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 June 30, 2021

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 and post such files). Yes ☒ No ☐

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

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

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

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

At July 31, 2021, there were 209,096,896 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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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 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; also referred to as the "General Partner"

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 second-tier 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 Utilities' regulated natural gas distribution business, comprising the natural gas utility businesses owned and operated by UGI Utilities

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

GHI - GHI Energy, LLC, which was acquired by Energy Services in Fiscal 2020

HVAC - UGI HVAC Enterprises, Inc., a wholly owned second-tier subsidiary of UGI, which was sold in September 2020

Midstream & Marketing - Reportable segment comprising Energy Services, UGID and, prior to its sale in September 2020, HVAC

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

Pennant - Pennant Midstream, LLC, a Delaware limited liability corporation

PennEast - PennEast Pipeline Company, LLC

Pine Run - Pine Run Gathering, LLC

UGI - UGI Corporation

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

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 second-tier subsidiary of UGI

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

UGI Pine Run, LLC - A wholly owned subsidiary of Energy Services that holds a 49% membership interest in Pine Run

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI. Also a reportable segment of UGI comprising UGI Utilities, Inc. and its subsidiaries

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

Other Terms and Abbreviations

1.59% Senior Note - A private placement of $100 million principal amount of senior notes due June 2026, issued by UGI Utilities

1.64% Senior Note - A private placement of $75 million principal amount of senior notes due September 2026, to be issued by UGI Utilities in September 2021

2020 Annual Report - UGI Annual Report on Form 10-K for the fiscal year ended September 30, 2020

2020 nine-month period - Nine months ended June 30, 2020

2020 three-month period - Three months ended June 30, 2020

2021 nine-month period - Nine months ended June 30, 2021

2021 three-month period - Three months ended June 30, 2021

2021 UGI Corporation Senior Credit Facility - An amended unsecured senior facilities agreement entered into on May 4, 2021, by UGI which extended the maturity date of the previous three-year $300 million term loan facility included in the UGI Corporation Senior Credit Facility, now due in May 2025 and includes a new four-year $215 million term loan commitment

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

AFUDC - Allowance for Funds Used During Construction

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

CARES Act - Coronavirus Aid, Relief, and Economic Security Act

CDC - Centers for Disease Control and Prevention

CMG Acquisition - Acquisition of Columbia Midstream Group, LLC and Columbia Pennant, LLC on August 1, 2019 pursuant to the CMG Acquisition Agreements

CMG Acquisition Agreements - Agreements related to the CMG Acquisition comprising (1) a purchase and sale agreement related to the CMG acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy Services, UGI and TransCanada PipeLine USA Ltd., and (2) a purchase and sale agreement related to the Columbia Pennant, LLC acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy Services, and TransCanada PipeLine USA Ltd.

COA - Consent Order and Agreement

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

Common Stock - shares of UGI common stock

Conemaugh - Conemaugh generation station, a 1,711-megawatt, coal-fired electricity generation station located near Johnstown, Pennsylvania

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

EBITDA - Earnings before interest, taxes, depreciation, and amortization

Eighth Circuit - United States Court of Appeals for the Eighth Circuit

Equity Unit Agreements – Collection of agreements governing the rights, privileges and obligations of the holders of the Equity Units and UGI as issuer of the Equity Units, which were filed with the SEC on Form 8-K on May 25, 2021

Equity Units – 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

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

Fiscal 2019 - The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ended September 30, 2020

Fiscal 2021 - The fiscal year ending September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

GAAP - U.S. generally accepted accounting principles

GILTI - Global Intangible Low Taxed Income

Gwh - Millions of kilowatt hours

ICE - Intercontinental Exchange

IRC - Internal Revenue Code

IRPA - Interest rate protection agreement

IRS - Internal Revenue Services

IT - Information technology

LNG - Liquefied natural gas

LPG - Liquefied petroleum gas

MDPSC - Maryland Public Service Commission

MGP - Manufactured gas plant

Mountaineer - Mountaineer Gas Company, a natural gas distribution company in West Virginia

Mountaineer Acquisition - Pending acquisition of Mountaintop Energy Holdings LLC, indirect parent of Mountaineer, pursuant to a definitive agreement signed on December 29, 2020

NOAA - National Oceanic and Atmospheric Administration

NOL - Net operating loss

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

NYMEX - New York Mercantile Exchange

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

PennEnergy - PennEnergy Resources, LLC

PGC - Purchased gas costs

PRP - Potentially Responsible Party

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

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

ROD - Record of Decision

SCAA - Storage Contract Administrative Agreements

SEC - U.S. Securities and Exchange Commission

Series B preferred stock - Preferred stock of UGI titled 0.125% series B cumulative perpetual preferred stock with terms substantially identical to the Convertible Preferred Stock, except that it will not be convertible

Stonehenge - Stonehenge Energy Resources III, LLC, a portfolio company of Energy Spectrum Partners VIII, L.P.

TCJA - Tax Cuts and Jobs Act

Temporary Rates Order - Order issued by the PAPUC on March 15, 2018, that converted PAPUC approved rates of a defined group of large Pennsylvania public utilities into temporary rates for a period of not more than 12 months while the PAPUC reviewed effects of the TCJA

UGI Corporation Senior Credit Facility - An unsecured senior facilities agreement entered into on August 1, 2019, by UGI comprising (1) a five-year $250 million term loan facility; (2) a three-year $300 million term loan facility; and (3) a five-year $300 million revolving credit facility (including a $10 million sublimit for letters of credit)

USD - U.S. dollar

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

WHO - World Health Organization

WV PSC - 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)

	June 30, 2021	September 30, 2020	June 30, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	$ 545	$ 336	$ 487
Restricted cash	31	21	45
Accounts receivable (less allowances for doubtful accounts of $51, $42 and $42, respectively)	848	652	675
Accrued utility revenues	8	14	14
Income taxes receivable	128	80	—
Inventories	296	241	201
Derivative instruments	350	44	37
Prepaid expenses and other current assets	171	155	141
Total current assets	2,377	1,543	1,600
Property, plant and equipment, (less accumulated depreciation of $3,923, $3,698 and $3,600, respectively)	7,085	6,960	6,805
Goodwill	3,543	3,518	3,482
Intangible assets, net	624	677	669
Utility regulatory assets	389	395	395
Derivative instruments	129	38	38
Other assets	859	854	854
Total assets	$ 15,006	$ 13,985	$ 13,843
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	$ 36	$ 53	$ 26
Short-term borrowings	207	347	423
Accounts payable	579	475	382
Derivative instruments	67	64	109
Other current liabilities	812	816	739
Total current liabilities	1,701	1,755	1,679
Long-term debt	5,811	5,981	5,961
Deferred income taxes	919	640	613
Derivative instruments	49	59	66
Other noncurrent liabilities	1,420	1,413	1,389
Total liabilities	9,900	9,848	9,708
Commitments and contingencies (Note 9)			
Equity:			
UGI Corporation stockholders' equity:			
Preferred stock, without par value (authorized – 5,000,000 shares; issued – 220,000, 0 and 0 shares, respectively)	213	—	—
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 209,725,554, 209,514,044 and 209,504,994 shares, respectively)	1,388	1,416	1,413
Retained earnings	3,629	2,908	2,970
Accumulated other comprehensive loss	(105)	(147)	(205)
Treasury stock, at cost	(28)	(49)	(52)
Total UGI Corporation stockholders' equity	5,097	4,128	4,126
Noncontrolling interests	9	9	9
Total equity	5,106	4,137	4,135
Total liabilities and equity	$ 15,006	$ 13,985	$ 13,843

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 June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 1,496	$ 1,199	$ 6,009	$ 5,435
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	516	417	2,623	2,673
Operating and administrative expenses	469	437	1,473	1,452
Impairment of assets held-for-sale	—	52	—	52
Depreciation and amortization	125	122	375	362
Other operating income, net	(5)	(3)	(26)	(17)
	1,105	1,025	4,445	4,522
Operating income	391	174	1,564	913
(Loss) income from equity investees	(86)	7	(69)	22
Other non-operating income (expense), net	1	(4)	—	(4)
Interest expense	(77)	(80)	(233)	(247)
Income before income taxes	229	97	1,262	684
Income tax expense	(79)	(12)	(320)	(161)
Net income attributable to UGI Corporation	$ 150	$ 85	$ 942	$ 523
Earnings per common share attributable to UGI Corporation stockholders:				
Basic	$ 0.72	$ 0.41	$ 4.51	$ 2.50
Diluted	$ 0.71	$ 0.41	$ 4.48	$ 2.49
Weighted-average common shares outstanding (thousands):				
Basic	209,099	208,598	208,934	208,989
Diluted	210,851	208,975	210,194	210,009

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 June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Net income attributable to UGI Corporation	$ 150	$ 85	$ 942	$ 523
Other comprehensive income (loss):				
Net (losses) gains on derivative instruments (net of tax of $1, $3, $(1) and $15, respectively)	—	(8)	4	(38)
Reclassifications of net losses on derivative instruments (net of tax of $(1), $(1), $(5) and $(2), respectively)	5	5	14	6
Foreign currency adjustments (net of tax of $3, $4, $5 and $4, respectively)	16	28	23	42
Benefit plans (net of tax of $(1), $0, $(1) and $(1), respectively)	—	—	1	2
Other comprehensive income	21	25	42	12
Comprehensive income attributable to UGI Corporation	$ 171	$ 110	$ 984	$ 535

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to UGI Corporation	$ 942	$ 523
Adjustments to reconcile net income attributable to UGI Corporation to net cash provided by operating activities:		
Depreciation and amortization	375	362
Deferred income tax expense (benefit), net	267	(5)
Provision for uncollectible accounts	25	31
Changes in unrealized gains and losses on derivative instruments	(509)	(1)
Impairment of assets held-for-sale	—	52
Loss (income) from equity investees	69	(22)
Other, net	10	(12)
Net change in:		
Accounts receivable and accrued utility revenues	(213)	(70)
Income taxes receivable	(48)	—
Inventories	(55)	28
Utility deferred fuel and power costs, net of changes in unsettled derivatives	(9)	22
Accounts payable	123	(37)
Derivative instruments collateral deposits received	112	8
Other current assets	(17)	77
Other current liabilities	(25)	7
Net cash provided by operating activities	1,047	963
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(460)	(471)
Acquisitions of businesses and assets, net of cash and restricted cash acquired	(8)	—
Investments in equity method investees	(61)	—
Other, net	24	21
Net cash used by investing activities	(505)	(450)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(210)	(204)
Issuances of long-term debt, net of issuance costs	130	179
Repayments of long-term debt and finance leases	(329)	(67)
Decrease in short-term borrowings	(121)	(367)
Receivables Facility net repayments	(19)	(6)
Issuance of preferred stock, net of issuance costs	213	—
Issuances of UGI Common Stock	15	2
Repurchases of UGI Common Stock	—	(38)
Net cash used by financing activities	(321)	(501)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	9
Cash, cash equivalents and restricted cash increase	$ 219	$ 21
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash, cash equivalents and restricted cash at end of period	$ 576	$ 532
Cash, cash equivalents and restricted cash at beginning of period	357	511
Cash, cash equivalents and restricted cash increase	$ 219	$ 21

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 June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Preferred stock, without par value				
Balance, beginning of period	$ —	$ —	$ —	$ —
Issuance of preferred stock	213	—	213	—
Balance, end of period	$ 213	$ —	$ 213	$ —
Common stock, without par value				
Balance, beginning of period	$ 1,428	$ 1,409	$ 1,416	$ 1,397
Common Stock issued in connection with employee and director plans, net of tax withheld	3	—	6	2
Equity-based compensation expense	4	4	13	15
Issuance of Equity Units - 2024 Purchase Contracts	(45)	—	(45)	—
Other	(2)	—	(2)	(1)
Balance, end of period	$ 1,388	$ 1,413	$ 1,388	$ 1,413
Retained earnings				
Balance, beginning of period	$ 3,557	$ 2,953	$ 2,908	$ 2,653
Losses on common stock transactions in connection with employee and director plans	(6)	—	(11)	(3)
Net income attributable to UGI Corporation	150	85	942	523
Cash dividends on UGI Common Stock ($0.35, $0.33, $1.01, and $0.980, respectively)	(72)	(68)	(210)	(204)
Other	—	—	—	1
Balance, end of period	$ 3,629	$ 2,970	$ 3,629	$ 2,970
Accumulated other comprehensive income (loss)				
Balance, beginning of period	$ (126)	$ (230)	$ (147)	$ (217)
Net (losses) gains on derivative instruments	—	(8)	4	(38)
Reclassification of net losses on derivative instruments	5	5	14	6
Benefit plans	—	—	1	2
Foreign currency adjustments	16	28	23	42
Balance, end of period	$ (105)	$ (205)	$ (105)	$ (205)
Treasury stock				
Balance, beginning of period	$ (40)	$ (51)	$ (49)	$ (16)
Common Stock issued in connection with employee and director plans, net of tax withheld	12	1	22	5
Repurchases of UGI Common Stock	—	—	—	(38)
Reacquired UGI Common Stock - employee and director plans	—	(2)	(1)	(3)
Balance, end of period	$ (28)	$ (52)	$ (28)	$ (52)
Total UGI stockholders' equity	$ 5,097	$ 4,126	$ 5,097	$ 4,126
Noncontrolling interests				
Balance, beginning of period	$ 9	$ 9	$ 9	$ 10
Other	—	—	—	(1)
Balance, end of period	$ 9	$ 9	$ 9	$ 9
Total equity	$ 5,106	$ 4,135	$ 5,106	$ 4,135

See accompanying notes to condensed consolidated financial statements.

Note 1 — Nature of Operations

UGI is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In the United States, we own and operate (1) a retail propane marketing and distribution business; (2) natural gas and electric distribution utilities; and (3) an 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, through subsidiaries and affiliates, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, the Netherlands and the United Kingdom. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas.

Energy Services conducts, directly and through subsidiaries and affiliates, energy marketing, including renewable natural gas, midstream transmission, LNG storage, natural gas gathering and processing, natural gas 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.

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

Pending Acquisition of Mountaineer Gas Company

On December 29, 2020, UGI Corporation signed a definitive agreement to acquire Mountaineer, the largest natural gas distribution company in West Virginia for a preliminary purchase price of $540, which includes the assumption of approximately $140 of long-term debt. Mountaineer serves nearly 215,000 customers across 50 of the state's 55 counties. The pending acquisition is subject to customary regulatory and other closing conditions, including approval by the WV PSC, and is expected to close in the second half of calendar year 2021. UGI currently expects to finance the pending acquisition using proceeds from the 2021 UGI Corporation Senior Credit Facility and the issuance of Equity Units. For additional information on these financing activities, see Notes 7 and 8.

On January 26, 2021, UGI and Mountaineer filed a joint petition for consent and approval of the pending acquisition at the WV PSC. On July 15, 2021, UGI and Mountaineer filed, on behalf of all parties, a unanimous joint stipulation and agreement for settlement (the "Settlement") of all issues in the proceeding that, among other provisions, requests the WV PSC to approve the pending acquisition. The Settlement was presented to the WV PSC in an evidentiary hearing on July 20, 2021. The Company cannot predict the timing or the ultimate outcome of the Settlement approval process.

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, 2020, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all footnote disclosures from the annual financial statements.

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

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's 2020 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.

	June 30, 2021	June 30, 2020	September 30, 2020	September 30, 2019
Cash and cash equivalents	$ 545	$ 487	$ 336	$ 447
Restricted cash	31	45	21	64
Cash, cash equivalents and restricted cash	$ 576	$ 532	$ 357	$ 511

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 and common stock awards.

Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic	209,099	208,598	208,934	208,989
Incremental shares issuable for stock options and awards	1,752	377	1,260	1,020
Weighted-average common shares outstanding — diluted	210,851	208,975	210,194	210,009

For the three and nine months ended June 30, 2021 and 2020, there were 2,502 and 7,083 shares, respectively, associated with outstanding stock option awards that were excluded from the computation of diluted earnings per share above because their effect was antidilutive.

As described in Note 8, the Company issued $220 in Equity Units in May 2021, consisting of Convertible Preferred Stock and the 2024 Purchase Contracts. The 2024 Purchase Contracts contain conversion provisions available under certain conditions. The Company will settle such conversions by paying or delivering (i) one share of UGI's Series B preferred stock (or, for conversions in connection with a redemption of the Convertible Preferred Stock, up to $1,000 per share in cash) per share of Convertible Preferred Stock being converted; and (ii) to the extent the conversion value exceeds the liquidation preference of the Convertible Preferred Stock, shares of UGI's common stock. The Convertible Preferred Stock is excluded from the denominator of the diluted earnings per share calculation on the basis that the Convertible Preferred Stock will be settled in cash except to the extent that the conversion value exceeds its liquidation preference. Therefore, before any redemption or conversion, the shares of UGI's common stock that would be required to settle the applicable conversion value in excess of the liquidation preference, if the Company elects to settle such excess in shares of UGI's common stock, would be included in the denominator of diluted earnings per share in periods in which they are dilutive. There were no shares related to the Convertible Preferred Stock included in the diluted earnings per share calculation during the three and nine months ended June 30, 2021.

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 UGI Utilities are included in regulatory assets or liabilities because it is probable such gains or losses will be recoverable from, or refundable to, customers. From time to time, we also enter into net investment hedges. Gains and losses on net investment hedges that relate to our foreign operations are included in the cumulative translation adjustment component 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.

Impairment of long-lived assets held for sale. In July 2020, Energy Services, through a wholly owned subsidiary, entered into an agreement to sell its approximate 5.97% ownership interest in Conemaugh. As a result, the Company reduced the carrying amount of these assets to their fair value and classified these assets as held-for-sale within the Midstream & Marketing segment as of June 30, 2020. The Company determined the fair value of such assets fell within Level 2 of the fair value hierarchy and was based upon the agreed upon sales price. During the three and nine months ended June 30, 2020, we recognized a non-cash, pre-tax impairment charge of $52 which amount is reflected in “Impairment of assets held-for-sale” on the Condensed Consolidated Statements of Income.

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

Reclassifications. Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Note 3 — Accounting Changes

New Accounting Standard Adopted in Fiscal 2021

Credit Losses. Effective October 1, 2020, the Company adopted ASU 2016-13, “Measurement of Credit Losses on Financial Instruments,” including subsequent amendments, using a modified retrospective transition approach. This ASU, as subsequently amended, requires entities to estimate lifetime expected credit losses for financial instruments not measured at fair value through net income, including trade and other receivables, net investments in leases, financial receivables, debt securities, and other financial instruments, which may result in earlier recognition of credit losses. Further, the new current expected credit loss model may affect how entities estimate their allowance for losses related to receivables that are current with respect to their payment terms. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

Accounting Standard Not Yet Adopted

Income Taxes. In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” This ASU simplifies the accounting for income taxes by eliminating certain exceptions within the existing guidance for recognizing deferred taxes for equity method investments, performing intraperiod allocations and calculating income taxes in interim periods. Further, this ASU clarifies existing guidance related to, among other things, recognizing deferred taxes for goodwill and allocated taxes to members of a consolidated group. This new guidance is effective for the Company for interim and annual periods beginning October 1, 2021 (Fiscal 2022). Early adoption is permitted; however, the Company will adopt the new guidance effective October 1, 2021. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance.

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

Debt and Derivatives and Hedging. In August 2020, the FASB issued 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. This new guidance is effective for the Company for interim and annual periods beginning October 1, 2022 (Fiscal 2023). Early adoption is permitted. The amendments in this ASU may be adopted using the modified or full retrospective transition methods. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the transition method and the period in which the new guidance will be adopted.

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 2020 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 June 30, 2021	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 90	$ —	$ —	$ —	$ —	$ 90	$ —
Commercial & Industrial	34	—	—	—	—	34	—
Large delivery service	33	—	—	—	—	33	—
Off-system sales and capacity releases	6	(10)	—	—	—	16	—
Other	5	—	—	—	—	5	—
Total Utility	168	(10)	—	—	—	178	—
Non-Utility:							
LPG:							
Retail	800	—	424	376	—	—	—
Wholesale	77	—	35	42	—	—	—
Energy Marketing	311	(24)	—	129	206	—	—
Midstream:							
Pipeline	45	—	—	—	45	—	—
Peaking	1	(5)	—	—	6	—	—
Other	2	—	—	—	2	—	—
Electricity Generation	1	—	—	—	1	—	—
Other	69	—	51	18	—	—	—
Total Non-Utility	1,306	(29)	510	565	260	—	—
Total revenues from contracts with customers	1,474	(39)	510	565	260	178	—
Other revenues (b)	22	(1)	16	7	1	3	(4)
Total revenues	$ 1,496	$ (40)	$ 526	$ 572	$ 261	$ 181	$ (4)

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

Three Months Ended June 30, 2020	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 103	$ —	$ —	$ —	$ —	$ 103	$ —
Commercial & Industrial	30	—	—	—	—	30	—
Large delivery service	30	—	—	—	—	30	—
Off-system sales and capacity releases	5	(7)	—	—	—	12	—
Other	3	—	—	—	—	3	—
Total Utility	171	(7)	—	—	—	178	—
Non-Utility:							
LPG:							
Retail	622	—	372	250	—	—	—
Wholesale	32	—	10	22	—	—	—
Energy Marketing	223	(16)	—	81	158	—	—
Midstream:							
Pipeline	40	—	—	—	40	—	—
Peaking	(1)	(4)	—	—	3	—	—
Other	3	—	—	—	3	—	—
Electricity Generation	6	—	—	—	6	—	—
Other	75	—	53	13	9	—	—
Total Non-Utility	1,000	(20)	435	366	219	—	—
Total revenues from contracts with customers	1,171	(27)	435	366	219	178	—
Other revenues (b)	28	(1)	16	5	3	1	4
Total revenues	$ 1,199	$ (28)	$ 451	$ 371	$ 222	$ 179	$ 4

UGI CORPORATION AND SUBSIDIARIES

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

Nine Months Ended June 30, 2021	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 498	$ —	$ —	$ —	$ —	$ 498	$ —
Commercial & Industrial	190	—	—	—	—	190	—
Large delivery service	117	—	—	—	—	117	—
Off-system sales and capacity releases	43	(49)	—	—	—	92	—
Other	16	(1)	—	—	—	17	—
Total Utility	864	(50)	—	—	—	914	—
Non-Utility:							
LPG:							
Retail	3,250	—	1,829	1,421	—	—	—
Wholesale	235	—	92	143	—	—	—
Energy Marketing	1,205	(89)	—	470	824	—	—
Midstream:							
Pipeline	138	—	—	—	138	—	—
Peaking	12	(94)	—	—	106	—	—
Other	6	—	—	—	6	—	—
Electricity Generation	8	—	—	—	8	—	—
Other	211	—	161	50	—	—	—
Total Non-Utility	5,065	(183)	2,082	2,084	1,082	—	—
Total revenues from contracts with customers	5,929	(233)	2,082	2,084	1,082	914	—
Other revenues (b)	80	(3)	50	22	4	9	(2)
Total revenues	$ 6,009	$ (236)	$ 2,132	$ 2,106	$ 1,086	$ 923	$ (2)

UGI CORPORATION AND SUBSIDIARIES

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

Nine Months Ended June 30, 2020	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 499	$ —	$ —	$ —	$ —	$ 499	$ —
Commercial & Industrial	193	—	—	—	—	193	—
Large delivery service	113	—	—	—	—	113	—
Off-system sales and capacity releases	44	(37)	—	—	—	81	—
Other	12	(1)	—	—	—	13	—
Total Utility	861	(38)	—	—	—	899	—
Non-Utility:							
LPG:							
Retail	2,911	—	1,715	1,196	—	—	—
Wholesale	172	—	51	121	—	—	—
Energy Marketing	1,005	(64)	—	349	720	—	—
Midstream:							
Pipeline	128	—	—	—	128	—	—
Peaking	6	(96)	—	—	102	—	—
Other	6	—	—	—	6	—	—
Electricity Generation	23	—	—	—	23	—	—
Other	237	(2)	168	43	28	—	—
Total Non-Utility	4,488	(162)	1,934	1,709	1,007	—	—
Total revenues from contracts with customers	5,349	(200)	1,934	1,709	1,007	899	—
Other revenues (b)	86	(2)	49	17	10	2	10
Total revenues	$ 5,435	$ (202)	$ 1,983	$ 1,726	$ 1,017	$ 901	$ 10

(a) Includes intersegment revenues principally among Midstream & Marketing, UGI 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.

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 UGI Utilities, “Accrued utility revenues” on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Company’s obligations to transfer goods or services to a customer for which we have received consideration. The balances of contract liabilities were $109, $161 and $104 at June 30, 2021, September 30, 2020 and June 30, 2020, respectively, and are included in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated Balance Sheets. Revenues recognized for the nine months ended June 30, 2021 and 2020, from the amounts included in contract liabilities at September 30, 2020 and 2019, were $137 and $122, respectively.

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

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 UGI Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At June 30, 2021, Midstream & Marketing and UGI Utilities expect to record approximately $2.0 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 — Inventories

Inventories comprise the following:

	June 30, 2021	September 30, 2020	June 30, 2020
Non-utility LPG and natural gas	$ 187	$ 164	$ 135
Gas Utility natural gas	16	20	11
Materials, supplies and other	93	57	55
Total inventories	$ 296	$ 241	$ 201

Note 6 — 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 2020 Annual Report. Other than removal costs, UGI Utilities currently does not recover a rate of return on its regulatory assets listed below. The following regulatory assets and liabilities associated with UGI Utilities are included on the Condensed Consolidated Balance Sheets:

	June 30, 2021	September 30, 2020	June 30, 2020
Regulatory assets (a):			
Income taxes recoverable	$ 131	$ 124	$ 133
Underfunded pension and postretirement plans	166	175	169
Environmental costs	58	61	62
Removal costs, net	24	26	22
Other	17	11	13
Total regulatory assets	$ 396	$ 397	$ 399
Regulatory liabilities (a):			
Postretirement benefit overcollections	$ 12	$ 13	$ 13
Deferred fuel and power refunds	21	29	28
State tax benefits — distribution system repairs	30	28	29
PAPUC Temporary Rates Order	—	7	10
Excess federal deferred income taxes	269	274	275
Other	2	2	3
Total regulatory liabilities	$ 334	$ 353	$ 358

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

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for retail core-market customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel and power costs or refunds. Net unrealized gains on such contracts at June 30, 2021, September 30, 2020 and June 30, 2020 were $9, $8 and $1, respectively.

Other Regulatory Matters

Base Rate Filings. On February 8, 2021, Electric Utility filed a rate request with the PAPUC to increase its annual base distribution revenues by $9. 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 April 9, 2021. The PAPUC entered an Order on March 11, 2021, suspending the effective date for the rate increase to allow for investigation and public hearings. On July 19, 2021, a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed with the PAPUC providing for a $6 annual base distribution rate increase for Electric Utility. The Joint Petition is subject to receipt of a recommended decision by a PAPUC administrative law judge and an order of the PAPUC approving the settlement. Unless the PAPUC issues a final order prior to the end of the statutory suspension period, the initial proposed rate increase will become effective on or before November 9, 2021, subject to refund and a subsequent PAPUC order. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by $75 annually. On October 8, 2020, the PAPUC issued a final Order approving a settlement that permits Gas Utility to increase its annual base distribution rates by $20, through a phased approach, with $10 beginning January 1, 2021 and an additional $10 beginning July 1, 2021. Additionally, Gas Utility was authorized to implement a DSIC once Gas Utility total property, plant and equipment less accumulated depreciation reached $2,875. This threshold was achieved in December 2020, and Gas Utility implemented a DSIC effective April 1, 2021. The PAPUC's final Order also includes enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers ("ERP"). Additionally, the PAPUC's final Order permits Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next Gas Utility base rate case, to be recovered and amortized over a 10-year period. In accordance with the terms of the PAPUC's final Order, Gas Utility is not permitted to file a rate case prior to January 1, 2022.

On January 28, 2019, Gas Utility filed a rate request with the PAPUC to increase the base operating revenues for residential, commercial, and industrial customers throughout its Pennsylvania service territory by an aggregate $71. On October 4, 2019, the PAPUC issued a final Order approving a settlement that permitted Gas Utility, effective October 11, 2019, to increase its base distribution revenues by $30 under a single consolidated tariff, approved a plan for uniform class rates, and permitted Gas Utility to extend its Energy Efficiency and Conservation and Growth Extension Tariff programs by an additional term of five years. The PAPUC's final Order approved a negative surcharge, to return to customers $24 of tax benefits experienced by Gas Utility over the period January 1, 2018 to June 30, 2018, plus applicable interest, in accordance with the May 17, 2018 PAPUC Order, which became effective for a twelve-month period beginning on October 11, 2019, the effective date of Gas Utility's new base rates.

Note 7 — Debt

2021 UGI Corporation Senior Credit Facility. On May 4, 2021, UGI amended the existing UGI Corporation Senior Credit Facility. The 2021 UGI Corporation Senior Credit Facility (1) extends the maturity date of the previous three-year $300 term loan included in the existing UGI Corporation Senior Credit Facility, which is now due in May 2025; and (2) includes a new four-year term loan commitment, which, effective June 9, 2021, was reduced from $300 to $215, pursuant to the terms of the 2021 UGI Corporation Senior Facility. Proceeds from new borrowings under the 2021 UGI Corporation Senior Credit Facility may be used to finance a portion of the Mountaineer Acquisition and for general corporate purposes.

New borrowings under the 2021 UGI Corporation Senior Credit Facility bear interest subject to our election, at either (1) the associated prime rate plus a margin or (2) an adjusted LIBOR or an alternate benchmark rate plus a margin and are due in their entirety at the maturity date. The applicable margin on the new borrowings, which is dependent upon a ratio of consolidated net indebtedness to consolidated EBITDA, as defined, or UGI's credit ratings, ranges from 0.125% to 1.50% if the prime rate option is elected and 1.125% to 2.50% if the LIBOR option is elected.

The 2021 UGI Corporation Senior Credit Facility restricts the ability of UGI to, among other things, incur additional indebtedness, make investments, incur liens, and effect mergers, consolidations and sales of assets. The 2021 UGI Corporation Senior Credit Facility also requires UGI not to exceed a ratio of consolidated net indebtedness to consolidated EBITDA, each as defined and calculated on a rolling four-quarter basis as of the last day of each fiscal quarter of 4.50 to 1.00 and raised to 4.75 to 1.00 during an Acquisition Period, as defined by the agreement. UGI is also required to maintain a ratio of consolidated EBITDA to consolidated interest expense, each as defined, as of the last day of each fiscal quarter of not less than 3.50 to 1.00, except in certain circumstances related to UGI's credit rating.

During the nine months ended June 30, 2021, the Company repaid $285 of borrowings on its five-year $300 revolving credit facility under the 2021 UGI Corporation Senior Credit Facility. A portion of these repayments were funded by the proceeds from the issuance of Equity Units discussed in Note 8. In July 2021, the Company repaid the remaining $15 of borrowings outstanding on this revolving credit facility. As a result of this repayment in July, the Company classified these repayments as "Current maturities of long-term debt" on the June 30, 2021 Condensed Consolidated Balance Sheet. The Company intends to draw upon this revolving credit facility concurrent with the closing of the pending Mountaineer Acquisition.

UGI Utilities Senior Notes. On May 7, 2021, UGI Utilities entered into a Note Purchase Agreement which provides for the private placement of (1) $100 aggregate principal amount of 1.59% Senior Notes due June 15, 2026 and (2) $75 aggregate principal amount of 1.64% Senior Notes due September 15, 2026. On June 15, 2021, UGI Utilities issued $100 aggregate principal amount of 1.59% Senior Notes pursuant to the Note Purchase Agreement. The net proceeds from the issuance of the 1.59% Senior Notes were used to repay short-term borrowings. The 1.64% Senior Notes are expected to be issued in September 2021. These Senior Notes are unsecured and will rank equally with UGI Utilities' existing outstanding senior debt. UGI Utilities expects to use the net proceeds from the issuance of the 1.64% Senior Notes to reduce short-term borrowings and for general corporate purposes. These Senior Notes include the usual and customary covenants for similar type notes including, among others, maintenance of existence, payment of taxes when due, compliance with laws and maintenance of insurance. These Senior Notes require UGI Utilities not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00.

Note 8 — Issuance of Equity Units

On May 25, 2021, the Company issued 2.2 million Equity Units with a total notional value of $220. Each Equity Unit has a stated amount of $100 and consists of 1) a 10% undivided beneficial ownership interest in one share of Convertible Preferred Stock with a liquidation preference of $1,000 per share and 2) a 2024 Purchase Contract. The Company received approximately $213 in proceeds from the issuance of the Equity Units, net of offering expenses and underwriting costs and commissions, and issued 220,000 shares of Convertible Preferred Stock, recording $213 in "Preferred stock" on the accompanying Condensed Consolidated Balance Sheet. The proceeds were used to repay borrowings on the Company's five-year $300 revolving credit facility under the 2021 UGI Corporation Senior Credit Facility. Concurrent with the closing of the pending Mountaineer Acquisition, the Company intends to draw upon this revolving credit facility to pay a portion of the purchase price and related fees and expenses, and for general corporate purposes.

Convertible Preferred Stock. Holders of the Convertible Preferred Stock will generally have no voting rights, except under the limited circumstances as described in the Equity Unit Agreements, and will be entitled to receive cumulative dividends at an initial annual rate of 0.125% when, as, and if declared by the UGI Board of Directors, payable quarterly in arrears on March 1, June 1, September 1 and December 1, commencing September 1, 2021. The Company may elect to pay such dividends in cash, shares of UGI's common stock or a combination of cash and shares of UGI's common stock. Unless all accumulated and unpaid dividends on the Convertible Preferred Stock for prior completed dividend periods have been declared and paid, the Company may not make any distributions on, or repurchase, any of its capital stock ranking equal or junior to the Convertible Preferred Stock as to dividends or upon liquidation, subject to certain exceptions.

The Convertible Preferred Stock has no maturity date and will remain outstanding unless converted by holders or redeemed by the Company. The Company has the option to redeem all or a portion of the Convertible Preferred Stock at any time, and from time to time, on or after September 3, 2024, for cash at a redemption price equal to the liquidation preference of the Convertible Preferred Stock being redeemed plus any accumulated and unpaid dividends. Each share of Convertible Preferred Stock may be converted at the option of the holders on and after June 1, 2024, only after it has been separated from the Equity Units and, prior to June 1, 2024, only under limited circumstances in connection with a fundamental change, as defined in the Equity Unit Agreements. The Company will settle conversions by paying or delivering (i) one share of UGI's 0.125% Series B preferred stock (or, for conversions in connection with a redemption of the Convertible Preferred Stock, up to $1,000 per share in cash plus all accumulated but unpaid dividends to, but excluding, the payment date immediately preceding the relevant conversion date) per share of Convertible Preferred Stock being converted; and (ii) to the extent the conversion value exceeds the liquidation preference of the Convertible Preferred Stock, shares of UGI's common stock. The conversion rate is initially 19.0215 shares of UGI's common stock per one share of Convertible Preferred Stock, which is equivalent to an initial conversion price of approximately $52.57 per share of UGI's common stock.

The Convertible Preferred Stock can be remarketed during either (i) an optional remarketing period beginning on, and including, March 1, 2024 and ending on, and including, May 13, 2024 or (ii) a final remarketing period beginning on, and including, May 23, 2024 and ending on, and including, May 30, 2024. In connection with a successful remarketing, the conversion rate and dividend rate of the Convertible Preferred Stock may be increased, and the earliest redemption date for the Convertible Preferred Stock may be changed to a later date that is on or before August 29, 2025.

2024 Purchase Contracts. The 2024 Purchase Contracts obligate the holders to pay $100 to UGI to purchase a variable number of shares of UGI's common stock on the purchase contract settlement date, which is scheduled to occur on June 1, 2024. The number of shares of UGI's common stock to be issued upon settlement of each 2024 Purchase Contract on the purchase contract settlement date will be equal to $100 divided by the market value per share of UGI's common stock, which will be determined over a market value averaging period preceding the settlement date, subject to a maximum settlement rate of 2.2826 shares of UGI's common stock per 2024 Purchase Contract, subject to adjustment. The initial maximum settlement rate of the 2024 Purchase Contracts is approximately equal to $100 divided by the last reported sale price of $43.81 per share of UGI's common stock on May 17, 2021. Absent any fundamental changes, as defined in the Equity Unit Agreements, the holders can settle the 2024 Purchase Contracts early, subject to certain exceptions and conditions. Upon early settlement of any 2024 Purchase Contracts, other than in connection with a fundamental change, the Company will deliver the number of shares of UGI's common stock equal to 85% of the number of shares of UGI's common stock that would have otherwise been deliverable.

The Company will pay holders of the 2024 Purchase Contracts quarterly contract adjustment payments at an annual rate of 7.125%, payable quarterly in arrears on March 1, June 1, September 1 and December 1, commencing September 1, 2021. The Company may elect to pay such contract adjustment payments in cash, shares of UGI's common stock or a combination of cash and shares of UGI's common stock. The Company may defer the contract adjustment payments for one or more consecutive periods but generally not beyond the purchase contract settlement date. If contract adjustment payments are deferred, the Company will be subject to certain dividend, distribution, and other restrictions related to its capital stock as defined in the Equity Unit Agreements.

The present value of the quarterly contract adjustment payments liability was $45 upon issuance of the Equity Units and is recorded in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheet. Such liability reduced "UGI Common Stock" on the Condensed Consolidated Balance Sheet at inception. As each quarterly contract adjustment payment is made, the related liability is reduced and the difference between the cash payment and the present value will accrete to "Interest expense" on the Condensed Consolidated Statements of Income. This accretion was not material for the three and nine months ended June 30, 2021.

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.

Prior to October 1, 2020, UGI Utilities was subject to three COAs with the PADEP to address the remediation of specified former MGP sites in Pennsylvania and, in the case of one COA, the plugging of specified natural gas wells. Effective October 1, 2020, the COAs were consolidated into one agreement that supersedes the existing agreements, and which is scheduled to terminate at the end of 2031. In accordance with the consolidated 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 required under the consolidated COA is $5. The consolidated COA permits the transfer of the specified wells, with related costs counted towards the annual minimum expenditure. At June 30, 2021, September 30, 2020 and June 30, 2020, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the current COA and the predecessor agreements totaled $49, $53 and $55, 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 6).

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 was 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.

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The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of June 30, 2021, 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.

Other Matters

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

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Missouri District Court. As the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs were remanded to the Western Missouri District Court. The decision of the Western Missouri District Court to dismiss the federal antitrust claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. On April 15, 2019, the Western Missouri District Court ruled that it has jurisdiction over the indirect purchasers' state law claims and that the indirect customer plaintiffs have standing to pursue those claims. On August 21, 2019, the District Court partially granted the Company's motion for judgment on the pleadings and dismissed the claims of indirect customer plaintiffs from ten states and the District of Columbia.

On October 2, 2019, the Partnership reached an agreement to resolve the claims of the direct purchaser class of plaintiffs; the agreement received final court approval on June 18, 2020. On September 18, 2020, the Partnership and counsel for the indirect purchaser plaintiffs filed a joint statement with the court that they had reached an agreement in principle to settle the claims of the remaining classes and plaintiffs; the settlement received final court approval on March 30, 2021.

Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

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

Note 10 — Defined Benefit Pension and Other Postretirement Plans

The Company maintains defined benefit 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 component, net of amounts capitalized by UGI Utilities as a regulatory asset, is reflected in "Other non-operating income (expense), net" on the

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Condensed Consolidated Statements of Income. Other postretirement benefit cost was not material for all periods presented. Net periodic pension cost includes the following components:

	Pension Benefits	
Three Months Ended June 30,	2021	2020
Service cost	$ 3	$ 3
Interest cost	5	6
Expected return on assets	(10)	(10)
Amortization of:		
Actuarial loss	4	4
Net cost	$ 2	$ 3

Nine Months Ended June 30,	2021	2020
Service cost	$ 9	$ 9
Interest cost	16	18
Expected return on assets	(30)	(29)
Curtailment gain	—	(1)
Amortization of:		
Actuarial loss	11	11
Net cost	$ 6	$ 8

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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
June 30, 2021:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 241	$ 396	$ —	$ 637
Foreign currency contracts	$ —	$ 24	$ —	$ 24
Liabilities:				
Commodity contracts	$ (136)	$ (9)	$ —	$ (145)
Foreign currency contracts	$ —	$ (13)	$ —	$ (13)
Interest rate contracts	$ —	$ (35)	$ —	$ (35)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 42	$ —	$ —	$ 42
September 30, 2020:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 68	$ 39	$ —	$ 107
Foreign currency contracts	$ —	$ 32	$ —	$ 32
Liabilities:				
Commodity contracts	$ (54)	$ (64)	$ —	$ (118)
Foreign currency contracts	$ —	$ (14)	$ —	$ (14)
Interest rate contracts	$ —	$ (55)	$ —	$ (55)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 42	$ —	$ —	$ 42
June 30, 2020:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 39	$ 29	$ —	$ 68
Foreign currency contracts	$ —	$ 49	$ —	$ 49
Liabilities:				
Commodity contracts	$ (58)	$ (114)	$ —	$ (172)
Foreign currency contracts	$ —	$ (7)	$ —	$ (7)
Interest rate contracts	$ —	$ (59)	$ —	$ (59)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 41	$ —	$ —	$ 41

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

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

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investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets.

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:

	June 30, 2021	September 30, 2020	June 30, 2020
Carrying amount	$ 5,890	$ 6,081	$ 6,036
Estimated fair value	$ 6,314	$ 6,504	$ 6,208

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

Gas Utility’s tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PAPUC pursuant to Gas Utility’s annual PGC filings, Gas Utility currently uses NYMEX natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. See Note 6 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 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 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.

As previously mentioned in Note 7, on May 4, 2021, UGI entered into the 2021 UGI Corporation Senior Credit Facility, which as amended, includes a new term loan commitment of up to $215. Borrowings on this commitment will bear interest at a rate indexed to short-term market rates. In June 2021, UGI entered into two forward starting, pay-fixed, receive-variable interest rate swap agreements, commencing in January 2022. These swaps generally fix the underlying variable interest rate on $125 of future borrowings at 0.69% through September 2024. We have designated these interest rate swaps as a 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 June 30, 2021, the amount of pre-tax net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is $4.

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 U.S. dollar 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 a multi-year period 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 U.S. dollar value of a portion of our UGI International euro-denominated net investments. We account for these foreign currency exchange contracts as net investment hedges and all changes in the fair value of these contracts are reported in the cumulative translation adjustment component in AOCI.

Our euro-denominated long-term debt has also been designated as net investment hedges of a portion of our UGI International euro-denominated net investment. We recognized pre-tax losses associated with these net investment hedges in the cumulative translation adjustment component in AOCI of $8 and $13 during the three months ended June 30, 2021 and 2020, respectively, $9 and $22 during the nine months ended June 30, 2021 and 2020, respectively.

Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at June 30, 2021, September 30, 2020 and June 30, 2020, and the final settlement dates of the Company's open derivative contracts as of June 30, 2021, excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)		
Type	Units	Settlements Extending Through	June 30, 2021	September 30, 2020	June 30, 2020
Commodity Price Risk:					
Regulated Utility Operations					
Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	February 2022	12	22	16
Non-utility Operations					
LPG swaps	Gallons	November 2023	688	846	890
Natural gas futures, forward, basis swap, options and pipeline contracts	Dekatherms	July 2026	344	339	343
Electricity forward and futures contracts	Kilowatt hours	January 2026	4,730	4,705	4,144
Interest Rate Risk:					
Interest rate swaps	Euro	October 2022	€ 300	€ 300	€ 300
Interest rate swaps	USD	September 2024	$ 1,424	$ 1,344	$ 1,347
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	October 2024	$ 504	$ 511	$ 440
Net investment hedge forward foreign exchange contracts	Euro	October 2024	€ 173	€ 173	€ 173

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties’ financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange traded futures contracts generally require cash deposits in margin accounts. Restricted cash in brokerage accounts is reported in “Restricted cash” on the Condensed Consolidated Balance Sheets. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at June 30, 2021. 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 June 30, 2021, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

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

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

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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:

	June 30, 2021	September 30, 2020	June 30, 2020
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ 15	$ 17	$ 25
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	14	7	3
Derivatives not designated as hedging instruments:			
Commodity contracts	623	100	65
Foreign currency contracts	9	15	24
	632	115	89
Total derivative assets — gross	661	139	117
Gross amounts offset in the balance sheet	(77)	(57)	(42)
Cash collateral received	(105)	—	—
Total derivative assets — net	$ 479	$ 82	$ 75
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	$ (35)	$ (55)	$ (59)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(6)	—	(2)
Derivatives not designated as hedging instruments:			
Commodity contracts	(139)	(118)	(170)
Foreign currency contracts	(13)	(14)	(7)
	(152)	(132)	(177)
Total derivative liabilities — gross	(193)	(187)	(238)
Gross amounts offset in the balance sheet	77	57	42
Cash collateral pledged	—	7	21
Total derivative liabilities — net	$ (116)	$ (123)	$ (175)

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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 June 30,:

	Gain (Loss) Recognized in AOCI		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
Cash Flow Hedges:	2021	2020	2021	2020	
Interest rate contracts	$ (1)	$ (11)	$ (6)	$ (6)	Interest expense
Net Investment Hedges:					
Foreign currency contracts	$ (1)	$ (3)			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2021	2020	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (5)	$ 6	Revenues
Commodity contracts	347	127	Cost of sales
Commodity contracts	—	1	Operating and administrative expenses
Foreign currency contracts	(1)	(5)	Other non-operating income (expense), net
Total	$ 341	$ 129	

Nine Months Ended June 30,:

	Gain (Loss) Recognized in AOCI		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
Cash Flow Hedges:	2021	2020	2021	2020	
Interest rate contracts	$ 5	$ (53)	$ (19)	$ (8)	Interest expense
Net Investment Hedges:					
Foreign currency contracts	$ (2)	$ 7			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2021	2020	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (4)	$ 14	Revenues
Commodity contracts	585	(112)	Cost of sales
Commodity contracts	—	1	Operating and administrative expenses
Commodity contracts	5	—	Other operating income, net
Foreign currency contracts	(4)	(5)	Other non-operating income (expense), net
Total	$ 582	$ (102)	

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.

(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 June 30, 2021	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2021	$ (25)	$ (41)	$ (60)	$ (126)
Other comprehensive income before reclassification adjustments	—	—	16	16
Amounts reclassified from AOCI	—	5	—	5
Other comprehensive income attributable to UGI	—	5	16	21
AOCI — June 30, 2021	$ (25)	$ (36)	$ (44)	$ (105)

Three Months Ended June 30, 2020	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2020	$ (24)	$ (54)	$ (152)	$ (230)
Other comprehensive (loss) income before reclassification adjustments	—	(8)	28	20
Amounts reclassified from AOCI	—	5	—	5
Other comprehensive (loss) income attributable to UGI	—	(3)	28	25
AOCI — June 30, 2020	$ (24)	$ (57)	$ (124)	$ (205)

Nine Months Ended June 30, 2021	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2020	$ (26)	$ (54)	$ (67)	$ (147)
Other comprehensive income before reclassification adjustments	—	4	23	27
Amounts reclassified from AOCI	1	14	—	15
Other comprehensive income attributable to UGI	1	18	23	42
AOCI — June 30, 2021	$ (25)	$ (36)	$ (44)	$ (105)

Nine Months Ended June 30, 2020	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2019	$ (26)	$ (25)	$ (166)	$ (217)
Other comprehensive (loss) income before reclassification adjustments	—	(38)	42	4
Amounts reclassified from AOCI	2	6	—	8
Other comprehensive income (loss) attributable to UGI	2	(32)	42	12
AOCI — June 30, 2020	$ (24)	$ (57)	$ (124)	$ (205)

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) UGI 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 2020 Annual Report.

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

Three Months Ended June 30, 2021	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 1,496	$ —	$ 526	$ 572	$ 232	$ 171	$ (5)
Intersegment revenues	$ —	$ (40) (b)	$ —	$ —	$ 29	$ 10	$ 1
Cost of sales	$ 516	$ (39) (b)	$ 267	$ 355	$ 196	$ 67	$ (330)
Operating income	$ 391	$ —	$ 11	$ 40	$ 14	$ 24	$ 302
(Loss) income from equity investees	(86)	—	—	—	7	—	(93)
Other non-operating income (expense), net	1	—	—	1	—	1	(1)
Earnings before interest expense and income taxes	306	—	11	41	21	25	208
Interest expense	(77)	—	(40)	(8)	(10)	(14)	(5)
Income (loss) before income taxes	$ 229	$ —	$ (29)	$ 33	$ 11	$ 11	$ 203
Depreciation and amortization	$ 125	$ —	$ 43	$ 33	$ 19	$ 29	$ 1
Capital expenditures (including the effects of accruals)	$ 162	$ —	$ 26	$ 21	$ 3	$ 112	$ —

Three Months Ended June 30, 2020	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 1,199	$ —	$ 451	$ 371	$ 202	$ 172	$ 3
Intersegment revenues	$ —	$ (28) (b)	$ —	$ —	$ 20	$ 7	$ 1
Cost of sales	$ 417	$ (28) (b)	$ 178	$ 198	$ 158	$ 68	$ (157)
Operating income	$ 174	$ —	$ 19	$ 17	$ 13	$ 21	$ 104
Income from equity investees	7	—	—	—	7	—	—
Other non-operating (expense) income, net	(4)	—	—	4	—	—	(8)
Earnings before interest expense and income taxes	177	—	19	21	20	21	96
Interest expense	(80)	—	(41)	(8)	(11)	(14)	(6)
Income (loss) before income taxes	$ 97	$ —	$ (22)	$ 13	$ 9	$ 7	$ 90
Depreciation and amortization	$ 122	$ —	$ 45	$ 30	$ 20	$ 26	$ 1
Capital expenditures (including the effects of accruals)	$ 133	$ —	$ 30	$ 20	$ 15	$ 68	$ —

Nine Months Ended June 30, 2021	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 6,009	$ —	$ 2,132	$ 2,106	$ 903	$ 873	$ (5)
Intersegment revenues	$ —	$ (236) (b)	$ —	$ —	$ 183	$ 50	$ 3
Cost of sales	$ 2,623	$ (233) (b)	$ 970	$ 1,229	$ 776	$ 401	$ (520)
Operating income	$ 1,564	$ —	$ 391	$ 322	$ 156	$ 243	$ 452
(Loss) income from equity investees	(69)	—	—	—	24	—	(93)
Other non-operating income (expense), net	—	—	—	4	—	2	(6)
Earnings before interest expense and income taxes	1,495	—	391	326	180	245	353
Interest expense	(233)	—	(120)	(21)	(31)	(42)	(19)
Income before income taxes	$ 1,262	$ —	$ 271	$ 305	$ 149	$ 203	$ 334
Depreciation and amortization	$ 375	$ —	$ 130	$ 100	$ 56	$ 87	$ 2
Capital expenditures (including the effects of accruals)	$ 438	$ —	$ 83	$ 68	$ 32	$ 255	$ —
As of June 30, 2021							
Total assets	$ 15,006	$ (267)	$ 4,381	$ 3,749	$ 2,904	$ 3,997	$ 242

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

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Nine Months Ended June 30, 2020	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 5,435	$ —	$ 1,983	$ 1,726	$ 855	$ 863	$ 8
Intersegment revenues	$ —	$ (202) (b)	$ —	$ —	$ 162	$ 38	$ 2
Cost of sales	$ 2,673	$ (201) (b)	$ 792	$ 968	$ 721	$ 404	$ (11)
Operating income (loss)	$ 913	$ —	$ 390	$ 230	$ 139	$ 229	$ (75)
Income from equity investees	22	—	—	—	22	—	—
Other non-operating (expense) income, net	(4)	—	—	17	—	—	(21)
Earnings (loss) before interest expense and income taxes	931	—	390	247	161	229	(96)
Interest expense	(247)	—	(124)	(23)	(34)	(41)	(25)
Income (loss) before income taxes	$ 684	$ —	$ 266	$ 224	$ 127	$ 188	$ (121)
Depreciation and amortization	$ 362	$ —	$ 134	$ 92	$ 57	$ 78	$ 1
Capital expenditures (including the effects of accruals)	$ 444	$ —	$ 104	$ 62	$ 61	$ 217	$ —
As of June 30, 2020							
Total assets	$ 13,843	$ (365)	$ 4,311	$ 3,208	$ 2,740	$ 3,709	$ 240

(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:

Three Months Ended June 30, 2021	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ —	$ (4)
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 59	$ 226	$ 44
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (1)	$ —
Business transformation expenses	Operating and administrative expenses	$ (11)	$ (6)	$ —
Impairment of investment in PennEast	(Loss) income from equity investees	$ —	$ —	$ (93)

Three Months Ended June 30, 2020	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ —	$
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 60	$ 78	$ 2
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (7)	$ –
Business transformation expenses	Operating and administrative expenses	$ (3)	$ (4)	$ –
Impairment of assets held-for-sale	Impairment of assets held-for-sale	$ —	$ —	$ (5

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

Nine Months Ended June 30, 2021	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ —	$ (4)
Net gains on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 123	$ 380	$ 16
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (6)	$ —
Business transformation expenses	Operating and administrative expenses	$ (37)	$ (12)	$ —
Impairment of investment in PennEast	(Loss) income from equity investees	$ —	$ —	$ (93)

Nine Months Ended June 30, 2020	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues	$ —	$ —	$ 8
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Cost of sales	$ 48	$ (54)	$ 19
Unrealized losses on foreign currency derivative instruments	Other non-operating income (expense), net	$ —	$ (20)	$ —
Acquisition and integration expenses associated with the CMG Acquisition	Operating and administrative expenses	$ —	$ —	$ (2)
Business transformation expenses	Operating and administrative expenses	$ (27)	$ (16)	$ —
Impairment of assets held-for-sale	Impairment of assets held-for-sale	$ —	$ —	$ (52)

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

Note 15 — Business Transformation Initiatives

AmeriGas and UGI International. Beginning in Fiscal 2019, we began executing on multi-year business transformation initiatives at our AmeriGas Propane and UGI International business segments. These initiatives are designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, these business transformation initiatives focus on enhancing the customer experience through, among other things, enhanced customer relationship management and an improved digital customer experience. In connection with these initiatives, we recognized expenses of $17 and $6 during the three months ended June 30, 2021 and 2020, respectively, and $49 and $43 during the nine months ended June 30, 2021 and 2020, respectively. These expenses principally comprising consulting, advisory, marketing and employee-related costs and are primarily reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income.

Corporate Services. Beginning in Fiscal 2020, we initiated a transformation project focused on our support functions including: finance, procurement, human resources, and information technology. This initiative will standardize processes and activities across our global platform, while leveraging the use of best practices and efficiencies between our businesses. In connection with this initiative, we recognized expenses of $4 and $8 for the three and nine months ended June 30, 2021 in “Operating and administrative expenses” on the Condensed Consolidated Statement of Income.

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

Note 16 — 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. Our equity method investments are primarily comprised of PennEast, Pennant and Pine Run.

Fiscal 2021 Developments

Pine Run. In February 2021, Pine Run, a company jointly owned by Stonehenge and UGI Pine Run, LLC, a wholly-owned subsidiary of Energy Services, completed the acquisition of Pine Run Midstream, LLC from an affiliate of PennEnergy and minority partners for a preliminary purchase price of $205. Pine Run Midstream, LLC operates 43 miles of dry gas gathering pipeline and compression assets in Butler and Armstrong counties in western Pennsylvania. UGI Pine Run, LLC's 49% membership interest in Pine Run totaled $59, as of June 30, 2021 and is accounted for as an equity method investment as we have the ability to exercise significant influence, but not control, over the entity.

PennEast. UGI PennEast, LLC and four other members comprising wholly owned subsidiaries of Southern Company, New Jersey Resources, South Jersey Industries, and Enbridge, Inc., each hold a 20% membership interest in PennEast. In September 2019, a panel of the U.S. Court of Appeals for the Third Circuit ruled that New Jersey's Eleventh Amendment immunity barred PennEast from bringing an eminent domain lawsuit in federal court, under the Natural Gas Act, against New Jersey or its agencies. On February 3, 2021, the U.S. Supreme Court issued an order granting PennEast's petition for a writ of certiorari and the case was argued on April 28, 2021. On June 29, 2021, the U.S. Supreme Court ruled in favor of PennEast, overturning the Third Circuit's decision that blocked PennEast from exercising federal eminent domain authority over lands in which a state has property rights interests.

Following the favorable Supreme Court decision, the partners of the PennEast project re-assessed the remaining legal and regulatory contingencies which must be resolved before construction can commence. Based on the significant remaining legal challenges and the expected further delays in obtaining the necessary regulatory approvals, which are preventing the commencement of construction and commercial operation of the project, the Company concluded that its investment in PennEast was impaired at June 30, 2021, and that such impairment was other-than-temporary. The estimated fair value of the Company's investment in PennEast was measured using probability-weighted cash flows under an expected present value technique based on management's estimates and assumptions regarding the likelihood of certain outcomes (and the related timing) that would be used by market participants. These assumptions included the estimated fair value of the equipment acquired by the PennEast project (principally pipes, compressors and land) as well as the required regulatory approvals, satisfactory resolution of pending legal matters, the magnitude of construction costs, in-service dates, forecasted revenues and discount rates, as well as the probability weighting of the various scenarios associated with the PennEast project. The ultimate outcome of the PennEast construction project cannot be determined at this time.

Based upon this analysis, the Company recognized an other-than-temporary pretax impairment charge of $93 in June 2021, which is recorded in "(Loss) income from equity investees" in the Condensed Consolidated Statements of Income. The Company has established a full valuation allowance on the deferred tax asset recognized for the impairment, as it is not more likely than not at June 30, 2021 that such deferred tax asset will be realized. The estimated fair value of the Company's investment in PennEast as of June 30, 2021 represents a nonrecurring, level 3 measurement within the fair value hierarchy as the significant unobservable inputs principally reflect the probability weightings assigned to the potential outcomes discussed above.

Note 17 — Impact of Global Pandemic

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, the Company implemented a variety of procedures to protect our employees, third-party business partners, and customers worldwide. The Company continues to provide essential products and services to its global customers in a safe and reliable manner, and will continue to do so in compliance with mandated restrictions presented by each of the markets it serves. The Company continues to evaluate and react to the potential effects of a prolonged disruption and the continued impact on its results of operations. These items may include, but are not limited to: the financial condition of its customers; decreased availability and demand for its products and services; realization of accounts receivable;

impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; and the effects of government stimulus efforts including tax legislation in response to COVID-19. While its operations and financial performance continue to be impacted by COVID-19, the Company cannot predict the duration or magnitude of the pandemic and the total effects on its business, financial position, results of operations, liquidity or cash flows at this time.

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

Forward-Looking Statements

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

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions, including increasingly uncertain weather patterns due to climate change, resulting in reduced demand and the seasonal nature of our business; (2) cost volatility and availability of 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, tax, consumer protection, data privacy, accounting matters, and environmental, including 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; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, 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 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 the current conflicts in the Middle East and the withdrawal of the United Kingdom from the European Union, and foreign currency exchange rate fluctuations, particularly the euro; (15) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (16) changes in commodity market prices resulting in significantly higher cash collateral requirements; (17) reduced distributions from subsidiaries impacting the ability to pay dividends; (18) changes in Marcellus and Utica Shale gas production; (19) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (20) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (21) the interruption, disruption, failure or malfunction of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (22) the inability to complete pending or future energy infrastructure projects; (23) 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; (24) uncertainties related to a global pandemic, including the duration and/or impact of the COVID-19 pandemic; (25) the extent to which we are able to utilize certain tax benefits currently available under the CARES Act and similar tax legislation and whether such benefits will remain available in the future; and (26) the potentially dilutive impact that the payment and settlement of the components of our Equity Units may have on holders of our Common Stock.

These factors, and those factors set forth in Item 1A. Risk Factors in this Form 10-Q and in the Company’s 2020 Annual Report, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Company’s results of operations for the 2021 three-month period with the 2020 three-month period and the 2021 nine-month period with the 2020 nine-month period. Our analyses 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 commodity derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

Recent Developments

Pending Acquisition of Mountaineer Gas Company

On December 29, 2020, UGI Corporation signed a definitive agreement to acquire Mountaineer, the largest natural gas distribution company in West Virginia for a preliminary purchase price of $540 million, which includes the assumption of approximately $140 million of long-term debt. Mountaineer serves nearly 215,000 customers across 50 of the state's 55 counties. The pending acquisition is subject to customary regulatory and other closing conditions, including approval by the Public Service Commission of West Virginia, and is expected to close in the second half of calendar year 2021. UGI currently expects to finance the pending acquisition using proceeds from the 2021 UGI Corporation Senior Credit Facility and the issuance of Equity Units. For additional information on these financing activities, see Notes 7 and 8 to the Condensed Consolidated Financial Statements.

On January 26, 2021, UGI and Mountaineer filed a joint petition for consent and approval of the pending acquisition at the WV PSC. On July 15, 2021, UGI and Mountaineer filed, on behalf of all parties, a unanimous joint stipulation and agreement for settlement (the "Settlement") of all issues in the proceeding that, among other provisions, requests the WV PSC to approve the pending acquisition. The Settlement was presented to the WV PSC in an evidentiary hearing on July 20, 2021. The Company cannot predict the timing or the ultimate outcome of the Settlement approval process.

COVID-19 Pandemic

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, we implemented a variety of procedures to protect our employees, third-party business partners, and customers worldwide. Although our results continue to be impacted by COVID-19 in Fiscal 2021, we continue to provide essential products and services to our global customers in a safe and reliable manner and will continue to do so in compliance with mandated restrictions presented by each of the markets we serve. We continue to evaluate and react to the potential effects of a prolonged disruption and the continued impact on our results of operations. These items may include, but are not limited to: the financial condition of our customers; decreased availability and demand for our products and services; realization of accounts receivable; impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; and the effects of government stimulus efforts including tax legislation (see "Interest Expense and Income Taxes" below) in response to COVID-19.

We cannot predict the duration or total magnitude of the pandemic and the total effects on our business, financial position, results of operations, liquidity or cash flows at this time, but we remain focused on managing our financial condition and liquidity throughout this global crisis.

Business Transformation Initiatives

Corporate Services. Beginning in Fiscal 2020, we initiated a transformation project focused on our support functions including: finance, procurement, human resources, and information technology. This initiative will standardize processes and activities across our global platform, while leveraging the use of best practices and efficiencies between our businesses. While this initiative is being coordinated across multiple support functions, each area is at a different stage of transformation and will undergo the required changes over the next two to three years. In connection with these activities, we expect to incur approximately $40 million of non-recurring costs during that time resulting in more than $15 million of ongoing annualized savings by Fiscal 2023.

AmeriGas Propane. At AmeriGas Propane, we began executing on business transformation initiatives during Fiscal 2019 focused on efficiency and effectiveness in the following key areas: customer digital experience; customer relationship management; operating process redesign and specialization; distribution and routing optimization; sales and marketing effectiveness; purchasing and general and administrative efficiencies; and supply and logistics. The transformation activities will continue to be carried out over Fiscal 2021 and may result in customer service disruptions over the near term. However, once completed, these initiatives are expected to provide total annual benefits of more than $140 million by the end of Fiscal 2022 which will allow us to improve profitability and cash flow through operational efficiencies and expense reductions and enable increased investment into base business customer retention and growth initiatives, including the reduction of margins in select segments of our base business. We estimate the total cost of executing on these initiatives, including approximately $100 million of related capital expenditures, to be approximately $200 million.

UGI International. At our UGI International LPG business, we launched an initiative in Fiscal 2019 and embarked on a process of identifying operational synergies across all 17 countries in which we currently do business. We call this initiative Project Alliance, the goal of which is to focus attention on enhanced customer service and safe and efficient operations through the establishment of two centers of excellence. One such center will be focused on commercial excellence to identify and execute projects that improve the customer’s experience. The second center will be focused on operational excellence across our distribution network and our filling centers. The business activities are in process and will continue to be executed primarily during Fiscal 2021. Once completed, these activities are expected to generate over €30 million of annual benefits. We estimate the total cumulative cost of executing on these Project Alliance initiatives, including approximately €10 million related to IT capital expenditures, to be approximately €55 million.

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 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 attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconcile diluted earnings per share, the most directly comparable GAAP measure, to adjusted diluted earnings per share:

Adjusted net income attributable to UGI Corporation	Three Months Ended June 30,		Nine Months Ended June 30,	
(Dollars in millions)	2021	2020	2021	2020
AmeriGas Propane	$ (20)	$ (15)	$ 204	$ 198
UGI International	31	(11)	222	137
Midstream & Marketing	8	7	107	93
UGI Utilities	9	4	157	147
Corporate & Other (a)	122	100	252	(52)
Net income attributable to UGI Corporation	150	85	942	523
Net gains on commodity derivative instruments not associated with current-period transactions (net of tax of $94, $49, $147, and $6, respectively)	(231)	(114)	(368)	(15)
Unrealized losses on foreign currency derivative instruments (net of tax of $(1), $(3), $(2), and $(6), respectively)	—	4	4	14
Acquisition and integration expenses associated with the CMG Acquisition (net of tax of $0, $0, $0, and $(1), respectively)	—	—	—	1
Acquisition expenses associated with the pending Mountaineer Acquisition (net of tax of $0, $0, $(1), and $0, respectively)	1	—	3	—
Business transformation expenses (net of tax of $(6), $(3), $(15), and $(13), respectively)	15	4	42	30
Impact of change in Italian tax law (b)	—	—	(23)	—
Impairment of investment in PennEast (net of tax of $0, $0, $0, $0, respectively)	93	—	93	—
Impairment of assets held-for-sale (net of tax of $0, $(15), $0, and $(15), respectively)	—	37	—	37
Total adjustments (a) (c)	(122)	(69)	(249)	67
Adjusted net income attributable to UGI Corporation	$ 28	$ 16	$ 693	$ 590

Adjusted diluted earnings per share	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
AmeriGas Propane	$ (0.10)	$ (0.07)	$ 0.97	$ 0.94
UGI International	0.15	(0.05)	1.06	0.65
Midstream & Marketing	0.04	0.03	0.51	0.44
UGI Utilities	0.04	0.02	0.75	0.70
Corporate & Other (a)	0.58	0.48	1.19	(0.24)
Earnings per share - diluted	0.71	0.41	4.48	2.49
Net gains on commodity derivative instruments not associated with current-period transactions	(1.09)	(0.55)	(1.75)	(0.07)
Unrealized losses on foreign currency derivative instruments	—	0.02	0.03	0.07
Acquisition and integration expenses associated with the CMG Acquisition	—	—	—	0.01
Acquisition expenses associated with the pending Mountaineer Acquisition	—	—	0.01	—
Business transformation expenses	0.07	0.02	0.20	0.14
Impact of change in Italian tax law (b)	—	—	(0.11)	—
Impairment of investment in PennEast	0.44	—	0.44	—
Impairment of assets held-for-sale	—	0.18	—	0.17
Total adjustments (a)	(0.58)	(0.33)	(1.18)	0.32
Adjusted earnings per share - diluted	$ 0.13	$ 0.08	$ 3.30	$ 2.81

(a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income 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) See “Interest Expense and Income Taxes” below for additional information related to this adjustment.
(c) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

EXECUTIVE OVERVIEW

2021 three-month period compared with 2020 three-month period

Discussion. Net income attributable to UGI Corporation for the 2021 three-month period was $150 million (equal to $0.71 per diluted share) compared to $85 million (equal to $0.41 per diluted share) during the 2020 three-month period. Net income attributable to UGI Corporation in the 2021 and 2020 three-month periods reflects net gains of $231 million and $110 million, respectively, from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments. Net income attributable to UGI Corporation also reflects business transformation expenses of $15 million and $4 million, respectively, in the 2021 and 2020 three-month periods. The 2021 three-month period includes a $93 million impairment charge related to our investment in PennEast, and the 2020 three-month period includes a $37 million impairment charge related to held-for-sale assets that were disposed of in September 2020.

Adjusted net income attributable to UGI Corporation for the 2021 three-month period was $28 million (equal to $0.13 per diluted share) compared to $16 million (equal to $0.08 per diluted share) during the 2020 three-month period. The increase in adjusted net income attributable to UGI Corporation during the 2021 three-month period largely reflects higher earnings contributions from our UGI International business segment which benefited from colder weather compared to the prior-year period resulting in higher LPG volumes. This positive impact was partially offset by a lower benefit under the CARES Act compared to the prior-year period.

AmeriGas Propane’s adjusted net loss attributable to UGI Corporation was $20 million in the 2021 three-month period compared to $15 million in the prior-year period. This decrease in results was largely attributable to lower total margin due to slightly lower average unit margins resulting from year-over-year changes in customer segment volumes and weather that was warmer than the prior-year period.

UGI International's adjusted net income attributable to UGI Corporation increased $42 million in the 2021 three-month period principally reflecting higher total margin on increased LPG volumes which benefited from colder weather compared to the prior-year period and the translation effects of stronger foreign currencies in the 2021 three-month period. These positive factors were partially offset by higher operating and administrative expenses and lower realized gains on foreign currency exchange contracts compared to the prior-year period.

Midstream & Marketing's adjusted net income attributable to UGI Corporation reflects a slight increase in the 2021 three-month period reflecting, among other things, equity income from its 2021 investment in Pine Run.

UGI Utilities' adjusted net income attributable to UGI Corporation increased $5 million in the 2021 three-month period compared to the prior-year period. The increase was largely attributable to higher Gas Utility margin reflecting the effects of the increase in base rates that went into effect on January 1, 2021, and lower operating and administrative expenses compared to the prior-year period. These positive factors were partially offset by higher depreciation expenses related to continued capital improvement activities compared to the prior-year period.

2021 nine-month period compared with 2020 nine-month period

Discussion. Net income attributable to UGI Corporation for the 2021 nine-month period was $942 million (equal to $4.48 per diluted share) compared to $523 million (equal to $2.49 per diluted share) during the 2020 nine-month period. Net income attributable to UGI Corporation in the 2021 and 2020 nine-month periods reflects net gains of $364 million and $1 million, respectively, from changes in unrealized commodity derivative instruments and certain foreign currency derivative instruments. Net income attributable to UGI Corporation also reflects business transformation expenses of $42 million and $30 million, respectively, in the 2021 and 2020 nine-month periods. The 2021 nine-month period also includes a $93 million impairment charge related to our investment in PennEast as well as a $23 million tax benefit related to an election made in connection with a tax law change in Italy. The 2020 nine-month period includes a $37 million impairment charge related to held-for-sale assets that were disposed of in September 2020.

Adjusted net income attributable to UGI Corporation for the 2021 nine-month period was $693 million (equal to $3.30 per diluted share) compared to $590 million (equal to $2.81 per diluted share) during the 2020 nine-month period. The increase in adjusted net income attributable to UGI Corporation during the 2021 nine-month period reflects higher earnings contributions from each of our business segments including improved margin at UGI International which benefited from colder weather compared to the prior-year period, the translation effects of stronger foreign currencies, and higher average LPG unit margins including the continued effects of margin management efforts. The January 1, 2021 increase in base rates at UGI Utilities and the effects of acquisitions and assets placed into service since June 30, 2020 also contributed to the improvement. These positive impacts were partially offset by a lower benefit under the CARES Act compared to the prior-year period.

AmeriGas Propane's adjusted net income attributable to UGI Corporation increased $6 million in the 2021 nine-month period. This increase principally reflects lower operating and administrative expenses, including partial benefits related to ongoing transformation initiatives, higher fees associated with customer accounts and lower interest expense compared to the prior-year period. These positive factors were partially offset by lower retail propane margin primarily attributable to lower volumes.

UGI International's adjusted net income attributable to UGI Corporation increased $85 million in the 2021 nine-month period principally reflecting increased LPG volumes which benefited from colder weather compared to the prior-year period, higher average LPG unit margins including effective margin management efforts, and the translation effects of stronger foreign currencies. These positive factors were partially offset by higher operating and administrative expenses reflecting increased maintenance and distribution costs attributable to the stronger LPG volumes compared to the prior-year period, as well as the previously mentioned effects of stronger foreign currencies.

Midstream & Marketing's adjusted net income attributable to UGI Corporation increased $14 million in the 2021 nine-month period largely driven by higher total earnings contributions attributable to capacity management and natural gas activities compared to the prior-year period.

UGI Utilities' adjusted net income attributable to UGI Corporation increased $10 million in the 2021 nine-month period compared to the prior-year period. The increase was largely attributable to higher Gas Utility margin reflecting increased base rates that went into effect on January 1, 2021, and higher margin from Electric Utility related to increased distribution volumes. These positive factors were partially offset by higher depreciation expense related to continued capital improvement activities compared to the prior-year period.

SEGMENT RESULTS OF OPERATIONS

2021 Three-Month Period Compared with the 2020 Three-Month Period

AmeriGas Propane

For the three months ended June 30,	2021	2020	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 526	$ 451	$ 75	17 %
Total margin (a)	$ 259	$ 273	$ (14)	(5)%
Operating and administrative expenses	$ 212	$ 209	$ 3	1 %
Operating income/earnings before interest expense and income taxes	$ 11	$ 19	$ (8)	(42)%
Retail gallons sold (millions)	184	182	2	1 %
Heating degree days—% colder than normal (b)	2.5 %	16.9 %	—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Beginning in Fiscal 2021, 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. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 three-month period were 2.5% colder than normal but 12.3% warmer than the prior-year period. Total retail gallons sold increased slightly during the 2021 three-month period principally reflecting higher national account volumes, partially offset by lower cylinder exchange volumes compared to the significant volume increase experienced in the prior-year period, lower residential volumes and the continued effects of structural conservation and other residual volume loss.

Total revenues increased $75 million during the 2021 three-month period largely reflecting higher average retail and wholesale propane selling prices ($63 million) and higher wholesale propane volumes ($11 million) compared to the prior-year period. Average daily wholesale propane commodity prices at Mont Belvieu, Texas, one of the major supply points in the U.S., were significantly higher during the 2021 three-month period (approximately 112%) compared to such prices during the prior-year period. Total cost of sales increased $89 million during the 2021 three-month period principally reflecting the higher average total propane product costs ($78 million) and higher wholesale propane volumes ($10 million).

AmeriGas Propane total margin decreased $14 million in the 2021 three-month period largely attributable to lower average retail unit margins ($14 million) due to the lower cylinder exchange volumes partially offset by the growth in national account volumes. These year-over-year changes in customer segment volumes resulted in slightly lower average retail unit margins compared to the prior-year period. This impact was partially offset by the higher retail propane volumes ($2 million).

Operating income and earnings before interest expense and income taxes both decreased $8 million during the 2021 three-month period principally reflecting the decrease in total margin partially offset by higher other income from fees associated with customer accounts and gains related to the sale of select assets. Operating and administrative expenses were slightly higher in the 2021 three-month period reflecting, among other things, higher vehicle fuel, operating, and lease expenses ($3 million), increased advertising costs ($2 million), and higher general insurance costs ($2 million), partially offset by lower employee-related costs ($3 million). Operating and administrative expenses continue to reflect the partial benefits related to the previously mentioned ongoing business transformation initiatives.

UGI International

For the three months ended June 30,	2021		2020		Increase		
(Dollars in millions)							
Revenues	$	572	$	371	$	201	54 %
Total margin (a)	$	217	$	166	$	51	31 %
Operating and administrative expenses	$	144	$	121	$	23	19 %
Operating income	$	40	$	17	$	23	135 %
Earnings before interest expense and income taxes	$	41	$	21	$	20	95 %
LPG retail gallons sold (millions)		166		137		29	21 %
Heating degree days—% colder (warmer) than normal (b)		24.4 %		(17.3)%		—	—

(a) Total margin represents revenues less cost of sales and, in the 2020 three-month period, LPG cylinder filling costs of $7 million. For financial statement purposes, LPG cylinder filling costs in the 2020 three-month period are included in “Operating and administrative expenses” on the 2020 Condensed Consolidated Statement of Income (but are excluded from operating and administrative expenses presented above). LPG cylinder filling costs are included in “Cost of sales” on the 2021 Condensed Consolidated Statement of Income.

(b) Beginning in Fiscal 2021, 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. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 three-month period were 24.4% colder than normal and 54.7% colder than the prior-year period. Total LPG retail gallons sold during the 2021 three-month period increased 21% reflecting higher bulk volumes attributable to the colder weather and higher cylinder volumes compared to the prior-year period. These volume improvements also reflect the recovery of certain volume decreases attributable to COVID-19 during the prior-year period. Average wholesale prices for propane and butane during the 2021 three-month period in northwest Europe were approximately 81% and 76% higher, respectively, compared with the prior-year period.

UGI International base-currency results are translated into U.S. dollars 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 2021 and 2020 three-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.21 and $1.10, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.40 and $1.24, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The net effect of changes in foreign currency exchange rates on UGI International’s earnings before interest expense and income taxes resulted in a net benefit of $4 million in the 2021 three-month period. However, the impact of these changes is mitigated by the effects of forward foreign currency exchange contracts entered into over a multi-year period intended to substantially offset this volatility. These forward foreign currency exchange contracts resulted in a slight realized net loss in the 2021 three-month period compared to realized net gains of $2 million in the 2020 three-month period.

UGI International revenues and cost of sales increased $201 million and $150 million, respectively, during the 2021 three-month period. The increase in both revenues and cost of sales principally reflects the translation effects of stronger foreign currencies (approximately $53 million and $33 million, respectively), the effects of higher average LPG selling prices and product costs compared to the prior-year period, and the previously mentioned increase in both retail and wholesale LPG volumes compared to the prior-year period. Energy marketing activities also contributed to the increased revenues and cost of sales during the 2021 three-month period due to higher natural gas volumes resulting from the colder weather and the recovery of certain volumes decreases attributable to COVID-19 during the prior-year period.

UGI International total margin increased $51 million during the 2021 three-month period largely reflecting the translation effects of stronger foreign currencies (approximately $20 million) and the increase in bulk and cylinder volumes compared to the prior-year period. These positive impacts were partially offset by a slight decrease in average LPG unit margins.

UGI International operating income and earnings before interest expense and income taxes increased $23 million and $20 million, respectively, during the 2021 three-month period compared to the prior-year period. The increase in operating income principally reflects the increase in total margin partially offset by higher operating and administrative expenses ($23 million) which reflects, among other things, the effects of stronger foreign currencies (approximately $13 million) compared to the prior-year period, higher maintenance and distribution costs related to the increased volumes, and increased employee costs. The increase in earnings before interest expense and income taxes in the 2021 three-month period largely reflects the higher operating income partially offset by lower 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 ($2 million).

Midstream & Marketing

For the three months ended June 30,	2021	2020	Increase	
(Dollars in millions)				
Revenues	$ 261	$ 222	$ 39	18 %
Total margin (a)	$ 65	$ 64	$ 1	2 %
Operating and administrative expenses	$ 31	$ 31	$ —	— %
Operating income	$ 14	$ 13	$ 1	8 %
Earnings before interest expense and income taxes	$ 21	$ 20	$ 1	5 %

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

Average temperatures across Midstream & Marketing's energy marketing territory during the 2021 three-month period were 1.5% warmer than normal and 18.6% warmer than the prior-year period. Beginning in Fiscal 2021, deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data. Prior-period amounts have been restated to conform to the current-period presentation. Midstream & Marketing's prior year results include contributions from its HVAC business and ownership interest in Conemaugh, both of which were sold in September 2020.

Midstream & Marketing revenues for the 2021 three-month period were $39 million higher than the prior-year period principally reflecting increased revenues from natural gas marketing and gathering activities ($37 million), renewable energy marketing activities ($5 million), and capacity management activities ($4 million). These revenue increases were partially offset by the absence of revenues attributable to its former HVAC business and ownership interest in Conemaugh ($14 million). Midstream & Marketing cost of sales were $196 million in the 2021 three-month period compared to $158 million in the prior-year period. This $38 million increase largely reflects increased cost of sales attributable to natural gas ($34 million) and renewable energy ($4 million) marketing activities, partially offset by the absence of costs attributable to HVAC and Conemaugh ($6 million). The significant increases in both natural gas revenues and cost of sales during the 2021 three-month period are largely attributable to higher average natural gas prices compared to the prior-year period partially offset by lower volumes.

Midstream & Marketing total margin increased slightly in the 2021 three-month period reflecting, among other things, improved margin from capacity management, gas gathering, and renewable energy marketing activities compared to the prior-year period. These positive factors, which include the impact of acquisitions and new assets placed into service since June 30, 2020, were largely offset by the absence of margins attributable to HVAC and Conemaugh in 2021 three-month period.

Midstream & Marketing operating income and earnings before interest expense and income taxes both increased slightly during the 2021 three-month period principally reflecting the increase in total margin compared to the prior-year period and, with regard to earnings before interest expense and income taxes, incremental equity income from its 2021 investment in Pine Run. Operating and administrative expenses were consistent with the prior-year period as the absence of expenses related to the previously mentioned divested assets was largely offset by increased employee and benefits-related costs compared to the prior-year period and higher expenses attributable to acquisitions and new assets placed into service.

UGI Utilities

For the three months ended June 30,	2021	2020	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 181	$ 179	$ 2	1 %
Total margin (a)	$ 113	$ 110	$ 3	3 %
Operating and administrative expenses (a)	$ 59	$ 61	$ (2)	(3)%
Operating income	$ 24	$ 21	$ 3	14 %
Earnings before interest expense and income taxes	$ 25	$ 21	$ 4	19 %
Gas Utility system throughput—bcf				
Core market	10	12	(2)	(17)%
Total	62	61	1	2 %
Electric Utility distribution sales - gwh	223	219	4	2 %
Gas Utility heating degree days—% colder than normal (b)	5.0 %	25.4 %	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., Electric Utility gross receipts taxes) of $1 million during both the 2021 and 2020 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) Beginning in Fiscal 2021, 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 airports located within Gas Utility’s service territory. Prior-period amounts have been restated to conform to the current-period presentation.

Temperatures in Gas Utility’s service territory during the 2021 three-month period were 5.0% colder than normal but 16.2% warmer than the prior-year period. Gas Utility core market volumes decreased 17% (2 bcf) during the 2021 three-month period largely related to the effects of warmer weather compared with the prior-year period, partially offset by growth in the number of core market customers. Total Gas Utility distribution system throughput increased slightly during the 2021 three-month period (1 bcf) reflecting higher large delivery services volumes largely offset by the decreased core market volumes. Electric Utility distribution sales volumes increased during the 2021 three-month period largely related to warmer weather during the cooling season.

UGI Utilities revenues increased $2 million in the 2021 three-month period primarily attributable to an increase in Electric Utility revenues due to the increased distribution sales volumes compared to the prior-year period. Gas Utility revenues were consistent with the prior-year period as higher revenues associated with off-system sales, large delivery service sales, and the increase in base rates that went into effect on January 1, 2021 were offset by the decrease in core market volumes.

UGI Utilities cost of sales was $67 million in the 2021 three-month period compared with $68 million in the prior-year period. The slight decrease reflects lower Gas Utility core market volumes partially offset by higher costs associated with off-system sales.

UGI Utilities total margin increased $3 million during the 2021 three-month period reflecting slight improvements in both Gas Utility and Electric Utility margins compared to the prior-year period. This increase in Gas Utility margin reflects the increase in base rates that went into effect on January 1, 2021 and higher customer account fees, partially offset by the decrease in core market volumes. The increase in Electric Utility margin is largely attributable to the increase in distribution sales volumes compared to the prior-year period.

UGI Utilities operating income and earnings before interest expense and income taxes increased $3 million and $4 million, respectively, during the 2021 three-month period. These improvements reflect the previously mentioned increase in total margin and lower operating and administrative expenses ($2 million), partially offset by higher depreciation expense ($3 million) compared to the prior-year period. The increase in depreciation expense relates to continued distribution system and IT capital expenditure activity. The decrease in operating and administrative expenses reflects, among other things, lower uncollectible accounts expense, lower payroll taxes, and lower environmental expenses compared to the prior-year period. These positive impacts were partially offset by higher contracted labor costs.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2021 three-month period was $77 million, compared to $80 million during the 2020 three-month period. The decrease in interest expense principally reflects lower average short-term borrowings outstanding compared to the prior-year period.

The higher effective income tax rate for the 2021 three-month period is largely attributable to a lower NOL carryback benefit under the CARES Act compared to the prior-year period and an increase in foreign rate differential due to a shift in domestic versus foreign earnings, partially offset by lower U.S. tax on foreign source income including the effects of regulations issued in July 2020 related to the high-tax exception on GILTI income. The increase in the effective income tax rate also reflects the effects of discrete tax items on lower pre-tax income during the prior year period.

The Company continues to evaluate the elections available under current regulations, recent government stimulus efforts including the anticipated benefits mentioned above related to the election made in connection with the tax law change in Italy, the modified GILTI provisions, and the CARES Act. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

2021 Nine-Month Period Compared with the 2020 Nine-Month Period

AmeriGas Propane

For the nine months ended June 30,	2021	2020	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 2,132	$ 1,983	$ 149	8 %
Total margin (a)	$ 1,162	$ 1,191	$ (29)	(2)%
Operating and administrative expenses	$ 666	$ 680	$ (14)	(2)%
Operating income/earnings before interest expense and income taxes	$ 391	$ 390	$ 1	— %
Retail gallons sold (millions)	815	827	(12)	(1)%
Heating degree days—% warmer than normal (b)	(2.6)%	(1.5)%	—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Beginning in Fiscal 2021, 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. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 nine-month period were 2.6% warmer than normal and 1.6% warmer than the prior-year period. Total retail gallons sold decreased slightly during the 2021 nine-month period principally reflecting structural conservation and other residual volume loss and the greater impact of COVID-19 on commercial volumes compared to the prior-year period. These decreases were partially offset by higher resale and motor fuel volumes during the 2021 nine-month period.

Total revenues increased $149 million during the 2021 nine-month period largely reflecting higher average propane selling prices ($165 million) partially offset by the lower retail propane volumes ($24 million) compared to the prior-year period. Average daily wholesale propane commodity prices during the 2021 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 83% higher than such prices during the 2020 nine-month period. Total cost of sales increased $178 million during the 2021 nine-month period largely attributable to the higher average propane product costs ($172 million) and higher wholesale propane volumes ($12 million).

AmeriGas Propane total margin decreased $29 million in the 2021 nine-month period largely attributable to the lower retail propane volumes ($14 million), lower average retail unit margins ($6 million) and decreased non-propane margin ($9 million) principally reflecting lower fees and services partially offset by increased cylinder sales. Total margin for the current-year period also includes the continued impact of effective margin management efforts.

Operating income and earnings before interest expense and income taxes increased slightly during the 2021 nine-month period reflecting lower operating and administrative expenses ($14 million) compared to the prior-year period, higher other income ($12 million) attributable to customer fees and gains on the early settlement of certain commodity derivative instruments during the 2021 nine-month period, and lower depreciation and amortization expense ($4 million). These positive impacts were largely offset by the previously mentioned decrease in total margin ($29 million). The decrease in operating and administrative expenses in the 2021 nine-month period reflects, among other things, lower employee compensation and benefits-related costs ($11 million), decreased vehicle and equipment operating and maintenance expenses ($8 million), and lower general insurance costs ($7 million) compared to the prior-year period. These decreases were partially offset by increased advertising expenses ($4 million), higher telecommunications expenses ($4 million), and higher allocated corporate costs ($3 million) compared to the prior-year period. The lower operating and administrative expenses reflect the partial benefits related to the previously mentioned ongoing business transformation initiatives.

UGI International

For the nine months ended June 30,	2021	2020	Increase	
(Dollars in millions)				
Revenues	$ 2,106	$ 1,726	$ 380	22 %
Total margin (a)	$ 877	$ 737	$ 140	19 %
Operating and administrative expenses	$ 465	$ 419	$ 46	11 %
Operating income	$ 322	$ 230	$ 92	40 %
Earnings before interest expense and income taxes	$ 326	$ 247	$ 79	32 %
LPG retail gallons sold (millions)	644	614	30	5 %
Heating degree days—% colder (warmer) than normal (b)	1.4 %	(12.7)%	—	—

(a) Total margin represents revenues less cost of sales and, in the 2020 nine-month period, LPG cylinder filling costs of $21 million. For financial statement purposes, LPG cylinder filling costs in the 2020 nine-month period are included in “Operating and administrative expenses” on the 2020 Condensed Consolidated Statement of Income (but are excluded from operating and administrative expenses presented above). LPG cylinder filling costs are included in “Cost of sales” on the 2021 Condensed Consolidated Statement of Income.

(b) Beginning in Fiscal 2021, 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. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 nine-month period were 1.4% colder than normal and 15.2% colder than the prior-year period. Total LPG retail gallons sold during the 2021 nine-month period increased 5% compared to the prior-year period largely attributable to higher bulk volumes reflecting the effects of the colder weather on heating-related bulk sales, crop drying volumes, and cylinder volumes compared to the prior-year period. These volume improvements also reflect the recovery of certain volume decreases attributable to COVID-19 during the prior-year period, and were partially offset by the termination of a high-volume, low-margin autogas contract in Italy during the prior year. Average wholesale prices for propane and butane during the 2021 nine-month period in northwest Europe were approximately 34% and 17% higher, respectively, compared with the prior-year period.

UGI International base-currency results are translated into U.S. dollars 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 2021 and 2020 nine-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.20 and $1.10, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.37 and $1.27, respectively. Fluctuations in these foreign currency exchange rates can have a significant impact on the individual financial statement components discussed below. The net effect of changes in foreign currency exchange rates on UGI International’s earnings before interest expense and income taxes resulted in a net benefit of $26 million in the 2021 nine-month period. However, the impact of these changes is mitigated by the effects of forward foreign currency exchange contracts entered into over a multi-year period intended to substantially offset this volatility. These forward foreign currency exchange contracts resulted in realized net gains of $2 million and $15 million, respectively, in the 2021 and 2020 nine-month periods.

UGI International revenues and cost of sales increased $380 million and $240 million, respectively, during the 2021 nine-month period compared to the prior-year period. The increase in revenues and cost of sales principally reflects the translation effects of stronger foreign currencies (approximately $166 million and $96 million, respectively), the effects of higher average butane and propane selling prices and product costs compared to the prior-year period, and the previously mentioned increases in bulk, crop drying and cylinder volumes. Energy marketing activities also contributed to the increased revenues and cost of sales during the 2021 nine-month period largely related to higher natural gas volumes and prices.

UGI International total margin increased $140 million during the 2021 nine-month period reflecting the translation effects of stronger foreign currencies (approximately $70 million), the previously mentioned increase in total LPG volumes, lower costs associated with energy conservation certificates including adjustments related to the current compliance period, and higher average LPG unit margins including the continued effects of margin management efforts. These margin improvements include the impact of LPG assets acquired in the current-year period and higher margin from energy marketing activities principally reflecting increased natural gas volumes.

UGI International operating income and earnings before interest expense and income taxes increased $92 million and $79 million, respectively, during the 2021 nine-month period compared to the prior-year period. The increase in operating income principally reflects the increase in total margin partially offset by higher operating and administrative expenses ($46 million) which was largely attributable to the effects of stronger foreign currencies ($36 million) compared to the prior-year period. The increase in operating and administrative expenses also reflects higher maintenance and distribution costs attributable to the increased volumes. The increase in earnings before interest expense and income taxes in the 2021 nine-month period largely reflects the increase in operating income partially offset by lower 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 ($13 million).

Midstream & Marketing

For the nine months ended June 30,		2021		2020		Increase (Decrease)	
(Dollars in millions)							
Revenues	$	1,086	$	1,017	$	69	7 %
Total margin (a)	$	310	$	296	$	14	5 %
Operating and administrative expenses	$	91	$	100	$	(9)	(9)%
Operating income	$	156	$	139	$	17	12 %
Earnings before interest expense and income taxes	$	180	$	161	$	19	12 %

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

Average temperatures across Midstream & Marketing's energy marketing territory during the 2021 nine-month period were 6.4% warmer than normal and 1.8% warmer than the prior-year period. Beginning in Fiscal 2021, deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data. Prior-period amounts have been restated to conform to the current-period presentation. Midstream & Marketing's prior year results include contributions from its HVAC business and ownership interest in Conemaugh, both of which were sold in September 2020.

Midstream & Marketing revenues for the 2021 nine-month period increased $69 million compared to the prior-year period principally reflecting increased revenues from natural gas ($53 million) and renewable energy ($27 million) marketing activities, higher capacity management revenues ($18 million), and higher natural gas gathering revenues ($10 million). These revenue increases were partially offset by the absence of revenues attributable to its former HVAC business and ownership interest in Conemaugh ($44 million). Midstream & Marketing cost of sales were $776 million in the 2021 nine-month period compared to $721 million in the prior-year period. The $55 million increase principally reflects higher cost of sales related to natural gas ($48 million) and renewable energy marketing activities ($21 million), partially offset by the absence of costs attributable to HVAC and Conemaugh ($22 million). The increases in both natural gas revenues and cost of sales during the 2021 nine-month period are largely attributable to higher average natural gas prices compared to the prior-year period partially offset by lower volumes attributable to weather that was warmer than the prior-year period.

Midstream & Marketing total margin increased $14 million in the 2021 nine-month period reflecting improved capacity management margin ($18 million), higher margin from renewable energy ($6 million) and natural gas ($5 million) marketing activities, and higher margin from natural gas gathering activities ($5 million). These margin improvements include the impact of acquisitions and new assets placed into service since June 30, 2020, and were partially offset by the absence of margins attributable to HVAC and Conemaugh ($22 million).

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2021 nine-month period increased $17 million and $19 million, respectively, compared to the prior-year period. The improvement in operating income reflects the increase in total margin and lower operating and administrative expenses ($9 million) compared to the prior-year period, partially offset by an adjustment to the contingent consideration related to the GHI acquisition ($8 million). The decrease in operating and administrative expenses was largely related to the absence of the previously mentioned divested assets partially offset by an increase in employee and benefits-related costs and increases related to new assets placed into service. The increase in earnings before interest expense and income taxes reflects the improvement in operating income and incremental equity method earnings related to the investment in Pine Run.

UGI Utilities

For the nine months ended June 30,		2021		2020		Increase	
(Dollars in millions)							
Revenues	$	923	$	901	$	22	2 %
Total margin (a)	$	518	$	494	$	24	5 %
Operating and administrative expenses (a)	$	186	$	185	$	1	1 %
Operating income	$	243	$	229	$	14	6 %
Earnings before interest expense and income taxes	$	245	$	229	$	16	7 %
Gas Utility system throughput—bcf							
Core market		72		71		1	1 %
Total		245		243		2	1 %
Electric Utility distribution sales - gwh		743		724		19	3 %
Gas Utility heating degree days—% warmer than normal (b)		(7.3)%		(7.1)%		—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., Electric Utility gross receipts taxes) of $4 million and $3 million during the 2021 and 2020 nine-month periods, respectively. For financial statement purposes, revenue-related taxes are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).

(b) Beginning in Fiscal 2021, 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 airports located within Gas Utility’s service territory. Prior-period amounts have been restated to conform to the current-period presentation.

Temperatures in Gas Utility’s service territory during the 2021 nine-month period were 7.3% warmer than normal and comparable to temperatures in the prior-year period. Gas Utility core market volumes increased slightly during the 2021 nine-month period (1 bcf) reflecting growth in the number of core market customers. Total Gas Utility distribution system throughput also reflects a slight increase (2 bcf) during the 2021 nine-month period attributable to the increased core market volumes and higher large delivery service volumes. Electric Utility distribution sales volumes increased during the 2021 nine-month period primarily attributable to warmer weather during the cooling season.

UGI Utilities revenues increased $22 million in the 2021 nine-month period reflecting increases of $16 million and $6 million attributable to Gas Utility and Electric Utility, respectively. The increase in Gas Utility revenues principally reflects the increase in base rates that went into effect on January 1, 2021, higher off system sales, and higher large delivery service sales, partially offset by lower PGC rates compared to the prior-year period. The increase in Electric Utility revenues during the 2021 nine-month period reflects the increased distribution sales volumes and higher DS rates compared to the prior-year period.

UGI Utilities cost of sales was $401 million in the 2021 nine-month period compared with $404 million in the prior-year period. Gas Utility cost of sales decreased during the 2021 nine-month period ($6 million) reflecting lower PGC rates partially offset by higher cost of sales associated with off system sales. Electric Utility cost of sales increased during the 2021 nine-month period ($3 million) reflecting the increased volumes and higher average DS rates compared to the prior-year period.

UGI Utilities total margin increased $24 million during the 2021 nine-month period principally reflecting higher margin from Gas Utility ($22 million). This increase largely reflects higher margin from core market customers ($15 million) primarily attributable to the increase in base rates that went into effect on January 1, 2021, as well as increased margin related to large delivery service customer growth and higher customer account fees. The increase in Electric Utility margin is largely attributable to the increase in distribution sales volumes compared to the prior-year period.

UGI Utilities operating income and earnings before interest expense and income taxes increased $14 million and $16 million, respectively, during the 2021 nine-month period. These increases largely reflect the previously mentioned increase in total margin partially offset by higher depreciation expense ($9 million) and slightly higher operating and administrative expenses compared to the prior-year period. The increase in depreciation expense relates to continued distribution system and IT capital expenditure activity. The slight increase in operating and administrative expenses reflects, among other things, higher allocations of corporate expenses largely offset by lower uncollectible accounts expense and payroll taxes compared to the prior-year period.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2021 nine-month period was $233 million compared to $247 million during the 2020 nine-month period. The decrease in interest expense principally reflects lower average short-term borrowings outstanding compared to the prior-year period.

The effective income tax rate for the 2021 nine-month period increased slightly compared to the prior-year period. This increase was impacted by a lower NOL carryback benefit under the CARES Act and an increase in foreign rate differential due to a shift in domestic versus foreign earnings compared to the prior-year period. These items were largely offset by lower U.S. tax on foreign source income attributable to regulations issued in July 2020 related to the high-tax exception on GILTI income not available in the prior-year period, and an election made available under a tax law change in Italy which allowed the Company to step up its tax basis on certain assets in exchange for paying a three percent substitute tax in connection with such election. This election resulted in a $23 million net benefit in the current period resulting in incremental tax basis that will be deductible in future periods.

The Company continues to evaluate the elections available under current regulations, recent government stimulus efforts including the anticipated benefits mentioned above related to the election made in connection with the tax law change in Italy, the modified GILTI provisions, and the CARES Act. 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 the outbreak and continued spread of COVID-19. Our total available liquidity balance, comprising cash and cash equivalents, undrawn upon senior note and term loan commitments, and available borrowing capacity on our revolving credit facilities, totaled approximately $2.4 billion and $1.5 billion at June 30, 2021 and September 30, 2020, respectively. The Company does not have any near-term senior note or term loan maturities. While the Company's operations and financial performance has been impacted by COVID-19 in the 2021 three- and nine-month periods, it is a rapidly evolving situation and the Company cannot predict the ultimate impact that COVID-19 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 June 30, 2021.

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 $545 million at June 30, 2021, compared with $336 million at September 30, 2020. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at June 30, 2021 and September 30, 2020, UGI had $134 million and $112 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 June 30, 2021 and September 30, 2020, comprises the following:

	June 30, 2021						September 30, 2020
(Millions of dollars)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corp & Other	Total	Total
Short-term borrowings	$ 107	$ —	$ —	$ 100	$ —	$ 207	$ 347
Long-term debt (including current maturities):							
Senior notes	$ 2,575	$ 415	$ —	$ 1,075	$ —	$ 4,065	$ 3,960
Term loans	—	356	686	143	550	1,735	1,741
Other long-term debt	3	23	42	1	21	90	380
Unamortized debt issuance costs	(17)	(6)	(11)	(5)	(4)	(43)	(47)
Total long-term debt	$ 2,561	$ 788	$ 717	$ 1,214	$ 567	$ 5,847	$ 6,034
Total debt	$ 2,668	$ 788	$ 717	$ 1,314	$ 567	$ 6,054	$ 6,381

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 2020 Annual Report.

Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility discussed below) as of June 30, 2021 and 2020, is presented in the table below.

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity
As of June 30, 2021				
AmeriGas OLP	$ 600	$ 107	$ 60	$ 433
UGI International, LLC (a)	€ 300	€ —	€ —	€ 300
Energy Services	$ 260	$ —	$ —	$ 260
UGI Utilities	$ 350	$ 100	$ —	$ 250
UGI Corporation (b)	$ 300	$ 15	$ —	$ 285
As of June 30, 2020				
AmeriGas OLP	$ 600	$ 162	$ 63	$ 375
UGI International, LLC (a)	€ 300	€ 160	€ —	€ 140
Energy Services	$ 260	$ —	$ —	$ 260
UGI Utilities	$ 350	$ 40	$ —	$ 310
UGI Corporation (b)	$ 300	$ 280	$ —	$ 20

(a) Permits UGI International, LLC to borrow in euros or dollars. At June 30, 2020, the amount borrowed consisted of USD-denominated borrowings of $180 million.

(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets. In July 2021, the Company repaid $15 million of such borrowings and classified these repayments as "Current maturities of long-term debt" on the June 30, 2021 Condensed Consolidated Balance Sheet.

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

(Millions of dollars or euros)	For the nine months ended June 30, 2021 Average	Peak	For the nine months ended June 30, 2020 Average	Peak
AmeriGas OLP	$ 177	$ 293	$ 266	$ 359
UGI International, LLC	€ —	€ —	€ 169	€ 187
Energy Services	$ 5	$ 32	$ 20	$ 77
UGI Utilities	$ 206	$ 279	$ 215	$ 324
UGI Corporation	$ 243	$ 300	$ 287	$ 300

Receivables Facility. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire in October 22, 2021. At June 30, 2021, the outstanding balance of ESFC trade receivables was $48 million, none of which was sold to the bank. At June 30, 2020, the outstanding balance of ESFC trade receivables was $86 million, of which $43 million was sold to the bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. During the nine months ended June 30, 2021 and 2020, peak sales of receivables were $87 million and $97 million, respectively, and average daily amounts sold were $27 million and $55 million, respectively.

Significant Financing Activities

2021 UGI Corporation Senior Credit Facility. On May 4, 2021, UGI amended the existing UGI Corporation Senior Credit Facility. The 2021 UGI Corporation Senior Credit Facility (1) extends the maturity date of the previous three-year $300 million term loan included in the existing UGI Corporation Senior Credit Facility, which is now due in May 2025; and (2) includes a new four-year term loan commitment, which effective June 9, 2021, was reduced from $300 million to $215 million pursuant to the terms of the 2021 UGI Corporation Senior Credit Facility. Proceeds from new borrowings under the 2021 UGI Corporation Senior Credit Facility may be used to finance a portion of the Mountaineer Acquisition and for general corporate purposes.

New borrowings under the 2021 UGI Corporation Senior Credit Facility bear interest subject to our election, at either (1) the associated prime rate plus a margin or (2) an adjusted LIBOR or an alternate benchmark rate plus a margin and are due in their entirety at the maturity date. The applicable margin on the new borrowings, which is dependent upon a ratio of consolidated net indebtedness to consolidated EBITDA, as defined, or UGI's credit ratings, ranges from 0.125% to 1.50% if the prime rate option is elected and 1.125% to 2.50% if the LIBOR option is elected.

During the nine months ended June 30, 2021, the Company repaid $285 million of borrowings on its five-year $300 million revolving credit facility under the 2021 UGI Corporation Senior Credit Facility. A portion of these repayments were funded by the proceeds from the issuance of Equity Units discussed in Note 8. In July 2021, the Company repaid the remaining $15 million of borrowings outstanding on this revolving credit facility. As a result of this repayment in July, the Company classified these repayments as "Current maturities of long-term debt" on the June 30, 2021 Condensed Consolidated Balance Sheet. The Company intends to draw upon this revolving credit facility concurrent with the closing of the pending Mountaineer Acquisition.

UGI Utilities Senior Notes. On May 7, 2021, UGI Utilities entered into a Note Purchase Agreement which provides for the private placement of (1) $100 million aggregate principal amount of 1.59% Senior Notes due June 15, 2026 and (2) $75 million aggregate principal amount of 1.64% Senior Notes due September 15, 2026. On June 15, 2021, UGI Utilities issued $100 million aggregate principal amount of 1.59% Senior Notes pursuant to the Note Purchase Agreement. The net proceeds from the issuance of the 1.59% Senior Notes were used to repay short-term borrowings. The 1.64% Senior Notes are expected to be issued in September 2021. UGI Utilities expects to use the net proceeds from the issuance of the 1.64% Senior Notes to reduce short-term borrowings and for general corporate purposes.

Issuance of Equity Units. On May 25, 2021, the Company issued 2.2 million Equity Units with a total notional value of $220 million. Each Equity Unit has a stated amount of $100 and consists of 1) a 10% undivided beneficial ownership interest in one share of Convertible Preferred Stock with a liquidation preference of $1,000 per share and 2) a 2024 Purchase Contract. The Company received approximately $213 million in proceeds from the issuance of the Equity Units, net of offering expenses and underwriting costs and commissions, and issued 220,000 shares of Convertible Preferred Stock, recording $213 million in "Preferred stock" on the accompanying Condensed Consolidated Balance Sheet. The proceeds were used to repay borrowings on the Company's five-year $300 million revolving credit facility under the 2021 UGI Corporation Senior Credit Facility.

Concurrent with the closing of the pending Mountaineer Acquisition, the Company intends to draw upon this revolving credit facility to pay a portion of the purchase price and related fees and expenses, and for general corporate purposes.

Dividends

On May 5, 2021, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.345 per Common Share, or $1.38 on an annual basis. The new dividend rate reflects an approximate 4.5% increase from the previous quarterly rate of $0.33. The new dividend was paid on July 1, 2021, to shareholders of record on June 15, 2021. On August 4, 2021, UGI's Board of Directors declared a quarterly dividend of $0.345 per common share. The dividend is payable October 1, 2021, to shareholders of record on September 15, 2021.

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 $1,047 million in the 2021 nine-month period compared to $963 million in the 2020 nine-month period. Cash flow from operating activities before changes in operating working capital was $1,179 million in the 2021 nine-month period compared to $928 million in the 2020 nine-month period. The higher cash flow from operating activities before changes in working capital reflects, in large part, higher cash flow before changes in operating working capital from UGI International and Midstream & Marketing attributable to higher earnings contributions as compared to the prior-year period. Cash used to fund changes in operating working capital totaled $132 million in the 2021 nine-month period compared to cash provided of $35 million in the 2020 nine-month period. Changes in operating working capital during the 2021 nine-month period reflect, among other things, an increase in cash required to fund changes in accounts receivable and inventories due to rising commodity prices during the 2021 nine-month period, net refunds of deferred fuel and power costs compared to net recoveries during the 2020 nine-month period, as well as increases in cash required to fund changes in income taxes receivable, other current assets and other current liabilities. These changes were partially offset by cash generated from changes in accounts payable and higher cash received for commodity derivative instrument collateral deposits in the 2021 nine-month period as compared to the 2020 nine-month period.

Investing Activities. Cash flow used by investing activities was $505 million in the 2021 nine-month period compared to $450 million in the 2020 nine-month period. Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses and assets; investments in investees; and proceeds from sales of assets and businesses. Cash expenditures for property, plant and equipment were $460 million in the 2021 nine-month period compared with $471 million in the 2020 nine-month period. Cash used for acquisitions of businesses and assets in the 2021 nine-month period reflects UGI International's acquisitions of two LPG retail businesses and an energy marketing business in Europe. Cash used for investments in equity method investees in the 2021 nine-month period includes contributions to Pine Run of $56 million to fund the acquisition of Pine Run Midstream, LLC.

Financing Activities. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings/repayments; dividends on UGI Common Stock; issuances of Equity Units and UGI Common Stock; and repurchases of UGI Common Stock.

Cash flow used to fund financing activities was $321 million in the 2021 nine-month period compared with $501 million in the 2020 nine-month period. During the 2021 nine-month period, the Company received $213 million in net cash proceeds from the issuance of Equity Units. These funds were used during the period to reduce borrowings on the five-year $300 million revolving credit facility under the 2021 UGI Corporation Senior Credit Facility. Also during the 2021 and 2020 nine-month periods, UGI Utilities issued $100 million of senior notes due June 2026 and $150 million of senior notes due April 2050, respectively. The change in cash flows used to fund financing activities is primarily attributable to lower net repayments on revolving facility agreements and the Receivables Facility in the 2021 nine-month period as compared to the 2020 nine-month period. Cash used to fund changes in financing activities in the 2020 nine-month period includes $38 million of cash paid to repurchase UGI Common Stock.

UTILITY REGULATORY MATTERS

Base Rate Filings. On February 8, 2021, Electric Utility filed a rate request with the PAPUC to increase its annual base distribution revenues by $9 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 April 9, 2021. The PAPUC entered an Order on March 11, 2021, suspending the effective date for the rate increase to allow for investigation and public hearings. On July 19, 2021, a Joint Petition for Approval of Settlement of all issues supported by all active parties was filed with the PAPUC providing for a $6 million annual base distribution rate increase for Electric Utility. The Joint Petition is subject to receipt of a recommended decision by a PAPUC administrative law judge and an order of the PAPUC approving the settlement. Unless the PAPUC issues a final order prior to the end of the statutory suspension period, the initial proposed rate increase will become effective on or before November 9, 2021, subject to refund and a subsequent PAPUC order. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by $75 million annually. On October 8, 2020, the PAPUC issued a final Order approving a settlement that permits Gas Utility to increase its annual base distribution rates by $20 million, through a phased approach, with $10 million beginning January 1, 2021 and an additional $10 million beginning July 1, 2021. Additionally, Gas Utility was authorized to implement a DSIC once Gas Utility total property, plant and equipment less accumulated depreciation reached $2,875 million. This threshold was achieved in December 2020, and Gas Utility implemented a DSIC effective on April 1, 2021. The PAPUC's final Order also includes enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers ("ERP"). Additionally, the PAPUC's final Order permits Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next Gas Utility base rate case, to be recovered and amortized over a 10-year period. In accordance with the terms of the PAPUC's final Order, Gas Utility is not permitted to file a rate case prior to January 1, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Commodity Price Risk

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

Gas Utility's tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to its retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. The recovery clauses provide for periodic adjustments for the difference between the total amounts actually billed to customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses derivative financial instruments, including natural gas futures and option contracts traded on the NYMEX, to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in Gas Utility's PGC recovery mechanism.

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 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.

As previously mentioned in Note 7, on May 4, 2021, UGI entered into the 2021 UGI Corporation Senior Credit Facility, which, as amended, includes a new term loan commitment of up to $215 million. Borrowings on this commitment will bear interest at a rate indexed to short-term market rates. In June 2021, UGI entered into two forward starting, pay-fixed, receive-variable interest rate swap agreements, commencing in January 2022. These swaps generally fix the underlying variable interest rate on $125 million of future borrowings at 0.69% through September 2024. We have designated these interest rate swaps as a cash flow hedges.

Our variable-rate debt at June 30, 2021, includes revolving credit facility borrowings and variable-rate term loans at UGI International, UGI 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 all or a significant portion of the term loans' principal balances and all or a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At June 30, 2021, combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled $262 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 U.S. dollar versus the euro and, to a lesser extent, the U.S. dollar versus the British pound sterling. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries. Gains or losses on these net investment hedges remain in AOCI until such foreign operations are sold or liquidated. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at June 30, 2021, by approximately $140 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 U.S. dollar 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.

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At June 30, 2021, we had received cash collateral from derivative instrument counterparties totaling $105 million. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At June 30, 2021, restricted cash in brokerage accounts totaled $31 million. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at June 30, 2021. 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 June 30, 2021, 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 June 30, 2021 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
June 30, 2021		
Commodity price risk (1)	$ 484	$ (185)
Interest rate risk (2)	$ (35)	$ (9)
Foreign currency exchange rate risk (3)	$ 11	$ (51)

(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 U.S. dollar.

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.

PART II OTHER INFORMATION

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 2020 Annual Report, which could materially affect our business, financial condition or future results. The risks described below and in our 2020 Annual Report are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

Payment and settlement of the components of our Equity Units may result in substantial dilution to holders of our Common Stock.

On May 25, 2021, the Company issued 2,200,000 Equity Units generally consisting of Purchase Contracts and Convertible Preferred Stock. These underlying components of our Equity Units could have significant negative consequences for our security holders by, among other things, diluting the interests of our existing stockholders as a result of issuing shares of our Common Stock. The Purchase Contracts will be settled in shares of our Common Stock, which will result in dilution to our common stockholders. The Convertible Preferred Stock may also be settled in shares of our Common Stock. Additionally, we may elect to pay contract adjustment payments on the Purchase Contracts, and dividends on the Convertible Preferred Stock, in shares of our Common Stock. Any such issuances of our Common Stock would dilute the interests of our existing stockholders.

Our information technology systems and those of our third-party vendors or service providers have been the target of cyber-security attacks in the past. If we are unable to protect our information technology systems against future service interruption, misappropriation of data, or breaches of security resulting from cyber-security attacks or other events, or if we encounter other unforeseen difficulties in the design, implementation or operation of our information technology systems, or if our third-party vendors or service providers experience compromises to their information technology systems, our operations could be disrupted, our business and reputation may suffer, and our internal controls could be adversely affected.

In the ordinary course of business, we rely on information technology systems, including the Internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including (i) intellectual property, (ii) our proprietary business information and that of our suppliers and business partners, (iii) personally identifiable information of our customers and employees, and (iv) data with respect to invoicing and the collection of payments, accounting, procurement, and supply chain activities. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements.

Cyber-security incidents have recently increased in both frequency and magnitude and have involved malicious software and attempts to gain unauthorized access to data and systems, including ransomware attacks where a target's access to its information systems is blocked until a ransom has been paid. Despite our security measures, our technologies, systems, and networks have been and may continue to be the target of cyber-security attacks or information security breaches that could result in the unauthorized release, misuse, loss or destruction of proprietary and other information, or other disruption of our business operations. Similarly, our third-party vendors or service providers have been impacted by cyber-security incidents and could sustain the same risks and disruptions as described above. A loss of our information technology systems, or temporary interruptions in the operation of our information technology systems, or those of our third-party vendors or service providers, or any other misappropriation of data, or breaches of security could have a material adverse effect on our business, financial condition, results of operations, and reputation. In addition, a cyber-security attack could provide a cyber-intruder with the ability to control or alter our pipeline operations. Such an act could result in critical pipeline failures.

The efficient execution of the Company's businesses is dependent upon the proper design, implementation and functioning of its current and future internal systems, such as the information technology systems that support the Company's underlying business processes. Any significant failure or malfunction of such information technology systems may result in disruptions of our operations. In addition, the effectiveness of our internal controls could be adversely affected if we encounter unforeseen problems with respect to the operation of our information technology systems.

While we have purchased cyber-security insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyber incidents increase in frequency and magnitude, we may be unable to obtain cyber-security insurance in amounts and on terms we view as adequate for our operations, including the agreement to certain indemnification provisions by our insurance providers.

ITEM 6. EXHIBITS

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

		Incorporation by Reference		
Exhibit No.	Exhibit	Registrant	Filing	Exhibit
3.1	Statement with Respect to Shares of the Company with respect to the Convertible Preferred Stock, filed with the Secretary of the Commonwealth of Pennsylvania and effective on May 25, 2021.	UGI	Form 8-K (5/25/21)	3.1
			(5/25/21)	
3.2	Statement with Respect to Shares of the Company with respect to the Series B Preferred Stock, filed with the Secretary of the Commonwealth of Pennsylvania and effective on May 25, 2021.	UGI	Form 8-K (5/25/21)	3.2
4.1	Note Purchase Agreement, dated May 7, 2021, by and among UGI Utilities, Inc. and the purchasers listed as signatories thereto.	UGI	Form 8-K (5/4/21)	4.1
4.2	Purchase Contract and Pledge Agreement, dated May 25, 2021, between the Company and U.S. Bank National Association, as purchase contract agent, collateral agent, custodial agent and securities intermediary.	UGI	Form 8-K (5/25/21)	4.1
4.3	Form of Corporate Unit (included as Exhibit A to Exhibit 4.2 hereto).	UGI	Form 8-K (5/25/21)	4.2
4.4	Form of Treasury Unit (included as Exhibit B to Exhibit 4.2 hereto).	UGI	Form 8-K (5/25/21)	4.3
4.5	Form of Cash Settled Unit (included as Exhibit C to Exhibit 4.2 hereto).	UGI	Form 8-K (5/25/21)	4.4
4.6	Form of Series A Cumulative Perpetual Convertible Preferred Stock Certificate.	UGI	Form 8-K (5/25/21)	4.5
4.7	Form of Series B Cumulative Perpetual Preferred Stock Certificate.	UGI	Form 8-K (5/25/21)	4.6
10.1	Form of UGI Corporation 2021 Incentive Award Plan Nonqualified Stock Option Grant Letter for all US Employees.			
10.2	Form of UGI Corporation 2021 Incentive Award Plan Performance Unit Grant Letter for all US Employees.			
10.3	Form of UGI Corporation 2021 Incentive Award Plan Stock Unit Grant Letter for all US Employees.			
10.4	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement between UGI Corporation and Mr. Roger Perreault.			
10.5	Form of Change in Control Agreement between UGI Corporation and Mr. Roger Perreault.			
10.6	First Amendment to the Amended and Restated Credit Agreement, dated as of June 23, 2021, by and among UGI Corporation, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto.			
10.7	Amended and Restated Credit Agreement, dated as of May 4, 2021, by and among UGI Corporation and JPMorgan Chase Bank, N.A., as administrative agent, Citizens Bank, N.A., PNC Bank, National Association and Wells Fargo Bank, National Association, as co-documentation agents, and the other financial institutions from time to time party thereto.	UGI	Form 8-K (5/4/21)	10.1

UGI CORPORATION AND SUBSIDIARIES

31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2021, 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 June 30, 2021, 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 June 30, 2021, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	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	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
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 UGI Corporation 2021 Incentive Award Plan Nonqualified Stock Option Grant Letter for all US Employees.
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UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

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

	UGI Corporation (Registrant)
Date: August 5, 2021	By: /s/ Ted J. Jastrzebski Ted J. Jastrzebski Chief Financial Officer (Principal Financial Officer)

EXHIBIT 10.1

FORM OF
UGI CORPORATION
2021 INCENTIVE AWARD PLAN
NONQUALIFIED STOCK OPTION AWARD AGREEMENT

This STOCK OPTION 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 options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of UGI (the “Committee”) has decided to make a stock option grant to the Participant 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 shares subject to the Option granted to the Participant in this Award Agreement.

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

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

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

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

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

3. Term of Option.

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

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

(i) *Termination without Cause*. If the Participant terminates employment or service on account of a Termination without Cause, the Option will thereafter be exercisable only with respect to that number of Shares with respect to which the Option is already exercisable on the date the Participant's employment or service terminates, except as provided in subsection (v) below. Such portion of the Option will terminate upon the earlier of the expiration date of the Option or the expiration of the 13-month period commencing on the date the Participant ceases to be employed by, or provide service to, the Company.

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

(iii) *Disability*. If the Participant ceases to be employed by, or provide service to, the Company on account of Disability, the Option will thereafter become exercisable as if the Participant had continued to provide service to the Company for 36 months after the date of such termination of employment or service. The Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 36-month period.

(iv) *Death*. In the event of the death of the Participant while employed by, or providing service to, the Company, the Option will be fully and immediately exercisable and may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 12-month period following the Participant's death. Death of the Participant after the Participant has ceased to be employed by, or provide service to, the Company will not affect the otherwise applicable period for exercise of the Option determined pursuant to subsections (i), (ii), (iii) or (v). After the Participant's death, the Participant's Option may be exercised by the Participant's estate.

(v) *Termination without Cause or Good Reason Termination upon or within two years after a Change in Control.* Notwithstanding the foregoing, if the Participant's employment or service terminates on account of a Termination without Cause or a Good Reason Termination upon or within two years after a Change in Control, the Option will be fully and immediately exercisable. The Option will terminate upon the earlier of the expiration date of the Option or the expiration of the 13-month period commencing on the date the Participant ceases to be employed by, or provide service to, the Company; provided that if the Participant is eligible for Retirement at the date of such termination of employment, the Option will terminate on the expiration date of the Option.

4. Exercise Procedures.

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

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

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

5. Restrictive Covenants.

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

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

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

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

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

(a) "*Change in Control*" shall mean a Change in Control of UGI as defined in the Plan.

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

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

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

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

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change 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 Award 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 preceding 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 14, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

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

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

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

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

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

9. Grant Subject to Plan Provisions and Company Policies.

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

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

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

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

12. Assignment and Transfers. The rights and interests of the Participant under this 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. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company’s parents, subsidiaries, and affiliates.

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

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

15. Acceptance. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or she has read the Grant Summary and Award Agreement and understands the terms and conditions of them, (iii) accepts the Option 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 10.2

___ Grant Document
for all US Employees

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 (Percentile)	Percentage of Target Award Earned
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 calendar years during the Performance Period in which the Participant has been employed by, or provided service to, the Company and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

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

4. <u>Payment with Respect to Performance Units</u>. 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. <u>Dividend Equivalents with Respect to Performance Units</u>.

(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. 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. <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 A

UGI CORPORATION
PERFORMANCE UNIT PEER GROUP
as of 1/1/_____

Atmos Energy Corporation	ONE Gas, Inc.
Cheniere Energy, Inc.	ONEOK, Inc.
Chesapeake Utilities Corporation	South Jersey Industries, Inc.
DCP Midstream, LP	Southwest Gas Holdings, Inc..
DCC plc	Spire, Inc..
Equitrans Midstream Corporation	Suburban Propane Partners, L.P.
National Fuel Gas Company	Superior Plus Corp.
New Jersey Resources Corporation	Targa Resources Corp.
Northwest Natural Holding Company	The Williams Companies, Inc.

EXHIBIT 10.3

FORM OF
UGI CORPORATION
2021 INCENTIVE AWARD PLAN

ANNUAL RESTRICTED STOCK UNIT AWARD AGREEMENT

This ANNUAL RESTRICTED STOCK UNIT GRANT, dated ___________, _____ (the “Date of Grant”), is delivered by UGI Corporation (“UGI”) to you (the “Participant”).

RECITALS

WHEREAS, the UGI Corporation 2021 Incentive Award Plan, as amended (the “Plan”) provides for the grant of Restricted Stock Units with respect to shares of Common Stock of UGI (“Shares”);

WHEREAS, the Compensation and Management Development Committee of the Board of Directors of UGI (the “Committee”) has decided to grant Restricted Stock Units to the Participant on the terms described below; and

WHEREAS, the Participant’s portal in the Morgan Stanley website for Plan participants (the “Grant Summary”) sets forth the number of Restricted Stock Units granted to the Participant in this grant.

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

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Award Agreement and in the Plan, UGI hereby grants to the Participant the number of Restricted Stock Units (hereinafter “Stock Unit”) specified in the Grant Summary. The Stock Units will be earned and payable if and to the extent that the conditions of this Award Agreement are met. The Stock Units are granted with Dividend Equivalents (as defined in the Plan).

2. Vesting. The Participant shall earn the right to payment of the Stock Units if the Participant is employed by, or providing service to, the Company through ___________, _____ (the “Vesting Date”).

3. Termination of Employment or Service.

(a) Except as provided immediately below or in Section 6, if the Participant’s employment or service with the Company terminates for any reason (including Termination without Cause (as defined in Section 9) before the Stock Units are fully vested, the unvested Stock Units and all related Dividend Equivalents will be forfeited. If the Participant ceases to be employed by, or provide service to, the Company by reason of one of the following events, then the Participant shall vest in the Stock Units as follows:

(b) *Death.* In the event of the Participant's death while employed by, or providing service to, the Company, the Participant shall vest 100% in the Stock Units as of the date of death.

(c) *Disability.* If the Participant ceases to be employed by, or provide service to, the Company on account of Disability (as defined in Section 9) the Participant shall continue to vest in the Stock Units as if such Participant were still employed and shall become fully vested in the Stock Units on ____________, ______, the Vesting Date.

(d) *Retirement.* If the Participant ceases to be employed by, or provide service to, the Company on account of Retirement (as defined in Section 9), the Participant shall continue to vest on a pro rata basis in the Stock Units as if such Participant were still employed. The prorated portion shall be calculated based on the number of months the Participant has been employed or provided service to the Company during the period between the Date of Grant and the Vesting Date (the "Vesting Period") as compared to the full number of months in the Vesting Period as follows: the Participant's Restricted Stock Units shall be 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, the full number of months in the Vesting Period.

4. <u>Payment with Respect to Stock Units</u>. When the Stock Units vest in the event of death, Disability or Retirement, or on the Vesting Date, the Company shall pay to the Participant whole Shares equal to the number of Stock Units that have become vested on such date. Payment shall be made within 30 business days after the Vesting Date (except as otherwise required by Section 6 below).

5. <u>Dividend Equivalents with Respect to Stock Units</u>.

(a) Dividend Equivalents shall accrue with respect to the Stock Units and shall be payable subject to the same vesting and other terms as the Stock Units to which they relate. Dividend Equivalents shall be credited with respect to the Stock Units from the Date of Grant until the payment date of the Stock Units (or until they are forfeited). Dividend Equivalents will become vested as the underlying Stock Units vest. If and to the extent that the underlying Stock Units are forfeited, all related Dividend Equivalents shall also be forfeited.

(b) While the Stock 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 Stock Units held by the Participant on the record date for the dividend. No interest will be credited to any such account.

(c) Vested Dividend Equivalents will be paid in cash at the same time and on the same terms as the underlying vested Stock Units are paid.

(d) 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 Stock 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 Stock Units and Dividend Equivalents as it deems appropriate pursuant to the Plan.

(b) If a Change in Control occurs before the Vesting Date, the Committee shall determine whether the Stock 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 Stock 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.

(c) If a Change in Control occurs and the Participant continues in employment or service through the Vesting Date, the Stock Units (subject to subsection (b)) 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 Stock Units (subject to subsection (b)).

(d) If a Change in Control occurs and the Participant has a Termination without Cause or a Good Reason Termination, in either case upon or within two years after the Change in Control date and before the Vesting Date, the Stock Units (subject to subsection (b)) shall vest on the Participant's separation from service date and shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 14 below. The cash payment shall equal the Fair Market Value on the date of payment of the vested Stock Units (subject to subsection (b)).

(e) 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, any vested Restricted Stock Units (calculated under Section 3) 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.

(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 Vesting Date, any vested amounts (calculated under Section 3) shall be due the Participant. These vested Stock Units 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 Stock 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 Stock Units (without regard to whether the Stock Units have vested), and the outstanding Stock 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 Stock 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 Stock 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. Withholding. 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 withholding in an amount equal to the minimum applicable withholding amount.

9. Definitions. For purposes of this Award Agreement, the following terms will have the meanings set forth below:

(a) "*Change in Control*" means a Change in Control of UGI as defined in the Plan.

(b) *"Code"* means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

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

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

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

(f) *"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 Award 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, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(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, 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.

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

11. No Employment or Other Rights. The grant of Stock 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 exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to the Shares related to the Stock Units, unless and until certificates for Shares have been issued 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 personal representative of the Participant's estate, or the personal representative under applicable law if the Participant dies intestate. 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. This Award Agreement may be assigned by the Company without the Participant's consent.

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 Code, if applicable or an exception, and shall be administered accordingly. Any reference to the Participant's termination of employment or service shall mean the 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. Acknowledgment. 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 Stock Units described in this Award Agreement, (iv) agrees to be bound by the terms of the Plan and this 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 10.4

**FORM OF
CONFIDENTIALITY, NON-COMPETITION AND
NON-SOLICITATION AGREEMENT**

This CONFIDENTIALITY, NON-SOLICITATION, AND NON-COMPETITION AGREEMENT ("Agreement") is made as of this ___ of ___ , ___ by and between ___, an individual ("Employee") and UGI Corporation ("UGI" and, together with its subsidiaries and affiliates, the "Company").

WHEREAS, Employee is currently employed by UGI as its ____ and, as of ____, will be ____; 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 will be responsible for overall management of the Company; and

WHEREAS, the Company will introduce Employee to important actual and potential Company clients, customers, investors, service providers, vendors, suppliers, business partners, and other relationships and Employee will be responsible for maintaining and growing such relationships; and

WHEREAS, the Company will be entrusting Employee with the goodwill of the Company;
and

WHEREAS, Employee will have the opportunity to develop relationships with the Company's employees, including the executive leadership team and senior management of the various business units; and

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

NOW, THEREFORE, in consideration of the Employee's promotion and increases in Employee's annual base salary, annual bonus opportunity and annual equity award eligibility, and the mutual promises contained herein, and intending to be legally bound, Employee and the Company agree as follows:

1. Whereas Clauses.

The Whereas Clauses set forth above are hereby incorporated and made a part of this Agreement.

2. Definitions.

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', or affiliates', business or the business or personal affairs of the Company's, or its parents', subsidiaries', or 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 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) business and management strategy and organizational design; (2) actual or anticipated business; (3) products, sales and marketing plans; (4) technical data; (5) trade secrets; (6) past, present and prospective customer identities, lists, preferences, credit information and energy usage patterns; (7) pricing and marketing policies and practices; (8) financial and forecast information; (9) passwords, log-in information and other details relating to system access, databases and computer programs; (10) contractual and other dealings with customers, vendors and suppliers; (11) acquisition and strategic plans; (12) compliance and related initiatives; (13) risk profiles and tolerance; (14) all operating policies and practices; and (15) any information Employee has reason to know that the Company treats, or its parents, subsidiaries, and affiliates treat, as confidential for any purpose.

b. The term "Territory" refers to the 50 States of the United States and any other United States territories and foreign countries in which the Company conducts business.

3. Confidential Information and UGI Property.

a. Employee will protect the Confidential Information of the Company and its predecessors, 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 UGI reasonable notice prior to such disclosure and shall comply with any applicable protective order.

b. All reports, manuals, memoranda, electronic information and data and other materials made available to 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 the Company's request, 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. <u>Intellectual Property Ownership</u>

a. Employee agrees to and does hereby grant and assign to the Company or its nominee, Employee's entire right, title, and interest in and to all Inventions that are made, conceived, or reduced to practice by Employee that (i) relate to the business of the Company, (ii) involve the use or assistance of any tools, time, material, personnel, information, or facility of the Company, or (iii) result from or relate to any work, services, or duties undertaken by Employee for the Company, whether or not made or conceived or reduced to practice or learned by Employee, either alone or jointly with others. For purposes of this Paragraph, "Inventions" means all inventions, whether patentable or not, innovations, improvements, discoveries, copyrightable materials, methods, technology, research data and results, databases, research techniques and methodology, analytical approaches, developments, software (including source code and object code), programs, customer lists, reports, distribution records, brochures, instructions, manuals, processes, and works of authorship.

b. Employee recognizes that all original works of authorship, including, but not limited to, literary works (including all written material), mask works, computer programs, formulas, tests, notes, data compilations, databases, artistic and graphic works, recordings, models, photographs, slides, motion pictures, and audio visual works-whether copyrightable or not and regardless of the form or manner in which documented or recorded-as well as any trademarks, trade dress or names, symbols, special wording or devices used to identify a business or its business activities whether subject to trademark protection or not, conceived, created, or reduced to practice by Employee, alone or jointly with others, during Employee's employment shall to the fullest extent permissible by law be considered the Company's sole and exclusive property and "works made for hire" as defined in the U.S. Copyright Laws for purposes of United States law and the law of any other country adhering to the "works made for hire" or similar notion or doctrine, and will be considered the Company's property from the moment or creation or conception forward for all purposes without the need for any further action or agreement by Employee or the Company.

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 and other employees, and its goodwill, and as a material inducement to UGI to compensate Employee as well as provide Employee with additional benefits and other good and valuable consideration, Employee covenants and agrees that:

a. Employee will not during the term of Employee's employment with the Company and for the two (2) year period following termination of Employee's employment, regardless of which party terminates the employment relationship or why it is terminated, for any reason, participate in soliciting or communicating with a Customer of the Company with whom Employee had business-related contact or about which Employee received Confidential Information during the Look Back Period or, for the benefit of a Competitor, request, induce, or advise any Customer to withdraw, curtail, modify or cancel its business with the Company. For purposes of this Agreement, "Customer" 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; and "Competitor" means any business that provides a product or service that competes with the products or services of the Company that Employee was involved in or was provided 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 agrees that for a period of two (2) years following the last date of Employee's employment with the Company, regardless of which party terminates the employment relationship or why it is terminated, Employee will not, (i) for the benefit of a Competitor's operations or sales within the Territory, directly or indirectly, alone or with others, 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 ("Look Back Period") or (ii) provide such services that are otherwise likely or probable to result in the use or disclosure of Confidential Information to a business whose products and services include products and services offered by the Company regarding which Employee had material involvement or about which Employee received Confidential Information during the Look Back Period.

c. Employee will not during the term of Employee's employment with the Company and for the two (2) year period following termination of Employee's employment, regardless of which party terminates the employment relationship or why it is terminated, for any reason, 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, consultant's or independent contractor's relationship with the Company.

6. <u>Tolling</u>.

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 of Employee's violation thereof, up to a maximum of two (2) years, or to the extent permitted by law.

7. <u>Computer Fraud and Abuse Act (CFAA)</u>.

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. <u>Remedies</u>.

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, that 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, including, without limitation, any other confidentiality, non- competition and non-solicitation agreement in effect between Employee and UGI.

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 UGI 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 Chief Human Resources Officer or the General Counsel of UGI.

11. Assignment.

This Agreement shall be binding and inure to the benefit of UGI, its successors and assigns, and to the benefit of Employee. UGI may assign this Agreement to any party, without Employee's consent.

12. Amendment.

This Agreement may only be amended by a written agreement signed by Employee and the Chief Human Resources Officer or the General Counsel of UGI.

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 UGI 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 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 under 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 ensure 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 with which Employee intends to associate or to which Employee intends 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 or to which Employee intends 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 Chief Human Resources Officer and the General Counsel 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.

Dated this ___ day of ___ , 20___.

Employee:

____
Name

EXHIBIT 10.5

FORM OF
CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT ("Agreement") is made as of _____ , between UGI Corporation (the "Company") and _____ (the "Employee").

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of the Company's management to their assigned duties without distraction arising from the possibility of a Change in Control (as defined below), although no such change is now contemplated;

WHEREAS, in order to induce the Employee to remain in the employ of the Company, the Company agrees that the Employee shall receive the compensation set forth in this Agreement in the event the Employee's employment with the Company is terminated in connection with a Change in Control as a cushion against the financial and career impact on the Employee of any such Change in Control;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereby agree as follows:

1. Definitions. For all purposes of this Agreement, the following terms shall have the meanings specified in this Section unless the context clearly otherwise requires:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of Regulation 12B under the Exchange Act.

(b) A Person shall be deemed the "Beneficial Owner" of any securities: (i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of Regulation 13D-G under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a

revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the Proxy Rules under the Exchange Act, and
(B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(b) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

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

(d) "Cause" shall mean (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The determination of Cause shall be made by an affirmative vote of at least two-thirds of the members of the Board at a duly called meeting of the Board.

(e) "Change in Control" shall have the meaning set forth in the attached Exhibit A to this Agreement.

(f) "COBRA Cost" shall mean 100% of the "applicable premium" under section 4980B(f)(4) of the Code for continued medical and dental COBRA Coverage under the Company's benefit plans.

(g) "COBRA Coverage" shall mean continued medical and dental coverage under the Company's benefit plans, as determined under section 4980B of the Code.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(i) "Compensation Committee" shall mean the Compensation and Management Development Committee of the Board.

(j) "Continuation Period" shall mean the ___-year period beginning on the Employee's Termination Date.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(l) "Executive Severance Plan" shall mean the Company's Senior Executive Employee Severance Pay Plan, as in effect from time to time.

(m) "Good Reason Termination" shall mean a Termination of Employment initiated by the Employee upon one or more of the following occurrences:

(i) a material breach by the Company of any terms of this Agreement, including without limitation a material breach of Section 2 or 13 of this Agreement;

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

(iii) a material diminution in the Employee's base compensation as in effect immediately prior to the Change in Control; or

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

Notwithstanding the foregoing, the Employee shall be considered to have a Good Reason Termination only if the Employee provides written notice to the Company, pursuant to Section 3, specifying in reasonable detail the events or conditions upon which the Employee is basing such Good Reason Termination and the Employee provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Employee may terminate employment with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

(n) "Key Employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

(o) "Postponement Period" shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which severance payments may not be paid to the Key Employee under section 409A of the Code.

(p) "Release" shall mean a release of any and all claims against the Company, its Affiliates, its Subsidiaries and all related parties with respect to all matters arising out of the Employee's employment by the Company and its Affiliates and Subsidiaries, or the termination thereof (other than claims relating to amounts payable under this Agreement or benefits accrued under any plan, program or arrangement of the Company or any of its Subsidiaries or Affiliates) and shall be in the form required by the Company of its terminating executives immediately prior to the Change in Control.

(q) "Subsidiary" shall mean any corporation in which the Company, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which the Company, directly or indirectly, owns at least 50% of the profits or capital interests.

(r) "Termination Date" shall mean the effective date of the Employee's Termination of Employment, as specified in the Notice of Termination.

(s) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company and its Subsidiaries and Affiliates.

2. Employment. After a Change in Control, during the term of the Agreement, Employee shall continue to serve in the same or a comparable executive position with the Company as in effect immediately before the Change in Control, and with the same or a greater target level of annual and long-term compensation as in effect immediately before the Change in Control.

3. Notice of Termination. Any Termination of Employment upon or following a Change in Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 14 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Employee's Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice) except as provided in Section 1(m) above.

4. Severance Compensation upon Termination of Employment.

(a) In the event of the Employee's involuntary Termination of Employment by the Company or a Subsidiary or Affiliate for any reason other than Cause or in the event of a Good Reason Termination, in either event upon or within two years after a Change in Control, the Employee will receive the following amounts in lieu of any severance compensation and benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate:

(i) The Company shall pay to the Employee a lump sum cash payment equal to the greater of (A) or (B) as set forth below:

(A) The Separation Pay and Paid Notice as calculated under the terms of the Executive Severance Plan based on the Employee's compensation and service as of the Termination Date, or

(B) ___ multiplied by the sum of (1) the Employee's annual base salary plus (2) the Employee's annual bonus. The annual base salary for this purpose shall be the Employee's annual base salary in effect as of the Employee's Termination Date. The annual bonus shall be calculated for this purpose as the greater of (x) the average annual cash bonus paid to the Employee for the three full fiscal years of the Company preceding the fiscal year in which the Termination Date occurs or (y) the Employee's target annual cash bonus for the fiscal year in which the Termination Date occurs. For purposes of the preceding sentence, if the Employee has not received an annual cash bonus for three full fiscal years, the Employee's average annual cash bonus shall be determined by dividing the total annual cash bonuses received by the Employee during the preceding three full fiscal years by the number of full and fractional years for which the Employee received an annual cash bonus during such three-year period.

(ii) The Company shall pay to the Employee a single lump sum payment equal to the COBRA Cost that the Employee would incur if the Employee continued medical and dental coverage under the Company's benefit plans during the Continuation Period, based on the benefits in effect for the Employee (and, if applicable, his or her spouse and dependents) at the Termination Date, less the amount that the Employee would be required to contribute for medical and dental coverage if the Employee were an active employee. The cash payment shall include a tax gross up payment equal to 75% of the lump sum amount described in the preceding sentence. The Employee may elect continuation coverage under the Company's applicable medical and dental plans during the Continuation Period by paying the COBRA Cost of such coverage. COBRA Coverage shall run concurrently with the Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(iii) The Employee's benefit under the Company's executive retirement plan in which the Employee participates shall be calculated as if the Employee had continued in employment during the Continuation Period, earning base salary and bonus at the annual rate calculated under subsection (i)(B) above.

(iv) The Company shall pay to the Employee an amount equal to the Employee's target annual cash bonus amount for the Company's fiscal year in which the Termination Date occurs, multiplied by the number of months (with a partial month counting as a full month) elapsed in the fiscal year to the Termination Date and divided by 12, as well as any amounts due but not yet paid from the prior year under such plan.

(b) Notwithstanding the foregoing, no payments shall be made to the Employee under this Section 4 unless the Employee signs and does not revoke a Release. The amounts described in subsections (a) (i), (ii) and (iv) above shall be paid on the 30th day after the Termination Date subject to the Company's receipt of a Release and expiration of the revocation period for the Release. Payments under this Agreement shall be made by mail to the last address provided for notices to the Employee pursuant to Section 14 of this Agreement.

5. 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 not receive severance benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate.

6. Interest; Enforcement.

(a) If the Company shall fail or refuse to pay any amounts due the Employee under Section 4 on the applicable due date, the Company shall pay interest at the rate described below on the unpaid payments from the applicable due date to the date on which such amounts are paid. Interest shall be credited at an annual rate equal to the rate listed in the Wall Street Journal as the "prime rate" as of the Employee's Termination Date, plus 1%, compounded annually.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of the Employee's rights under this Agreement by arbitration, litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Employee hereunder. Accordingly, the Company shall pay the Employee on demand the amount necessary to reimburse the Employee in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Employee in enforcing any of the obligations of the Company under this Agreement. The Employee shall notify the Company of the expenses for which the Employee demands reimbursement within 60 days after the Employee receives an invoice for such expenses, and the Company shall pay the reimbursement amount within 15 days after receipt of such notice.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

8. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company, or any of its Subsidiaries or Affiliates, and for which the Employee may qualify.

9. No Set-Off. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Employee or others.

10. Taxation. All payments under this Agreement shall be subject to all requirements of the law with regard to tax withholding and reporting and filing requirements, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Effect of Section 280G on Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Employee with a greater net after-tax amount than would be the case if no reduction was made. The Payments shall be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Employee would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this subsection (a). The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) All determinations to be made under this Section 11 shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to the Change in Control, which shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Change in Control. Any such determination by such firm shall be binding upon the Company and the Employee.

(c) All of the fees and expenses of the firm in performing the determinations referred to in this Section shall be borne solely by the Company.

12. Term of Agreement. The term of this Agreement shall be for three years from the date hereof and shall be automatically renewed for successive one-year periods unless the Company notifies the Employee in writing that this Agreement will not be renewed at least 60 days prior to the end of the then current term; provided, however, that (i) if a Change in Control occurs during the term of this Agreement, this Agreement shall remain in effect for two years following such Change in Control or until all of the obligations of the parties hereunder are satisfied or have expired, if later, and (ii) this Agreement shall terminate if the Employee's employment with the Company terminates for any reason before a Change in Control (regardless of whether the Employee is thereafter employed by a Subsidiary or Affiliate of the Company).

13. Successor Company. The Company shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Employee, to acknowledge expressly that this Agreement is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place. Failure of the Company to notify the Employee in writing as to such successorship, to provide the Employee the opportunity to review and agree to the successor's assumption of this Agreement or to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. As used in this Agreement, the Company shall mean the Company as defined above and any such successor or successors to its business or assets, jointly and severally.

14. Notice. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to the Company, to:

460 North Gulph Road
King of Prussia, PA 19406
Attention: Corporate Secretary

If to the Employee, to the most recent address provided by the Employee to the Company or a Subsidiary or Affiliate for payroll purposes,

or to such other address as the Company or the Employee, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by the Company following a Change in Control, notice at the last address of the Company or any successor pursuant to Section 13 shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

15. Section 409A of the Code.

(a) This Agreement is intended to meet the requirements of the "short-term deferral exception," "separation pay exception" and other exceptions under section 409A of the Code, as applicable. However, if the Employee is a Key Employee and if required by section 409A of the Code, no payments or benefits under this Agreement shall be paid to the Employee during the Postponement Period. If payment is required to be delayed for the Postponement Period pursuant to section 409A, the accumulated amounts withheld on account of section 409A, with interest as described in Section 6 above, shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Employee dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A, with interest as described above, shall be paid to the Employee's estate within 60 days after the Employee's death.

(b) Notwithstanding anything in this Agreement to the contrary, if required by section 409A, payments may only be made under this Agreement upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Agreement, the term "termination of employment" shall mean the Employee's separation from service with the Company and its Subsidiaries and Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, each payment under the Agreement shall be treated as a separate payment. In no event may the Employee designate the year of payment for any amounts payable under the Agreement. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

17. Contents of Agreement; Amendment. This Agreement supersedes all prior agreements with respect to the subject matter hereof (including without limitation any other change in control agreement in effect between the Company or a Subsidiary or Affiliate and the Employee) and sets forth the entire understanding between the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended except pursuant to approval by the Board and a written amendment executed by the Employee and the Chair of the Compensation Committee. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Employee. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by the Company or the Board.

18. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Company or a Subsidiary or Affiliate.

19. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee and the Company hereunder shall not be assignable in whole or in part.

20. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or

unenforceability shall not affect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provision or application.

21. Remedies Cumulative; No Waiver. No right conferred upon the Employee by this Agreement is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by the Employee in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

22. Miscellaneous. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

23. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in Montgomery County, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys’ fees and expenses).

[signatures continued on next page]

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 A
UGI CORPORATION CHANGE IN CONTROL

For purposes of this Agreement, "Change in Control" shall mean:

(i) Any Person (except the Employee, his Affiliates and Associates, the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, or any Person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company; or

(iii) Consummation by the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(iv)(A) Consummation of a complete liquidation or dissolution of the Company or (B) sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition.

EXHIBIT 10.6

FIRST AMENDMENT to the AMENDED AND RESTATED CREDIT AGREEMENT, dated as of June 23, 2021 (this "Amendment"), among UGI CORPORATION, a Pennsylvania corporation (the "Borrower"), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

W I T N E S S E T H :

WHEREAS, the parties hereto have entered into that certain Amended and Restated Credit Agreement, dated as of May 4, 2021 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement as amended by this Amendment, the "Amended Credit Agreement"), among the Borrower, the Lenders party thereto, the Administrative Agent and the other parties thereto;

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. *Amendment to the Existing Credit Agreement.* With effect on and after the Amendment Effective Date, the Existing Credit Agreement is hereby amended as follows:

(a) The last sentence of the definition of "Consolidated EBITDA" now appearing in Section 1.01 of the Existing Credit Agreement is amended and restated in its entirety as follows:

> "For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period"), (i) any unrealized gains or losses on derivative instruments and realized gains or losses on derivative instruments not associated with transactions occurring in the Reference Period which are included in Consolidated Net Income (other than any realized gains or losses on derivative instruments which are settled and associated with transactions occurring in such Reference Period) shall be excluded, (ii) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period, and (iii) if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving effect thereto on a pro forma basis as if such Material Acquisition occurred on the first day of such Reference Period."

Section 2. *Conditions to Amendment Effective Date.* This Amendment shall become effective as of the date hereof (the "Amendment Effective Date") upon satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received, from each of the Borrower, the Administrative Agent and the Required Lenders under the Existing Credit Agreement as of the Amendment Effective Date, a counterpart of this Amendment, signed on behalf of such party; and

(b) the Administrative Agent shall have received payment of all fees and other amounts due and payable on or prior to the Amendment Effective Date, including the Administrative Agent's and its affiliates' reasonable out-of-pocket expenses (including reasonable out-of-pocket fees and expenses of counsel for the Administrative Agent) in connection with this Amendment.

Section 3. *Representations and Warranties of the Borrower*. The Borrower hereby represents and warrants as follows:

(a) The execution of this Amendment is within the Borrower's corporate or other organizational powers and has been duly authorized by all necessary corporate or other organizational actions and, if required, actions by equity holders. This Amendment has been duly executed and delivered by the Borrower and this Amendment and the Amended Credit Agreement constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties contained in Article III of the Amended Credit Agreement are true and correct in all material respects (except that any such representations and warranties specifically which are already qualified as to materiality or by reference to Material Adverse Effect shall be treated as correct in all respects), except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties were true and correct in all material respects (except that any representation or warranty which is already qualified as to materiality or by reference to Material Adverse Effect shall be true and correct in all respects) as of such earlier date.

(c) None of the execution and delivery by the Borrower of this Amendment and the performance by the Borrower of this Amendment, the Amended Credit Agreement and the transactions contemplated hereby and thereby (a) require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will violate or result in a default under any indenture, material agreement or other material instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

Section 4. *Reference to and Effect on the Existing Credit Agreement*.

(a) Upon the effectiveness of this Amendment, each reference in the Existing Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," "hereby" or words of like import shall mean and be a reference to the Amended Credit Agreement and each reference to the Existing Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection the Existing Credit Agreement shall mean and be a reference to the Amended Credit Agreement.

(b) Except as specifically amended above, each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Existing Credit Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith. This Amendment shall constitute a Loan Document.

Section 5. *Governing Law*. This Amendment shall be construed in accordance with and governed by the laws of the State of New York.

Section 6. *Headings*. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 7. *Counterparts*. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

UGI CORPORATION, as the Borrower

By: /s/ Ray Kaszuba
Name: Raymond Kaszuba
Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as a Lender and as Administrative Agent

By: /s/ Anson Williams
Name: Anson Williams
Title: Authorized Signatory

Name of Lender:

CITIZENS BANK, N.A.

By /s/ Leslie D. Broderick
Name: Leslie D. Broderick
Title: Senior Vice President

Name of Lender:

Credit Suisse AG, NY Branch

By /s/ Doreen Barr
Name: Doreen Barr
Title: Authorized Signatory

For any Lender requiring a second signature line:

By /s/ Andrew Griffin
Name: Andrew Griffin
Title: Authorized Signatory

Name of Lender:

PNC Bank, National Association

By /s/ Alex Rolfe
Name: Alex Rolfe
Title: Vice President

Name of Lender:

Wells Fargo Bank, National Association

By /s/ Patrick Engel
Name: Patrick Engel
Title: Managing Director

Name of Lender:

BANK OF AMERICA, N.A.

By /s/ Kimberly Miller
Name: Kimberly Miller
Title: Director

Name of Lender:

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By /s/ Gordon Yip
Name: Gordon Yip
Title: Director

By /s/ Jill Wong
Name: Jill Wong
Title: Director

Name of Lender:

HSBC BANK USA, NATIONAL ASSOCIATION

By /s/ Kyle O’Reilly

Name: Kyle O’Reilly

Title: Vice President #23203

Name of Lender:

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

By /s/ Alessandro Ragni
Name: Alessandro Ragni
Title: Chief Executive Officer

By /s/ Rocco Di Leo
Name: Rocco Di Leo
Title: Chief Financial Officer

Name of Lender:

BNP PARIBAS

By /s/ Joseph Onischuk
Name: Joseph Onischuk
Title: Managing Director

By /s/ Nicolas Anberree
Name: Nicolas Anberree
Title: Director

REGIONS BANK,
individually as a Lender

By /s/ Tedrick Tarver
Name: Tedrick Tarver
Title: Director

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: August 5, 2021

/s/ Roger Perreault

Roger Perreault
President and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

CERTIFICATION

I, Ted J. Jastrzebski, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski
Chief Financial Officer of UGI Corporation

EXHIBIT 32

Certification by the Chief Executive Officer and Chief Financial Officer
Relating to a Periodic Report Containing Financial Statements

I, Roger Perreault, Chief Executive Officer, and I, Ted J. Jastrzebski, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

(1) The Company's periodic report on Form 10-Q for the period ended June 30, 2021 (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/ Ted J. Jastrzebski
Roger Perreault	Ted J. Jastrzebski
Date: August 5, 2021	Date: August 5, 2021