

**AGA Financial Forum**

**John Walsh**  
**President and CEO**  
**UGI Corporation**

**May 19, 2014**



This presentation contains certain forward-looking statements that management believes to be reasonable as of today's date only. Actual results may differ significantly because of risks and uncertainties that are difficult to predict and many of which are beyond management's control. You should read UGI's Annual Report on Form 10-K and quarterly reports on Form 10-Q for a more extensive list of factors that could affect results. Among them are adverse weather conditions, cost volatility and availability of all energy products, including propane, natural gas, electricity and fuel oil, increased customer conservation measures, the impact of pending and future legal proceedings, domestic and international political, regulatory and economic conditions including currency exchange rate fluctuations (particularly the euro), the timing of development of Marcellus Shale gas production, the timing and success of our commercial initiatives and investments to grow our business, and our ability to successfully integrate acquired businesses, and achieve anticipated synergies. UGI undertakes no obligation to release revisions to its forward-looking statements to reflect events or circumstances occurring after today.



**UGI Corporation**

John Walsh	President and CEO
Kirk Oliver	CFO
Dan Platt	Treasurer
Simon Bowman	Manager, Investor Relations and Treasury

**UGI Utilities**

Robert Beard	President and CEO
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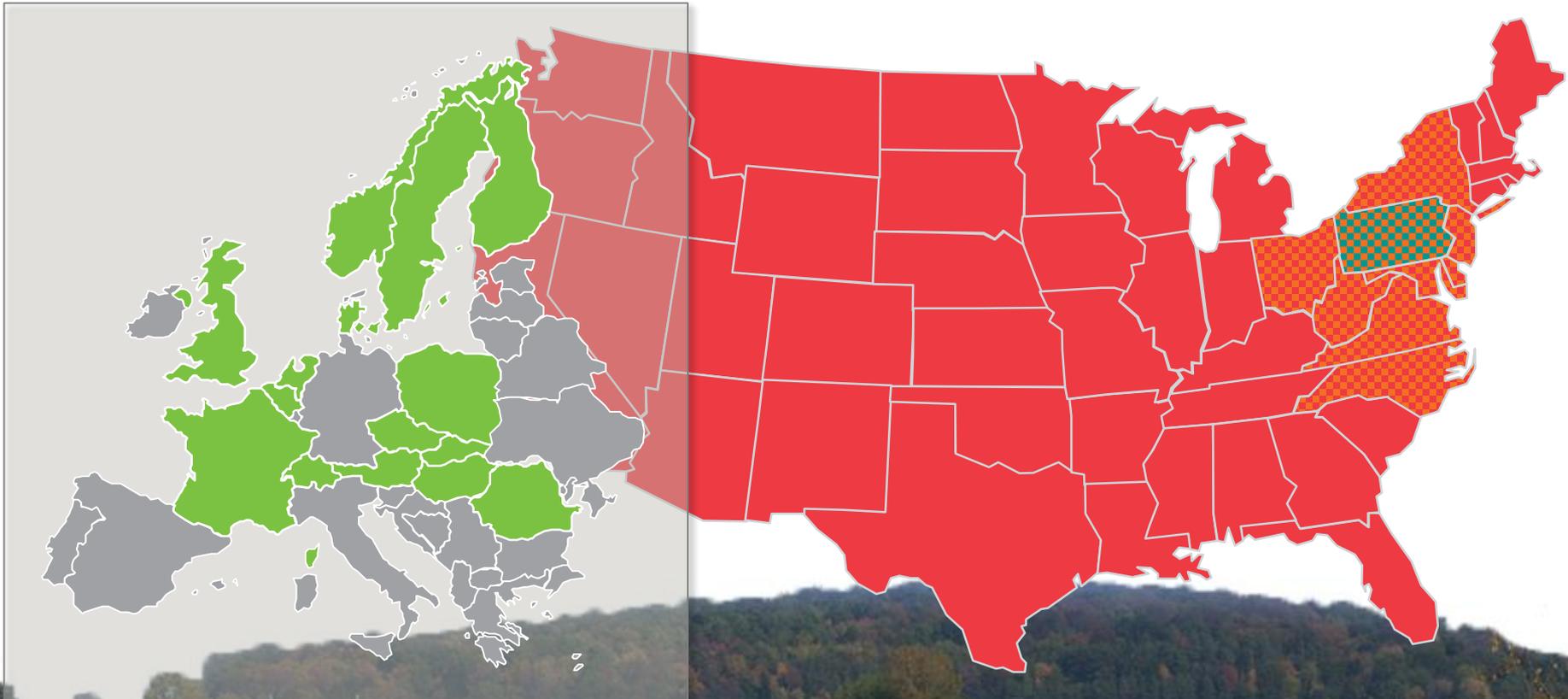
UGI Corporation (NYSE: UGI) is a distributor and marketer of energy products and services including natural gas, propane, butane, and electricity.

**Domestic Propane  
(NYSE: APU\*)**

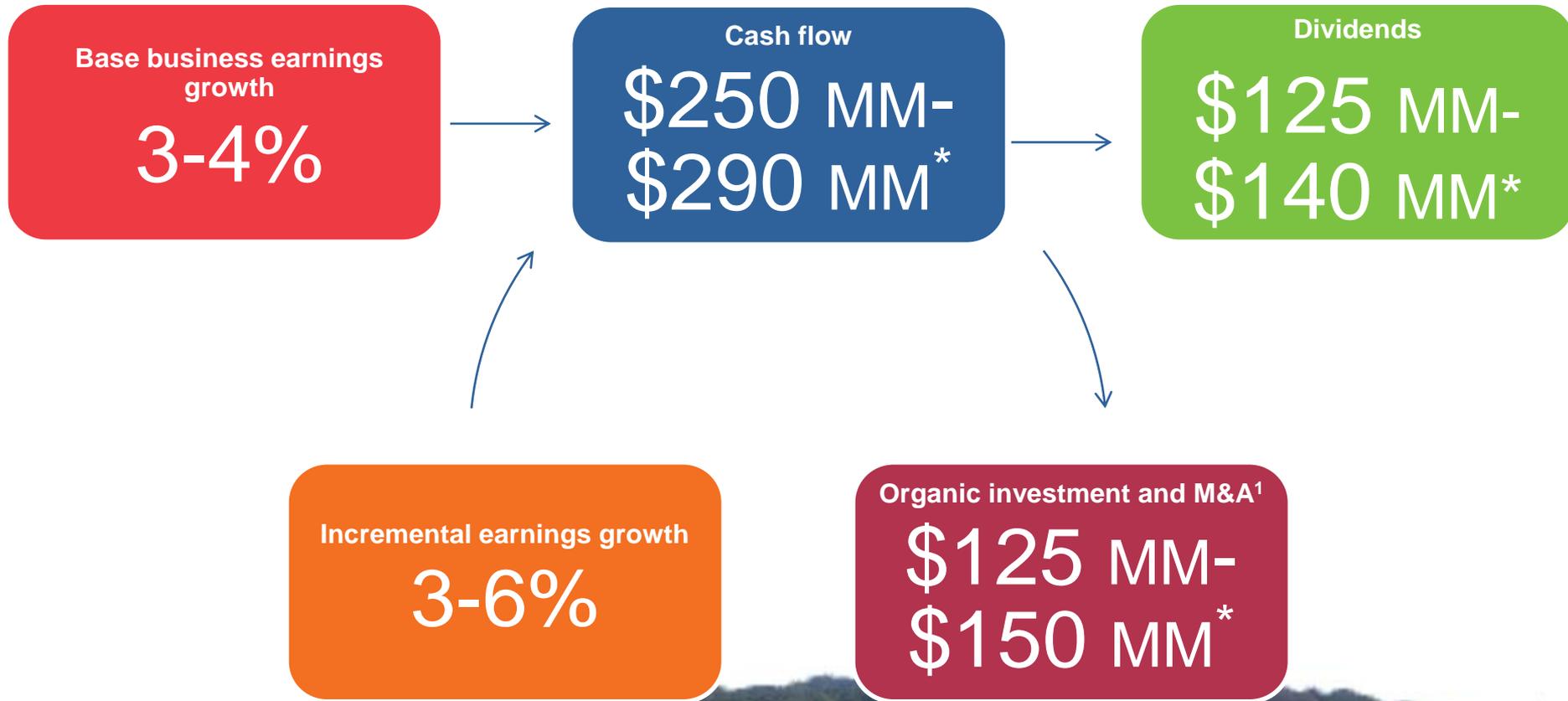
**UGI International**

**Midstream &  
Marketing**

**UGI Utilities**



**6-10% annual earnings growth**  
**4% annual dividend growth**



\*multi-year average forecast  
<sup>1</sup> after business unit CAPEX

**Consecutive dividends: 130 years, consecutive increases: 27 years**



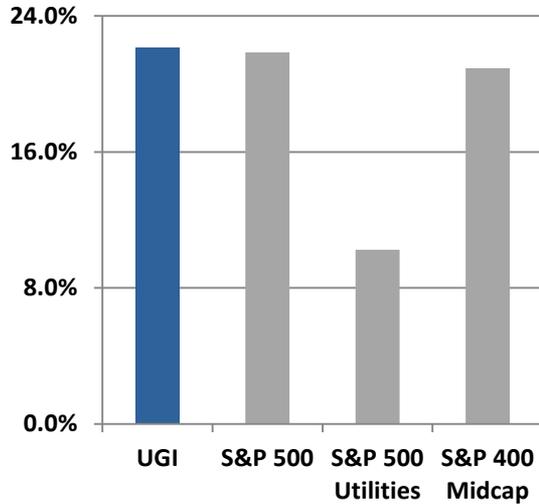
■ Dividend (left axis)    ● Payout Ratio (right axis)

2014F based on midpoint of earnings guidance issued 11/18/13 and assumed 4% dividend increase

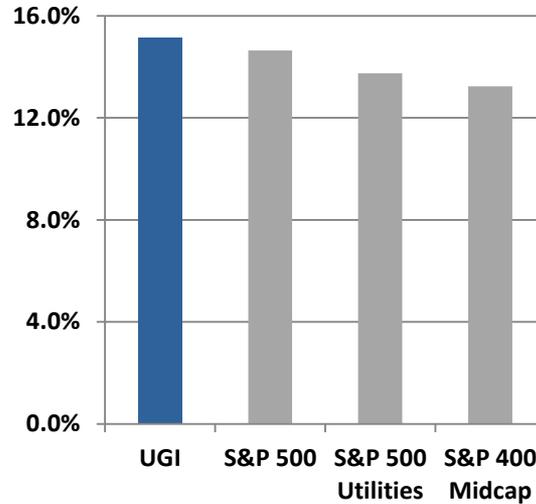
May 19, 2014

# Total Shareholder Return Through 3/31/14

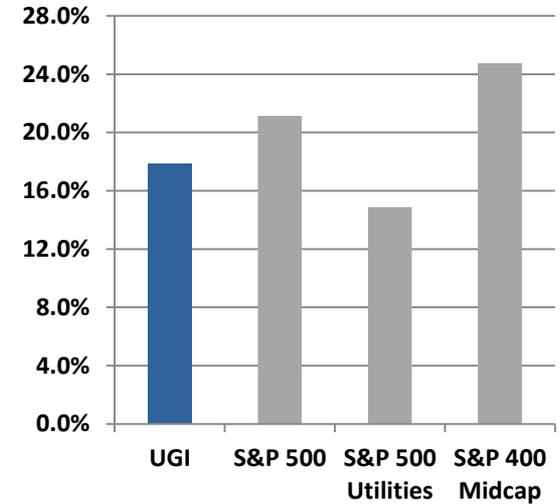
### 1 Year Total Return



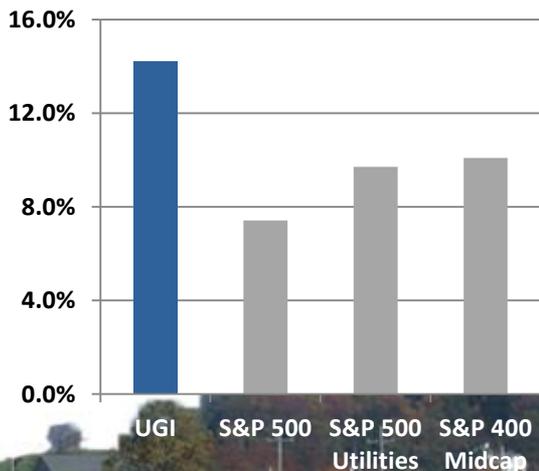
### 3 Year Total Return



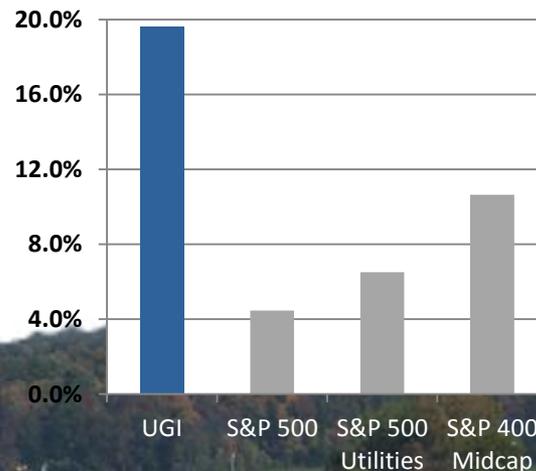
### 5 Year Total Return



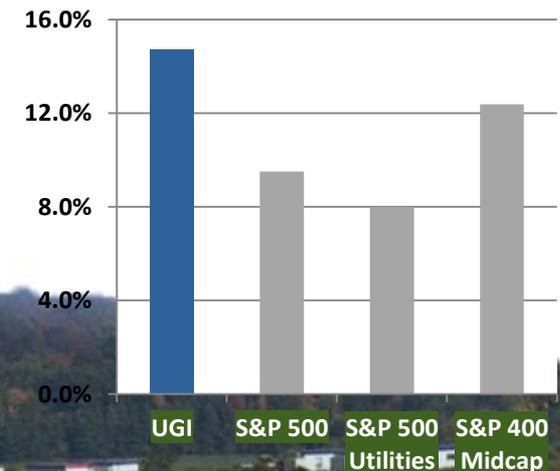
### 10 Year Total Return



### 15 Year Total Return



### 20 Year Total Return



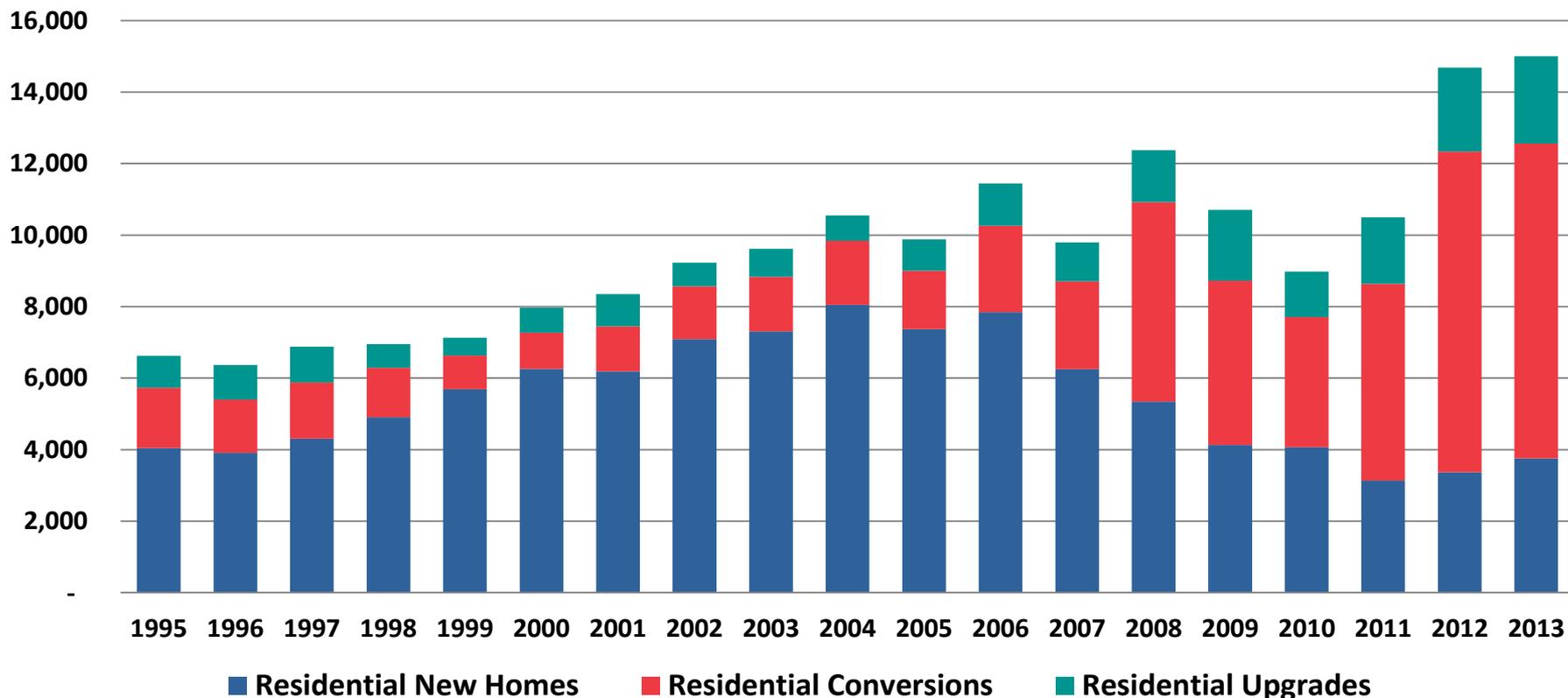


**Business Unit Overview**



## Attractive and growing service area

**Total Residential Customer Additions**



**>250,000 potential customers within close proximity to UGI's mains**

**Committed to serving customers in Pennsylvania**

**Infrastructure replacement**

- All **cast iron** main replaced by 2027 and all **bare steel** by 2043

**Distribution System Improvement Charge (DSIC)**

- DSIC approved in 2012 provides a **quarterly surcharge to recover cost of infrastructure updates**



## Committed to serving customers in Pennsylvania

### **GET Gas program: Improving accessibility of natural gas**

- Innovative way to make natural gas available to more Pennsylvanians
- Program utilizes a standard 10-year repayment period designed to reach unserved or underserved areas

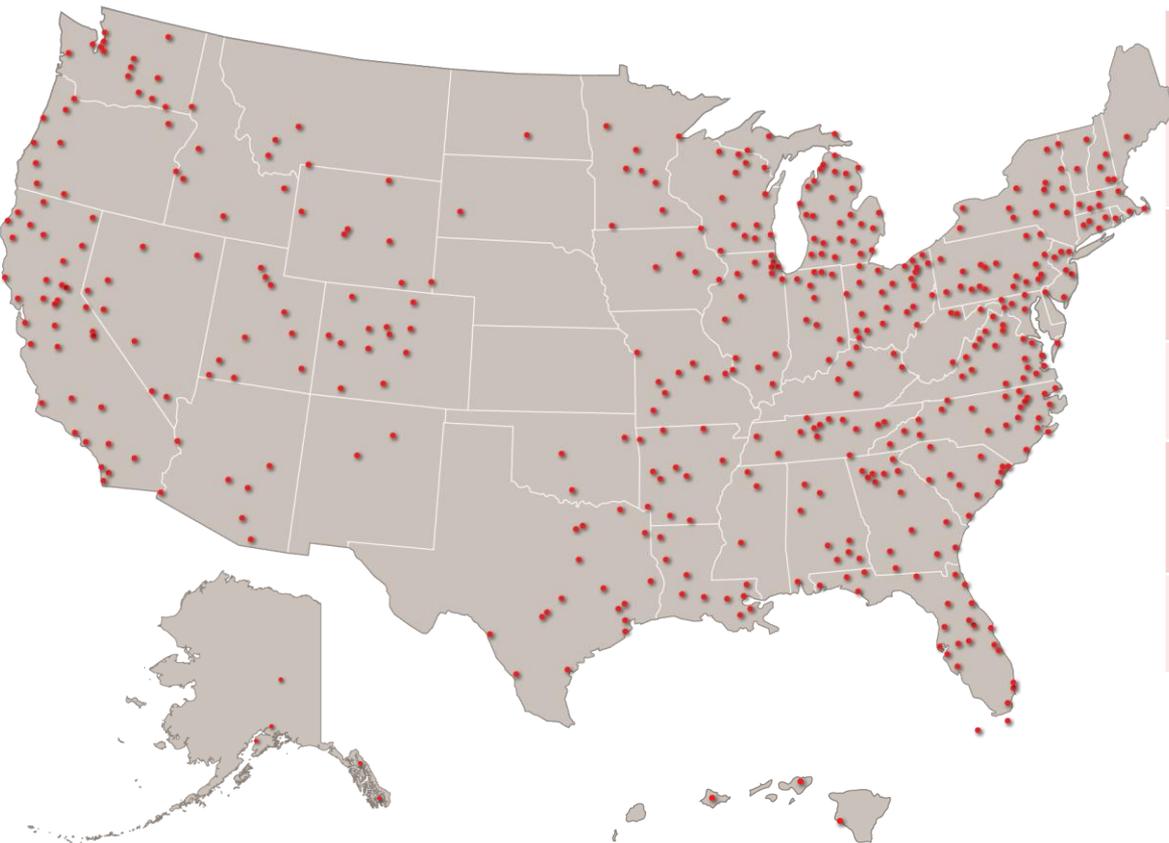


An aerial photograph of a rural landscape. In the center, there is a large, dark-colored barn with a white cupola on top. To the left of the barn is a white, two-story building. In the background, there are several long, white utility buildings or trailers. The foreground is dominated by dense green trees and a dirt road or path that curves through them. The sky is clear and blue.

**AmeriGas**

**Business Unit Overview**

## Largest player in a fragmented industry

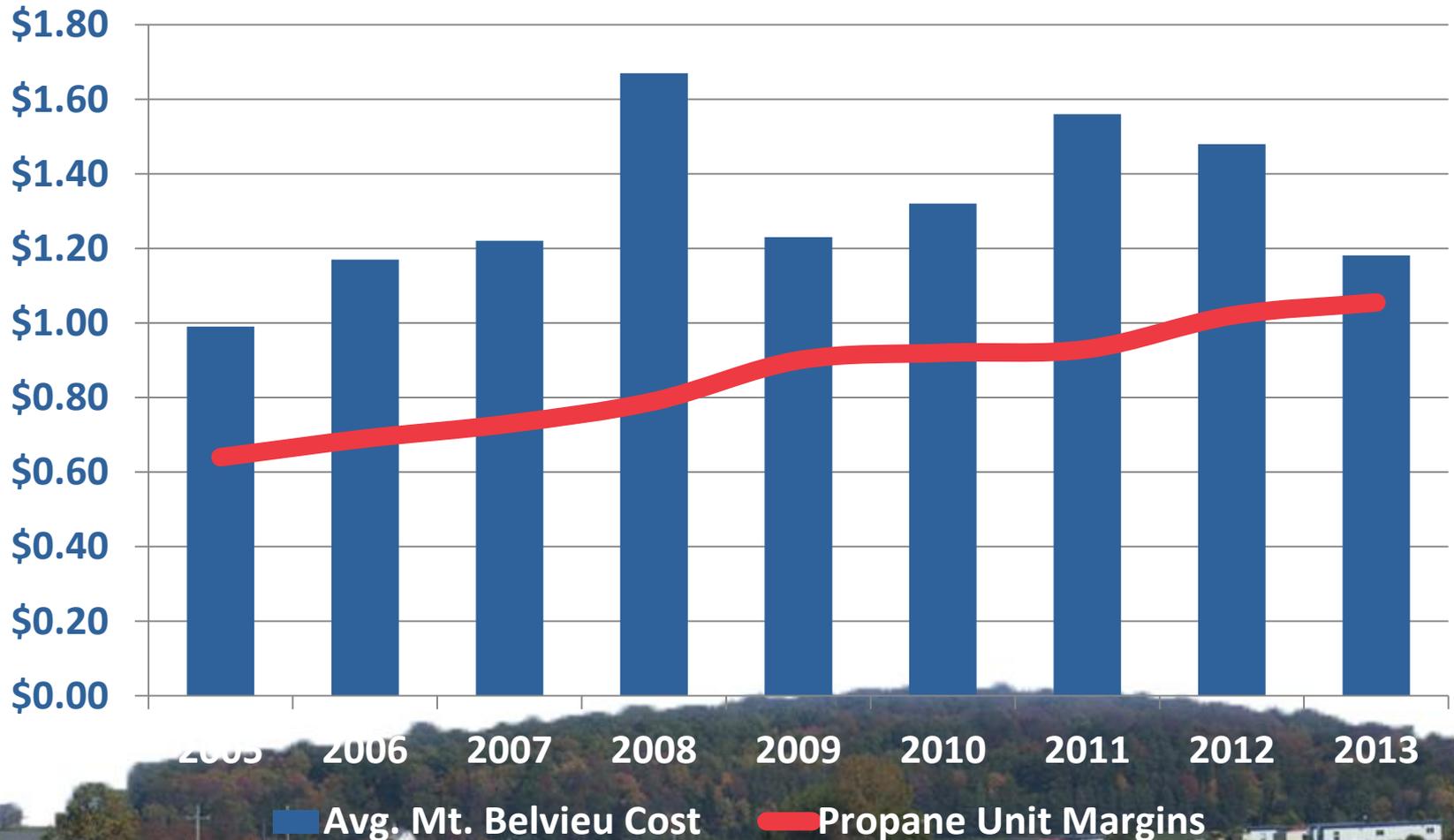


<b>15%</b>	<b>market share*</b>
<b>&gt; 1 billion</b>	<b>gallons sold</b>
<b>&gt; 47,000</b>	<b>ACE distribution points</b>
<b>8,500</b>	<b>employees</b>
<b>&gt; 2,500</b>	<b>Distribution locations</b>
<b>&gt; 100</b>	<b>brands</b>

**Goal: 3-4% EBITDA growth, 5% distribution growth annually**

\* Source: LP Gas magazine

**A long track record of exceptional margin management through volatile propane cost environments**



## Geographic Coverage

- Efficient distribution achieved through greater customer density
- Geographic diversity reduces weather risk
- Provides advantage with acquisitions, multi-state customers

## End-use Diversity

- Significant commercial/industrial customer base
- Large presence in emerging applications such as autogas and lawn care

## The AmeriGas Advantage

## Counter-seasonal business

- AmeriGas Cylinder Exchange (ACE)
- AmeriGuard (price protection program)
- Fuel and hazmat surcharges help mitigate weather volatility

## Significant Scale Benefits

- Supply/Logistics team based in Houston, TX
- Transportation assets (rail cars, tractor trailers, trans-flow units)
- Largest sales force in the industry

## 3 Key Strategic Growth Initiatives

	<u>Description</u>	<u>Size</u>	<u>Growth Contribution</u>
<b>AmeriGas Cylinder Exchange (ACE)</b>	Counter-seasonal summer grilling tank exchange	< 10% of AmeriGas EBITDA	4-6% Expected annual EBITDA growth
<b>National Accounts</b>	Utilizes nationwide footprint to serve commercial customers in multiple locations	< 5% of AmeriGas EBITDA	4-6% Expected annual EBITDA growth
<b>Acquisitions</b>	Nationwide footprint provides for highly synergistic, immediately accretive acquisition opportunities	Varies	~ 3% Expected annual EBITDA growth



**antargaz**



**FLAGA**



**AVANTIGAS**



**kosangas**

**AmeriGas**

**Business Unit Overview**



- United Kingdom
- Over 140 MM gallons in FY13



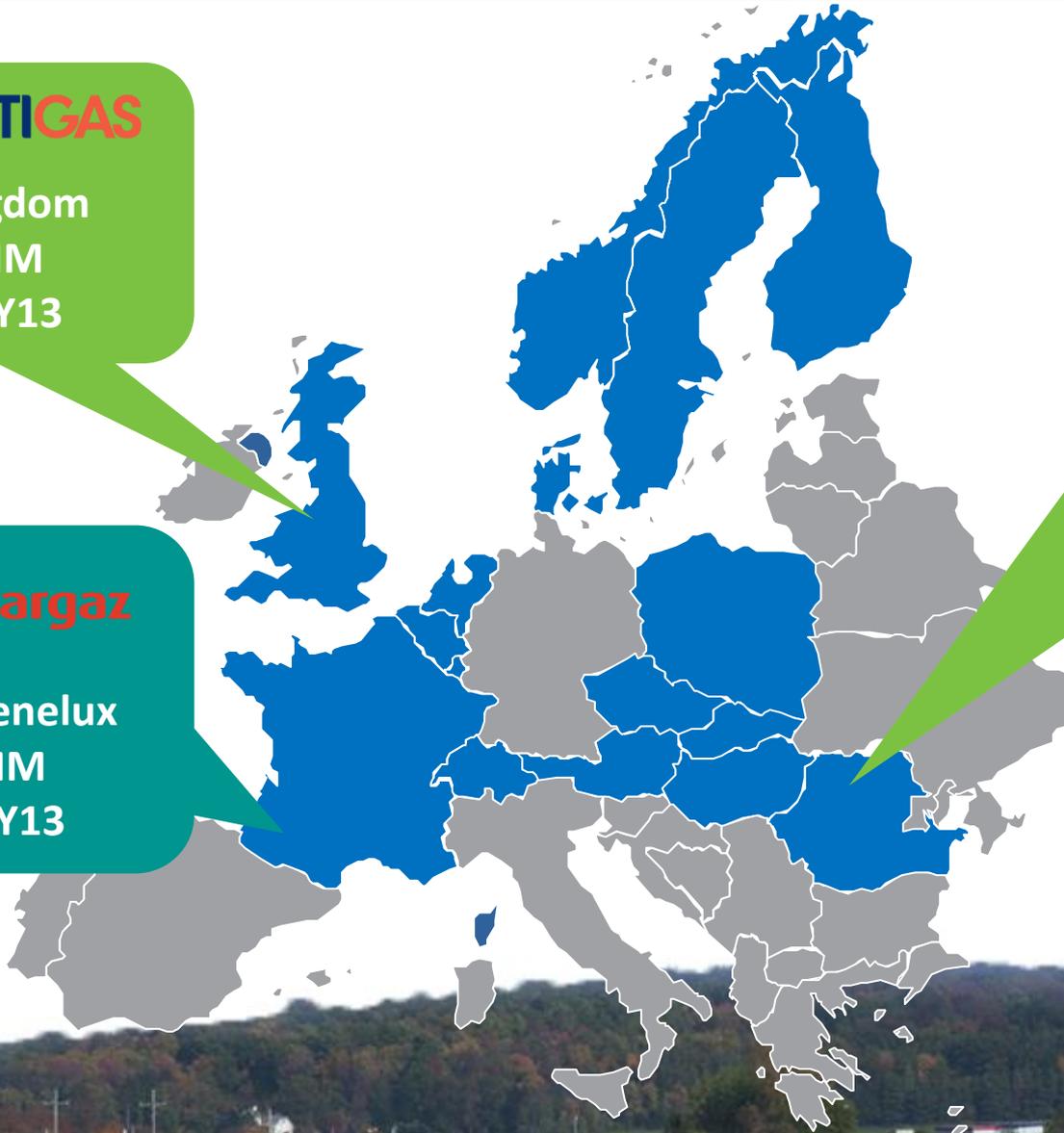
- France & Benelux
- Over 300 MM gallons in FY13



- Eastern Europe and Nordics
- Other brand names:

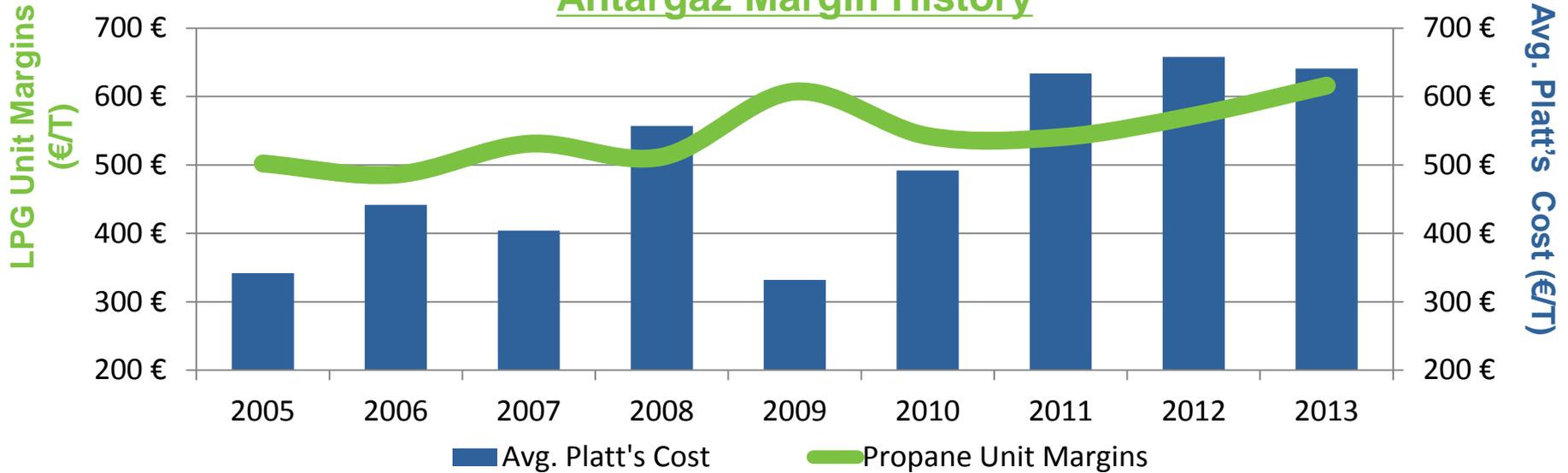


- Over 230 MM gallons in FY13

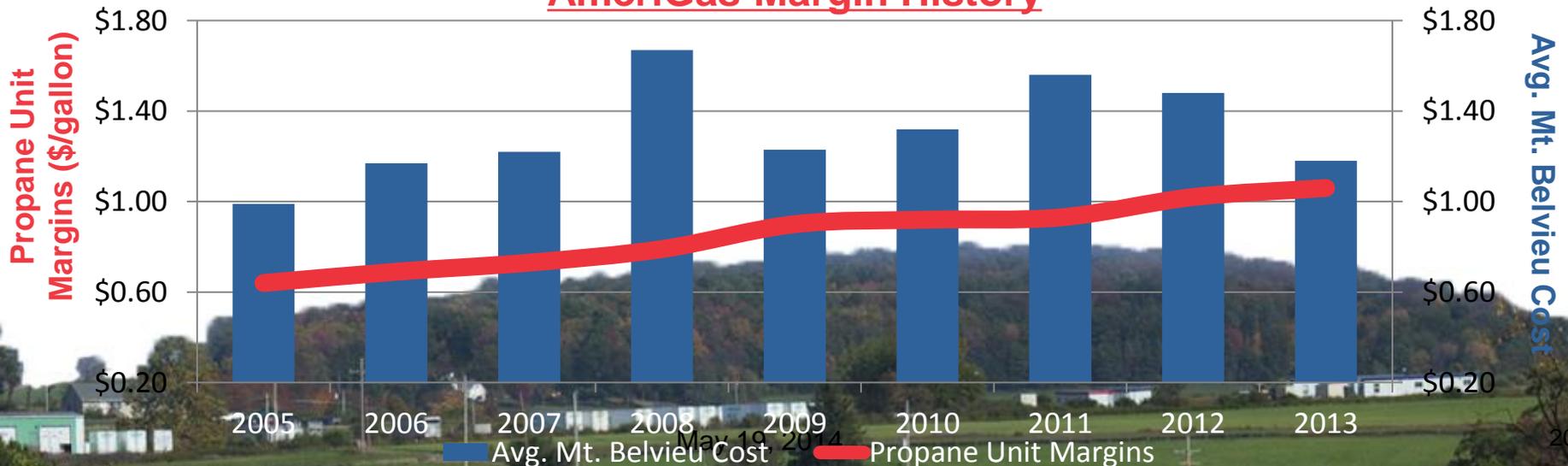


## Exceptional unit margin management through volatile periods

Antargaz Margin History



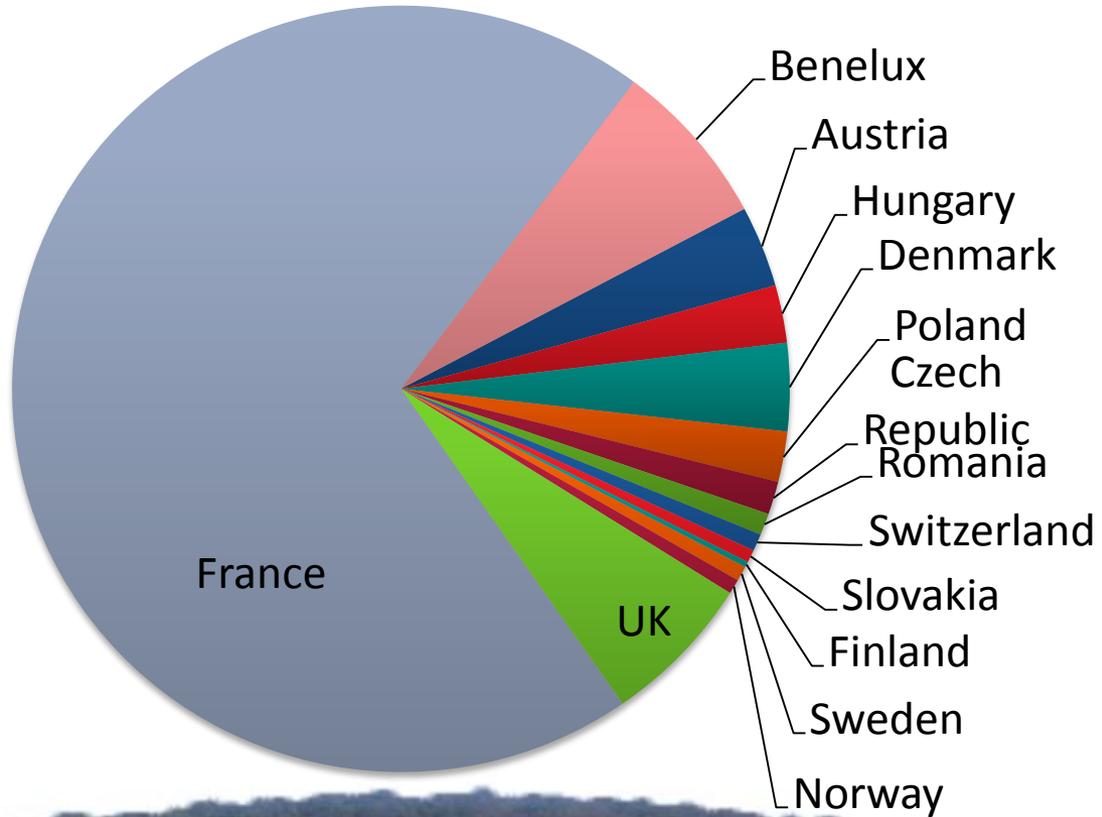
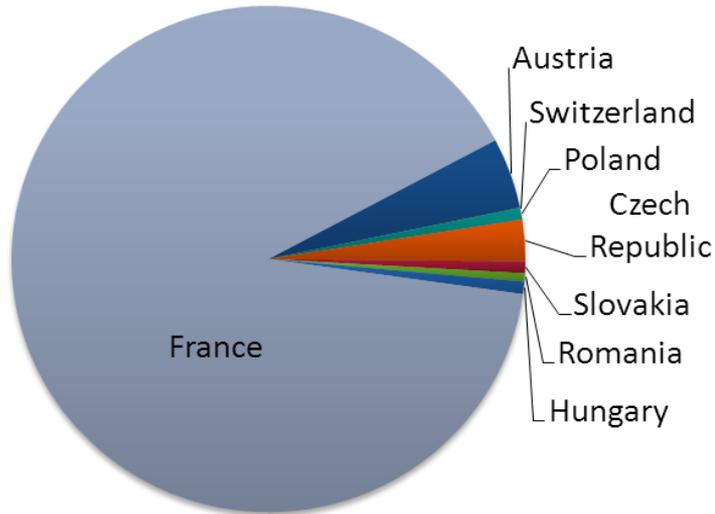
AmeriGas Margin History



**Increased diversification through acquisitions and integration**

**FY13 EBITDA: €171 MM \***

**FY08 EBITDA: €104 MM**



## Both acquisition and organic growth opportunities

### Organic Growth Opportunities

- Natural gas marketing (France)
- Heating oil to LPG conversions (Nordics)
- Residential customer growth (Poland)
- Strategic partnerships (UK)

### Acquisition Opportunities

- Bolt-on acquisitions in Eastern Europe and the UK
- Greenfield expansion in Western Europe
- Natural gas marketing in Western Europe



**Business Unit Overview**

## Marketing

### Natural Gas

- ~ 100 Bcf
- > 30,000 locations
- 36 LDCs

### Power

- > 2 MM MWhrs
- > 10,000 locations
- 20 EDCs

## Midstream

### Pipelines/Gathering

- Auburn System

### Storage (15 Bcf)

- Meeker & Tioga – 14 Bcf
- Wharton – 1 Bcf

### Peaking

- Temple (1.25 Bcf LNG storage capacity)
- Propane Air (0.40 Bcf capacity in 6 plants)

## Generation

- Hunlock: 130 MWs combined cycle
- Conemaugh: 102 MWs coal-fired
- Renewable energy: ~ 17 MWs

## Marketing

**Strategy:** Target **small and medium-size businesses** that value our services (hedging, management of energy requirements)

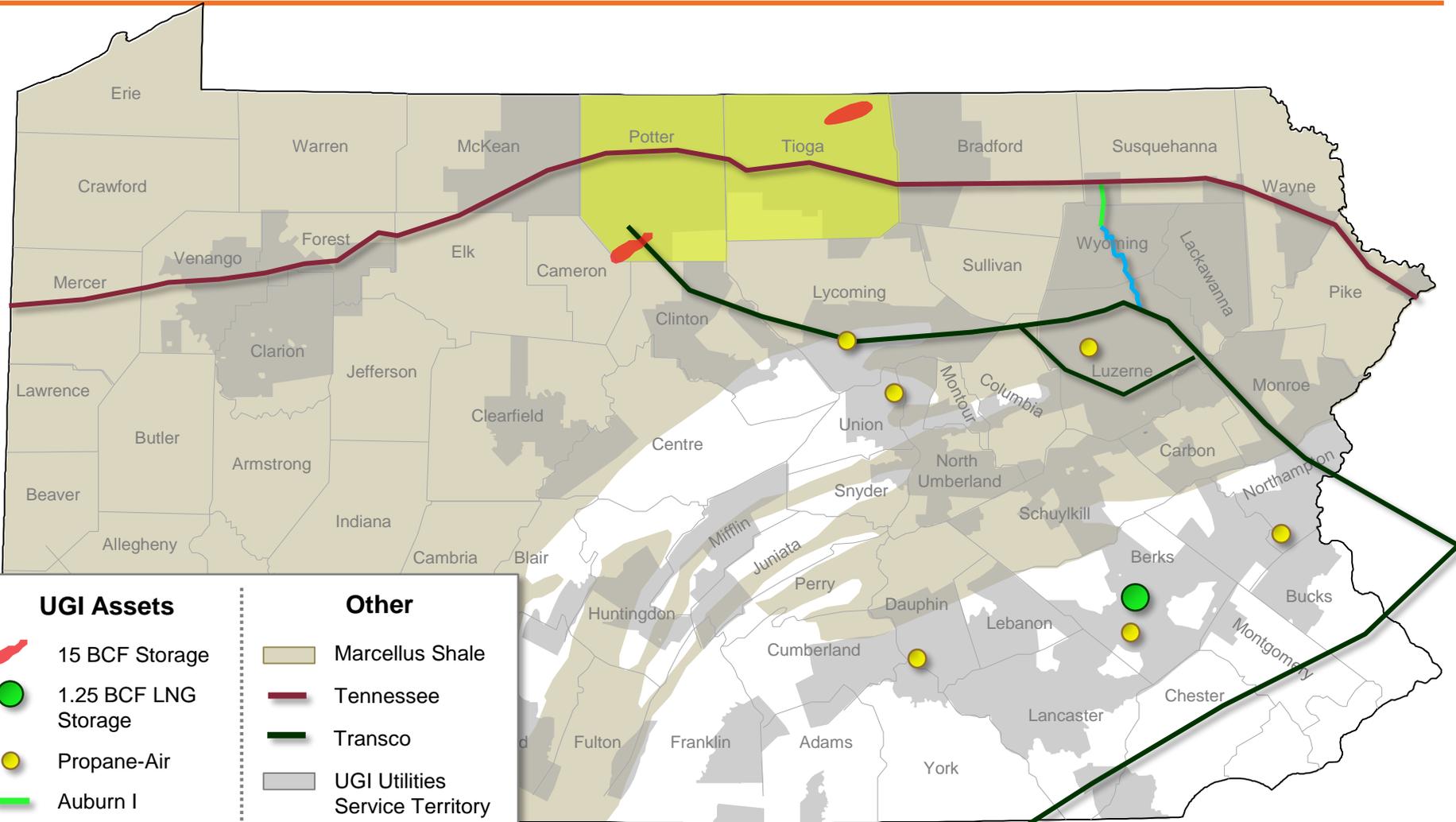
- Little commodity exposure
- Excellent sales team
- No speculative trading
- Very high customer retention

## Generation

Generation assets provide balancing support for power marketing business and reduce supplier credit

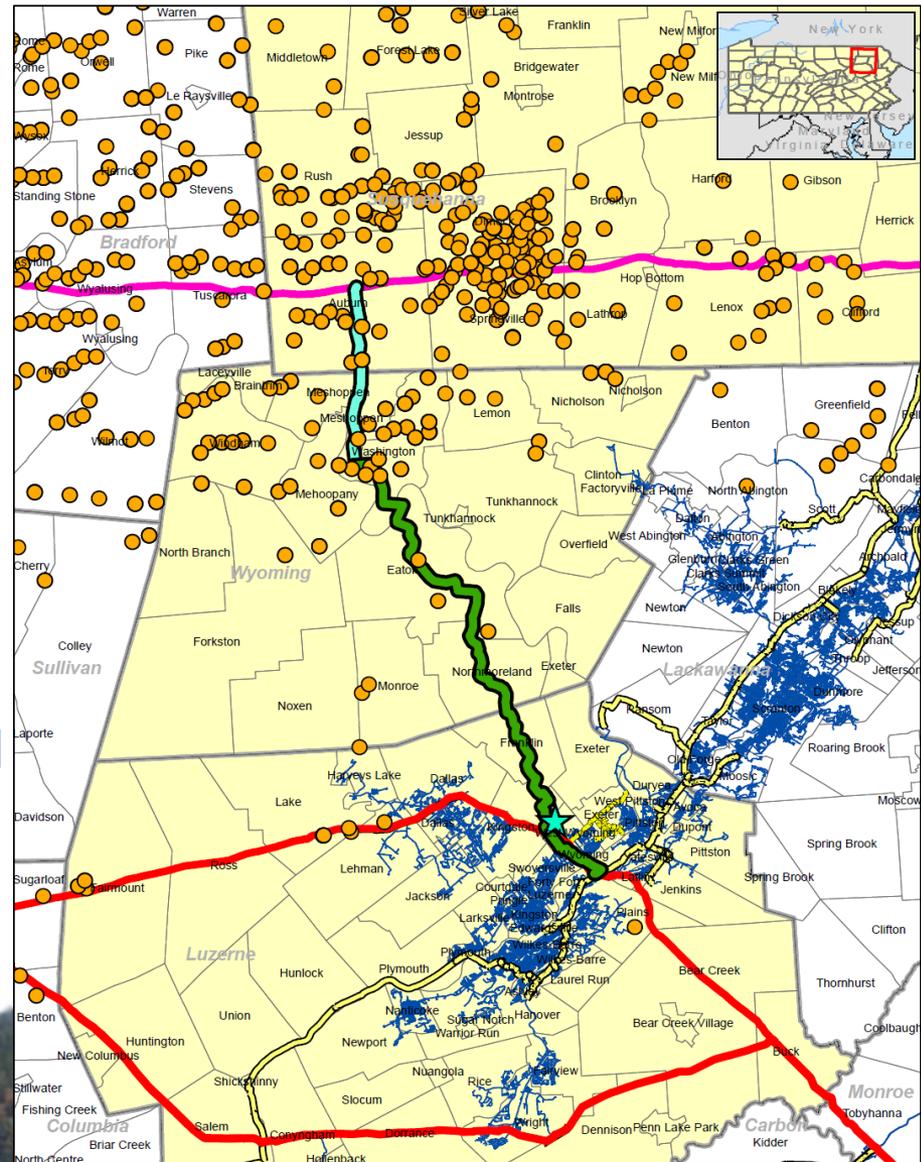
- Former utility plants that have been expanded
- Not expected to be a significant source of earnings going forward

- **Link supply to markets** by leveraging UGI's existing pipeline infrastructure
- **Build new pipeline capacity** from prolific Marcellus areas to market centers in PA and beyond
- **New pipeline infrastructure** augments our existing Marcellus network of midstream assets such as storage, peaking, power generation and interstate pipeline capacity contracts
- Develop and market integrated products and services to **enable utilities to transition from long haul pipelines to local supply options**
- Provide timely, **competitive gathering services** to producers



## Auburn Gathering System

- **Auburn I:** 9-mile 12" pipeline running from Tennessee Pipeline to Wyoming County (aqua)
- **Auburn II:** 28-mile 20" pipeline running from Wyoming County to Transco (green)
- Total current investment: > \$160 million
- Shippers include Citrus, Cabot, and UGI PNG
- **Announced phase III expansion on May 6, 2014**

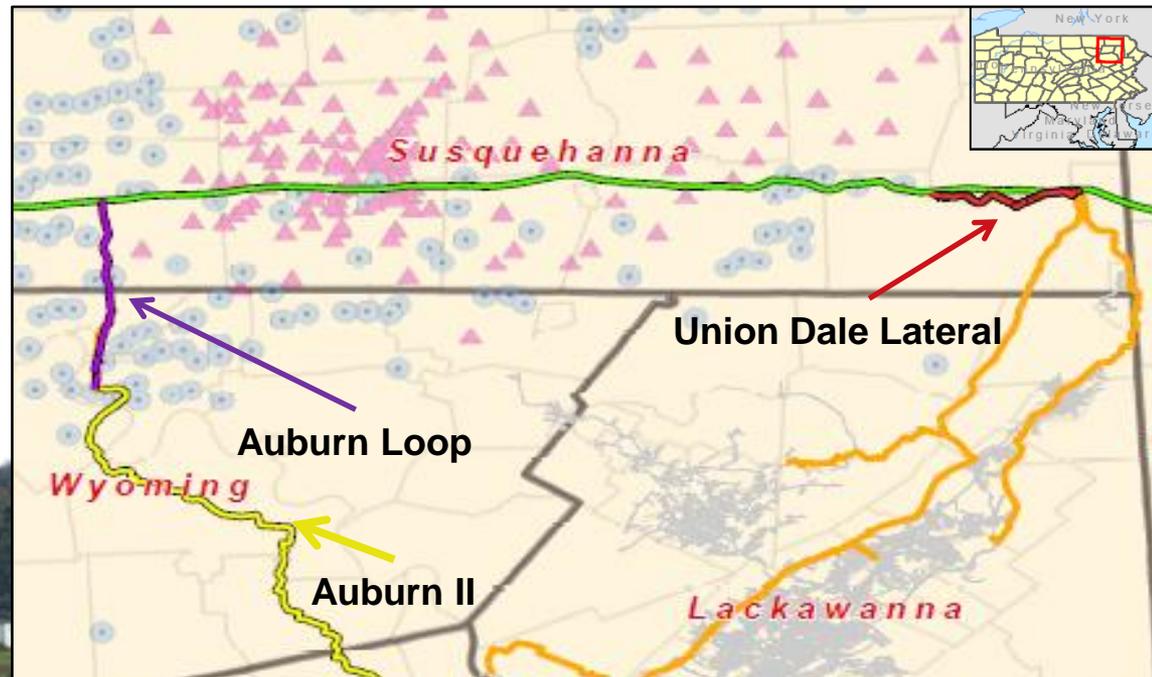


## Auburn III

- Two phases:
  - Additional compression at Manning Compressor Station
  - 9-mile 24" loop of Auburn I
- Auburn Gathering System capacity expanded by 200,000 Dth/d to 470,000 Dth/d by fall 2015
- Brings total investment in Auburn Gathering System to ~ \$230 million
- Supported by long-term agreements

## Union Dale Lateral

- 6-mile 12" pipeline to move locally-produced natural gas to UGI PNG, one of UGI's utilities
- Capable of moving up to 100,000 Dth/d by fall of 2014
- Shippers include Cabot and UGI PNG
- Supported by long-term agreements





**In conclusion**

## 4 Reasons to Invest in UGI:

### Significant Cash Generation

UGI generates **over \$125 million of free cash flow annually** for reinvestment

This is **after** satisfying all subsidiaries' debt service, ongoing capex, and paying our dividend

### Diversification

UGI provides diversified exposure to

- Commodities
- Geographies
- Customer Segments
- Supply Chain

While benefiting from the **common operating attributes** our businesses share. This

**Diversification = less risk, diversified income / cash flow, & multiple capital reinvestment opportunities**

### Growth and Income

UGI is a **balanced growth and income** investment

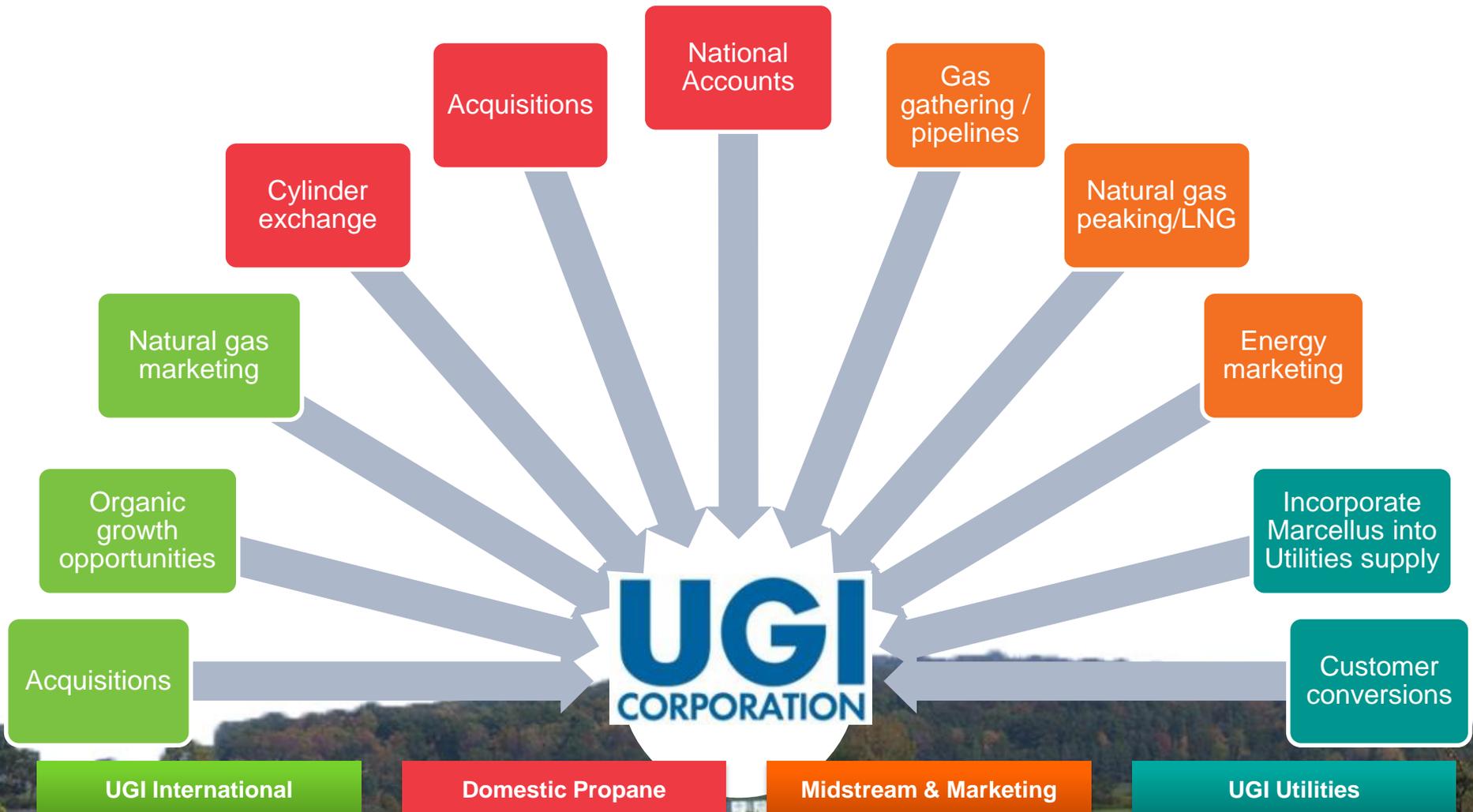
We are committed to delivering **6% to 10% EPS growth** and **4% annual dividend growth**

### Strong Track Record

UGI has a strong track record of **meeting or exceeding our commitments:**

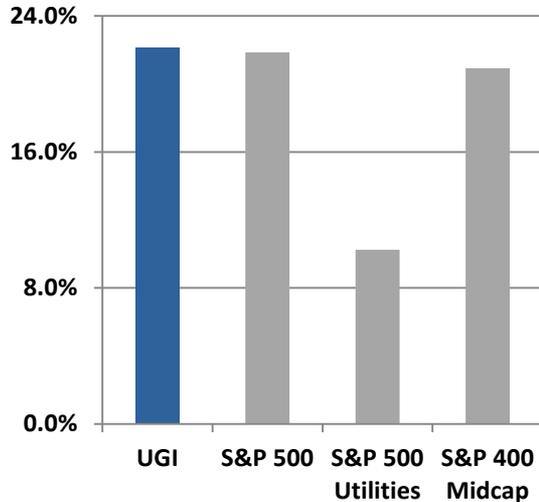
- 130 years of uninterrupted dividends
- 27 years of consecutive dividend increases
- Exceptional EPS and dividend growth history
- Successful capital reinvestment

**Multiple growth opportunities to achieve 6-10% earnings growth goal and 4% dividend growth goal**

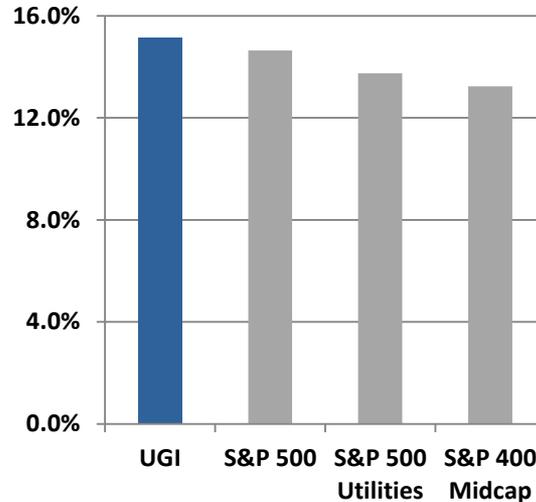


# Total Shareholder Return Through 3/31/14

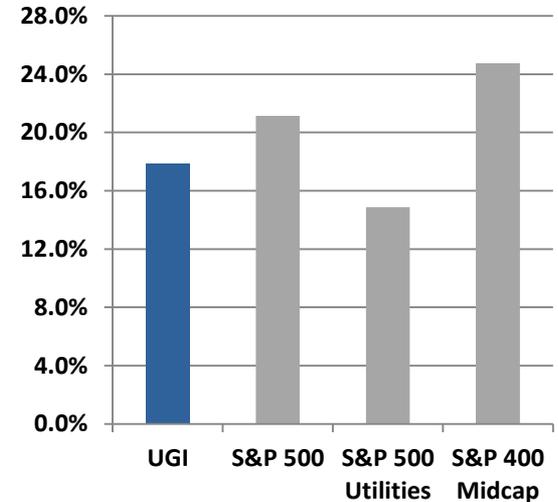
### 1 Year Total Return



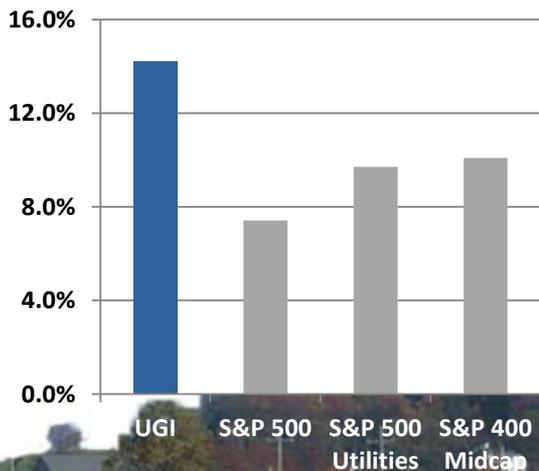
### 3 Year Total Return



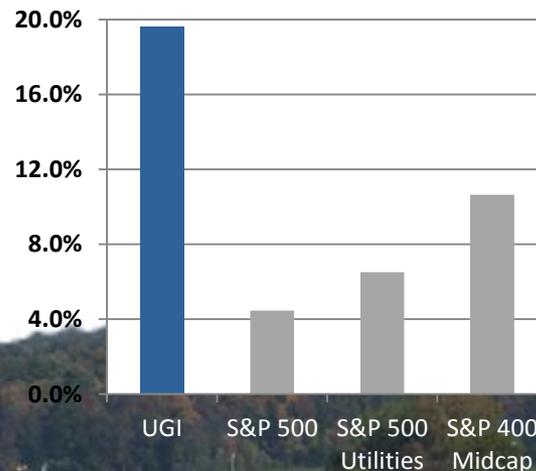
### 5 Year Total Return



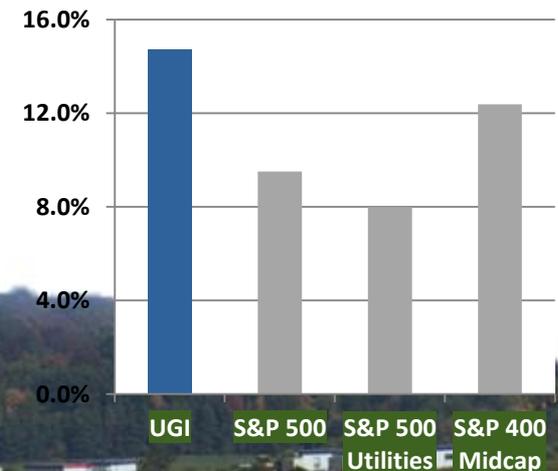
### 10 Year Total Return



### 15 Year Total Return



### 20 Year Total Return





**Questions?**



**Appendix**

<u>Income Statement</u> (millions of dollars)	<u>Year Ended September 30,</u>					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues	\$ 7,194.7	\$ 6,521.3	\$ 6,090.9	\$ 5,591.4	\$ 5,737.8	\$ 6,648.2
Cost of sales	(4,324.4)	(4,099.1)	(3,982.7)	(3,584.0)	(3,670.6)	(4,744.6)
Total Margin	2,870.3	2,422.2	2,108.2	2,007.4	2,067.2	1,903.6
Operating expenses	(1,692.0)	(1,591.1)	(1,267.0)	(1,177.4)	(1,220.0)	(1,157.3)
Taxes other than income taxes	(16.9)	(17.3)	(16.6)	(18.6)	(16.9)	(18.3)
Depreciation and amortization	(363.1)	(315.0)	(227.7)	(210.2)	(200.9)	(184.4)
Other income, net	32.8	39.8	45.5	58.0	55.9	41.6
Operating income	831.1	538.6	642.4	659.2	685.3	585.2
Loss from equity investees	(0.4)	(0.3)	(0.9)	(2.1)	(3.1)	(2.9)
Loss on extinguishment of debt	-	(13.3)	(38.1)	-	-	-
Interest expense	(240.3)	(220.4)	(138.0)	(133.8)	(141.1)	(142.5)
Income before income taxes	590.4	304.6	465.4	523.3	541.1	439.8
Income taxes	(162.8)	(106.9)	(145.4)	(167.6)	(159.1)	(134.5)
Net income	\$ 427.6	\$ 197.7	\$ 320.0	\$ 355.7	\$ 382.0	\$ 305.3
Less: net income attributable to noncontrolling interests, principally AmeriGas Partners	(149.5)	12.5	(74.6)	(94.7)	(123.5)	(89.8)
<b>Net income attributable to UGI</b>	<b>\$ 278.1</b>	<b>\$ 210.2</b>	<b>\$ 245.4</b>	<b>\$ 261.0</b>	<b>\$ 258.5</b>	<b>\$ 215.5</b>
Average diluted shares outstanding (MM)	115.5	113.4	112.9	110.5	109.3	108.5
<b>GAAP diluted EPS</b>	<b>\$ 2.41</b>	<b>\$ 1.85</b>	<b>\$ 2.17</b>	<b>\$ 2.36</b>	<b>\$ 2.36</b>	<b>\$ 1.99</b>

## Reconciliation of Adjusted EPS to GAAP EPS

	<u>Year Ended September 30,</u>					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>GAAP Net Income</b>	\$ 278.1	\$ 210.2	\$ 245.4	\$ 261.0	\$ 258.5	\$ 215.5
<b>Adjustments:</b>						
Net unrealized gains (losses) on unsettled commodity derivatives	\$ 0.1	\$ 10.1	\$ 11.4			
Net unrealized gains (losses) on settled commodity derivatives	\$ 4.2	\$ (1.2)	\$ 6.0			
Acquisition and transition expenses	\$ (3.2)	\$ (13.3)				
Loss on early extinguishment of debt at AmeriGas		\$ (2.2)	\$ (10.3)			
Loss from discontinuance of cash flow hedge accounting at AmeriGas			\$ (3.9)			
Loss on termination of interest rate protection at AmeriGas				\$ (5.2)		
Gain/loss related to French Competition Authority			\$ 9.4		\$ (10.0)	
Gain on sale of 50% ownership of Energy Venture						
Gains from sale of AmeriGas storage terminals					\$ 10.4	
Gain from sale of Atlantic Energy LLC - UGI Energy Services				\$ 17.2		
Loss on renewable energy partnership	\$ (3.7)					
<b>Adjusted Net Income</b>	<b>\$ 280.7</b>	<b>\$ 216.8</b>	<b>\$ 232.8</b>	<b>\$ 249.0</b>	<b>\$ 258.1</b>	<b>\$ 215.5</b>
<b>GAAP EPS</b>	<b>\$ 2.41</b>	<b>\$ 1.85</b>	<b>\$ 2.17</b>	<b>\$ 2.36</b>	<b>\$ 2.36</b>	<b>\$ 1.99</b>
<b>Adjusted EPS</b>	<b>\$ 2.43</b>	<b>\$ 1.91</b>	<b>\$ 2.06</b>	<b>\$ 2.25</b>	<b>\$ 2.36</b>	<b>\$ 1.99</b>
<b>Diluted Shares Outstanding</b>	<b>115.5</b>	<b>113.4</b>	<b>112.9</b>	<b>110.5</b>	<b>109.3</b>	<b>108.5</b>

<b>Long-term Debt:</b>	<b>Year Ended Sep 30,</b>			<b>Year Ended Sep 30,</b>	
<b>AmeriGas Propane:</b>	<b>2013</b>	<b>2012</b>	<b>UGI Utilities:</b>	<b>2013</b>	<b>2012</b>
AmeriGas Partners Senior Notes:			Term Loan Credit Agreement	\$ 175.0	\$ -
7.00%, due May 2022	\$ 980.8	\$ 980.8	Senior Notes:		
6.75%, due May 2020	\$ 550.0	\$ 550.0	6.375%, due September 2013	\$ -	\$ 108.0
6.50%, due May 2021	\$ 270.0	\$ 270.0	5.75%, due September 2016	\$ 175.0	\$ 175.0
6.25%, due August 2019	\$ 450.0	\$ 450.0	6.21%, due September 2036	\$ 100.0	\$ 100.0
HOLP Senior Secured Notes	\$ 32.0	\$ 55.6	Medium-Term Notes:		
Other	\$ 17.3	\$ 21.6	5.37%, due August 2013	\$ -	\$ 25.0
<b>Total AmeriGas Propane</b>	<b>\$ 2,300.1</b>	<b>\$ 2,328.0</b>	5.16%, due May 2015	\$ 20.0	\$ 20.0
			7.37%, due October 2015	\$ 22.0	\$ 22.0
<b>UGI International:</b>			5.64%, due December 2015	\$ 50.0	\$ 50.0
Antargaz Senior Facilities term loan, due through March 2016	\$ 514.0	\$ 488.7	6.17%, due June 2017	\$ 20.0	\$ 20.0
Flaga term loan, due September 2016	\$ 52.0	-	7.25%, due November 2017	\$ 20.0	\$ 20.0
Flaga term loan, due through September 2016	\$ 54.1	\$ 51.4	5.67%, due January 2018	\$ 20.0	\$ 20.0
Flaga term loan, due October 2016	\$ 25.8	\$ 24.6	6.50%, due August 2033	\$ 20.0	\$ 20.0
Flaga term loan, due through June 2014	\$ 1.9	\$ 3.6	6.13%, due October 2034	\$ 20.0	\$ 20.0
Other	\$ 6.6	\$ 5.6	<b>Total UGI Utilities</b>	<b>\$ 642.0</b>	<b>\$ 600.0</b>
<b>Total UGI International</b>	<b>\$ 654.4</b>	<b>\$ 573.9</b>	Other	\$ 12.9	\$ 12.4
			<b>Total long-term debt</b>	<b>\$ 3,609.4</b>	<b>\$ 3,514.3</b>
			Less: current maturities	\$ (67.2)	\$ (166.7)
			<b>Total long-term debt due after one year</b>	<b>\$ 3,542.2</b>	<b>\$ 3,347.6</b>

# AmeriGas Propane Cash Flow Reconciliation

	Year Ended September 30,							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Net Cash Provided by Operating Activities</b>	\$ 179.5	\$ 207.1	\$ 180.2	\$ 367.5	\$ 218.8	\$ 188.9	\$ 344.4	\$ 356.9
Add: Acquisition and Transition expenses							46.2	26.5
Exclude the impact of working capital changes:								
Accounts Receivable	21.0	17.1	51.3	(74.1)	47.9	65.6	(78.7)	42.3
Inventories	9.0	18.8	19.0	(57.8)	24.6	20.5	(53.1)	(2.3)
Accounts Payable	(7.6)	(17.8)	(8.1)	58.1	(15.6)	(25.7)	34.6	0.2
Collateral Deposits	-	-	17.8	(17.8)	-	-		
Other Current Assets	(15.1)	(0.3)	5.3	(16.2)	4.4	(2.9)	(11.9)	(2.0)
Other Current Liabilities	-	12.3	(10.4)	21.6	(10.5)	37.4	(24.1)	42.1
Provision for Uncollectible Accounts	(10.8)	(9.5)	(15.9)	(9.3)	(12.5)	(12.8)	(15.1)	(16.5)
Other cash flows from operating activities, net	6.0	(4.9)	1.4	(0.3)	(2.1)	2.8	(1.0)	7.6
<b>(A) Distributable cash flow before capital expenditures</b>	<b>182.0</b>	<b>222.9</b>	<b>240.7</b>	<b>271.5</b>	<b>254.9</b>	<b>273.8</b>	<b>241.3</b>	<b>454.8</b>
<b>Capital Expenditures:</b>								
Growth	(47.1)	(46.6)	(33.7)	(41.2)	(42.1)	(39.0)	(40.5)	(39.2)
Heritage acquisition transition capital							(17.6)	(20.4)
<b>(B) Maintenance</b>	<b>(23.6)</b>	<b>(27.2)</b>	<b>(29.1)</b>	<b>(37.5)</b>	<b>(41.1)</b>	<b>(38.2)</b>	<b>(45.0)</b>	<b>(51.5)</b>
<b>Expenditures for property, plant and equipment</b>	<b>(70.7)</b>	<b>(73.8)</b>	<b>(62.8)</b>	<b>(78.7)</b>	<b>(83.2)</b>	<b>(77.2)</b>	<b>(103.1)</b>	<b>(111.1)</b>
<b>Distributable cash flow (A-B)</b>	<b>\$ 158.4</b>	<b>\$ 195.7</b>	<b>\$ 211.6</b>	<b>\$ 234.0</b>	<b>\$ 213.8</b>	<b>\$ 235.6</b>	<b>\$ 196.3</b>	<b>\$ 403.3</b>
Divided by: Distributions paid	\$ 130.8	\$ 154.7	\$ 144.7	\$ 165.3	\$ 161.6	\$ 171.8	\$ 271.8	\$ 327.0
<b>Equals: Distribution Coverage</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.4</b>	<b>0.7</b>	<b>1.2</b>
<b>Distribution rate per limited partner unit - end of year</b>	<b>\$ 2.32</b>	<b>\$ 2.44</b>	<b>\$ 2.56</b>	<b>\$ 2.68</b>	<b>\$ 2.82</b>	<b>\$ 2.96</b>	<b>\$ 3.20</b>	<b>\$ 3.36</b>

- ❖ The enclosed supplemental information contains a reconciliation of Earnings before interest expense, income taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA to Net Income.
- ❖ EBITDA and Adjusted EBITDA are not measures of performance or financial condition under accounting principles generally accepted in the United States ("GAAP"). Management believes EBITDA and Adjusted EBITDA are meaningful non-GAAP financial measures used by investors to compare the Partnership's operating performance with that of other companies within the propane industry. The Partnership's definitions of EBITDA and Adjusted EBITDA may be different from those used by other companies.
- ❖ EBITDA and Adjusted EBITDA should not be considered as alternatives to net income (loss) attributable to AmeriGas Partners, L.P. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. Management uses Adjusted EBITDA to exclude from AmeriGas Partners' EBITDA gains and losses that competitors do not necessarily have to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA and Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners, L.P. for the relevant years. Management also uses EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's EBITDA to assess the profitability of the Partnership, which is one of UGI Corporation's industry segments. UGI Corporation discloses the Partnership's EBITDA in its disclosures about its industry segments as the profitability measure for its domestic propane segment.



# AmeriGas Propane EBITDA Reconciliation

(millions of dollars)	<u>Year Ended September 30,</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Net income attributable to AmeriGas Partners, L.P. <sup>1</sup></b>	<b>221.6</b>	<b>\$ 11.0</b>	<b>\$ 138.5</b>	<b>\$ 165.3</b>	<b>\$ 224.6</b>
Income tax expense	1.5	1.9	0.4	3.2	2.6
Interest expense	165.4	142.6	63.5	65.1	70.4
Depreciation and amortization	202.9	169.2	94.7	87.4	83.8
<b>EBITDA</b>	<b>591.4</b>	<b>324.7</b>	<b>297.1</b>	<b>321.0</b>	<b>381.4</b>
Add back: Loss on extinguishment of debt		13.3	38.1		
Add back: Heritage Propane acquisition and transition expense	26.5	46.2			
Exclude: Gain on sale of storage facility					(39.9)
Add back: Litigation reserve adjustment				12.2	
Exclude: Cumulative effect of accounting changes				7.0	
<b>Adjusted EBITDA</b>	<b>\$ 617.9</b>	<b>\$ 384.2</b>	<b>\$ 335.2</b>	<b>\$ 340.2</b>	<b>\$ 341.5</b>

(millions of dollars, except where otherwise indicated)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Income Statement - UGI International</b>						
Revenues	\$ 2,179.2	\$ 1,946.0	\$ 1,488.7	\$ 1,059.5	\$ 955.3	\$ 1,124.8
Cost of sales	(1,498.4)	(1,325.8)	(970.8)	(582.1)	(429.5)	(651.9)
Total Margin	680.8	620.2	517.9	477.4	525.8	472.9
Operating expenses, net of other income	(452.1)	(429.2)	(361.2)	(300.0)	(317.9)	(311.4)
Depreciation and amortization	(81.7)	(79.2)	(70.6)	(60.4)	(56.5)	(54.7)
Operating income	147.0	111.8	86.1	117.0	151.4	106.8
Loss from equity investees	(0.4)	(0.0)	(0.9)	(2.1)	(3.1)	(2.9)
Interest expense	(30.4)	(30.9)	(28.2)	(25.4)	(26.6)	(29.7)
Income before income taxes	116.2	80.9	57.0	89.5	121.7	74.2
Income taxes	(33.4)	(15.8)	(15.7)	(30.4)	(43.7)	(20.7)
Noncontrolling interests	(0.1)	(0.0)	(0.3)	(0.3)	0.3	(1.2)
<b>Net income attributable to UGI</b>	<b>\$ 82.7</b>	<b>\$ 65.1</b>	<b>\$ 41.0</b>	<b>\$ 58.8</b>	<b>\$ 78.3</b>	<b>\$ 52.3</b>

(millions of dollars)

	Year Ended September 30,					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Income Statement - UGI Utilities</b>						
Revenues	\$ 940.7	\$ 884.3	\$ 1,137.4	\$ 1,169.5	\$ 1,381.3	\$ 1,289.1
Cost of sales	(466.0)	(459.1)	(678.5)	(730.5)	(944.8)	(920.4)
Total Margin	474.7	425.2	458.9	439.0	436.5	368.7
Operating expenses	(196.6)	(174.8)	(189.0)	(183.7)	(206.2)	(158.9)
Taxes other than income taxes	(16.9)	(17.2)	(16.6)	(18.6)	(16.9)	(18.3)
Depreciation and amortization	(55.7)	(52.8)	(52.5)	(53.5)	(51.1)	(41.4)
Other income, net	4.8	5.0	10.8	6.3	7.2	12.9
Operating income	210.3	185.4	211.4	189.5	169.5	163.0
Interest expense	(39.3)	(42.4)	(42.7)	(42.3)	(43.9)	(39.1)
Income before income taxes	171.0	143.0	168.7	147.2	125.6	123.9
Income taxes	(68.9)	(55.1)	(63.5)	(56.9)	(46.9)	(49.9)
<b>Net income</b>	<b>\$ 102.1</b>	<b>\$ 87.9</b>	<b>\$ 105.2</b>	<b>\$ 90.3</b>	<b>\$ 78.7</b>	<b>\$ 74.0</b>

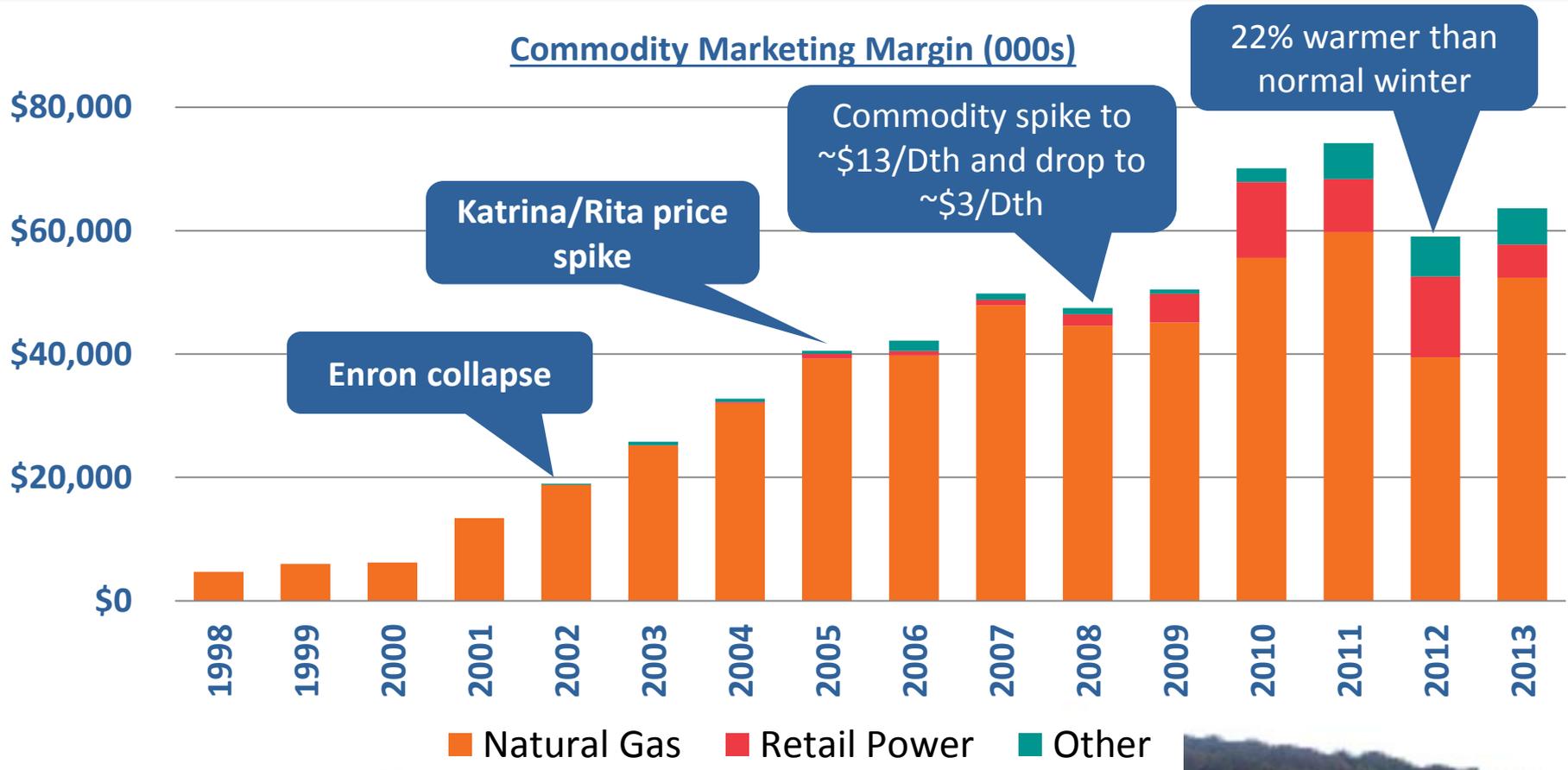
	Year Ended September 30,					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Degree days - percent of normal	-5.0%	-16.3%	3.5%	-5.0%	4.0%	-5.0%

(millions of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Income Statement - Energy Services</b>						
Revenues	\$ 1,040.8	\$ 859.4	\$ 1,059.7	\$ 1,145.9	\$ 1,224.7	\$ 1,619.5
Cost of sales	(876.8)	(730.9)	(920.0)	(1,010.7)	(1,098.5)	(1,495.4)
Total Margin	164.0	128.5	139.7	135.2	126.2	124.1
Operating expenses, net of other income	(56.4)	(53.4)	(48.8)	(7.5)	(52.9)	(39.8)
Depreciation and amortization	(17.6)	(12.7)	(8.0)	(7.7)	(8.5)	(7.0)
Operating income	90.0	62.4	82.9	120.0	64.8	77.3
Interest expense	(3.2)	(4.8)	(2.7)	(0.2)	-	-
Income before income taxes	86.8	57.6	80.2	119.8	64.8	77.3
Income taxes	(34.3)	(19.9)	(27.7)	(51.6)	(26.7)	(32.0)
<b>Net income attributable to UGI (*)</b>	<b>\$ 52.5</b>	<b>\$ 37.7</b>	<b>\$ 52.5</b>	<b>\$ 68.2</b>	<b>\$ 38.1</b>	<b>\$ 45.3</b>

(\*) Includes after tax gain from the sale of Atlantic Energy of \$17.2

**Strategy:** Target **small & medium-size businesses** that value our services (hedging, management of energy requirements)



## Frequently Asked Questions

### **Is natural gas making significant inroads on areas traditionally served by heating oil?**

- **Yes. Natural gas is less expensive and more convenient for consumers**
  - Most conversions take place within 75-100 feet from the main
  - A significant number of heating oil customers remain “resident” along these mains and are prime candidates for conversion
  - In FY2013, UGI Utilities converted over 15,000 customers to natural gas and the vast majority of these were converted from heating oil

### **Is natural gas also making significant inroads on areas traditionally served by propane?**

- **No. Natural gas conversions typically extend only 75-100 feet from the main – most propane users are outside of this reach**
  - AmeriGas estimates that it loses less than 3,000 customers annually to natural gas (out of a customer base of 2 million)
  - In FY13, UGI Utilities converted over 15,000 customers to natural gas and less than 200 of these were converted from propane
  - Most propane customers reside in less densely-populated areas well off the gas grid, making conversions less attractive to gas utility companies

### **Does UGI Energy Services’ marketing business have significant energy exposure?**

- **No. UGI Energy Services’ energy marketing business adheres to a fulfillment business model**
  - Volumes are hedged when a price commitment is made by a customer
  - UGI does not employ any traders or engage in speculative trading
  - UGI does not have a large asset base to protect (our small amount of electric generation is sold into the market)
  - Average length of contract is ~9 months for gas customers, ~12 months for electric customers

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