwill in this reporting unit as of March 31, 2023. The Company will continue to monitor its reporting units and related goodwill for any possible future non-cash impairment charges.

Note 3 — Accounting Changes

New Accounting Standard Adopted in Fiscal 2023

Debt and Derivatives and Hedging. Effective October 1, 2022, the Company adopted ASU 2020-06, “Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40).” The amendments in this ASU affect entities that issue convertible instruments and/or contracts indexed to and potentially settled in an entity’s own equity. This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock, expands disclosure requirements for convertible instruments, and simplifies the related earnings per share guidance. We adopted this ASU using the modified retrospective transition method and applied the new guidance to applicable features of our Equity Units. Periods prior to October 1, 2022 have not been restated.

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

Upon adoption, we reclassified $6 from Common Stock to Preferred Stock associated with the previously separated equity-classified beneficial conversion feature, which was accounted for as a deemed dividend. The increase to Preferred Stock was partially offset by an increase of $1 to opening retained earnings for the previously recognized non-cash amortization of the beneficial conversion feature. The ASU 2020-06 also removes the presumption of cash settlement for contracts that may be settled in cash or shares. In accordance with the new guidance, we included the dilutive impact of the quarterly contract adjustment payment liability associated with the 2024 Purchase Contracts, which may be settled in cash or shares, in our computation of weighted average diluted common shares outstanding. The adoption of the new guidance did not, and is not expected to, have a material impact on our consolidated financial statements.

Note 4 — Revenue from Contracts with Customers

The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 4 in the Company's 2022 Annual Report for additional information on our revenues from contracts with customers.

Revenue Disaggregation

The following tables present our disaggregated revenues by reportable segment:

Three Months Ended March 31, 2023	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 424	$ —	$ —	$ —	$ —	$ 424	$ —
Commercial & Industrial	177	—	—	—	—	177	—
Large delivery service	53	—	—	—	—	53	—
Off-system sales and capacity releases	45	(28)	—	—	—	73	—
Other	16	(1)	—	—	—	17	—
Total Utility	715	(29)	—	—	—	744	—
Non-Utility:							
LPG:							
Retail	1,328	—	755	573	—	—	—
Wholesale	109	—	45	64	—	—	—
Energy Marketing	740	(39)	—	281	498	—	—
Midstream:							
Pipeline	66	—	—	—	66	—	—
Peaking	10	(58)	—	—	68	—	—
Other	4	—	—	—	4	—	—
Electricity Generation	2	—	—	—	2	—	—
Other	67	—	47	20	—	—	—
Total Non-Utility	2,326	(97)	847	938	638	—	—
Total revenues from contracts with customers	3,041	(126)	847	938	638	744	—
Other revenues (b)(c)	65	(2)	20	10	—	30	7
Total revenues	$ 3,106	$ (128)	$ 867	$ 948	$ 638	$ 774	$ 7

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

Three Months Ended March 31, 2022	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 400	$ —	$ —	$ —	$ —	$ 400	$ —
Commercial & Industrial	167	—	—	—	—	167	—
Large delivery service	54	—	—	—	—	54	—
Off-system sales and capacity releases	37	(40)	—	—	—	77	—
Other	7	—	—	—	—	7	—
Total Utility	665	(40)	—	—	—	705	—
Non-Utility:							
LPG:							
Retail	1,554	—	908	646	—	—	—
Wholesale	154	—	68	86	—	—	—
Energy Marketing	909	(81)	—	466	524	—	—
Midstream:							
Pipeline	50	—	—	—	50	—	—
Peaking	23	(57)	—	—	80	—	—
Other	2	—	—	—	2	—	—
Electricity Generation	14	—	—	—	14	—	—
Other	71	—	54	17	—	—	—
Total Non-Utility	2,777	(138)	1,030	1,215	670	—	—
Total revenues from contracts with customers	3,442	(178)	1,030	1,215	670	705	—
Other revenues (b)	24	(1)	18	9	1	2	(5)
Total revenues	$ 3,466	$ (179)	$ 1,048	$ 1,224	$ 671	$ 707	$ (5)

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

Six Months Ended March 31, 2023	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 760	$ —	$ —	$ —	$ —	$ 760	$ —
Commercial & Industrial	309	—	—	—	—	309	—
Large delivery service	100	—	—	—	—	100	—
Off-system sales and capacity releases	77	(61)	—	—	—	138	—
Other	26	(1)	—	—	—	27	—
Total Utility	1,272	(62)	—	—	—	1,334	—
Non-Utility:							
LPG:							
Retail	2,444	—	1,389	1,055	—	—	—
Wholesale	211	—	96	115	—	—	—
Energy Marketing	1,518	(116)	—	599	1,035	—	—
Midstream:							
Pipeline	131	—	—	—	131	—	—
Peaking	27	(97)	—	—	124	—	—
Other	7	—	—	—	7	—	—
Electricity Generation	10	—	—	—	10	—	—
Other	142	—	104	38	—	—	—
Total Non-Utility	4,490	(213)	1,589	1,807	1,307	—	—
Total revenues from contracts with customers	5,762	(275)	1,589	1,807	1,307	1,334	—
Other revenues (b)(c)	103	(2)	44	18	—	32	11
Total revenues	$ 5,865	$ (277)	$ 1,633	$ 1,825	$ 1,307	$ 1,366	$ 11

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, 2022	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 634	$ —	$ —	$ —	$ —	$ 634	$ —
Commercial & Industrial	261	—	—	—	—	261	—
Large delivery service	97	—	—	—	—	97	—
Off-system sales and capacity releases	56	(62)	—	—	—	118	—
Other	12	(1)	—	—	—	13	—
Total Utility	1,060	(63)	—	—	—	1,123	—
Non-Utility:							
LPG:							
Retail	2,804	—	1,554	1,250	—	—	—
Wholesale	294	—	124	170	—	—	—
Energy Marketing	1,623	(136)	—	799	960	—	—
Midstream:							
Pipeline	96	—	—	—	96	—	—
Peaking	29	(96)	—	—	125	—	—
Other	4	—	—	—	4	—	—
Electricity Generation	19	—	—	—	19	—	—
Other	149	—	112	37	—	—	—
Total Non-Utility	5,018	(232)	1,790	2,256	1,204	—	—
Total revenues from contracts with customers	6,078	(295)	1,790	2,256	1,204	1,123	—
Other revenues (b)	61	(2)	36	17	2	3	5
Total revenues	$ 6,139	$ (297)	$ 1,826	$ 2,273	$ 1,206	$ 1,126	$ 5

(a) Includes intersegment revenues principally among Midstream & Marketing, Utilities and AmeriGas Propane.
(b) Primarily represents revenues from tank rentals at AmeriGas Propane and UGI International, revenues from certain gathering assets at Midstream & Marketing, revenues from alternative revenue programs at UGI Utilities 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.
(c) Includes the impact of the weather normalization adjustment rider, a five-year pilot program beginning on November 1, 2022 for PA Gas Utility. See Note 7 for additional information.

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 for all periods presented. Substantially all of our receivables are unconditional rights to consideration and are included in “Accounts receivable” and, in the case of 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 $126, $164 and $100 at March 31, 2023, September 30, 2022 and March 31, 2022, respectively, and are included in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated

Balance Sheets. Revenues recognized for the six months ended March 31, 2023 and 2022, from the amounts included in contract liabilities at September 30, 2022 and 2021, were $119 and $112, respectively.

Remaining Performance Obligations

The Company excludes 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 Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At March 31, 2023, Midstream & Marketing and Utilities expect to record approximately $2.2 billion and $0.2 billion of revenues, respectively, related to the minimum future performance obligations over the remaining terms of the related contracts.

Note 5 — Dispositions and Acquisition

UGI International Energy Marketing Businesses

Sale of U.K. Energy Marketing Business. On October 21, 2022, UGI International, through a wholly-owned subsidiary, sold its natural gas marketing business located in the U.K. for a net cash payment of $19 which includes certain working capital adjustments. In conjunction with the sale, during the first quarter of Fiscal 2023, the Company recorded a pre-tax loss of $215 ($151 after-tax) substantially all of which loss was due to the non-cash transfer of commodity derivative instruments associated with the business. At the date of closing of the sale, these commodity derivative instruments had a net carrying value of $206 which is attributable to net unrealized gains on such instruments. At September 30, 2022, these derivative instruments were classified as held for sale assets on the Condensed Consolidated Balance Sheet and a net carrying value of $276. The change in the carrying value of these derivative instruments between September 30, 2022 and October 21, 2022 resulted from changes in their fair values during that period.

Other UGI International Energy Marketing Businesses. In November 2022, the Company announced that it expected to sign a definitive agreement during the first quarter of Fiscal 2023 to sell its energy marketing business in France. In December 2022, the Company announced that it no longer expected to sign a definitive agreement during the first quarter of Fiscal 2023 as extended negotiations with the potential buyer had been discontinued. The Company continues to pursue the sale of its energy marketing business in France, as well as the wind-down of its energy marketing business located in Belgium and the Netherlands. At March 31, 2023, the sale of our energy marketing business in France was not considered probable of occurring within one year and, as such, assets and liabilities associated with this business were not classified as held for sale on the Condensed Consolidated Balance Sheet.

During the first quarter of Fiscal 2023, the Company recorded a $19 pre-tax impairment charge to reduce the carrying values of certain assets associated with its energy marketing business in the Netherlands, comprising property, plant and equipment and intangible assets. The impairment charge is reflected in “Operating and administrative expenses” on the Condensed Consolidated Statement of Income and included in the UGI International segment.

Acquisitions of Assets

Stonehenge. On January 27, 2022, UGI, through Energy Services, completed the Stonehenge Acquisition in which Energy Services acquired all of the equity interests in Stonehenge for total cash consideration of approximately $190. The Stonehenge business includes a natural gas gathering system, located in western Pennsylvania, with more than 47 miles of pipeline and associated compression assets. The Stonehenge Acquisition is consistent with our growth strategies, including expanding our midstream natural gas gathering assets within the Appalachian basin production region. The Stonehenge Acquisition was funded using available cash. This transaction has been accounted for as an acquisition of assets, and the purchase price has been primarily allocated to property, plant and equipment. We refer to Stonehenge and its assets as “UGI Moraine East.”

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

Note 6 — Inventories

Inventories comprise the following:

	March 31, 2023	September 30, 2022	March 31, 2022
Non-utility LPG and natural gas	$ 230	$ 335	$ 253
Gas Utility natural gas	20	166	6
Energy certificates	76	70	63
Materials, supplies and other	107	94	76
Total inventories	$ 433	$ 665	$ 398

Note 7 — 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 9 in the Company's 2022 Annual Report. Other than removal costs, Utilities currently does not recover a rate of return on its regulatory assets listed below. The following regulatory assets and liabilities associated with Utilities are included on the Condensed Consolidated Balance Sheets:

	March 31, 2023	September 30, 2022	March 31, 2022
Regulatory assets (a):			
Income taxes recoverable	$ 94	$ 83	$ 148
Underfunded pension plans	118	114	104
Environmental costs	34	37	55
Deferred fuel and power costs	38	32	6
Removal costs, net	22	22	22
Other	53	52	49
Total regulatory assets	$ 359	$ 340	$ 384
Regulatory liabilities (a):			
Postretirement benefit overcollections	$ 10	$ 11	$ 12
Deferred fuel and power refunds	28	3	17
State tax benefits — distribution system repairs	39	38	34
Excess federal deferred income taxes	262	279	283
Other	6	4	14
Total regulatory liabilities	$ 345	$ 335	$ 360

(a) Current regulatory assets are included in "Prepaid expenses and other current assets" and regulatory liabilities are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Deferred fuel and power - costs and refunds. Utilities' tariffs contain clauses that permit recovery of all prudently incurred purchased gas and power costs through the application of PGC rates, PGA rates and DS tariffs. These clauses provide for periodic adjustments to PGC, PGA 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.

The WVPSC, in an effort to mitigate the impact of WV Gas Utility's 2022 PGA rate increase to customers, delayed the effective date in 2022 from November 1 to December 1 and deferred $12 of unrecovered gas costs in determining the rates to be charged to the various customer classes effective December 1, 2022. Additionally, in order to lower winter bills for residential customers, the WVPSC removed transportation and storage costs from the volumetric rate and created a fixed monthly pipeline demand charge applicable only to residential customers. On April 12, 2023, the WVPSC issued a final Order that increased the PGA rate, which included the unrecovered gas cost balance initially deferred in the interim order, and continued the fixed monthly demand charge for residential customers.

PA 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 (losses) gains on such contracts at March 31, 2023, September 30, 2022 and March 31, 2022 were $(17), $5 and $21, respectively.

Other Regulatory Matters

UGI Utilities. On January 27, 2023, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by $11. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. Electric Utility requested that the new electric rates become effective March 28, 2023. The PAPUC issued an Order on March 2, 2023, 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 28, 2022, PA Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by $83 annually. On September 15, 2022, the PAPUC issued a final order approving a settlement providing for a $49 annual base distribution rate increase for PA Gas Utility, through a phased approach, with $38 beginning October 29, 2022 and an additional $11 beginning October 1, 2023. In accordance with the terms of the final order, PA Gas Utility will not be permitted to file a rate case prior to January 1, 2024. Also in accordance with the terms of the final order, PA Gas Utility was authorized to implement a weather normalization adjustment rider as a five-year pilot program beginning on November 1, 2022. Under this rider, when weather deviates from normal by more than 3%, residential and small commercial customer billings for distribution services are adjusted monthly for weather related impacts exceeding the 3% threshold. Additionally, under the terms of the final order, PA Gas Utility was authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reached $3,368 (which threshold was achieved in September 2022).

On February 8, 2021, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by $9. On October 28, 2021, the PAPUC issued a final Order approving a settlement that permitted Electric Utility, effective November 9, 2021, to increase its base distribution revenues by $6.

Mountaineer. On March 6, 2023, Mountaineer submitted a base rate case filing with the WVPSC seeking a net revenue increase of $20, which consists of an increase in base rates of $38 and a decrease in the IREP rates of $18 annually to be effective on April 5, 2023. On March 31, 2023 the WVPSC suspended the effective date of the requested rate change increase until January 1, 2024 to allow for a full review of the filing.

On July 29, 2022, Mountaineer submitted its 2022 IREP filing to the WVPSC requesting recovery of costs associated with capital investments totaling $354 over the 2023 - 2027 period, including $64 in calendar year 2023. On November 16, 2022, Mountaineer and the intervening parties submitted a Joint Stipulation and Agreement for Settlement to the WVPSC requesting approval of 2023 IREP revenue of $22 to be charged effective January 1, 2023, which includes the recovery of a $1 under-recovery of 2021 IREP revenue. On December 21, 2022, the WVPSC issued an order approving the Joint Stipulation and Agreement for Settlement as filed.

Note 8 — Debt

AmeriGas Propane. Under the 2022 AmeriGas OLP Credit Agreement, AmeriGas OLP, as borrower, is required to comply with financial covenants related to leverage and interest coverage measured at the Partnership and at AmeriGas OLP. The 2022 AmeriGas OLP Credit Agreement contains an equity cure provision, which allows AmeriGas OLP's direct or indirect parent, including UGI and its other subsidiaries, to fund capital contributions to eliminate any EBITDA (as defined in the 2022 AmeriGas OLP Credit Agreement) shortfalls that would otherwise result in non-compliance with these financial covenants. Each equity cure is eligible to eliminate such EBITDA shortfalls up to four quarters after contribution. We are permitted to use the equity cure provision five times over the course of the Credit Agreement, twice during any rolling four-quarter period, and not in consecutive quarters.

As of March 31, 2023, AmeriGas OLP was in breach of the leverage ratio debt covenant and interest coverage ratio, which it cured with the funds received from UGI. UGI made capital contributions to AmeriGas OLP of $20 and $11 on March 31, 2023 and April 24, 2023, respectively, which in aggregate represented one equity cure in accordance with the 2022 AmeriGas OLP Credit Agreement. As a result of these capital contributions, AmeriGas OLP and the Partnership were in compliance with all financial covenants after consideration of the equity cure provision as of March 31, 2023.
UGI also provided an irrevocable letter of support, dated May 4, 2023, whereby UGI has committed to fund any such EBITDA shortfalls and debt service, if any. Based on the support and the projected EBITDA, AmeriGas OLP is expected to remain in compliance with its financial debt covenants for the succeeding twelve-month period.

UGI International 2023 Credit Facilities Agreement. On March 7, 2023, UGI International, LLC and its indirect wholly-owned subsidiary, UGI International Holdings B.V., entered into the UGI International 2023 Credit Facilities Agreement, a five-year unsecured senior facilities agreement, maturing March 7, 2028, with a consortium of banks. The UGI International 2023 Credit Facilities Agreement consists of (1) a €300 variable-rate term loan facility ("Facility A") and (2) a €500 multicurrency revolving credit facility, including a €100 sublimit for swingline loans ("Facility B"). We have designated borrowings under Facility A as a net investment hedge. In connection with the entering into of the UGI International 2023 Credit Facilities Agreement, UGI International, LLC paid off in full and terminated the UGI International Credit Facilities Agreement, dated as of October 18, 2018. The net proceeds from the UGI International 2023 Credit Facilities Agreement were used to refinance the UGI International Credit Facilities Agreement. Borrowings under the multicurrency revolving credit facility may be used to finance the working capital needs of UGI International, LLC and its subsidiaries and for general corporate purposes.

Borrowings under Facility A bear interest at the euro interbank offered rate plus the applicable margin and borrowings under Facility B bear interest at the daily non-cumulative compounded Reference Rate Terms, as defined in the Agreement plus the applicable margin. The applicable margin for Facility A ranges from 1.70% to 3.35%, and for Facility B from 1.35% to 3.35%, and are dependent on the total net leverage ratio of UGI International, LLC and its subsidiaries on a consolidated basis. UGI International, LLC entered into an interest rate swap, effective March 31, 2023, that fixes the underlying market-based interest rate on Facility A at 3.10% through March 2026.

The UGI International 2023 Credit Facilities Agreement requires UGI International, LLC to maintain a consolidated net leverage ratio of not more than 3.85 to 1.00, provided the maximum ratio permitted may be increased to 4.25 to 1.00 for two consecutive testing dates following a permitted acquisition.

Energy Services Amended Term Loan Credit Agreement. On February 23, 2023, Energy Services entered into the Energy Services Amended Term Loan Credit Agreement, the first amendment to the Energy Services Term Loan Credit Agreement, dated August 13, 2019. The Energy Services Amended Term Loan Credit Agreement provides, among other items, that (i) the outstanding principal amount of the loans will be increased by $125 to $800, (ii) the maturity date of the loans shall be extended to February 22, 2030, (iii) Term SOFR (as defined in the Energy Services Amended Term Loan Credit Agreement) shall replace LIBOR as a reference rate and (iv) borrowings under the Energy Services Term Loan Credit Agreement shall bear interest at a floating rate of, at Energy Services' option, either (x) Term SOFR plus the applicable margin plus a credit spread adjustment of 0.10% or (y) the base rate, as defined in the Agreement, plus the applicable margin. The applicable margin shall be 3.25% per annum for Term SOFR loans and 2.25% per annum for base rate loans. Borrowings under the Energy Services Amended Term Loan Credit Agreement are payable in equal quarterly installments of $2, commencing in March 2023, with the balance of the principal being due and payable in full at maturity.

The Energy Services Amended Term Loan Credit Agreement contains customary covenants and default provisions and requires compliance with certain financial covenants including a minimum debt service coverage ratio as defined in the Agreement.

On March 1, 2023, in connection with the Energy Services Amended Term Loan Credit Agreement, Energy Services terminated and settled its existing interest rate swap derivative instrument associated with the Energy Services Term Loan Credit Agreement at a $32 gain. In accordance with GAAP, this gain has been deferred in AOCI and will be amortized to interest expense over the remaining term of the initial interest rate swap. Energy Services entered into a new interest rate swap, effective March 31, 2023, that fixes the underlying market-based interest rate on this variable-rate term loan at 4.53% through September 2026.

UGI Utilities Credit Agreement. On December 13, 2022, UGI Utilities entered into an amendment to the UGI Utilities Credit Agreement, providing for borrowings up to $425 and to replace the use of LIBOR with SOFR. Borrowings under the amended UGI Utilities Credit Agreement can be used to finance the working capital needs of UGI Utilities and for general corporate purposes. The UGI Utilities Credit Agreement is scheduled to expire June 2024.

Borrowings under the amended UGI Utilities Credit Agreement bear interest, subject to our election, at a floating rate of either (i) Term SOFR plus the applicable margin plus a credit spread adjustment of 0.10% or (ii) the base rate plus the applicable margin. The applicable margin remains unchanged from the original credit agreement.

Mountaineer Credit Agreement. On October 20, 2022, Mountaineer entered into the Mountaineer 2023 Credit Agreement, with a group of lenders. The Mountaineer 2023 Credit Agreement amends and restates a previous credit agreement and provides for borrowings up to $150, including a $20 sublimit for letters of credit. Mountaineer may request an increase in the amount of loan commitments to a maximum aggregate amount of $250, subject to certain terms and conditions. Borrowings under the Mountaineer 2023 Credit Agreement can be used to finance the working capital needs of Mountaineer and for general corporate purposes. The Mountaineer 2023 Credit Agreement is scheduled to expire in November 2024, with an option to extend the maturity date.

Borrowings under the Mountaineer 2023 Credit Agreement bear interest, subject to our election, at either (i) the base rate, defined as the highest of (a) the prime rate, (b) the federal funds rate plus 0.50% and (c) the adjusted term SOFR rate for a one-month tenor plus 1%, in each case, plus the applicable margin or (ii) the adjusted term SOFR rate plus the applicable margin. The applicable margin for base rate loans ranges from 0% to 1.25%, and for SOFR loans from 1.00% to 2.25%, depending on the debt rating of Mountaineer. The adjusted term SOFR rate is defined as the term SOFR reference rate for the selected interest period, plus 0.10% per annum for a one-month interest period, 0.15% per annum for a three-month interest period, or 0.25% per annum for a six-month interest period. The Mountaineer Credit Agreement contains customary covenants and default provisions and requires compliance with certain financial covenants including a maximum leverage ratio and a minimum interest coverage ratio as defined in the agreement.

Note 9 — Commitments and Contingencies

Environmental Matters

UGI Utilities

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. By the early 1950s, UGI Utilities divested all of its utility operations other than certain gas and electric operations. Beginning in 2006 and 2008, UGI Utilities also owned and operated two acquired subsidiaries, with similar histories of owning, and in some cases operating, MGPs in Pennsylvania.

UGI Utilities is subject to a COA with the PADEP to address the remediation of specified former MGP sites in Pennsylvania, which is scheduled to terminate at the end of 2031. In accordance with the COA, UGI Utilities 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, or make expenditures for such activities in an amount equal to an annual environmental minimum expenditure threshold. The annual minimum expenditure threshold of the COA is $5. The COA permits the transfer of the specified wells, with related costs counted towards the annual minimum expenditure. At March 31, 2023, September 30, 2022 and March 31, 2022, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the current COA and the predecessor agreements totaled $52, $53 and $49, respectively.

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 COA. This ratemaking recognition reconciles the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. As such, UGI

Utilities has recorded an associated regulatory asset for these costs because recovery of these costs from customers is probable (see Note 7).

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. Neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Utilities' MGP sites outside Pennsylvania were material for all periods presented.

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 $28 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas OLP 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 as of March 31, 2023, the Partnership has an undiscounted environmental remediation liability of $8 related to the site. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

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, including those described above, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Other Matters

West Reading, Pennsylvania Explosion. On March 24, 2023, an explosion occurred in West Reading, Pennsylvania which resulted in seven fatalities, significant injuries to eleven others, and extensive property damage. The NTSB, OSHA and the PAPUC are investigating the West Reading incident. The NTSB investigative team includes representatives from the Company, the PAPUC, the local Fire Department and the Pipeline and Hazardous Materials Safety Administration. The Company is cooperating with the investigation. The NTSB may invite other parties to participate.

While the investigation into this incident is still underway and the cause of the explosion has not been determined, the Company has received claims as a result of the explosion and is involved in lawsuits relative to the incident. The Company maintains liability insurance for personal injury, property and casualty damages and believes that third-party claims associated with the explosion, in excess of the Company's deductible, are recoverable through the Company's insurance. The Company cannot predict the result of these pending or future claims and legal actions at this time.

Note 10 — Defined Benefit Pension and Other Postretirement Plans

The Company maintains defined benefit pension plans and other postretirement plans for certain current and former employees. The service cost component of our pension and other postretirement plans, net of amounts capitalized, is reflected in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income. The non-service cost components, net of amounts capitalized by Utilities as a regulatory asset, are reflected in “Other non-operating income (expense), net” on the Condensed Consolidated Statements of Income. Other postretirement benefit cost was not material for all periods presented.

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

Net periodic pension cost includes the following components:

	Pension Benefits	
Three Months Ended March 31,	2023	2022
Service cost	$ 3	$ 4
Interest cost	8	7
Expected return on assets	(12)	(13)
Amortization of:		
Actuarial loss	—	2
Net benefit	$ (1)	$ —

Six Months Ended March 31,	2023	2022
Service cost	$ 5	$ 8
Interest cost	17	13
Expected return on plan assets	(23)	(25)
Amortization of:		
Actuarial (gain) loss	(1)	4
Net benefit	$ (2)	$ —

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

Note 11 — 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, 2023:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 229	$ 145	$ —	$ 374
Foreign currency contracts	$ —	$ 23	$ —	$ 23
Interest rate contracts	$ —	$ 25	$ —	$ 25
Liabilities:				
Commodity contracts	$ (294)	$ (138)	$ —	$ (432)
Foreign currency contracts	$ —	$ (4)	$ —	$ (4)
Interest rate contracts	$ —	$ (21)	$ —	$ (21)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 31	$ —	$ —	$ 31
September 30, 2022:				
Derivative instruments:				
Assets:				
Commodity contracts (b)	$ 938	$ 1,268	$ 27	$ 2,233
Foreign currency contracts	$ —	$ 119	$ —	$ 119
Interest rate contracts	$ —	$ 66	$ —	$ 66
Liabilities:				
Commodity contracts (b)	$ (377)	$ (136)	$ —	$ (513)
Foreign currency contracts	$ —	$ (2)	$ —	$ (2)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 43	$ —	$ —	$ 43
March 31, 2022:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 823	$ 1,146	$ —	$ 1,969
Foreign currency contracts	$ —	$ 35	$ —	$ 35
Interest rate contracts	$ —	$ 31	$ —	$ 31
Liabilities:				
Commodity contracts	$ (308)	$ (13)	$ —	$ (321)
Foreign currency contracts	$ —	$ (2)	$ —	$ (2)
Interest rate contracts	$ —	$ (1)	$ —	$ (1)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 50	$ —	$ —	$ 50

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans.
(b) Includes derivative assets and liabilities held-for-sale associated with the October 2022 sale of the U.K. energy marketing business (see Note 5).

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. Substantially all of the remaining 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 and foreign currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of our Level 3 natural gas commodity contracts at September 30, 2022 attributable to our UGI International operations have been determined using unobservable inputs in an illiquid market and ranged from $7 to $27 given the available inputs considered. The actual realized value at which these contracts will settle could vary significantly compared to the fair values reflected at September 30, 2022. 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.

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

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 amounts and estimated fair values of our long-term debt (including current maturities but excluding unamortized debt issuance costs) were as follows:

	March 31, 2023	September 30, 2022	March 31, 2022
Carrying amount	$ 6,805	$ 6,665	$ 6,559
Estimated fair value	$ 6,480	$ 6,189	$ 6,543

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 12.

Note 12 — 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: (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 information on the accounting for our derivative instruments, see Note 2.

The following summarizes the types of derivative instruments used by the Company to manage certain market risks:

Commodity Price Risk

Regulated Utility Operations

Natural Gas

PA 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 PA Gas Utility’s annual PGC filings, PA 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. See Note 7 for further information on the regulatory accounting treatment for these derivative instruments.

Non-utility Operations

LPG

In order to manage market price risk associated with the Partnership's fixed-price programs and to reduce the effects of short-term commodity price volatility, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership and our UGI International operations also use over-the-counter price swap and option contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases.

Natural Gas

In order to manage market price risk relating to fixed-price sales contracts for physical natural gas, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures and over-the-counter and ICE natural gas basis swap contracts. In addition, Midstream & Marketing uses NYMEX and over-the-counter futures and options contracts to economically hedge price volatility associated with the gross margin derived from the purchase and anticipated later near-term sale of natural gas storage inventories. Outside of the financial market, Midstream & Marketing also uses ICE and over-the-counter forward physical contracts. UGI International also uses natural gas futures and forward contracts to economically hedge market price risk associated with a substantial portion of anticipated volumes under 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. 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

Certain of our long-term debt agreements have interest rates that are generally indexed to short-term market interest rates. In order to fix the underlying short-term market interest rates, we may enter into pay-fixed, receive-variable interest rate swap agreements and designate such swaps as cash flow hedges.

The remainder of our long-term debt is typically issued at fixed rates of interest. As this long-term debt matures, 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. There were no unsettled IRPAs during any of the periods presented. At March 31, 2023, the amount of pre-tax net gains associated with interest rate hedges expected to be reclassified into earnings during the next twelve months is $39.

Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the USD exchange rate to the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over multi-year periods to eventually equal approximately 90% of anticipated UGI International foreign currency earnings before income taxes. Because these contracts are not designated as hedging instruments, 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.

Net Investment Hedges

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

Concurrent with the repayment of UGI International's 3.25% Senior Notes on December 7, 2021, we settled an associated net investment hedge having a notional value of €93. Additionally, in May 2022, we restructured certain net investment hedges associated with anticipated foreign currency denominated dividends. Cash flows from these settlements are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows.

Our euro-denominated long-term debt has also been designated as net investment hedges, representing a portion of our UGI International euro-denominated net investment. We recognized pre-tax (losses) gains associated with these net investment hedges in the cumulative translation adjustment component in AOCI of $(9) and $21 during the three months ended March 31, 2023 and 2022, respectively, and $(73) and $34 during the six months ended March 31, 2023 and 2022, respectively.

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, 2023, September 30, 2022 and March 31, 2022, and the final settlement dates of the Company's open derivative contracts as of March 31, 2023, but excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)		
Type	Units	Settlements Extending Through	March 31, 2023	September 30, 2022	March 31, 2022
Commodity Price Risk:					
Regulated Utility Operations					
PA Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	February 2024	12	19	11
Non-utility Operations					
LPG swaps	Gallons	September 2025	691	874	622
Natural gas futures, forward, basis swap, options and pipeline contracts (a)	Dekatherms	October 2027	366	363	346
Electricity forward and futures contracts	Kilowatt hours	December 2026	1,890	2,446	3,098
Interest Rate Risk:					
Interest rate swaps	Euro	March 2026	€ 300	€ 300	€ 300
Interest rate swaps	USD	September 2026	$ 1,277	$ 1,358	$ 1,414
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	August 2025	$ 285	$ 465	$ 274
Net investment hedge forward foreign exchange contracts	Euro	December 2026	€ 331	€ 411	€ 486

(a) September 30, 2022 includes amounts held-for-sale associated with the October 2022 sale of the U.K. energy marketing business (see Note 5).

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.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of March 31, 2023, 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 $422. In general, many of our over-the-counter derivative instruments and all exchange contracts call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At March 31, 2023, we had received cash collateral from derivative instrument counterparties totaling $55. In addition, we may have offsetting derivative liabilities and certain accounts payable balances with certain of these counterparties, which further mitigates the previously mentioned maximum amount of losses. 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, 2023, 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, many 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.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(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, 2023	September 30, 2022	March 31, 2022
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ 9	$ 57	$ 18
Interest rate contracts	25	66	31
	34	123	49
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	19	31	38
Derivatives not designated as hedging instruments:			
Commodity contracts (a)	355	2,202	1,931
Foreign currency contracts	14	62	17
	369	2,264	1,948
Total derivative assets — gross	422	2,418	2,035
Gross amounts offset in the balance sheet	(190)	(295)	(215)
Cash collateral received	(55)	(398)	(603)
Total derivative assets — net	$ 177	$ 1,725	$ 1,217
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	(21)	—	(1)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(36)	(26)	(17)
Derivatives not designated as hedging instruments:			
Commodity contracts (a)	(396)	(487)	(304)
Foreign currency contracts	(4)	(2)	(2)
	(400)	(489)	(306)
Total derivative liabilities — gross	(457)	(515)	(324)
Gross amounts offset in the balance sheet	190	295	215
Cash collateral pledged	102	7	—
Total derivative liabilities — net	$ (165)	$ (213)	$ (109)

(a) September 30, 2022 includes derivative assets and liabilities held-for-sale associated with the October 2022 sale of the U.K. energy marketing business (see Note 5).

(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:

Three Months Ended March 31,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		
Cash Flow Hedges:	2023	2022	2023	2022	Location of Gain (Loss) Reclassified from AOCI into Income
Interest rate contracts	$ (21)	$ 36	$ 7	$ (7)	Interest expense
Net Investment Hedges:					
Foreign currency contracts	$ (1)	$ 11			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2023	2022	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ 6	$ (7)	Revenues
Commodity contracts	(343)	599	Cost of sales
Commodity contracts	2	—	Other operating income, net
Foreign currency contracts	(2)	7	Other non-operating income (expense), net
Total	$ (337)	$ 599	

Six Months Ended March 31,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		
Cash Flow Hedges:	2023	2022	2023	2022	Location of Gain (Loss) Reclassified from AOCI into Income
Interest rate contracts	$ (17)	$ 48	$ 14	$ (13)	Interest expense
Net Investment Hedges:					
Foreign currency contracts	$ (24)	$ 11			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2023	2022	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ 10	$ 1	Revenues
Commodity contracts	(1,669)	326	Cost of sales
Commodity contracts	5	—	Other operating income, net
Foreign currency contracts	(34)	15	Other non-operating income (expense), net
Total	$ (1,688)	$ 342	

We are also a party to a number of other contracts that have elements of a derivative instrument. However, 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. 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.

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

Note 13 — Accumulated Other Comprehensive Income (Loss)

The tables below present changes in AOCI, net of tax:

Three Months Ended March 31, 2023	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — December 31, 2022	$ 14	$ 35	$ (280)	$ (231)
Other comprehensive (loss) income before reclassification adjustments	—	(15)	10	(5)
Amounts reclassified from AOCI	—	(5)	—	(5)
Other comprehensive (loss) income attributable to UGI	—	(20)	10	(10)
AOCI — March 31, 2023	$ 14	$ 15	$ (270)	$ (241)

Three Months Ended March 31, 2022	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — December 31, 2021	$ (15)	$ (19)	$ (122)	$ (156)
Other comprehensive income (loss) before reclassification adjustments	—	24	(53)	(29)
Amounts reclassified from AOCI	1	6	—	7
Other comprehensive income (loss) attributable to UGI	1	30	(53)	(22)
AOCI — March 31, 2022	$ (14)	$ 11	$ (175)	$ (178)

Six Months Ended March 31, 2023	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2022	$ 14	$ 37	$ (431)	$ (380)
Other comprehensive (loss) income before reclassification adjustments	—	(12)	161	149
Amounts reclassified from AOCI	—	(10)	—	(10)
Other comprehensive (loss) income attributable to UGI	—	(22)	161	139
AOCI — March 31, 2023	$ 14	$ 15	$ (270)	$ (241)

Six Months Ended March 31, 2022	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2021	$ (17)	$ (33)	$ (90)	$ (140)
Other comprehensive income (loss) before reclassification adjustments	—	34	(85)	(51)
Amounts reclassified from AOCI	3	10	—	13
Other comprehensive income (loss) attributable to UGI	3	44	(85)	(38)
AOCI — March 31, 2022	$ (14)	$ 11	$ (175)	$ (178)

Note 14 — 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) Utilities.

Corporate & Other includes certain items that are excluded from our CODM's assessment of segment performance (see below for further details on these items). Corporate & Other also includes the net expenses of UGI's captive general liability insurance company, UGI's corporate headquarters facility and UGI's unallocated corporate and general expenses as well as interest expense on UGI debt that is not allocated. 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 2022 Annual Report.

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

Three Months Ended March 31, 2023	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	$ 3,106	$ —	$ 867	$ 948	$ 540	$ 746	$ 5
Intersegment revenues	$ —	$ (128) (b)	$ —	$ —	$ 98	$ 28	$ 2
Cost of sales	$ 2,148	$ (126) (b)	$ 430	$ 633	$ 479	$ 426	$ 306
Operating income (loss)	$ 255	$ (1)	$ 138	$ 120	$ 103	$ 203	$ (308)
(Loss) income from equity investees	—	—	—	(2)	2	—	—
Other non-operating income (expense), net	2	—	—	10	—	2	(10)
Earnings (loss) before interest expense and income taxes	257	(1)	138	128	105	205	(318)
Interest expense	(93)	—	(39)	(9)	(11)	(21)	(13)
Income (loss) before income taxes	$ 164	$ (1)	$ 99	$ 119	$ 94	$ 184	$ (331)
Depreciation and amortization	$ 132	$ —	$ 45	$ 28	$ 22	$ 37	$ —
Capital expenditures (including the effects of accruals)	$ 214	$ —	$ 28	$ 30	$ 23	$ 133	$ —

Three Months Ended March 31, 2022	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	$ 3,466	$ —	$ 1,048	$ 1,224	$ 533	$ 667	$ (6)
Intersegment revenues	$ —	$ (179) (b)	$ —	$ —	$ 138	$ 40	$ 1
Cost of sales	$ 1,470	$ (178) (b)	$ 545	$ 930	$ 540	$ 380	$ (747)
Operating income	$ 1,332	$ —	$ 227	$ 111	$ 85	$ 191	$ 718
Income from equity investees	5	—	—	—	5	—	—
Other non-operating income (expense), net	11	—	—	9	—	3	(1)
Earnings before interest expense and income taxes	1,348	—	227	120	90	194	717
Interest expense	(82)	—	(38)	(8)	(10)	(16)	(10)
Income before income taxes	$ 1,266	$ —	$ 189	$ 112	$ 80	$ 178	$ 707
Depreciation and amortization	$ 128	$ —	$ 44	$ 29	$ 18	$ 36	$ 1
Capital expenditures (including the effects of accruals)	$ 170	$ —	$ 36	$ 23	$ 10	$ 101	$ —

Six Months Ended March 31, 2023	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	$ 5,865	$ —	$ 1,633	$ 1,825	$ 1,094	$ 1,305	$ 8
Intersegment revenues	$ —	$ (277) (b)	$ —	$ —	$ 213	$ 61	$ 3
Cost of sales	$ 5,254	$ (275) (b)	$ 816	$ 1,295	$ 993	$ 755	$ 1,670
Operating (loss) income	$ (949)	$ —	$ 248	$ 176	$ 209	$ 329	$ (1,911)
Income (loss) from equity investees	1	—	—	(2)	3	—	—
Other non-operating (loss) income, net	(26)	—	—	20	—	4	(50)
(Loss) earnings before interest expense and income taxes	(974)	—	248	194	212	333	(1,961)
Interest expense	(185)	—	(82)	(16)	(22)	(42)	(23)
(Loss) income before income taxes	$ (1,159)	$ —	$ 166	$ 178	$ 190	$ 291	$ (1,984)
Depreciation and amortization	$ 263	$ —	$ 89	$ 56	$ 43	$ 74	$ 1
Capital expenditures (including the effects of accruals)	$ 392	$ —	$ 51	$ 57	$ 34	$ 250	$ —
As of March 31, 2023							
Total assets	$ 16,429	$ (232)	$ 4,248	$ 3,490	$ 3,116	$ 5,643	$ 164

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

Six Months Ended March 31, 2022	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corporate & Other (a)
Revenues from external customers	$ 6,139	$ —	$ 1,826	$ 2,273	$ 974	$ 1,063	$ 3
Intersegment revenues	$ —	$ (297) (b)	$ —	$ —	$ 232	$ 63	$ 2
Cost of sales	$ 3,590	$ (295) (b)	$ 963	$ 1,723	$ 953	$ 580	$ (334)
Operating income	$ 1,264	$ —	$ 313	$ 189	$ 159	$ 287	$ 316
Income from equity investees	13	—	—	—	13	—	—
Loss on extinguishments of debt	(11)	—	—	—	—	—	(11)
Other non-operating income, net	21	—	—	13	—	5	3
Earnings before interest expense and income taxes	1,287	—	313	202	172	292	308
Interest expense	(163)	—	(79)	(15)	(20)	(32)	(17)
Income before income taxes	$ 1,124	$ —	$ 234	$ 187	$ 152	$ 260	$ 291
Depreciation and amortization	$ 257	$ —	$ 88	$ 60	$ 37	$ 71	$ 1
Capital expenditures (including the effects of accruals)	$ 345	$ —	$ 71	$ 46	$ 16	$ 212	$ —
As of March 31, 2022							
Total assets	$ 17,777	$ (163)	$ 4,563	$ 4,905	$ 3,195	$ 5,106	$ 171

(a) Corporate & Other includes specific items attributable to our reportable segments that are not included in the segment profit measures used by our CODM in assessing our reportable segments' performance or allocating resources. The following table presents such pre-tax gains (losses) which have been included in Corporate & Other, and the reportable segments to which they relate:

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, 2023	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ 1	$ 4
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 8	$ (235)	$ (78)
Net losses on commodity derivative instruments not associated with current-period transactions	Other operating income, net	$ —	$ (1)	$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	$ (6)	$ —	$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (10)	$ —

Three Months Ended March 31, 2022	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ 2	$ (9)
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 32	$ 560	$ 154
Restructuring costs	Operating and administrative expenses	$ (14)	$ (2)	$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (1)	$ —

Six Months Ended March 31, 2023	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ 3	$ 6
Net losses on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ (4)	$ (1,404)	$ (261)
Net losses on commodity derivative instruments not associated with current-period transactions	Other operating income, net	$ —	$ (3)	$ —
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (50)	$ —
AmeriGas operations enhancement for growth project	Operating and administrative expenses	$ (13)	$ —	$ —
Loss on disposal of U.K. energy marketing business	Loss on disposal of U.K. energy marketing business	$ —	$ (215)	$ —
Impairment of assets	Operating and administrative expenses	$ —	$ (19)	$ —

Six Months Ended March 31, 2022	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ 5	$ (2)
Net (losses) gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ (37)	$ 348	$ 22
Restructuring costs	Operating and administrative expenses	$ (14)	$ (2)	$ —
Loss on extinguishment of debt	Loss on extinguishment of debt	$ —	$ (11)	$ —
Unrealized gain on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ 5	$ —

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

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 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words and terms of similar meaning, although not all forward-looking statements contain such words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future. All forward-looking statements made in this Quarterly Report on Form 10-Q rely upon the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

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 against relying on any forward-looking statement as these statements are subject to risks and uncertainties that may cause actual results to 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 those factors set forth in Item 1A. Risk Factors in this report and in the Company's 2022 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022 as well as 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) weather conditions, including increasingly uncertain weather patterns due to climate change, resulting in reduced demand, the seasonal nature of our business, and disruptions in our operations and supply chain; (2) cost volatility and availability of energy products, including propane and other LPG, electricity, and natural gas, as well as the availability of LPG cylinders, and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, health, tax, transportation, consumer protection, data privacy, accounting, and environmental matters, such as regulatory responses to climate change; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal or regulatory proceedings, inquiries or investigations; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or 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 and our ability to address existing or potential workforce shortages; (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, acts of war, terrorism, natural disasters, pandemics, 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 in all forms; (13) transmission or distribution system service interruptions; (14) political, regulatory and economic conditions in the United States, Europe and other foreign countries, including uncertainties related to the war between Russia and Ukraine, the European energy crisis, and foreign currency exchange rate fluctuations, particularly the euro; (15) credit and 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) impacts of our indebtedness and the restrictive covenants in our debt agreements; (18) reduced distributions from subsidiaries impacting the ability to pay dividends or service debt; (19) changes in Marcellus and Utica Shale gas production; (20) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (21) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (22) the interruption, disruption, failure, malfunction, or breach of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (23) the inability to complete pending or future energy infrastructure projects; (24) our ability to achieve the operational benefits and cost efficiencies expected from the completion of pending and future business transformation initiatives, including the impact of customer service disruptions resulting in potential customer loss due to the transformation activities; (25) our ability to attract, develop, retain and engage key employees; (26) uncertainties related to a global pandemic, including the duration and/or impact of the COVID-19 pandemic; (27) the impact of proposed or future tax legislation; (28) the impact of declines in the stock market or bond market, and a low interest rate environment, on our pension liability; (29) our ability to protect our intellectual property; and (30) our ability to overcome supply chain issues that may result in delays or shortages in, as well as increased costs of, equipment, materials or other resources that are critical to our business operations.

These factors, and those factors set forth in Item 1A. Risk Factors in this report and those factors set forth in Item 1A. Risk Factors in the Company's 2022 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, 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. Any forward-looking statement speaks only as of the date on which such statement is made. We undertake no obligation (and expressly disclaim any 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

The following analyses compare the Company's results of operations for the 2023 three-month period with the 2022 three-month period and the 2023 six-month period with the 2022 six-month period. Our analysis of results of operations should be read in conjunction with the segment information included in Note 14 to 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 derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

Non-GAAP Financial Measures

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 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.

UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under GAAP. Volatility in net income (loss) attributable to UGI Corporation can occur as a result of gains and losses on such 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.

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

Adjusted net income attributable to UGI Corporation	Three Months Ended March 31,		Six Months Ended March 31,	
(Dollars in millions)	2023	2022	2023	2022
AmeriGas Propane	$ 73	$ 138	$ 122	$ 172
UGI International	92	89	137	146
Midstream & Marketing	66	58	143	109
Utilities	143	134	224	197
Corporate & Other (a)	(264)	514	(1,470)	212
Net income (loss) attributable to UGI Corporation	110	933	(844)	836
Net losses (gains) on commodity derivative instruments not associated with current-period transactions (net of tax of $(66), $204, $(429) and $93, respectively)	235	(535)	1,234	(243)
Unrealized losses (gains) on foreign currency derivative instruments (net of tax of $(3), $(1), $(14), and $1, respectively)	7	—	36	(4)
Loss on extinguishments of debt (net of tax of $0, $0, $0 and $(3), respectively)	—	—	—	8
Acquisition and integration expenses associated with the Mountaineer Acquisition (net of tax of $0, $0, $0 and $0, respectively)	—	—	—	1
Business transformation expenses (net of tax of $0, $0, $(1) and $(1), respectively)	2	2	3	3

AmeriGas operations enhancement for growth project (net of tax of $(1), $0, $(3) and $0, respectively)	5	—	10	—
Restructuring costs (net of tax of $0, $(5), $0 and $(5), respectively)	—	13	—	13
Loss on disposal of U.K. energy marketing business (net of tax of $0, $0, $(64) and $0, respectively)	—	—	151	—
Impairment of assets (net of tax of $4, $0, $0, and $0, respectively)	4	—	19	—
Total adjustments (a) (b)	253	(520)	1,453	(222)
Adjusted net income attributable to UGI Corporation	$ 363	$ 413	$ 609	$ 614

	Three Months Ended March 31,		Six Months Ended March 31,	
Adjusted diluted earnings per share	2023	2022	2023	2022
AmeriGas Propane	$ 0.34	$ 0.64	$ 0.56	$ 0.80
UGI International	0.43	0.41	0.64	0.68
Midstream & Marketing	0.31	0.26	0.66	0.50
Utilities	0.66	0.62	1.04	0.91
Corporate & Other (a)	(1.23)	2.39	(6.92)	0.98
Income (loss) per share - diluted (c)	0.51	4.32	(4.02)	3.87
Net losses (gains) on commodity derivative instruments not associated with current-period transactions (c)	1.09	(2.48)	5.80	(1.11)
Unrealized losses (gains) on foreign currency derivative instruments	0.03	—	0.17	(0.02)
Loss on extinguishments of debt	—	—	—	0.03
Acquisition and integration expenses associated with the Mountaineer Acquisition	—	—	—	—
Business transformation expenses	0.01	0.01	0.01	0.01
AmeriGas operations enhancement for growth project	0.02	—	0.05	—
Restructuring costs	—	0.06	—	0.06
Loss on disposal of U.K. energy marketing business	—	—	0.72	—
Impairment of assets	0.02	—	0.09	—
Total adjustments (a)	1.17	(2.41)	6.84	(1.03)
Adjusted earnings per share - diluted (c)	$ 1.68	$ 1.91	$ 2.82	$ 2.84

(a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income (loss) attributable to UGI Corporation. These adjustments have been excluded from the segment results to align with the measure used by our CODM in assessing segment performance and allocating resources. See Note 14 to Condensed Consolidated Financial Statements for additional information related to these adjustments, as well as other items included within Corporate & Other.
(b) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.
(c) The loss per share for the six months ended March 31, 2023, was determined excluding the effect of 6.35 million dilutive shares, as the impact of such shares would have been antidilutive to the net loss for the period. Adjusted earnings per share for the six months ended March 31, 2023, was determined based upon fully dilutive shares of 216.25 million.

EXECUTIVE OVERVIEW

Recent Developments

European Energy Marketing Business.

Sale of U.K. Energy Marketing Business. On October 21, 2022, UGI International, through a wholly-owned subsidiary, sold its natural gas marketing business located in the U.K. for a net cash payment of $19 million which includes certain working capital adjustments. In conjunction with the sale, during the first quarter of Fiscal 2023, the Company recorded a pre-tax loss of $215 million ($151 million after-tax) substantially all of which loss was due to the non-cash transfer of commodity derivative instruments associated with the business. At the date of closing of the sale, these commodity derivative instruments had a net carrying value of $206 million which is attributable to net unrealized gains on such instruments. At September 30, 2022, these derivative instruments had a net carrying value of $276 million. The change in the carrying amount of these derivative instruments between September 30, 2022 and October 21, 2022 resulted from changes in their fair value during that period.

Other UGI International Energy Marketing Businesses. In November 2022, the Company announced that it expected to sign a definitive agreement during the first quarter of Fiscal 2023 to sell its energy marketing business in France. In December 2022, the Company announced that it no longer expected to sign a definitive agreement during the first quarter of Fiscal 2023 as extended negotiations with the potential buyer had been discontinued. The Company continues to pursue the sale of its energy marketing business in France, as well as the wind-down of its energy marketing business located in Belgium and the Netherlands. At March 31, 2023, the sale of our energy marketing business in France was not considered probable of occurring within one year and, as such, assets and liabilities associated with this business were not classified as held for sale on the Condensed Consolidated Balance Sheet.

During the first quarter of Fiscal 2023, the Company recorded a $19 million pre-tax impairment charge to reduce the carrying values of certain assets associated with its energy marketing business in the Netherlands, comprising property, plant and equipment and intangible assets.

Global Macroeconomic Conditions. Beginning in Fiscal 2021 and continuing into Fiscal 2023, global commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political factors, including, among others: the economic recovery and evolving consumer patterns associated with the COVID-19 pandemic; supply chain issues including those associated with labor shortages; significant increases and volatility in energy commodity prices; and political and regulatory conditions resulting from the war between Russia and Ukraine. These factors have contributed to inflationary pressures as evidenced by recent increases in various consumer price indices. In response to these inflationary pressures, central banks in the U.S. and Europe began increasing interest rates during Fiscal 2022. In addition, during the last several years, we have experienced significant volatility in energy commodity prices, particularly in LPG, natural gas and electricity prices, which have resulted in substantial fluctuations in the fair values of our commodity derivative instruments. These inflationary pressures and commodity price fluctuations have resulted in, among other things, increases in inventory and certain operating and distribution expenses across all of our businesses. Commodity price fluctuations have also significantly affected the cash collateral deposit requirements of our derivative instrument counterparties and the restricted cash required to be held in our derivative broker and clearing institution accounts. We cannot predict the duration or total magnitude of these conditions and the effects such conditions may have on our future business, financial results, financial position, and liquidity and cash flows. However, we continue to monitor and respond to these global economic and political conditions and remain focused on managing our financial condition and liquidity as these conditions continue to evolve.

2023 three-month period compared with 2022 three-month period

Discussion. Net income attributable to UGI Corporation for the 2023 three-month period was $110 million (equal to $0.51 per diluted share) compared to $933 million (equal to $4.32 per diluted share) for the 2022 three-month period. These results include net (losses) gains from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of $(242) million and $535 million during the 2023 and 2022 three-month periods, respectively. The higher losses from changes in commodity derivative instruments during the 2023 three-month period principally reflects significant declines in commodity energy prices in Europe following unprecedented increases in such prices during Fiscal 2022.

Net income attributable to UGI Corporation during the 2023 three-month period also includes (1) external advisory fees of $5 million associated with AmeriGas operations enhancement for growth project; (2) an impairment of assets of $4 million; and (3) business transformation expenses of $2 million associated with Corporate support functions.

Net income attributable to UGI Corporation during the 2022 three-month period also includes (1) restructuring costs of $13 million largely attributable to a reduction in workforce and related costs; and (2) business transformation expenses of $2 million associated with Corporate support functions.

Adjusted net income attributable to UGI Corporation for the 2023 three-month period was $363 million (equal to $1.68 per diluted share) compared to $413 million (equal to $1.91 per diluted share) for the 2022 three-month period. The decrease in adjusted net income attributable to UGI Corporation during the 2023 three-month period reflects a lower earnings contribution from the AmeriGas Propane business, partially offset by higher earnings contributions from our Midstream & Marketing, Utilities and UGI International business segments. Temperatures in all our domestic and UGI International business segments during the 2023 three-month period were warmer than the prior-year period.

AmeriGas Propane’s adjusted net income attributable to UGI Corporation decreased $65 million in the 2023 three-month period. This decrease principally reflects lower retail propane margin primarily attributable to lower volumes sold and higher operating and administrative expenses primarily attributable to higher distribution-related expenses and other personnel-related expenses including the effects of continuing inflationary pressures. The effects of these items were partially offset by the benefit of slightly higher average retail propane unit margins in the 2023 three-month period.

UGI International’s adjusted net income attributable to UGI Corporation increased $3 million in the 2023 three-month period notwithstanding lower retail LPG gallons sold principally reflecting higher average retail LPG unit margin and higher total margin from our energy marketing business. This increase was partially offset by slightly higher operating and administrative expenses including inflationary increases.

Midstream & Marketing’s adjusted net income attributable to UGI Corporation increased $8 million in the 2023 three-month period primarily attributable to higher total margin from natural gas marketing activities and natural gas gathering activities reflecting in large part the Fiscal 2022 acquisitions of UGI Moraine East and Pennant. The higher margin was partially offset by higher operating expense and depreciation expense due in part to these Fiscal 2022 acquisitions.

Utilities’ adjusted net income attributable to UGI Corporation increased $9 million in the 2023 three-month period compared to the prior-year period. The increase was largely attributable to the increase in base rates and the implementation of the weather normalization adjustment at PA Gas Utility, both of which became effective during the first quarter of Fiscal 2023. The increase in margin was partially offset by higher operating expenses including higher uncollectible accounts expense and higher contractor costs.

2023 six-month period compared with 2022 six-month period

Discussion. Net loss attributable to UGI Corporation for the 2023 six-month period was $844 million (equal to $4.02 per diluted share) compared to net income attributable to UGI Corporation of $836 million (equal to $3.87 per diluted share) for the 2022 six-month period. These results include net (losses) gains from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments of $(1,270) million and $247 million during the 2023 and 2022 six-month periods, respectively. The higher losses from changes in commodity derivative instruments during the 2023 six-month period, principally reflects significant declines in commodity energy prices in Europe following unprecedented increases in such prices during Fiscal 2022.

Net loss attributable to UGI Corporation during the 2023 six-month period also includes (1) a $151 million loss on the sale of our energy marketing business in the U.K., principally reflecting the impact of the transfer of derivative hedge contracts; (2) an impairment of assets of $19 million; (3) external advisory fees of $10 million associated with AmeriGas operations enhancement for growth project; and (4) business transformation expenses of $3 million associated with Corporate support functions.

Net income attributable to UGI Corporation during the 2022 six-month period also includes (1) restructuring costs of $13 million largely attributable to a reduction in workforce and related costs; (2) business transformation expenses of $3 million associated with Corporate support functions; (3) acquisition and integration expenses of $1 million associated with Mountaineer; and (4) loss on extinguishment of debt of $8 million at UGI International.

Adjusted net income attributable to UGI Corporation for the 2023 six-month period was $609 million (equal to $2.82 per diluted share) compared to $614 million (equal to $2.84 per diluted share) for the 2022 six-month period. The slight decrease in adjusted net income attributable to UGI Corporation for the 2023 six-month period reflects lower earnings contributions from our AmeriGas Propane and UGI International business segments substantially offset by higher earnings contributions from our Midstream & Marketing and Utilities business segments. Temperatures in all of our business units were warmer than normal and, except for our AmeriGas Propane segment, warmer than the prior-year six-month period.

AmeriGas Propane’s adjusted net income attributable to UGI Corporation decreased $50 million in the 2023 six-month period. This decrease principally reflects the effects of lower retail propane gallons sold and higher operating and administrative expenses reflecting, among other things, higher distribution-related expenses and other personnel-related expenses including the effects of continuing inflationary pressures. The effects of these items on adjusted net income were partially offset by the benefit of higher average retail propane unit margins in the 2023 six-month period.

UGI International's adjusted net income attributable to UGI Corporation decreased $9 million in the 2023 six-month period. The 2023 six-month period results reflect the impacts of weaker foreign currencies. UGI International operating results reflect lower total margin principally due to the weaker foreign currencies and lower LPG retail volumes attributable to the warmer weather and lower residential LPG consumption resulting from energy conservation measures in Europe due in large part to the war between Ukraine and Russia. These decreases were partially offset by higher margin from natural gas energy marketing activities and higher retail LPG average unit margins. The lower total margin was partially offset by lower operating and administrative expenses which reflect the translation effects of weaker foreign currencies partially offset by inflationary increases.

Midstream & Marketing's adjusted net income attributable to UGI Corporation increased $34 million in the 2023 six-month period. The increase in adjusted net income is primarily attributable to higher margins related to natural gas marketing activities and incremental contributions from UGI Moraine East and Pennant.

Utilities' adjusted net income attributable to UGI Corporation increased $27 million in the 2023 six-month period. The increase was largely related to the increase in base rates and the implementation of the weather normalization adjustment at PA Gas Utility, both of which became effective during the first quarter of Fiscal 2023. The increase in total margin was partially offset by higher operating and administrative expenses.

SEGMENT RESULTS OF OPERATIONS

2023 Three-Month Period Compared with the 2022 Three-Month Period

AmeriGas Propane

For the three months ended March 31,		2023		2022		Increase (Decrease)	
(Dollars in millions)							
Revenues	$	867	$	1,048	$	(181)	(17)%
Total margin (a)	$	437	$	503	$	(66)	(13)%
Operating and administrative expenses	$	263	$	240	$	23	10 %
Operating income/earnings before interest expense and income taxes	$	138	$	227	$	(89)	(39)%
Retail gallons sold (millions)		279		329		(50)	(15)%
Heating degree days—% (warmer) colder than normal (b)		(4.8)%		2.9 %		—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the United States, excluding Alaska and Hawaii.

Average temperatures during the 2023 three-month period were 4.8% warmer than normal and 6.8% warmer than the prior-year period. Total retail gallons sold decreased 15% during the 2023 three-month period due to the warmer weather, the effects of driver staffing shortages (which also limited growth), continuing customer attrition and structural conservation.

Average daily wholesale propane commodity prices during the 2023 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 37% lower than such prices during the 2022 three-month period. Total revenues decreased $181 million during the 2023 three-month period largely reflecting lower retail propane revenues ($153 million) primarily on the lower retail volumes sold ($138 million) and, to a much lesser extent, the effects of lower average retail propane selling prices ($15 million), and lower wholesale revenues ($23 million).

Total cost of sales decreased $115 million during the 2023 three-month period largely reflecting the lower average retail propane volumes sold ($70 million), the lower retail propane product costs ($19 million) and lower wholesale cost of sales ($22 million). Total margin decreased $66 million in the 2023 three-month period largely attributable to the lower retail propane volumes sold ($69 million), partially offset by slightly higher average retail unit margins ($4 million).

Operating income and earnings before interest expense and income taxes decreased $89 million during the 2023 three-month period primarily reflecting the decrease in total margin and higher operating and administrative expenses ($23 million) compared to the prior-year period. The increase in operating and administrative expenses reflects, among other things, higher salaries and benefits expenses, higher overtime and other employee-related costs associated with distribution activity and higher vehicle expenses.

UGI International

For the three months ended March 31,		2023		2022		Increase (Decrease)	
(Dollars in millions)							
Revenues	$	948	$	1,224	$	(276)	(23)%
Total margin (a)	$	315	$	294	$	21	7 %
Operating and administrative expenses	$	171	$	162	$	9	6 %
Operating income	$	120	$	111	$	9	8 %
Earnings before interest expense and income taxes	$	128	$	120	$	8	7 %
LPG retail gallons sold (millions)		222		247		(25)	(10)%
Heating degree days—% (warmer) than normal (b)		(7.0)%		(5.7)%		—	—

(a) Total margin represents revenues less cost of sales.
(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data at locations in our UGI International service territories.

Average temperatures during the 2023 three-month period were 7.0% warmer than normal and 1.6% warmer than the prior-year period. Total LPG retail gallons sold during the 2023 three-month period were 10% lower than the prior-year period largely attributable to lower consumption, principally from residential customers, primarily resulting from the European conservation measures due in large part to high global energy prices and the war between Russia and Ukraine, lower cylinder volumes and warmer weather.

UGI International base-currency results are translated into USD based upon exchange rates experienced during the reporting periods. 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 2023 and 2022 three-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.07 and $1.12, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.22 and $1.34, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The Company uses forward foreign currency exchange contracts entered into over multi-year periods to reduce the volatility in earnings that may result from such changes in foreign currency exchange rates in earnings. These forward foreign currency exchange contracts resulted in realized net gains of $8 million and $6 million in the 2023 and 2022 three-month periods, respectively.

UGI International revenues and cost of sales decreased $276 million and $297 million, respectively, during the 2023 three-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2023 three-month period in northwest Europe were approximately 18% and 24% lower, respectively, compared with the prior-year period. The decrease in revenues and cost of sales principally reflects the impact from lower retail volumes sold and the translation effects of the weaker foreign currencies (approximately $54 million and $38 million, respectively) partially offset by price increases.

UGI International total margin increased $21 million during the 2023 three-month period primarily reflecting higher total margins from our natural gas energy marketing business and higher average unit margins from our LPG business attributable to strong margin management efforts. These increases in total margin were partially offset by lower LPG retail volumes and the translation effects of weaker foreign currencies (approximately $14 million).

UGI International operating income and earnings before interest expense and income taxes increased $9 million and $8 million, respectively, during the 2023 three-month period compared to the prior-year period. The increase in operating income principally reflects the previously mentioned increase in total margin, partially offset by higher operating and administrative expenses ($9 million). The higher operating and administrative expenses during the 2023 three-month period primarily reflects inflationary effects on distribution activities and personnel-related costs, partially offset by the translation effects of the weaker foreign currencies ($8 million). The increase in earnings before interest expense and income taxes in the 2023 three-month period largely reflects the increase in operating income.

Midstream & Marketing

For the three months ended March 31,	2023	2022	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 638	$ 671	$ (33)	(5)%
Total margin (a)	$ 159	$ 131	$ 28	21 %
Operating and administrative expenses	$ 35	$ 30	$ 5	17 %
Operating income	$ 103	$ 85	$ 18	21 %
Earnings before interest expense and income taxes	$ 105	$ 90	$ 15	17 %

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing’s energy marketing territory during the 2023 three-month period were 18% warmer than normal and 17% warmer than the prior-year period.

Midstream & Marketing revenues decreased $33 million during the 2023 three-month period compared to the prior-period, primarily reflecting lower revenues from natural gas marketing activities ($45 million), including the effects of peaking and capacity management activities, that were impacted by lower volumes from the warmer weather and lower natural gas prices, partially offset by higher natural gas gathering and processing activities ($16 million), primarily due to the prior year acquisition of UGI Moraine East and Pennant.

Midstream & Marketing cost of sales decreased $61 million during the 2023 three-month period compared to the prior-year period, largely driven by the lower natural gas costs related to the previously mentioned natural gas marketing activities ($56 million).

Midstream & Marketing total margin increased $28 million during the 2023 three-month period largely reflecting higher margins from natural gas marketing activities ($11 million), including the effects of peaking and capacity management activities, and incremental natural gas gathering and processing activities ($16 million), primarily from the prior year acquisitions of UGI Moraine East and Pennant.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2023 three-month period increased $18 million and $15 million, respectively, compared to the prior-year period. The increase in operating income is largely attributable to the previously mentioned increase in total margin, partially offset by higher operating and administrative expense ($5 million) and depreciation and amortization expenses ($4 million). The increase in earnings before interest expense and income taxes principally reflects the increase in operating income, partially offset by lower income from equity method investments following the acquisition of the remaining 53% ownership interest in Pennant during the fourth quarter of Fiscal 2022.

Utilities

For the three months ended March 31,	2023	2022	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 774	$ 707	$ 67	9 %
Total margin (a)	$ 338	$ 317	$ 21	7 %
Operating and administrative expenses (a)	$ 97	$ 91	$ 6	7 %
Operating income	$ 203	$ 191	$ 12	6 %
Earnings before interest expense and income taxes	$ 205	$ 194	$ 11	6 %
Gas Utility system throughput—bcf				
Core market	44	52	(8)	(15)%
Total	125	123	2	2 %
Electric Utility distribution sales - gwh	257	284	(27)	(10)%
Natural gas heating degree days—% (warmer) than normal (b)	(19.7)%	(3.4)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of $10 million for each of the 2023 and 2022 three-month periods. 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 and administrative expenses presented above).

(b) Deviation from average heating degree days is determined on a 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for airports located within Gas Utility's service territories.

Temperatures in Gas Utility's service territories during the 2023 three-month period were 19.7% warmer than normal and 17.0% warmer than the prior-year period. The decrease in Gas Utility core market volumes during the 2023 three-month period is largely related to the significantly warmer weather partially offset by growth in the core market customers. The decrease in Electric Utility distribution sales volumes is primarily attributable to warmer weather during the current-year period.

Utilities revenues increased $67 million in the 2023 three-month period reflecting a $63 million increase in Gas Utility revenues and a $4 million increase in Electric Utility revenues. The increase in Gas Utility revenues is principally the result of higher PGC and PGA rates reflecting higher natural gas costs, the effects of the increase in base rates and weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023, and higher other revenues. These increases were partially offset by the lower core market volumes on the warmer weather. The increase in Electric Utility revenues during the 2023 three-month period was primarily driven by higher DS rates reflecting higher power costs.

Utilities cost of sales increased $46 million compared to the prior-year period. The increase in Gas Utility cost of sales ($42 million) during the 2023 three-month period mainly reflects higher PGC and PGA rates and higher other cost of sales. Electric Utility cost of sales increased $4 million during the 2023 three-month period largely reflecting the higher DS rates compared to the prior-year period.

Utilities total margin increased $21 million during the 2023 three-month period largely reflecting higher Gas Utility total margin ($23 million), mainly reflecting the effects of the increase in base rates and weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023, partially offset by the effects on core market volumes of the warmer weather. Electric Utility margin was comparable to the prior-year period.

Utilities operating income and earnings before interest expense and income taxes increased $12 million and $11 million, respectively, during the 2023 three-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher operating and administrative expenses ($6 million) compared to the prior-year period. The higher operating and administrative expenses reflects, among other things, higher uncollectible accounts expenses and contract labor costs.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2023 three-month period was $93 million compared to $82 million during the 2022 three-month period. This increase largely reflects higher credit agreement interest rates and borrowings and higher long-term debt outstanding principally at UGI Utilities.

The increase in the Company's effective income tax rate for the 2023 three-month period reflects in large part the effects on the estimated annual effective tax rate from a greater concentration of pretax income in higher tax rate jurisdictions resulting from losses on derivative instruments and adjustments to deferred tax valuation allowances.

The Company continues to evaluate the elections available under current regulations and pending legislation. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

2023 Six-Month Period Compared with the 2022 Six-Month Period

AmeriGas Propane

For the six months ended March 31,	2023		2022		Increase (Decrease)		
(Dollars in millions)							
Revenues	$	1,633	$	1,826	$	(193)	(11)%
Total margin (a)	$	817	$	863	$	(46)	(5)%
Operating and administrative expenses	$	498	$	480	$	18	4 %
Operating income/earnings before interest expense and income taxes	$	248	$	313	$	(65)	(21)%
Retail gallons sold (millions)		515		570		(55)	(10)%
Heating degree days—% (warmer) than normal (b)		(0.4)%		(2.7)%		—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the U.S., excluding Alaska and Hawaii.

Average temperatures during the 2023 six-month period were 0.4% warmer than normal and 2.9% colder than the prior-year period. Total retail gallons sold decreased 10% during the 2023 six-month period due to the effects of driver staffing shortages (which also limited growth), continuing customer attrition and structural conservation.

Average daily wholesale propane commodity prices during the 2023 six-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 37% lower than such prices during the 2022 six-month period. Total revenues decreased $193 million during the 2023 six-month period largely reflecting lower retail propane revenues ($165 million) primarily on the lower retail volumes sold ($150 million) and, to a much lesser extent, lower average retail propane selling prices ($15 million), and lower wholesale revenues ($28 million).

Total cost of sales decreased $147 million during the 2023 six-month period largely reflecting the lower average retail propane volumes sold ($77 million), the lower retail propane product costs ($42 million) and lower wholesale cost of sales ($25 million). Total margin decreased $46 million in the 2023 six-month period largely attributable to the lower retail propane volumes sold ($73 million), partially offset by higher average retail propane unit margins ($27 million).

Operating income and earnings before interest expense and income taxes each decreased $65 million during the 2023 six-month period primarily reflecting the previously mentioned decrease in total margin and higher operating and administrative expenses ($18 million). The increase in operating and administrative expenses reflects, among other things, the higher overtime and other employee-related costs associated with distribution activity, higher vehicle expenses and higher uncollectible accounts expenses, partially offset by lower salaries and benefits expenses, including the carryover impact from the workforce reductions made during Fiscal 2022.

UGI International

For the six months ended March 31,	2023	2022	Decrease	
(Dollars in millions)				
Revenues	$ 1,825	$ 2,273	$ (448)	(20)%
Total margin (a)	$ 530	$ 550	$ (20)	(4)%
Operating and administrative expenses	$ 314	$ 323	$ (9)	(3)%
Operating income	$ 176	$ 189	$ (13)	(7)%
Earnings before interest expense and income taxes	$ 194	$ 202	$ (8)	(4)%
LPG retail gallons sold (millions)	427	496	(69)	(14)%
Heating degree days—% (warmer) than normal (b)	(9.2)%	(1.1)%	—	—

(a) Total margin represents revenues less cost of sales.
(b) Deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data at locations in our UGI International service territories.

Average temperatures during the 2023 six-month period were 9.2% warmer than normal and 9.5% warmer than the prior-year period. Total LPG retail gallons sold during the 2023 six-month period were 14% lower than the prior-year period largely attributable to significantly warmer weather, lower consumption, principally from residential customers, primarily resulting from the European conservation measures due in large part to high global energy prices and the war between Russia and Ukraine and reduced crop drying campaigns.

UGI International base-currency results are translated into USD based upon exchange rates experienced during the reporting periods. 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 2023 and 2022 six-month periods, the average unweighted euro-to-USD translation rates were approximately $1.05 and $1.13, respectively, and the average unweighted British pound sterling-to-USD translation rates were approximately $1.19 and $1.35, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The Company uses forward foreign currency exchange contracts entered into over multi-year periods to reduce the volatility in earnings that may result from such changes in foreign currency exchange rates in earnings. These forward foreign currency exchange contracts resulted in realized net gains of $16 million and $10 million in the 2023 and 2022 six-month periods, respectively.

UGI International revenues and cost of sales decreased $448 million and $428 million, respectively, during the 2023 six-month period compared to the prior-year period. Average wholesale prices for propane and butane during the 2023 six-month period in northwest Europe were approximately 17% and 16% lower, respectively, compared with the prior-year period. The decrease in revenues and cost of sales principally reflects the impact from lower retail volumes sold and the translation effects of the weaker foreign currencies (approximately $163 million and $118 million, respectively) partially offset by price increases.

UGI International total margin decreased $20 million during the 2023 six-month period primarily reflecting the effects of the lower LPG retail volumes sold and the translation effects of the weaker foreign currencies (approximately $42 million). These factors were partially offset by higher average unit margins from our LPG business attributable to strong margin management efforts. Total margin from energy marketing activities were higher during the 2023 six-month period, as higher total margin from natural gas marketing activities was partially offset by lower total margin from electricity marketing activities.

UGI International operating income and earnings before interest expense and income taxes decreased $13 million and $8 million, respectively, during the 2023 six-month period. The decrease in operating income principally reflects the previously mentioned $20 million decrease in total margin and lower gains associated with sales of assets ($11 million), partially offset by lower operating and administrative expenses ($9 million), higher foreign currency transaction gains ($10 million) and lower depreciation and amortization expenses ($4 million). The lower operating and administrative expenses in the 2023 six-month period primarily reflects the translation effects of the weaker foreign currencies, partially offset by inflationary effects on distribution and personnel-related costs. The decrease in earnings before interest expense and income taxes in the 2023 six-month period largely reflects the $13 million decrease in operating income partially offset by higher realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International earnings resulting from the effects of changes in foreign currency exchange rates ($6 million).

Midstream & Marketing

For the six months ended March 31,	2023	2022	Increase	
(Dollars in millions)				
Revenues	$ 1,307	$ 1,206	$ 101	8 %
Total margin (a)	$ 314	$ 253	$ 61	24 %
Operating and administrative expenses	$ 64	$ 59	$ 5	8 %
Operating income	$ 209	$ 159	$ 50	31 %
Earnings before interest expense and income taxes	$ 212	$ 172	$ 40	23 %

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the 2023 six-month period were 12% warmer than normal and 6% warmer than the prior-year period.

Midstream & Marketing revenues increased $101 million compared to the prior-year period, principally reflecting higher revenues from natural gas and power marketing activities ($70 million), including the effects of peaking and capacity management activities, that were impacted by higher natural gas prices during the first quarter of Fiscal 2023, partially offset by the impacts from lower volumes from the warmer weather during the second quarter of Fiscal 2023. The increase in revenues also includes higher natural gas gathering and processing activities ($34 million), primarily due to the prior-year acquisitions of UGI Moraine East and Pennant.

Midstream & Marketing cost of sales increased $40 million compared to the prior-year period, primarily reflecting the higher natural gas costs related to the previously mentioned natural gas and power marketing activities, partially offset by the impacts from lower volumes from the warmer weather ($40 million).

Midstream & Marketing total margin increased $61 million in the 2023 six-month period reflecting higher margins from natural gas marketing activities ($31 million), including the effects of peaking and capacity management activities that benefited from extremely cold weather in late December. The increase in total margin also includes incremental natural gas gathering and processing activities ($34 million), primarily from the prior year acquisitions of UGI Moraine East and Pennant.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2023 six-month period increased $50 million and $40 million, respectively, compared to the prior-year period. The increase in operating income is largely attributable to the previously mentioned increase in total margin, partially offset by higher operating and administrative expense ($5 million) and depreciation and amortization expenses ($6 million). The increase in earnings before interest expense and income taxes principally reflects the increase in operating income, partially offset by lower income from equity method investments following the acquisition of the remaining 53% ownership interest in Pennant during the fourth quarter of Fiscal 2022.

Utilities

For the six months ended March 31,	2023	2022	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 1,366	$ 1,126	$ 240	21 %
Total margin (a)	$ 594	$ 530	$ 64	12 %
Operating and administrative expenses (a)	$ 188	$ 171	$ 17	10 %
Operating income	$ 329	$ 287	$ 42	15 %
Earnings before interest expense and income taxes	$ 333	$ 292	$ 41	14 %
Gas Utility system throughput—bcf				
Core market	78	81	(3)	(4)%
Total	219	216	3	1 %
Electric Utility distribution sales - gwh	503	526	(23)	(4)%
Gas Utility heating degree days—% (warmer) than normal (b)	(11.6)%	(8.1)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., gross receipts and business and occupation taxes) of $17 million and $16 million, respectively, during the 2023 and 2022 six-month periods. 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 and administrative expenses presented above).

(b) Deviation from average heating degree days is determined on a 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for airports located within Gas Utility’s service territories.

Temperatures in Gas Utility’s service territories during the 2023 six-month period were 11.6% warmer than normal and 4.1% warmer than the prior-year period. The decrease in Gas Utility core market volumes during the 2023 six-month period is largely related to the weather that was warmer than the prior-year period partially offset by growth in the core market customers. The decrease in Electric Utility distribution sales volumes is primarily attributable to warmer weather during the 2023 six-month period.

Utilities revenues increased $240 million in the 2023 six-month period reflecting a $226 million increase in Gas Utility revenues and a $14 million increase in Electric Utility revenues. The increase in Gas Utility revenues was largely driven by higher PGC and PGA rates reflecting higher natural gas costs, the effects of the increase in base rates and weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023, higher off-system sales and higher other revenues. These increases were partially offset by the effects on core market volumes of the warmer weather. The increase in Electric Utility revenues was largely driven by higher DS rates reflecting higher power costs.

Utilities cost of sales increased $176 million in the 2023 six-month period primarily attributable to Gas Utility ($161 million) mainly reflecting higher PGC and PGA rates, higher cost of sales associated with off-system sales and higher other cost of sales. Electric Utility cost of sales increased $15 million during the 2023 six-month period largely reflecting the higher DS rates.

Utilities total margin increased $64 million during the 2023 six-month period primarily attributable to higher Gas Utility total margin ($65 million) mainly reflecting the effects of the increase in base rates and weather normalization adjustments for PA Gas Utility that went into effect during the first quarter of Fiscal 2023 and, to a much lesser extent, impacts from growth in the core market customers and higher other revenues. Electric Utility margin was comparable to the prior-year period.

Utilities operating income and earnings before interest expense and income taxes increased $42 million and $41 million, respectively, during the 2023 six-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher operating and administrative expenses ($17 million) and higher depreciation expense ($3 million). The higher operating and administrative expenses reflect, among other things, higher uncollectible accounts expenses, contract labor costs, taxes other than income taxes and salary expenses. The higher depreciation expense compared to the prior-year period reflects the effects of continued distribution system capital expenditure activity.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2023 six-month period was $185 million compared to $163 million during the 2022 six-month period. This increase largely reflects higher credit agreement interest rates and borrowings and higher long-term debt outstanding principally at UGI Utilities.

The slightly higher effective income tax rate for the 2023 six-month period reflects in large part the effects on the estimated annual effective tax rate from a greater concentration of pretax loss in higher tax rate jurisdictions resulting from losses on derivative instruments and adjustments to deferred tax valuation allowances offset by the projected availability of investment tax credits in Fiscal 2023 following enactment of the Inflation Reduction Act.

The Company continues to evaluate the elections available under current regulations and pending legislation. Accordingly, the impacts on the Company’s income tax provisions and taxes payable or refundable related to these items are subject to change.

FINANCIAL CONDITION AND LIQUIDITY

The Company expects to have sufficient liquidity, including cash on hand and available borrowing capacity, to continue to support long-term commitments and ongoing operations despite uncertainties associated with ongoing global macroeconomic conditions including, among others, changes in consumer behavior resulting from the COVID-19 pandemic, the inflationary cost environment and ongoing energy commodity price volatility. Our total available liquidity balance, comprising cash and cash equivalents and available borrowing capacity on our revolving credit facilities, totaled approximately $1.9 billion and $1.7 billion at March 31, 2023 and September 30, 2022, respectively. Our total available liquidity at March 31, 2023 increased due to higher available borrowing capacity on our revolving credit facilities, partially offset by the impact of cash collateral payments associated with a significant decline in commodity prices during the 2023 six-month period and increases in restricted cash margin requirements in commodity futures brokerage accounts, principally at UGI International. The Company does not have any senior note or term loan maturities in the next twelve months. The Company cannot predict the duration or total magnitude of the uncertain economic factors mentioned above and the total effects they will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. UGI and its subsidiaries were in compliance with all debt covenants as of March 31, 2023. See Note 8 to the Condensed Consolidated Financial Statements for additional information on the equity cure provision.

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 the 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 Receivables Facility borrowing capacity; 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 $321 million at March 31, 2023, compared with $405 million at September 30, 2022. The decrease in cash and cash equivalents since September 30, 2022 is primarily attributable to commodity price volatility experienced in the 2023 six-month period and the seasonality of our business as further described in "Cash Flows" below. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at March 31, 2023 and September 30, 2022, UGI had $58 million and $140 million of cash and cash equivalents, respectively. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

Long-term Debt and Credit Facilities

Long-term Debt

The Company's debt outstanding at March 31, 2023 and September 30, 2022, comprises the following:

	March 31, 2023						September 30, 2022
(Millions of dollars)	AmeriGas Propane	UGI International	Midstream & Marketing	Utilities	Corp & Other	Total	Total
Short-term borrowings	$ 30	$ 166	$ 15	$ 242	$ —	$ 453	$ 368
Long-term debt (including current maturities):							
Senior notes	$ 2,575	$ 434	$ —	$ 1,505	$ —	$ 4,514	$ 4,472
Term loans	—	325	798	132	747	2,002	1,871
Other long-term debt	—	3	41	21	224	289	322
Unamortized debt issuance costs	(10)	(7)	(15)	(6)	(3)	(41)	(33)
Total long-term debt	$ 2,565	$ 755	$ 824	$ 1,652	$ 968	$ 6,764	$ 6,632
Total debt	$ 2,595	$ 921	$ 839	$ 1,894	$ 968	$ 7,217	$ 7,000

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 6 to Consolidated Financial Statements in the Company's 2022 Annual Report.

Information about the Company's principal credit agreements (excluding the Receivables Facility discussed below) as of March 31, 2023 and 2022, 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, 2023								
AmeriGas OLP	$	600	$	30	$	2	$	568
UGI International, LLC (a)	€	500	€	150	€	—	€	350
Energy Services	$	260	$	—	$	—	$	260
UGI Utilities	$	425	$	183	$	—	$	242
Mountaineer	$	150	$	59	$	—	$	91
UGI Corporation (b)	$	300	$	218	$	—	$	82
As of March 31, 2022								
AmeriGas OLP	$	600	$	30	$	3	$	567
UGI International, LLC (a)	€	300	€	170	€	—	€	130
Energy Services	$	260	$	—	$	—	$	260
UGI Utilities	$	350	$	192	$	—	$	158
Mountaineer	$	100	$	36	$	—	$	64
UGI Corporation (b)	$	300	$	260	$	—	$	40

(a) Permits UGI International, LLC to borrow in euros or USD. At March 31, 2023 and 2022, the amount borrowed consisted of euro-denominated borrowings equivalent to $163 million and $188 million, respectively.
(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets.

The average daily and peak short-term borrowings under the Company's principal credit agreements are as follows:

	For the six months ended March 31, 2023				For the six months ended March 31, 2022			
(Millions of dollars or euros)	Average		Peak		Average		Peak	
AmeriGas OLP	$	153	$	242	$	220	$	388
UGI International, LLC	€	188	€	300	€	119	€	250
Energy Services	$	13	$	82	$	—	$	—
UGI Utilities	$	248	$	340	$	208	$	270
Mountaineer	$	85	$	101	$	58	$	80
UGI Corporation	$	236	$	292	$	185	$	260

Receivables Facility. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2023. The Receivables Facility provides Energy Services with the ability to borrow up to $150 million of eligible receivables during the period October 21, 2022 to April 30, 2023, and up to $75 million of eligible receivables during the period May 1, 2023 to October 20, 2023. 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.

At March 31, 2023, the outstanding balance of ESFC trade receivables was $115 million, $15 million of which were sold to the bank. At March 31, 2022, the outstanding balance of ESFC trade receivables was $120 million, none of which was sold to the bank. During the six months ended March 31, 2023 and 2022, peak sales of receivables were $150 million and $98 million, respectively, and average daily amounts sold were $56 million and $4 million, respectively.

Significant Financing Activities

The following significant financing activities occurred during the 2023 six-month period. See Note 8 to Condensed Consolidated Financial Statements for additional information on these transactions.

AmeriGas Propane. Under the 2022 AmeriGas OLP Credit Agreement, AmeriGas OLP, as borrower, is required to comply with financial covenants related to leverage and interest coverage measured at the Partnership and at AmeriGas OLP. The 2022 AmeriGas OLP Credit Agreement contains an equity cure provision, which allows AmeriGas OLP's direct or indirect parent, including UGI and its other subsidiaries, to fund capital contributions to eliminate any EBITDA (as defined in the 2022 AmeriGas OLP Credit Agreement) shortfalls that would otherwise result in non-compliance with these financial covenants. Each equity cure is eligible to eliminate such EBITDA shortfalls up to four quarters after contribution. We are permitted to use the equity cure provision five times over the course of the Credit Agreement, twice during any rolling four-quarter period, and not in consecutive quarters.

As of March 31, 2023, AmeriGas OLP was in breach of the leverage ratio debt covenant and interest coverage ratio, which it cured with the funds received from UGI. UGI made capital contributions to AmeriGas OLP of $20 million and $11 million on March 31, 2023 and April 24, 2023, respectively, which in aggregate represented one equity cure in accordance with the 2022 AmeriGas OLP Credit Agreement. As a result of these capital contributions, AmeriGas OLP and the Partnership were in compliance with all financial covenants after consideration of the equity cure provision as of March 31, 2023.
UGI also provided an irrevocable letter of support, dated May 4, 2023, whereby UGI has committed to fund any such EBITDA shortfalls and debt service, if any. Based on the support and the projected EBITDA, AmeriGas OLP is expected to remain in compliance with its financial debt covenants for the succeeding twelve-month period.

UGI International 2023 Credit Facilities Agreement. On March 7, 2023, UGI International, LLC and its indirect wholly-owned subsidiary, UGI International Holdings B.V., entered into the UGI International 2023 Credit Facilities Agreement, a five-year unsecured senior facilities agreement, maturing March 7, 2028, with a consortium of banks. The UGI International 2023 Credit Facilities Agreement consists of (1) a €300 million variable-rate term loan facility ("Facility A") and (2) a €500 million multicurrency revolving credit facility, including a €100 million sublimit for swingline loans ("Facility B"). We have designated borrowings under Facility A as a net investment hedge. In connection with the entering into of the UGI International 2023 Credit Facilities Agreement, UGI International, LLC paid off in full and terminated the UGI International Credit Facilities Agreement, dated as of October 18, 2018. The net proceeds from the UGI International 2023 Credit Facilities Agreement were used to refinance the UGI International Credit Facilities Agreement. Borrowings under the multicurrency revolving credit facility may be used to finance the working capital needs of UGI International, LLC and its subsidiaries and for general corporate purposes.

Energy Services Amended Term Loan Credit Agreement. On February 23, 2023, Energy Services entered into the Energy Services Amended Term Loan Credit Agreement, the first amendment to the Energy Services Term Loan Credit Agreement, dated August 13, 2019. The Energy Services Amended Term Loan Credit Agreement provides, among other items, that (i) the outstanding principal amount of the loans will be increased by $125 million to $800 million, (ii) the maturity date of the loans shall be extended to February 22, 2030, and (iii) Term SOFR (as defined in the Energy Services Amended Term Loan Credit Agreement) shall replace LIBOR as a reference rate.

UGI Utilities Credit Agreement. On December 13, 2022, UGI Utilities entered into an amendment to the UGI Utilities Credit Agreement, providing for borrowings up to $425 million and to replace the use of LIBOR with SOFR. Borrowings under the amended UGI Utilities Credit Agreement can be used to finance the working capital needs of UGI Utilities and for general corporate purposes. The UGI Utilities Credit Agreement is scheduled to expire June 2024.

Mountaineer Credit Agreement. On October 20, 2022, Mountaineer entered into the Mountaineer 2023 Credit Agreement, with a group of lenders. The Mountaineer 2023 Credit Agreement amends and restates a previous credit agreement and provides for borrowings up to $150 million, including a $20 million sublimit for letters of credit. Mountaineer may request an increase in the amount of loan commitments to a maximum aggregate amount of $250 million, subject to certain terms and conditions. Borrowings under the Mountaineer 2023 Credit Agreement can be used to finance the working capital needs of Mountaineer and for general corporate purposes. The Mountaineer 2023 Credit Agreement is scheduled to expire in November 2024, with an option to extend the maturity date.

Dividends and Repurchases of Common Stock

On November 17, 2022, UGI's Board of Directors declared a cash dividend equal to $0.36 per common share. The dividend was paid on January 1, 2023, to shareholders of record on December 15, 2022. On February 1, 2023, UGI's Board of Directors declared a quarterly dividend of $0.36 per common share. The dividend was paid on April 1, 2023, to shareholders of record on March 15, 2023. On May 3, 2023, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.375 per common share, or $1.50 on an annual basis. The new dividend rate reflects an approximate 4.2% increase from the previous quarterly rate of $0.36. The new quarterly dividend rate is effective with the dividend payable on July 1, 2023, to shareholders of record on June 15, 2023.

On February 2, 2022, UGI's Board of Directors authorized an extension of an existing share repurchase program for up to 8 million shares of UGI Common Stock for an additional four-year period, expiring in February 2026. Pursuant to such authorization, during the six months ended March 31, 2023, the Company purchased 0.6 million shares on the open market at a total purchase price of approximately $22 million.

Cash Flows

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

Operating Activities. Year-to-year variations in our cash flows from operating activities can be significantly affected by changes in operating working capital, especially during periods with significant changes in energy commodity prices. Cash flow provided by operating activities was $424 million in the 2023 six-month period compared to $400 million in the 2022 six-month period. Cash flow from operating activities before changes in operating working capital was $1,089 million in the 2023 six-month period compared to $960 million in the 2022 six-month period. Cash used to fund changes in operating working capital totaled $665 million in the 2023 six-month period compared to $560 million in the 2022 six-month period. The increase in cash used to fund operating working capital changes in the 2023 six-month period principally reflects a significant increase in collateral payments on derivative instruments during the 2023 six-month period and greater cash required to fund changes in accounts payable. These increases in cash used to fund changes in operating working capital were offset in large part by lower 2023 six-month period cash required to fund changes in accounts receivable and higher cash from changes in inventories. These changes in working capital items largely reflect the impacts of the previously mentioned significant decrease in commodity energy prices during the 2023 six-month period, principally at our UGI International operations.

Investing Activities. 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 equity method investees; and cash proceeds from sales and retirements of property, plant and equipment. Cash flow used by investing activities was $473 million in the 2023 six-month period compared to $515 million in the 2022 six-month period. Cash expenditures for property, plant and equipment were $414 million in the 2023 six-month period compared with $355 million in the 2022 six-month period principally reflecting higher cash capital expenditures in our Utilities segment. Cash flows from investing activities include cash received from the settlement of certain forward foreign currency contracts previously designated as net investment hedges of $22 million in the 2023 six-month period compared to $13 million in the 2022 six-month period. Investments in equity method investments during the 2023 six-month period include our continuing investments in renewable energy projects principally at Energy Services. Prior-year cash flows from investing activities include cash used for the Stonehenge Acquisition.

Financing Activities. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings; dividends on UGI Common Stock; quarterly payments on outstanding Purchase Contracts; and issuances and repurchases of equity instruments.

Cash flow used by financing activities was $46 million in the 2023 six-month period compared to cash provided of $25 million in the 2022 six-month period. The 2023 six-month period includes the cash flow effects from entering into the previously mentioned UGI International 2023 Credit Facilities Agreement and the concurrent repayment of borrowings under the UGI International Credit Facilities Agreement (a predecessor agreement). The 2023 six-month period cash flows from financing activities also includes the cash proceeds from the previously mentioned Energy Services Amended Term Loan Agreement entered into in February 2023 and the concurrent repayment of amounts outstanding under the Energy Services variable rate term loan. Cash flow from financing activities in the prior-year period includes the cash flow effects of the refinancing of senior notes at UGI International.

UTILITY REGULATORY MATTERS

UGI Utilities. On January 27, 2023, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by $11 million. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable electric service. Electric Utility requested that the new electric rates become effective March 28, 2023. The PAPUC issued an Order on March 2, 2023, 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 28, 2022, PA Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by $83 million annually. On September 15, 2022, the PAPUC issued a final order approving a settlement providing for a $49 million annual base distribution rate increase for PA Gas Utility, through a phased approach, with $38 million beginning October 29, 2022 and an additional $11 million beginning October 1, 2023. In accordance with the terms of the final order, PA Gas Utility will not be permitted to file a rate case prior to January 1, 2024. Also in accordance with the terms of the final order, PA Gas Utility was authorized to implement a weather normalization adjustment rider as a five-year pilot program beginning on November 1, 2022. Under this rider, when weather deviates from normal by more than 3%, residential and small commercial customer billings for distribution services are adjusted monthly for weather related impacts exceeding the 3% threshold. Additionally, under the terms of the final order, PA Gas Utility was authorized to implement a DSIC once its total property, plant and equipment less accumulated depreciation reached $3,368 million (which threshold was achieved in September 2022).

On February 8, 2021, Electric Utility filed a request with the PAPUC to increase its annual base distribution revenues by $9 million. On October 28, 2021, the PAPUC issued a final Order approving a settlement that permitted Electric Utility, effective November 9, 2021, to increase its base distribution revenues by $6 million.

Mountaineer. On March 6, 2023, Mountaineer submitted a base rate case filing with the WVPSC seeking a net revenue increase of $20 million, which consists of an increase in base rates of $38 million and a decrease in the IREP rates of $18 million annually to be effective on April 5, 2023. On March 31, 2023 the WVPSC suspended the effective date of the requested rate change increase until January 1, 2024 to allow for a full review of the filing.

On July 29, 2022, Mountaineer submitted its 2022 IREP filing to the WVPSC requesting recovery of costs associated with capital investments totaling $354 million over the 2023 - 2027 period, including $64 million in calendar year 2023. On November 16, 2022, Mountaineer and the intervening parties submitted a Joint Stipulation and Agreement for Settlement to the WVPSC requesting approval of 2023 IREP revenue of $22 million to be charged effective January 1, 2023, which includes the recovery of a $1 million under-recovery of 2021 IREP revenue. On December 21, 2022, the WVPSC issued an order approving the Joint Stipulation and Agreement for Settlement as filed.

OTHER MATTERS

West Reading, Pennsylvania Explosion. On March 24, 2023, an explosion occurred in West Reading, Pennsylvania which resulted in seven fatalities, significant injuries to eleven others, and extensive property damage. The NTSB, OSHA and the PAPUC are investigating the West Reading incident. The NTSB investigative team includes representatives from the Company, the PAPUC, the local Fire Department and the Pipeline and Hazardous Materials Safety Administration. The Company is cooperating with the investigation. The NTSB may invite other parties to participate.

While the investigation into this incident is still underway and the cause of the explosion has not been determined, the Company has received claims as a result of the explosion and is involved in lawsuits relative to the incident. The Company maintains liability insurance for personal injury, property and casualty damages and believes that third-party claims associated with the explosion, in excess of the Company’s deductible, are recoverable through the Company’s insurance. The Company cannot predict the result of these pending or future claims and legal actions at this time.

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 and option contracts. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of LPG are generally settled at expiration of the contract.

Utilities' 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 billed to customers through PGC and PGA rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Utilities operations. PA 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 PA Gas Utility's PGC recovery mechanism.

In order to manage market price risk relating to substantially all of Midstream & Marketing's fixed-price sale contracts for physical natural gas and electricity, Midstream & Marketing enters into NYMEX, ICE and over-the-counter natural gas and electricity futures and option contracts, 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 a substantial portion of anticipated volumes under fixed-price sales and purchase contracts.

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

Interest Rate Risk

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

Our variable-rate debt at March 31, 2023, includes revolving credit facility borrowings and variable-rate term loans at UGI International, Utilities, Energy Services and UGI Corporation. These debt agreements have interest rates that are generally indexed to short-term market interest rates. We have entered into pay-fixed, receive-variable interest rate swap agreements on a significant portion of the term loans' principal balances and a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At March 31, 2023, combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled $1,031 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.

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the USD versus the euro and, to a lesser extent, the USD versus the British pound sterling. The USD 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, including anticipated foreign currency denominated dividends. 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 USD would reduce their aggregate net book value at March 31, 2023, by approximately $100 million, which amount would be reflected in other comprehensive income. We have designated certain euro-denominated borrowings as net investment hedges.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the USD exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over a multi-year period to eventually equal approximately 90% of anticipated UGI International foreign currency earnings before income taxes.

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.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of March 31, 2023, 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 $422 million. In general, many of our over-the-counter derivative instruments and all exchange contracts call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At March 31, 2023, we had received cash collateral from derivative instrument counterparties totaling $55 million. In addition, we may have offsetting derivative liabilities and certain accounts payable balances with certain of these counterparties, which further mitigates the previously mentioned maximum amount of losses. 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, 2023, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

The following table summarizes the fair values of unsettled market risk sensitive derivative instrument assets (liabilities) held at March 31, 2023 and changes in their fair values due to market risks. Certain of UGI Utilities' commodity derivative instruments are excluded from the table below because any associated net gains or losses are refundable to or recoverable from customers in accordance with UGI Utilities ratemaking.

	Asset (Liability)	
(Millions of dollars)	Fair Value	Change in Fair Value
March 31, 2023		
Commodity price risk (1)	$ (41)	$ (148)
Interest rate risk (2)	$ 4	$ (20)
Foreign currency exchange rate risk (3)	$ 19	$ (32)

(1) Change in fair value represents a 10% adverse change in the market prices of certain commodities
(2) Change in fair value represents a 50 basis point adverse change in prevailing market interest rates
(3) Change in fair value represents a 10% adverse change in the value of the Euro and the British pound sterling versus the USD.

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 1. LEGAL PROCEEDINGS

The information set forth in Note 9, Commitments and Contingencies to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this report, is incorporated herein by reference.

ITEM 1A. RISK FACTORS

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 2022 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, which could materially affect our business, financial condition or future results. The risks described in our 2022 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the Company's repurchases of its common stock during the quarter ended March 31, 2023.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2023 to January 31, 2023	—	$0.00	—	6.80 million
February 1, 2023 to February 28, 2023	—	$0.00	—	6.80 million
March 1, 2023 to March 31, 2023	300,000	$35.51	300,000	6.50 million
Total	300,000		300,000	

(1) Shares of UGI Common Stock are repurchased through an extension of a previous share repurchase program announced by the Company on February 2, 2022. The UGI Board of Directors authorized the repurchase of up to 8 million shares of UGI Common Stock over a four-year period expiring in February 2026.

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):

Exhibit No.	Exhibit	Incorporation by Reference		
		Registrant	Filing	Exhibit
10.1	Form of Change in Control Agreement between UGI Corporation and Mr. Sean P. O'Brien.			
10.2	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement between UGI Corporation and Mr. Sean P. O'Brien.			
10.3	Form of UGI Corporation 2021 Incentive Award Plan Performance Unit Grant Letter for NEOs (EPS).			
10.4	Form of UGI Corporation 2021 Incentive Award Plan Performance Unit Grant Letter for US Employees (TSR).			
10.5	First Amendment to Credit Agreement, dated February 23, 2023, by and among UGI Energy Services, LLC, the guarantors party thereto, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent.	UGI	Form 8-K (2/23/23)	10.1
10.6	Multicurrency Facilities Agreement, dated March 7, 2023, by and among UGI International, LLC, UGI International Holdings B.V. the guarantors party thereto, the lenders party thereto and Natixis, as agent.	UGI	Form 8-K (3/7/23)	10.1
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2023, 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, 2023, 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, 2023, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	Inline XBRL Taxonomy Extension Schema			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

10.1	Form of Change in Control Agreement between UGI Corporation and Mr. Sean P. O’Brien.
10.2	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement between UGI Corporation and Mr. Sean P. O’Brien.
10.3	Form of UGI Corporation 2021 Incentive Award Plan Performance Unit Grant Letter for NEOs (EPS).
10.4	Form of UGI Corporation 2021 Incentive Award Plan Performance Unit Grant Letter for US Employees (TSR).
31.1	Certification by the Chief Executive Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended March 31, 2023, 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, 2023, 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, 2023, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 4, 2023	By:	/s/ Sean P. O’Brien Sean P. O’Brien Chief Financial Officer
Date: May 4, 2023	By:	/s/ Jean Felix Tematio Dontsop Jean Felix Tematio Dontsop Vice President, Chief Accounting Officer and Corporate Controller

FORM OF
CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT ("Agreement") is made as of ___________, 20___ 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 management of the Company and its Affiliates' (as defined below) 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 and its Affiliates, 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;

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" shall have the meaning ascribed to such terms in Rule 12b-2 of Regulation 12B under the Exchange Act.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "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.

(d) “Change in Control” shall have the meaning set forth in the UGI Corporation 2021 Incentive Award Plan, as amended from time to time.

(e) “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.

(f) “COBRA Coverage” shall mean continued medical and dental coverage under the Company’s benefit plans, as determined under section 4980B of the Code.

(g) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(h) “Compensation Committee” shall mean the Compensation and Management Development Committee of the Board or a successor committee thereto.

(i) “Continuation Period” shall mean the ____-year period beginning on the Employee’s Termination Date.

(j) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(k) “Executive Severance Plan” shall mean the UGI Corporation Executive Severance Plan, as in effect from time to time.

(l) “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.

(m) “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 that constitute deferred compensation under Section 409A of the Code 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. During the term of the Agreement, after a Change in Control and prior to Termination of Employment, 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 total benefit, if any, as calculated under the terms of the Executive Severance Plan 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 for this purpose shall be the Employee's target annual cash bonus for the fiscal year in which the Termination Date occurs.

(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 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 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 (iii) above shall be paid in the timing set forth in the Release, but no later than March 15 of the calendar year following the calendar year of the Termination Date, unless prohibited by section 409A of the Code. 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. Other Payments. 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 receive severance benefits solely under Section 4 of this Agreement or as contemplated in an applicable employment agreement between the Employee and the Company or a Subsidiary or an Affiliate and shall not receive any other severance or separation benefits.

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, unless prohibited by section 409A of the Code.

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. Except with respect to Section 5 of this Agreement, 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, law 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 11 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 any 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 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

____

Name:

Title:

Employee:

____

Name:

Dated this ____ day of ________ 20___

Exhibit 10.2

FORM OF
<u>CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT</u>

THIS CONFIDENTIALITY, NON-SOLICITATION, AND NON-COMPETITION AGREEMENT (“Agreement”) is made as of this _____ day of _____ 20__ by and between _____, an individual (“Employee”) and UGI Corporation (“UGI” or “the Company”).

WHEREAS, Employee has been extended an offer of employment with the Company as ________________; and

WHEREAS, Employee acknowledges that the business in which the Company is engaged is highly competitive, that the Company devotes a substantial amount of time and effort to the development and maintenance of Confidential Information (defined below) and that Confidential Information constitutes a valuable asset of the Company; and

WHEREAS, Employee will be provided with and have access to Confidential Information during the course of Employee’s employment and is responsible for enterprise financial strategy and will be responsible for developing and maintaining relationships with the Company’s customers, prospective customers, employees and vendors; and

WHEREAS, Employee agrees that Employee’s receipt of the foregoing would give Employee an unfair competitive advantage if Employee’s activities during employment, and for a reasonable period thereafter, were not restricted as provided for in this Agreement; and

WHEREAS, Employees agrees that the Agreement is intended for the benefit of the Company and its parents, subsidiaries, and affiliates; and

WHEREAS, it would be detrimental to the Company for Employee to disclose Confidential Information or unfairly compete with the Company and unfairly solicit in a manner prohibited by this Agreement.

NOW, THEREFORE, in consideration of Employee’s offer of employment, and the mutual promises contained herein, and intending to be legally bound, Employee and the Company agree as follows:

1. <u>Whereas Clauses</u>.

The Whereas Clauses contained in the lettered paragraphs above are hereby incorporated and made a part of this Agreement.

2. <u>Definitions</u>.

a. The term “Confidential Information” as used herein shall mean an item of information, or a compilation of information, in any form (tangible or intangible) related to the Company’s, or its parents, subsidiaries’, and affiliates’, business or the business or personal affairs of the Company’s, or its parents, subsidiaries’, and affiliates’, customers, that the Company has not made public or of which it has not authorized public disclosure and that is not already generally known to the public or capable of being developed from public information or to other persons (individual(s) or entity(ies)) who might obtain value or competitive advantage from its disclosure or use. Confidential Information will not lose its protected status under this Agreement if it becomes known to others through improper means such as the unauthorized use or disclosure of the information by Employee or another person. Confidential Information includes, but is not limited to, information regarding (1) actual or anticipated business; (2)

products, sales and marketing plans; (3) technical data; (4) trade secrets; (5) past, present and prospective customer identities, lists, preferences, credit information and gas usage patterns; (6) pricing and marketing policies and practices; (7) financial and forecast information; (8) passwords, log-in information and other details relating to system access, databases and computer programs; (9) contractual and other dealings with customers, vendors and suppliers; (10) acquisition and strategic plans, including but not limited to global procurement strategy; (11) all operating policies and practices; and (12) any information Employee has reason to know that the Company treats, or its subsidiaries and affiliates treat as confidential for any purpose.

b. The term “Territory” refers to geographic areas in which UGI, its parents, subsidiaries or affiliates, engage in business, which, as of the date hereof, include, without limitation, (i) natural gas utilities in Pennsylvania, Maryland and West Virginia, (ii) electric utilities and generation in Pennsylvania, (iii) midstream assets in Pennsylvania, Ohio and West Virginia, (iv) retail LPG distribution throughout the United States and Europe, and (v) energy marketing, including renewable natural gas in the mid-Atlantic region of the United States and California, and internationally in France, Belgium and the Netherlands, together with any new geographic areas into which UGI, its parents, subsidiaries or affiliates may expand in the future, and in which Employee was responsible for performing services or about which Employee learned Confidential Information, in each case, during the Look Back Period.

c. The term “Termination Date” means the last day that Employee performs services for the Company, regardless of the reason for Employee’s separation from the Company, whether voluntary or involuntary, and which party ends the employment relationship.

d. The term “Competitor” means an entity that engages in direct competition in the Territory with products or services provided by UGI, its parents, subsidiaries, or affiliates in such Territory, that Employee was involved in or learned Confidential Information about during the Look Back Period. For the avoidance of doubt, Competitor does not include (i) regulated natural gas and electric utilities with defined service territories; (ii) oil and gas companies in the upstream segment of the industry engaged primarily in the production, marketing and sale of their hydrocarbon products; (iii) midstream companies in geographic areas in which UGI, its parents, subsidiaries or affiliates, do not own midstream assets; (iv) energy marketing companies engaged in the purchase, sale or trading in geographic areas in which UGI, its parents, subsidiaries or affiliates, do not operate an energy marketing business or (vi) companies that engage in direct competition with UGI, its parents, subsidiaries or affiliates solely in a Territory in which the business activities of UGI, its parents, subsidiaries or affiliates in such Territory are de minimis to UGI.

3. <u>Confidential Information and Company Property</u>.

a. Employee will protect the Confidential Information of the Company, its parents, subsidiaries, predecessors and affiliates, as well as Confidential Information of any other
party to whom the Company owes an obligation of non-disclosure, from disclosure and will not divulge it during or after Employee’s employment to any other person or entity not associated with the Company, except as necessary to fulfill Employee’s obligations, duties and responsibilities associated with Employee’s work on behalf of the Company. To the extent that Employee is required to disclose Confidential Information in accordance with judicial proceedings or administrative orders, Employee shall give the Company 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 Employee by the Company during the performance of Employee’s duties are the property of the Company, and Employee will use all such property exclusively for the Company’s benefit and will return it, including copies, to the Company upon request of the Company, and in any event, without the requirement of a request, upon the termination of Employee's employment. Employee shall take reasonable security precautions and measures to maintain and protect the confidentiality of Confidential Information, and shall follow all policies and procedures of the Company regarding the handling, use, access, distribution, maintenance, and disclosure of same.

c. Nothing in this Agreement prohibits Employee from reporting an event that Employee reasonably and in good faith believes is a violation of law to the relevant law- enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), or from cooperating in an investigation conducted by such a government agency. This may include disclosure of trade secret or Confidential Information within the limitations permitted by the 2016 Defend Trade Secrets Act (DTSA). Employee is hereby provided notice that under the DTSA, (1) no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret (as defined in the Economic Espionage Act) that: (A) is made **in confidence** to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made **solely for the purpose of** reporting or investigating a suspected violation of law; or, (B) is made in a complaint or other document filed in a lawsuit or other proceeding, **if such filing is made under seal** so that it is not made public; and, (2) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

4. Intellectual Property Ownership

a. Employee recognizes, acknowledges and agrees that as part of Employee's employment with the Company, Employee is expected to make new contributions of value to the Company. Employee agrees to promptly and fully disclose to the Company in writing any and all inventions, ideas, discoveries, information (including Confidential Information), trade secrets, works of authorship, documents, records, proposals, writings, drawings, curricula, plans, schematics, computer programs and modules (both source and object codes, display screens and layouts, intranet files and data, server-side website documents and files, functions, subroutines, procedures, variable definitions, libraries and linking scripts), projects, know-how, processes, formulas, designs, research data, clinical data, techniques, modifications, developments, improvements or revisions (collectively, "Inventions"), whether or not patentable or registrable under copyright, trademark or similar statutes subject to analogous protection, which Employee may in whole or any part make, devise, conceive, create, design, invent, develop, reduce to practice or discover, either solely or jointly with another or others (whether or not Company personnel), during Employee's employment by the Company (whether at the request or upon the suggestion of the Company or otherwise, and whether during or outside of normal working hours), which (a) result from or relate to tasks assigned to Employee by the Company, (b) relate to the business of the Company or any of the products, services or technology sold, marketed or being developed by the Company, or (c) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company. All of the foregoing will belong exclusively to the Company and the Company will be deemed the author or creator thereof.

b. Employee will assign to the Company, and hereby does so assign, Employee's rights, title and interest (including, but not limited to, any patents, copyrights and trademarks) in and to the Inventions and benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and will communicate, without disclosing to others, all available information relating to the Inventions (with all necessary code, explanatory information, plans and models) to the Company.

c. Upon the request of the Company, whether made during or after the period of Employee's employment with the Company, Employee will, without further compensation, promptly sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (a) to apply for, obtain, register and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights, trademarks or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and (b) to defend any judicial, opposition or other proceedings in respect of such applications and any judicial, opposition or other proceedings or petitions or applications for revocation of such letters patents, copyright, trademark or other analogous protection. Employee further agrees that the Company is authorized to take such actions (including but not limited to making filings) in the Company and/or Employee's name which the Company, in its sole discretion, deems necessary or desirable to accomplish the foregoing.

To preclude any possible uncertainty with regard to ownership of any developments or intellectual property, Employee represents that Employee has provided to the Company a list of developments that Employee has, alone or jointly with others, conceived, developed or reduced to practice prior to the commencement of Employee's employment with the Company that Employee considers to be Employee's property or the property of third parties and that Employee wishes to have excluded from the scope of this Agreement ("Prior Developments"). If disclosure of any such Prior Developments would cause Employee to violate any prior confidentiality agreement, Employee understands that Employee should not list such Prior Developments but only should disclose a cursory name for each such invention, a listing of the party(ies) to whom it belongs and the fact that full disclosure as to such inventions has not been made for that reason. If Employee has not provided any such list, Employee represents that there are no Prior Developments.

5. Non-competition and Non-solicitation.

In order to protect, among other things, the Company's interests and investment in Confidential Information, its relationships with its customers, vendors, contractors, and employees, and its goodwill, and as a material inducement to the Company to provide Employee with the consideration for this Agreement set forth above, Employee covenants and agrees that:

a. Employee will not during the term of Employee's employment with the Company and for the one (1) year period following the Termination Date, directly or through others, participate in soliciting or communicating with a Customer of the Company or, for the benefit of a Competitor, request, induce, or advise any Customer of the Company to withdraw, curtail, modify or cancel their business with the Company. For purposes of this Agreement, "Customer of the Company" means any Company customer with whom Employee had business- related contact or about which Employee received Confidential Information during the Look Back Period and any prospective customers of the Company which Employee solicited for the Company or received Confidential Information about during the Look Back Period.

Nothing in this Paragraph 5(a) shall prohibit Employee from passively investing in a publicly held business that competes with the Company provided Employee's investment is less than 1% of the outstanding stock or market value of the business and Employee does not otherwise violate this Agreement.

b. Employee will not during the term of Employee's employment with the Company and for a period of one (1) year following the Termination Date, directly or through others (i) for the benefit of a Competitor's operations or sales within the Territory, act individually or as an owner, operator, shareholder, principal, director, officer, consultant, partner, employee, contractor, agent, or otherwise (other than on behalf of the Company) provide services that are the same or similar in function or purpose to the services Employee provided to the Company during the last two (2) years of employment or such shorter period of time as Employee has been employed ("Look Back Period") or (ii) provide such services that are otherwise likely or probable to result in the use or disclosure of Confidential Information or the conversion of Customers of the Company to the benefit of a Competitor and the detriment of the Company.

c. Employee will not during the term of Employee's employment with the Company and for the one (1) year period following the Termination Date, directly or through others, participate in soliciting or communicating with any Company employee, consultant, or independent contractor for the purpose of persuading the employee, consultant, or independent contractor to end or modify the employee's or independent contractor's relationship with the Company.

6. Tolling.

In the event Employee breaches any or all subparagraphs of Paragraph 5 of this Agreement and the Company seeks injunctive relief to enforce those provisions, the time period for Employee's obligations will be extended by one day for each day Employee's violation thereof, up to a maximum of one (1) year, or to the extent permitted by law.

7. Computer Fraud and Abuse Act (CFAA).

Employee is only authorized to access the Company's computers that are within the course and scope of Employee's duties for the Company, and may only do so while in the active employment of the Company. All such authorization ends immediately upon the termination of employment. Employee is not authorized to access and use the Company's computers, email, or related computer systems to compete or to prepare to compete, or to otherwise compromise the Company's legitimate business interests, and unauthorized access to or use of the Company's computers in violation of the foregoing may subject Employee to civil and/or criminal liability.

8. Remedies.

Employee acknowledges that the Company's remedies at law for any breach of the provisions contained herein would be inadequate and, in recognition of this fact, in the event of such a breach, in addition to any remedies at law the Company would be entitled to obtain, Employee consents to the issuance of equitable relief in the form of specific performance, temporary or permanent injunctive relief or any other equitable remedy which might be available. Employee agrees to pay any and all reasonable attorneys' fees the Company incurs in successfully enforcing this Agreement, however, if Employee resides in and is subject to the law of a state that would convert this recovery of attorney's fees provision to a reciprocal obligation or an obligation where the prevailing party would recover fees and costs, then such recovery of attorneys' fees and costs provision shall not apply and each party will bear its own attorneys' fees and costs. Nothing in this Agreement shall be construed to reduce or limit any common law or statutory duty Employee would otherwise owe to the Company absent this Agreement, including, but not limited to, the protection of trade secrets and Employee's duty of loyalty; nor shall this Agreement limit or eliminate any remedies available to the Company for a violation of such duties.

9. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any previous communications, representations, arrangements or agreements, whether written or oral.

10. At-Will Statement.

Nothing in this Agreement shall be construed to create a term or tenure of employment or to alter or create limitations on either party's right to terminate the employment relationship between the Company and Employee at either party's discretion. Any modifications of the at-will nature of the employment relationship between the parties, if any, must be contained in a separate written agreement executed by the ______________ or the ____________ of UGI Corporation.

11. Assignment.

This Agreement shall be binding and inure to the benefit of the Company, its successors and assigns, and to the benefit of Employee. The Company may assign this Agreement to any party, without Employee's consent. Employee may not assign this Agreement.

12. Amendment.

This Agreement may only be amended by a written agreement signed by Employee and the ______________ or the ______________of UGI Corporation.

13. Choice of Law and Venue.

The Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The parties agree that all actions or proceedings that arise out of, are associated with, require the interpretation of, or that are in any way directly or indirectly related to the subject matter covered in this Agreement or to any matter related to Employee's employment with the Company, shall be tried and litigated exclusively in the Court of Common Pleas for Montgomery County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania. This choice of venue is intended by the parties to be mandatory and not permissive in nature. Therefore, the parties hereby waive any right to assert lack of personal jurisdiction or the doctrine of forum non conveniens or a similar doctrine or to object to venue or jurisdiction with respect to any action or proceeding brought in accordance with this Paragraph. THE PARTIES IRREVOCABLY CONSENT AND AGREE THAT THE COURT OF COMMON PLEAS FOR MONTGOMERY COUNTY, PENNSYLVANIA AND THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA HAVE PERSONAL JURISDICTION OVER EMPLOYEE AND THE COMPANY FOR PURPOSES OF LITIGATING ANY DISPUTE, CONTROVERSY, OR PROCEEDING CONCERNING THE MATTERS DESCRIBED ABOVE.

14. Severability.

If any provision, paragraph or subparagraph of this Agreement is unenforceable or void due to a change in law, rule or regulation or found by any court to be void or unenforceable in whole or in part, this determination shall not affect the validity of the remainder of the Agreement, including any other provision, paragraph or subparagraph. Each provision, paragraph, and subparagraph of this Agreement is separable from every other provision, paragraph and subparagraph and constitutes a separate and distinct covenant. The parties agree, however, that should a court construing this Agreement determine that any provision of the Agreement is overbroad or unenforceable, the court shall reform any overbroad or unenforceable provision in a manner that provides the Company with the greatest level of protection permissible by applicable law.

15. Additional Provisions.

a. Employee agrees to disclose the existence of this Agreement to any business, entity, person, firm, association, or corporation that Employee intends to be employed by, associate with, or provide consulting services for in order to insure compliance with this Agreement. Employee hereby authorizes the Company to disclose the existence of this Agreement and to provide a copy of this Agreement to any of Employee's prospective or actual employers or any business, entity, person, firm, association, or corporation that Employee intends to associate with or to provide consulting services.

b. In the event Employee leaves the employ of the Company, Employee agrees to notify the Company of the identity, address and phone number of Employee's next employer or affiliated business or entity with which Employee intends to associate with or to provide consulting services, as the case may be, and the scope and nature of activities involved in Employee's new role. The required notification shall be sent to the _______________ and the _______________for the Company. Employee hereby consents to the notification of Employee's new employer or affiliated business or entity, as the case may be, of Employee's rights and obligations under this Agreement and will not assert that the Company's doing so constitutes actionable interference or wrongdoing.

c. Employee acknowledges that Employee has read and understands this Agreement, believes it to be reasonable, and is signing it voluntarily. Employee acknowledges that Employee's obligations under this Agreement will not impose an unreasonable economic hardship on Employee and are reasonable and necessary to protect the Company's legitimate business interests.

d. Employee acknowledges that Employee is not bound by any agreement or understanding with any third party that would inhibit Employee in any way from working for the Company. To the extent that Employee has any confidentiality obligations or other restrictions under any applicable agreements with third parties, Employee agrees not to violate the terms of any such agreements or use any such confidential information of third parties in Employee's employment with the Company.

e. The Parties recognize and acknowledge that Employee, over the course of Employee's employment with the Company, may be provided with a new job title or otherwise hold a position with the UGI Family of Companies (through promotion or otherwise) involving Employee's provision of different services than those for which the Company initially hired Employee or which Employee is currently performing. Employee agrees that this Agreement shall be – and is intended to – govern any such future role with the UGI Family of Companies and, therefore, Employee expressly waives any claim that this Agreement is unenforceable due to such change.

Dated as of this ____ day of _____ 20___.

____
Name

FORM OF
UGI CORPORATION
2021 INCENTIVE AWARD PLAN
PERFORMANCE UNIT AWARD AGREEMENT

This PERFORMANCE UNIT AWARD AGREEMENT (the "Award Agreement"), dated as of ____, __ (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to you (the "Participant").

RECITALS

The UGI Corporation 2021 Incentive Award 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 subject to the terms of the Plan. Each capitalized term not defined herein shall have the meaning assigned to such term in the Plan. 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 Award Agreement, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Award Agreement 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 Goal(s) (defined below) and other conditions of this Award Agreement are met. The Performance Units are granted with Dividend Equivalents (as defined in Section 8).

2. Performance Goal(s).

(a) Subject to Sections 3 and 6 below, the Participant shall earn the right to payment of the Performance Units if (i) the Performance Goal(s) as set forth on Exhibit A are met for the Performance Period, and (ii) the Participant continues to be employed by, or provide service to, the Company (as defined in Section 8) through September 30, __ ("Vesting Date"). The "Performance Period" is the period beginning October 1, _____ and ending September 30, _____.

(b) The Target Award is the amount designated for 100% performance.

(c) At the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goal(s) 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 September 30, _____ 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 September 30, _____, the Performance Units and all Dividend Equivalents credited under this Award Agreement 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 Goal(s) and the requirements of this Award Agreement are met. The prorated portion will be determined as the amount that would otherwise be paid after the Vesting Date, based on achievement of the Performance Goal(s), multiplied by a fraction, the numerator of which is the number of completed months the Participant has been employed or provided service to the Company during the Vesting Period and the denominator of which is 36.

(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 Vesting Date, if the Performance Goal(s) and the requirements of this Award Agreement are met, 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 after the Vesting Date: (i) Shares equal to the number of Performance Units to be paid according to achievement of the Performance Goal(s), 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 October 1, _____ and December 31, _____, 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 Goal(s) 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 the Target Award is achieved. The Participant can earn up to 200% of the Target Award amount of Dividend Equivalents if the Performance Goal(s) set forth in Exhibit A equal or exceed 110% of the targeted Performance Goal. Except as described in Section 3(b) above, or Section 6, if the Participant's employment or service with the Company terminates before September 30, _____, 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 Award Agreement 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 in Control.

(a) If a Change in Control occurs, the Performance Units and Dividend Equivalents shall not automatically become payable upon the Change in 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 in Control” shall mean a Change in Control of UGI as defined in the Plan.

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

(i) The Performance Period shall end as of the closing date of the Change in Control (the “Change in Control Date”).

(ii) The Committee shall calculate a “Change in 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 Goal(s) as of the Change in Control Date, as determined by the Committee. The Change in Control Amount shall include related Dividend Equivalents and, if applicable, interest as described below.

(c) If a Change in Control occurs before the Vesting Date but after the Performance Period has concluded and the Performance Goal(s) are determined by the Committee to have been met, then the Committee shall determine whether the Performance Units shall be (i) 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 (ii) valued based on the Fair Market Value (as defined in the Plan) of the Performance Units as of the Change in 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 in Control Date and the applicable payment date. Notwithstanding the provisions of Section 4, all payments on and after a Change in Control shall be made in cash. If alternative (i) 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.

(d) If a Change in Control occurs and the Participant continues in employment or service through the Vesting Date, the Performance Units shall vest on the Vesting Date and shall be paid in cash within 30 days after the Vesting Date. The cash payment shall equal the Fair Market Value on the date of payment of the vested Performance Units.

(e) If a Change in Control occurs before the Vesting Date, and the Participant has a Termination without Cause or a Good Reason Termination upon or within two years after the Change in Control Date and before the Vesting Date, the Change in Control Amount shall be paid in cash within 30 days after the Participant’s separation from service, subject to Section 14 below.

(f) If a Change in Control occurs before the Vesting Date, and the Participant terminates employment or service on account of Retirement, Disability or death upon or after the Change in Control Date and before the Vesting Date, the Change in 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 in Control Date, payment will be made within 2 ½ months following the Vesting Date, and not upon the earlier separation from service.

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

7. 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, 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 Award Agreement, 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 Award Agreement until the Participant is no longer employed by, or performing services for, the Company.

(e) "*Good Reason Termination*" means a termination of employment or service initiated by the Participant upon or within two years after a Change in 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 in Control;

(ii) a material diminution in the Participant's base salary as in effect immediately prior to the Change in 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 in 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. <u>Withholding</u>. All payments under this Award Agreement 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 Award Agreement. 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 Award Agreement 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 Award Agreement 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 Award Agreement 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 Award Agreement shall be treated as a separate payment. Notwithstanding anything in this Award Agreement to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Award Agreement 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.

15. Applicable Law. The validity, construction, interpretation and effect of this Award Agreement 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 Award Agreement 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 Participant has read the Grant Summary and Award Agreement and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Award Agreement, (iv) agrees to be bound by the terms of the Plan, including the Award Agreement, 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.

* * *

FORM OF
UGI CORPORATION
2021 INCENTIVE AWARD PLAN
PERFORMANCE UNIT AWARD AGREEMENT

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

RECITALS

The UGI Corporation 2021 Incentive Award 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 subject to the terms of the Plan. Each capitalized term not defined herein shall have the meaning assigned to such term in the Plan. 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 Award Agreement, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Award Agreement 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 Award Agreement 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 listed on Exhibit A and UGI, as of the beginning of the Performance Period. If a company is added to the Peer Group during the Performance Period, that company is not included in the TSR calculation. A company that is included in the Peer Group 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. 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	162.5%
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 Award Agreement 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 Award Agreement 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 completed months the Participant has been employed or provided service to the Company during the Performance Period and the denominator of which is 36.

(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 Award Agreement 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 in Control.

(a) If a Change in Control occurs, the Performance Units and Dividend Equivalents shall not automatically become payable upon the Change in 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 in Control" shall mean a Change in Control of UGI as defined in the Plan.

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

(i) The Performance Period shall end as of the closing date of the Change in Control (the "Change in 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 in Control Date.

(ii) The Committee shall calculate a "Change in 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 in Control Date, as determined by the Committee. The Change in Control Amount shall include related Dividend Equivalents and, if applicable, interest as described below.

(iii) The Committee shall determine whether the Change in 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 in 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 in Control Date and the applicable payment date. Notwithstanding the provisions of Section 4, all payments on and after a Change in 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 in Control occurs during the Performance Period and the Participant continues in employment or service through the last day of the Performance Period, the Change in Control Amount shall be paid in cash within 2 ½ months following the last day of the Performance Period.

(d) If a Change in 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 in Control Date and before the end of the Performance Period, the Change in 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 in 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 in Control Date and before the end of the Performance Period, the Change in 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 in Control Date, payment will be made within 2 ½ months following the last day of the Performance Period, 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 in Control, and a Change in 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 in Control Amount. The prorated Change in Control Amount shall be paid in cash within 30 days after the Change in 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 Award Agreement, 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 Award Agreement until the Participant is no longer employed by, or performing services for, the Company.

(e) “*Good Reason Termination*” means a termination of employment or service initiated by the Participant upon or within two years after a Change in 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 in Control;

(ii) a material diminution in the Participant’s base salary as in effect immediately prior to the Change in 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 in 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. <u>Withholding</u>. All payments under this Award Agreement 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 Award Agreement. 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. <u>Grant Subject to Plan Provisions and Company Policies</u>.

(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 Award Agreement 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 Award Agreement 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 Award Agreement 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 Award Agreement shall be treated as a separate payment. Notwithstanding anything in this Award Agreement to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Award Agreement 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.

15. Applicable Law. The validity, construction, interpretation and effect of this Award Agreement 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 Award Agreement 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 Award Agreement and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Award Agreement, (iv) agrees to be bound by the terms of the Plan, including the Award Agreement, 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 31.1

CERTIFICATION

I, Roger Perreault, 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 4, 2023

/s/ Roger Perreault

Roger Perreault
President and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

CERTIFICATION

I, Sean P. O'Brien, 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 4, 2023

/s/ Sean P. O'Brien

Sean P. O'Brien
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, Roger Perreault, Chief Executive Officer, and I, Sean P. O’Brien, 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, 2023 (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/ Roger Perreault	/s/ Sean P. O’Brien
Roger Perreault	Sean P. O’Brien
Date: May 4, 2023	Date: May 4, 2023