

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1996

OR

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

For the transition period from _____ to _____

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-2668356
(I.R.S. Employer
Identification No.)

UGI CORPORATION

460 North Gulph Road, King of Prussia, PA
(Address of principal executive offices)

19406

(Zip Code)

(610) 337-1000

(Registrant's telephone number, including area code)

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

At July 31, 1996, there were 33,096,105 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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

	June 30, 1996	September 30, 1995	June 30, 1995
	-----	-----	-----
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40.7	\$ 121.7	\$ 110.5
Short-term investments, at cost which approximates market value	45.2	11.0	31.0
Accounts receivable (less allowances for doubtful accounts of \$12.2, \$7.3 and \$10.1, respectively)	126.4	85.9	83.7
Accrued utility revenues	7.3	7.9	5.1
Inventories	83.2	102.2	75.0
Deferred income taxes	23.1	22.1	32.5
Prepayments and other current assets	10.1	16.5	14.3
	-----	-----	-----
Total current assets	336.0	367.3	352.1
Investments	6.4	6.1	6.0
Property, plant and equipment, at cost (less accumulated depreciation and amortization of \$356.1, \$320.0 and \$308.0, respectively)	959.9	954.7	949.2
Intangible assets (less accumulated amortization of \$92.8, \$74.3 and \$68.0, respectively)	688.5	740.7	758.2
Deferred recoverable utility costs	43.1	41.3	31.2
Other assets	57.1	53.9	51.7
	-----	-----	-----
Total assets	\$2,091.0	\$2,164.0	\$2,148.4
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt - Propane	\$ 5.5	\$ 5.4	\$ 6.6
Current maturities of long-term debt - Utilities	25.5	53.2	7.3
Current maturities of long-term debt - other	0.3	0.3	0.3
Bank loans - Utilities	10.0	42.0	35.5
Accounts payable	65.7	69.1	50.2
Other current liabilities	155.1	159.3	189.3
	-----	-----	-----
Total current liabilities	262.1	329.3	289.2
Long-term debt - Propane	664.1	653.1	652.8
Long-term debt - Utilities	156.4	153.1	158.1
Long-term debt - other	8.7	9.0	9.0
Deferred income taxes	140.6	169.5	173.7
Other noncurrent liabilities	113.7	115.4	92.7
Minority interest in AmeriGas Partners	309.3	318.9	337.9
UGI Utilities redeemable preferred stock	35.2	35.2	35.2
Common stockholders' equity:			
Common Stock, without par value (authorized - 100,000,000 shares; issued - 33,081,447, 32,921,830 and 32,785,486 shares, respectively)	391.7	386.1	383.3
Retained earnings (accumulated deficit)	11.7	(5.5)	16.6
	-----	-----	-----
	403.4	380.6	399.9
Less treasury stock, at cost	2.5	0.1	0.1
	-----	-----	-----
Total common stockholders' equity	400.9	380.5	399.8
	-----	-----	-----
Total liabilities and stockholders' equity	\$2,091.0	\$2,164.0	\$2,148.4
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

UGI CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (unaudited)
 (Millions, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	1996	1995	1996	1995	1996	1995
Revenues:						
Propane	\$175.5	\$139.4	\$ 836.1	\$355.8	\$ 992.0	\$418.7
Utilities	81.4	66.2	372.7	303.5	426.6	357.0
Energy marketing	19.5	-	64.8	-	73.3	-
	-----	-----	-----	-----	-----	-----
	276.4	205.6	1,273.6	659.3	1,491.9	775.7
	-----	-----	-----	-----	-----	-----
Costs and expenses:						
Propane cost of sales	96.2	71.0	468.2	178.1	551.1	209.4
Utilities - gas, fuel and purchased power	38.1	29.2	186.2	148.5	207.4	172.0
Energy marketing cost of sales	18.4	-	59.0	-	67.0	-
Operating and administrative expenses	102.5	92.3	327.8	231.8	427.6	292.8
Depreciation and amortization	21.4	18.2	64.4	40.1	85.2	50.7
Petrolane fee income	-	(2.8)	-	(20.5)	-	(28.8)
Miscellaneous (income), net	(4.0)	(3.4)	(10.2)	(8.3)	(13.3)	(10.2)
	-----	-----	-----	-----	-----	-----
	272.6	204.5	1,095.4	569.7	1,325.0	685.9
	-----	-----	-----	-----	-----	-----
Operating income	3.8	1.1	178.2	89.6	166.9	89.8
Interest charges	(19.8)	(17.8)	(59.6)	(39.5)	(79.4)	(49.6)
Minority interest in AmeriGas Partners	9.3	8.6	(19.4)	8.6	(8.3)	8.6
	-----	-----	-----	-----	-----	-----
Income (loss) before income taxes, subsidiary preferred stock dividends and equity in Petrolane	(6.7)	(8.1)	99.2	58.7	79.2	48.8
Income tax (expense) benefit	3.7	(4.1)	(45.0)	(32.8)	(34.9)	(28.6)
Dividends on UGI Utilities Series Preferred Stock	(0.7)	(0.7)	(2.1)	(2.1)	(2.8)	(2.3)
Equity in Petrolane	-	(6.6)	-	(5.3)	-	(2.7)
	-----	-----	-----	-----	-----	-----
Income (loss) before extraordinary loss and accounting change	(3.7)	(19.5)	52.1	18.5	41.5	15.2
Extraordinary loss - propane debt restructuring	-	(13.2)	-	(13.2)	-	(13.2)
Change in accounting for postemployment benefits	-	-	-	(3.1)	-	(3.1)
	-----	-----	-----	-----	-----	-----
Net income (loss)	\$ (3.7)	\$(32.7)	\$ 52.1	\$ 2.2	\$ 41.5	\$ (1.1)
	=====	=====	=====	=====	=====	=====
Earnings (loss) per common and common equivalent share:						
Earnings (loss) before extraordinary loss and accounting change	\$(.11)	\$(.60)	\$ 1.57	\$.57	\$ 1.26	\$.46
Extraordinary loss - propane debt restructuring	-	(.40)	-	(.41)	-	(.41)
Change in accounting for postemployment benefits	-	-	-	(.09)	-	(.09)
	-----	-----	-----	-----	-----	-----
Net earnings (loss)	\$(.11)	\$(1.00)	\$ 1.57	\$.07	\$ 1.26	\$ (.04)
	=====	=====	=====	=====	=====	=====
Dividends declared per share	\$.355	\$.35	\$ 1.055	\$ 1.04	\$ 1.405	\$ 1.385
	=====	=====	=====	=====	=====	=====
Average common and common equivalent shares outstanding	33.1	32.8	33.1	32.6	33.1	32.6
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Nine Months Ended June 30,		Twelve Months Ended June 30,	
	1996	1995 (1)	1996	1995 (1)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 52.1	\$ 2.2	\$ 41.5	\$ (1.1)
Reconcile to net cash provided by continuing operations:				
Depreciation and amortization	64.4	40.1	85.2	50.7
Deferred income taxes, net	3.4	7.4	1.1	12.7
Equity in loss of Petrolane	-	5.3	-	2.7
Extraordinary loss	-	13.2	-	13.2
Minority interest in AmeriGas Partners	19.4	(8.6)	8.3	(8.6)
Change in accounting for postemployment benefits	-	3.1	-	3.1
Other, net	4.2	5.6	6.0	11.5
	143.5	68.3	142.1	84.2
Net change in:				
Accounts receivable and accrued utility revenues	(47.4)	14.0	(54.3)	17.2
Inventories	19.5	12.9	(7.7)	(1.0)
Deferred fuel adjustments	0.5	10.1	(9.7)	0.6
Pipeline transition costs, net	1.1	2.4	0.6	(1.5)
Producer settlements, net	0.1	(8.1)	(1.3)	(10.0)
Accounts payable	(3.8)	(17.2)	16.0	(16.9)
Other current assets and liabilities	(0.1)	4.5	17.6	0.3
Net cash provided by continuing operations	113.4	86.9	103.3	72.9
Net cash used by discontinued operations	-	-	-	(0.5)
Net cash provided by operating activities	113.4	86.9	103.3	72.4
CASH FLOWS FROM INVESTING ACTIVITIES:				
Expenditures for property, plant and equipment	(43.5)	(43.7)	(68.6)	(61.0)
Net proceeds from disposals of property, plant and equipment	3.2	0.5	4.1	1.4
Acquisitions of businesses, net of cash acquired	(9.2)	(2.5)	(10.8)	(2.8)
Short-term investments increase	(34.2)	(31.0)	(14.2)	(31.0)
Other, net	(0.3)	1.2	(0.3)	0.7
Net cash used by investing activities	(84.0)	(75.5)	(89.8)	(92.7)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividends on Common Stock	(34.6)	(33.6)	(46.2)	(44.7)
Distributions on Partnership Common Units	(29.1)	-	(37.0)	-
Issuance of long-term debt	34.1	-	82.1	-
Repayment of long-term debt	(52.0)	(11.8)	(60.2)	(19.9)
UGI Utilities bank loans increase (decrease)	(32.0)	18.5	(25.5)	28.5
Issuance of UGI Utilities Series Preferred Stock	-	-	-	19.8
Issuance of Common Stock	8.2	7.3	11.0	9.8
Repurchases of Common Stock	(5.0)	-	(5.0)	-
Net cash used by financing activities	(110.4)	(19.6)	(80.8)	(6.5)
AMERIGAS PARTNERS FORMATION TRANSACTIONS:				
Acquisition of Petrolane Class B shares	-	(90.9)	-	(90.9)
Issuance of AmeriGas Partners Common Units	-	349.7	-	349.7
Issuance of long-term debt	-	208.5	-	208.5
Repayment of long-term debt and related interest	-	(408.9)	-	(408.9)
Other fees and expenses	-	(17.1)	(2.5)	(17.1)
Net cash provided (used) by AmeriGas Partners formation transactions	-	41.3	(2.5)	41.3
Cash and cash equivalents increase (decrease)	\$ (81.0)	\$ 33.1	\$ (69.8)	\$ 14.5
CASH AND CASH EQUIVALENTS:				
End of period	\$ 40.7	\$ 110.5	\$ 40.7	\$ 110.5
Beginning of period	121.7	77.4	110.5	96.0
Increase (decrease)	\$ (81.0)	\$ 33.1	\$ (69.8)	\$ 14.5

(1) Certain amounts have been reclassified.

During the twelve months ended June 30, 1996 and 1995, UGI Utilities, Inc. paid cash dividends to UGI of \$11.6 and \$18.5, respectively. During the twelve months ended June 30, 1996 and 1995, AmeriGas, Inc. paid cash dividends to UGI of \$56.9 and \$4.4, respectively. During those same periods, UGI paid cash dividends to holders of Common Stock of \$46.2 and \$44.7, respectively. The

ability of UGI Corporation to declare and pay cash dividends on its Common Stock is dependent upon the receipt of cash dividends and distributions from its wholly owned subsidiaries, principally UGI Utilities, Inc. and AmeriGas, Inc.

The accompanying notes are an integral part of these financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

1. BASIS OF PRESENTATION

UGI Corporation (UGI) is a holding company with two principal lines of business. UGI's utility business is conducted through a wholly owned subsidiary, UGI Utilities, Inc. (UGI Utilities), which owns and operates a natural gas distribution utility (Gas Utility) and an electric utility (Electric Utility) in Pennsylvania (together referred to herein as "Utilities"). Commencing with the April 19, 1995 Partnership Formation described below, UGI conducts a national propane distribution business through AmeriGas Partners, L.P. (AmeriGas Partners) and its operating subsidiary, AmeriGas Propane, L.P. (the "Operating Partnership"), both of which are Delaware limited partnerships. At June 30, 1996, UGI, through wholly owned subsidiaries, holds an effective 2% general partner interest and a 56.7% limited partnership interest in the Operating Partnership. This limited partner interest is evidenced by common units (Common Units) and subordinated units (Subordinated Units) representing limited partner interests in AmeriGas Partners. The remaining 41.3% effective interest in the Operating Partnership is publicly held. AmeriGas Partners and the Operating Partnership are collectively referred to herein as the Partnership. UGI also conducts an energy marketing business through its wholly owned subsidiary, UGI Enterprises, Inc. (UGI Enterprises).

Prior to the Partnership Formation, UGI's AmeriGas, Inc. subsidiary (AmeriGas) conducted a national propane distribution business principally through its wholly owned subsidiaries AmeriGas Propane, Inc. (AmeriGas Propane) and AmeriGas Propane-2, Inc. (AGP-2) and equity investee Petrolane Incorporated (Petrolane). On April 19, 1995, a wholly owned subsidiary of AmeriGas acquired by merger (the "Petrolane Merger") the approximately 65% of Petrolane common shares outstanding not already owned by UGI or AmeriGas and combined the propane distribution businesses of Petrolane, AmeriGas Propane and AGP-2 (the "Partnership Formation") into the Operating Partnership, which was formed to acquire these propane businesses and assets. A wholly owned subsidiary of AmeriGas (the "General Partner") serves as the general partner of AmeriGas Partners and the Operating Partnership.

The consolidated financial statements include the accounts of UGI and its majority-owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation. The public unitholders' interest in AmeriGas Partners' results of operations and net assets is reflected as minority interest in the condensed consolidated statements of income and balance sheets. The Company's investment in Petrolane through April 19, 1995 was accounted for by the equity method under which the investment was recorded at cost and adjusted by the Company's share of Petrolane's undistributed income or loss.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC). They include all adjustments which the Company considers necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. These financial statements should be read

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 1995. Due to the seasonal nature of the Company's businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

2. AMERIGAS PARTNERS

QUARTERLY DISTRIBUTIONS OF AVAILABLE CASH

AmeriGas Partners makes distributions of its Available Cash approximately 45 days after the end of each fiscal quarter. Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter less the amount of reserves established by the General Partner in its reasonable discretion for future cash requirements. These reserves may be retained for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, reserves for the payment of debt principal and interest are required under provisions of certain of the Partnership's debt instruments. A distribution of 55 cents per Common and Subordinated unit (the "Minimum Quarterly Distribution") for each of the quarters ended March 31, 1996, December 31, 1995 and September 30, 1995 was made approximately 45 days after each quarter. A pro rata distribution of 44.6 cents per Common and Subordinated unit was also made for the period commencing with the Partnership Formation through June 30, 1995. The Minimum Quarterly Distribution for the quarter ended June 30, 1996 will be made on August 16, 1996 to holders of record on August 9, 1996 of all Common and Subordinated units.

UNUSUAL ITEMS

In March 1996 the Partnership completed the arrangements for a refund of general liability insurance premium deposits totaling \$4.4 million which were previously paid by Petrolane prior to the Partnership Formation. The anticipated refund has been reflected as a reduction to operating and administrative expenses in the accompanying Condensed Consolidated Statements of Income. In addition, in March 1996 the Partnership completed a reassessment of its potential liability for environmental matters principally relating to the clean up of underground storage tanks (USTs). The reassessment indicated a reduction in estimated future costs and the resulting adjustment of \$3.3 million has also been reflected as a reduction to operating expenses. The after-tax total of these adjustments increased net income for the nine and twelve months ended June 30, 1996 by \$2.7 million or \$.08 per share.

In February 1996 the General Partner completed AmeriGas Partners' and the Operating Partnership's federal income tax returns for the Partnership's initial period of operation. As a part of this process, a final determination was made as to how to allocate the tax basis of certain of the assets contributed to the Partnership by the General Partner and Petrolane pursuant to the Partnership Formation. The completion of the allocation process resulted in reductions in the deferred income tax liabilities of the General Partner and Petrolane existing at the date of the Partnership Formation, which had been recorded in connection with the Petrolane Merger and the Partnership Formation. As a result, during the three months ended March 31, 1996, the

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Company recorded a \$37.0 million reduction in deferred income tax liabilities and a corresponding reduction in goodwill which adjustments are reflected in the accompanying condensed consolidated balance sheet at June 30, 1996.

PRO FORMA INCOME STATEMENT DATA

The following unaudited pro forma condensed consolidated financial information of the Company for the three and nine months ended June 30, 1995 was derived from the historical financial information of the Company and Petrolane and was prepared to reflect the effects of the Petrolane Merger and the Partnership Formation as if these transactions had been completed as of the beginning of the periods presented. The following unaudited pro forma condensed consolidated financial information does not purport to present the results of operations of the Company had the transactions described above actually been completed as of the beginning of these periods. In addition, the unaudited pro forma condensed consolidated financial information is not necessarily indicative of results to be expected in the future.

	Pro Forma Three Months Ended June 30, 1995 -----	Pro Forma Nine Months Ended June 30, 1995 -----
Revenues	\$ 242.3	\$1,026.2
Cost of sales	(119.8)	(524.6)
Depreciation and amortization	(21.7)	(63.6)
Other costs and expenses, net	(98.1)	(303.3)
	-----	-----
Operating income	2.7	134.7
Interest expense	(21.1)	(60.4)
Minority interest in AmeriGas Partners	9.1	(11.4)
Income taxes	2.3	(29.5)
Dividends on UGI Utilities Series Preferred Stock	(.7)	(2.1)
	-----	-----
Income (loss) before extraordinary loss and accounting change	\$ (7.7) =====	\$ 31.3 =====
Earnings (loss) per share before extraordinary loss and accounting change	\$ (.23) =====	\$.96 =====

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ADJUSTMENTS RELATED TO THE PARTNERSHIP FORMATION

As a result of the Partnership Formation, in April 1995 the Company recorded an extraordinary loss of \$21.8 million pre-tax (\$13.2 million after-tax) from the restructuring of certain senior indebtedness of Petrolane and AmeriGas Propane assumed by the Operating Partnership. In addition, the Company wrote off \$5.9 million of net deferred tax benefits of AmeriGas Propane, and \$5.8 million of net deferred tax benefits of Petrolane (which amount is reflected in "Equity in Petrolane" in the condensed consolidated statements of income for the three, nine and twelve months ended June 30, 1995) representing the Company's share of such tax benefits no longer realizable as a result of the sale of Common Units to the public.

4. INVESTMENT IN PETROLANE

The following table includes summarized consolidated results of operations for Petrolane for periods through April 19, 1995:

	March 24, 1995 to April 19, 1995	September 24, 1994 to April 19, 1995	June 24, 1994 to April 19, 1995
	-----	-----	-----
Revenues	\$ 37.5	\$372.1	\$473.9
Cost of sales	(20.4)	(203.2)	(261.0)
Depreciation and amortization	(4.0)	(27.4)	(38.9)
Other costs and expenses	(11.9)	(100.0)	(133.3)
	-----	-----	-----
Operating income	1.2	41.5	40.7
Interest expense	(3.9)	(30.0)	(41.6)
Income tax (expense) benefit	.3	(10.1)	9.8
	-----	-----	-----
Income (loss) before change in accounting	(2.4)	1.4	8.9
Change in accounting for postemployment benefits	-	(.9)	(.9)
	-----	-----	-----
Net income (loss)	\$ (2.4)	\$.5	\$ 8.0
	=====	=====	=====

Prior to the Partnership Formation, AmeriGas Propane and Petrolane were parties to a customer services agreement (Customer Services Agreement) pursuant to which AmeriGas Propane served customers of closed Petrolane districts and Petrolane served customers of closed AmeriGas Propane districts. These districts were closed in order to achieve cost reductions and operational efficiencies in overlapping geographical markets served by AmeriGas Propane and Petrolane. The Customer Services Agreement terminated on April 19, 1995. Fees billed by Petrolane to AmeriGas Propane under the Customer Services Agreement totaled \$.8 million, \$6.9 million and, \$9.2 million in the three, nine and twelve months ended June 30, 1995, respectively, and are included in operating and administrative expenses. Fees billed to Petrolane totaled \$.7 million,

UGI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

\$5.3 million and \$7.2 million during the three, nine and twelve months ended June 30, 1995, respectively, and are included in Petrolane fee income.

Prior to the Partnership Formation, UGI provided Petrolane with certain financial, accounting, human resources, risk management, insurance, legal, corporate communications, investor relations, treasury and corporate development services. For such services, UGI received a quarterly fee from Petrolane. During the three, nine and twelve months ended June 30, 1995, UGI recorded management fee income of \$0.9 million, \$6.8 million and \$9.8 million, respectively, under this agreement which amounts are included in Petrolane fee income.

Prior to the Partnership Formation, AmeriGas Management Company (AMC) and AmeriGas Transportation Management Company (ATMC), first-tier subsidiaries of UGI, provided general management, supervisory, administrative and transportation services to Petrolane, AmeriGas Propane and AGP-2. For such services, AMC and ATMC each received a monthly fee from Petrolane in an amount which, together with fees received from AmeriGas Propane and AGP-2, effectively reimbursed AMC and ATMC for costs incurred to provide such services. During the three, nine and twelve months ended June 30, 1995, the Company recorded fee income under these agreements of \$1.2 million, \$8.3 million and \$11.8 million, respectively, which amounts are included in Petrolane fee income.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment Information

Information on revenues, operating income (loss), depreciation and amortization, identifiable assets and certain operating statistics by business segment for the periods presented follows:

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	1996	1995	1996	1995	1996	1995
REVENUES						
Propane	\$ 175.5	\$ 139.4	\$ 836.1	\$ 355.8	\$ 992.0	\$ 418.7
Gas utility	65.2	51.2	320.2	254.1	357.4	292.0
Electric utility	16.2	15.0	52.5	49.4	69.2	65.0
Energy marketing	19.5	-	64.8	-	73.3	-
Total consolidated operations	\$ 276.4	\$ 205.6	\$1,273.6	\$ 659.3	\$1,491.9	\$ 775.7
Petrolane (a)		\$ 37.5		\$ 372.1		\$ 473.9
OPERATING INCOME (LOSS)						
Propane	\$ (4.9)	\$ (4.6)	\$ 100.4 (b)	\$ 31.3	\$ 90.9 (b,c)	\$ 32.3
Gas utility	9.1	5.8	75.3	52.8	74.4	50.7
Electric utility	1.5	1.8	6.4	7.2	8.3	8.8
Energy marketing	0.5	0.3	4.4	1.2	5.0	1.4
Petrolane management fee	-	0.9	-	6.8	-	9.8
Corporate general and other	(2.4)	(3.1)	(8.3)	(9.7)	(11.7)	(13.2)
Total consolidated operations	\$ 3.8	\$ 1.1	\$ 178.2	\$ 89.6	\$ 166.9	\$ 89.8
Petrolane (a)		\$ 1.2		\$ 41.5		\$ 40.7
DEPRECIATION AND AMORTIZATION						
Propane - depreciation	\$ 9.5	\$ 7.9	\$ 28.6	\$ 14.5	\$ 37.9	\$ 18.4
Propane - amortization	6.4	5.3	19.4	10.5	25.9	12.8
Gas utility	4.5	4.1	13.2	12.1	17.2	15.7
Electric utility	1.0	0.9	3.0	2.8	3.9	3.6
Corporate general	-	-	0.2	0.2	0.3	0.2
Total consolidated operations	\$ 21.4	\$ 18.2	\$ 64.4	\$ 40.1	\$ 85.2	\$ 50.7
Petrolane - depreciation (a)		\$ 1.9		\$ 13.1		\$ 18.6
Petrolane - amortization (a)		\$ 2.1		\$ 14.3		\$ 20.3
IDENTIFIABLE ASSETS						
(at period end)						
Propane	\$1,363.6	\$1,493.0	\$1,363.6	\$1,493.0	\$1,363.6	\$1,493.0
Gas utility	559.6	508.9	559.6	508.9	559.6	508.9
Electric utility	83.9	82.8	83.9	82.8	83.9	82.8
Energy marketing	13.0	1.1	13.0	1.1	13.0	1.1
Corporate general and other	70.9	62.6	70.9	62.6	70.9	62.6
Total consolidated operations	\$2,091.0	\$2,148.4	\$2,091.0	\$2,148.4	\$2,091.0	\$2,148.4
OPERATING STATISTICS						
Propane sales - millions of gallons:						
AmeriGas (through April 19, 1995) -						
Retail		24.7		225.0		280.5
Wholesale		3.0		32.5		50.1
Petrolane (through April 19, 1995) -						
Retail (a)		33.5		319.4		407.2
Wholesale (a)		10.0		99.9		129.4
AmeriGas Partners (after April 19, 1995) -						
Retail	146.5	100.8	706.1	100.8	848.9	100.8
Wholesale	45.7	26.7	260.9	26.7	299.8	26.7
Natural gas throughput -						
billions of cubic feet	16.9	15.9	72.3	68.2	86.5	82.2
Electric sales - millions of kilowatt hours	198.2	190.2	683.8	651.7	892.9	851.2

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTES TO SEGMENT INFORMATION:

- (a) Includes 100% of amounts for Petrolane through April 19, 1995.
- (b) Includes reductions in operating expenses of \$4.4 million from the anticipated refund of insurance premium deposits and \$3.3 million from a reduction in accrued environmental costs.
- (c) Includes accrual for Partnership management organizational changes of \$4.3 million.

6. UTILITY REGULATORY MATTERS

On June 22, 1993, the Pennsylvania Public Utility Commission (PUC) entered an order permitting Gas Utility to record a regulatory asset for the difference between the costs incurred under Statement of Financial Accounting Standards (SFAS) No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) and costs incurred on a pay-as-you-go basis. Under the terms of the order, the regulatory asset resulting from the deferral of SFAS 106 costs was allowable for ratemaking purposes subject to prior review in a base rate proceeding. As part of Gas Utility's August 31, 1995 base rate settlement (Gas Utility Base Rate Settlement) with the PUC, Gas Utility was permitted the recovery over 17.25 years of the approximately \$4.0 million in deferred excess SFAS 106 costs, comprising principally deferred transition obligation amortization, for the period January 1, 1993 (the date Gas Utility adopted SFAS 106) through August 31, 1995. The Gas Utility Base Rate Settlement, however, reserved the right of any party to challenge the prospective recovery of these deferred excess SFAS 106 costs in future rate proceedings. Under the terms of Electric Utility's July 18, 1996 base rate order, Electric Utility was permitted the recovery of its deferred SFAS 106 transition obligation amortization.

In a proceeding involving an unaffiliated Pennsylvania utility, Pennsylvania Power & Light Company (PP&L), the Commonwealth Court of Pennsylvania (Commonwealth Court) reversed a PUC declaratory order outside a full base rate proceeding permitting PP&L to defer excess SFAS 106 costs pending its next base rate order. PP&L and the PUC appealed the Commonwealth Court decision to the Pennsylvania Supreme Court which, on March 12, 1996, declined to review the matter. The Company will continue to monitor administrative and judicial proceedings involving deferred excess SFAS 106 costs and recognizes that, based on applicable law, it is possible that in future base rate proceedings Utilities could prospectively be denied recovery of some or all of its deferred excess SFAS 106 costs.

Also as part of the Gas Utility Base Rate Settlement, Gas Utility was permitted to recover in its rates approximately \$2.4 million in ongoing annual costs incurred under the provisions of SFAS 106. Gas Utility is required to defer the difference between the amount of SFAS 106 costs included in rates and the actuarially determined annual SFAS 106 costs for recovery or refund to ratepayers in future rate proceedings. The ultimate recovery of SFAS 106 costs in excess of pay-as-you-go costs was subject to the outcome of a legal challenge brought by the Pennsylvania Office of Consumer Advocate (OCA) against an unaffiliated Pennsylvania utility, Pennsylvania-American Water Company (PAWC). In *Irwin Popowsky v. PA P.U.C.* (1994), the Commonwealth Court rejected the claim of the OCA that principles of ratemaking prohibit the PUC from permitting PAWC to recover excess SFAS 106 costs. The OCA filed a petition for

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

allowance of appeal with the Pennsylvania Supreme Court with respect to this decision and the Pennsylvania Supreme Court, on March 12, 1996, denied this petition.

7. COMMITMENTS AND CONTINGENCIES

The Partnership has succeeded to the lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations prior to its 1989 acquisition by QFB Partners which are currently estimated to aggregate approximately \$100 million (subject to reduction in certain circumstances). The leases expire through 2007 and some of them are currently in default. Under certain circumstances such lease obligations may be reduced by the earnings of such divested operations. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation (Texas Eastern), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. To date, Texas Eastern has directly satisfied its obligations without the Partnership's having to honor its guarantee.

In addition, the Partnership has succeeded to Petrolane's agreement to indemnify Shell Petroleum N.V. (Shell) for various scheduled claims that were pending against Tropigas de Puerto Rico (Tropigas). This indemnification agreement had been entered into by Petrolane in conjunction with Petrolane's sale of the international operations of Tropigas to Shell in 1989. The Partnership also succeeded to Petrolane's right to seek indemnity on these claims first from International Controls Corp., which sold Tropigas to Petrolane, and then from Texas Eastern. To date, neither the Partnership nor Petrolane has paid any sums under this indemnity, but several claims by Shell, including claims related to certain antitrust actions aggregating at least \$68 million, remain pending.

The Company, along with other companies, has been named as a potentially responsible party in several administrative proceedings for the cleanup of various waste sites, including some Superfund sites. Also, certain private parties have filed, or threatened to file, suit against the Company to recover costs of investigation and, as appropriate, remediation of several waste sites. In addition, the Company has identified environmental contamination at several of its properties and has voluntarily undertaken investigation and, as appropriate, remediation of these sites in cooperation with appropriate environmental agencies or private parties.

At a manufactured gas plant site in Burlington, Vermont, the United States Environmental Protection Agency (EPA) has named nineteen parties, including UGI Utilities, as potentially responsible parties for gas plant contamination that resulted from the operations of a former subsidiary of UGI Utilities. In May 1993, after receiving and reviewing extensive public comment, EPA withdrew a proposed plan of remediation that would have cost an estimated \$50 million. EPA is now working with community groups and potentially responsible parties to develop a revised remediation plan. These groups continue to study the site and evaluate the effect of the contamination on the environment. UGI Utilities cannot estimate the cost associated with any revised plan, but it does not believe such cost will exceed the estimated cost of the originally proposed plan.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

With respect to a manufactured gas plant site in Concord, New Hampshire, EnergyNorth Natural Gas, Inc. (EnergyNorth) has filed suit against UGI Utilities alone seeking UGI Utilities' purportedly allocable share of response costs associated with remediating gas plant related contaminants at that site. EnergyNorth alleges that to date it has spent \$3.5 million to remediate part of the site and that it will be required to spend an unknown amount in the future to complete remediation.

At Burlington, Concord and other sites, management believes that UGI Utilities should not have significant liability in those instances in which a former subsidiary operated a manufactured gas plant because UGI Utilities generally is not legally liable for the obligations of its subsidiaries. Under certain circumstances, however, courts have found parent companies liable for environmental damage caused by subsidiary companies when the parent company exercised such substantial control over the subsidiary that the court concluded that the parent company either (i) itself operated the facility causing the environmental damage or (ii) otherwise so controlled the subsidiary that the subsidiary's separate corporate form should be disregarded. There could be, therefore, significant future costs of an uncertain amount associated with environmental damage caused by manufactured gas plants that UGI Utilities owned or directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that the level of control exercised by UGI Utilities over the subsidiary satisfies the standard described above. In many circumstances where UGI Utilities may be liable, expenditures may not be reasonably quantifiable because of a number of factors, including various costs associated with potential remedial alternatives, the unknown number of other potentially responsible parties involved and their ability to contribute to the costs of investigation and remediation, and changing environmental laws and regulations.

The Company's policy is to accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts is reasonably estimable. The Company intends to pursue recovery of any incurred costs through all appropriate means, including regulatory relief, although such recovery cannot be assured. Under the terms of the Gas Utility Base Rate Settlement, Gas Utility is permitted to amortize as removal costs site-specific environmental investigation and remediation costs, net of related third-party payments, associated with Pennsylvania sites. Gas Utility will be permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred removal costs.

In addition to these environmental matters, there are various other pending claims and legal actions arising out of the normal conduct of the Company's businesses. The final results of environmental and other matters cannot be predicted with certainty. However, it is reasonably possible that some of them could be resolved unfavorably to the Company. Management believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on the Company's financial position but could be material to operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

In March 1995, the Financial Accounting Standards Board issued SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121) effective for fiscal years beginning after December 15, 1995. In the case of the Company, SFAS 121 must be adopted no later than fiscal 1997. SFAS 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of. The Company's policy is to evaluate the impairment of long-lived assets, including associated intangibles, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The test for impairment is performed by comparing estimated net future cash flows expected to result from the use and eventual disposition of such assets to their carrying amount aggregated on a business enterprise or acquisition-level basis. On this basis, no impairment has been recognized because the estimated future net cash flows of each such asset group has exceeded the associated carrying amount. Under the provisions of SFAS 121, the aggregation of cash flows and the related test for impairment would be performed at a lower level within the Company. As a result, long-lived assets and associated intangibles, which are not deemed to be impaired under the Partnership's current impairment policy, could be deemed to be impaired under the provisions of SFAS 121 resulting in a noncash charge to operating income from recording such impaired assets at fair value.

The Company has determined that the adoption of SFAS 121 will not have a material effect on its nonpropane operations. However, the Company is in the process of completing its evaluation of the impact of SFAS 121 on its propane operations. The Company expects to complete its evaluation in the fourth quarter of fiscal 1996.

UGI CORPORATION AND SUBSIDIARIES

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

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses of the Company's results of operations should be read in conjunction with the segment information included in Note 5 to Condensed Consolidated Financial Statements. Due to the seasonality of the Company's businesses, the results of operations for interim periods are not necessarily indicative of results to be expected for a full year. The comparisons of the results of operations from consolidated propane operations for the three, nine and twelve months ended June 30, 1996 and 1995 have been complicated by the impact of the Petrolane Merger and the Partnership Formation. In order to permit more meaningful analysis, the following analyses of the results of propane operations also includes pro forma results for the three and nine months ended June 30, 1995 as if the effects of the Petrolane Merger and the transactions related to the Partnership Formation had occurred as of the beginning of these periods.

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

RESULTS OF OPERATIONS:
THREE MONTHS ENDED JUNE 30, 1996 (1996 THREE-MONTH PERIOD) COMPARED WITH THREE
MONTHS ENDED JUNE 30, 1995 (1995 THREE-MONTH PERIOD)

Three Months Ended June 30,	1996	1995	Increase (Decrease)	
(Millions of dollars)				
REVENUES				
Consolidated propane (a)	\$175.5	\$139.4	N.M.	N.M.
Gas utility	65.2	51.2	\$ 14.0	27.3%
Electric utility	16.2	15.0	1.2	8.0
Energy marketing	19.5	-	N.M.	N.M.
Petrolane (b)		37.5	N.M.	N.M.
Pro forma propane	175.5	176.1	(.6)	(.3)
TOTAL MARGIN (c)				
Consolidated propane (a)	\$ 79.3	\$ 68.4	N.M.	N.M.
Gas utility	32.3	27.0	\$ 5.3	19.6%
Electric utility	7.7	7.5	.2	2.7
Energy marketing	1.1	-	N.M.	N.M.
Petrolane (b)		17.2	N.M.	N.M.
Pro forma propane	79.3	85.5	(6.2)	(7.3)
OPERATING INCOME (LOSS)				
Consolidated propane (a)	\$ (4.9)	\$ (4.6)	N.M.	N.M.
Gas utility	9.1	5.8	\$ 3.3	56.9%
Electric utility	1.5	1.8	(.3)	(16.7)
Energy marketing	.5	.3	.2	66.7
Petrolane management fee		.9	N.M.	N.M.
Corporate general and other	(2.4)	(3.1)	(.7)	(22.6)
Petrolane (b)		1.2	N.M.	N.M.
Pro forma propane	(4.9)	(2.1)	2.8	133.3
OPERATING DATA				
Propane-retail sales (million of gallons)-				
Consolidated propane (a)	146.5	125.5	N.M.	N.M.
Petrolane (b)		33.5	N.M.	N.M.
Pro forma propane	146.5	159.0	(12.5)	(7.9)%
Natural gas throughput-bcf	16.9	15.9	1.0	6.3
Electric sales-gwh	198.2	190.2	8.0	4.2

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

bcf - billions of cubic feet. gwh - millions of kilowatt hours.

- (a) Consolidated propane includes the results of the operations of AmeriGas Partners (successor to AmeriGas Propane and Petrolane) in the 1996 three-month period and AmeriGas Propane prior to, and AmeriGas Partners subsequent to, the Partnership Formation in the 1995 three-month period. As a result, comparisons of consolidated propane amounts are not meaningful (N.M.).
- (b) Reflects 100% of Petrolane's results in the 1995 three-month period. Accordingly, comparisons of Petrolane amounts are not meaningful (N.M.). The results of operations of Petrolane in the 1995 three-month period are reflected in the Condensed Consolidated Financial Statements of the Company on the equity method of accounting.
- (c) Consolidated propane and Petrolane total margin represents total revenues less cost of sales. Gas and Electric utilities' total margin represents total revenues less cost of sales and revenue-related taxes. Energy marketing total margin, which represents margin from the Company's gas marketing activities for periods subsequent to July 31, 1995, represents total revenues less cost of sales. For periods prior to August 1, 1995, total margin from energy marketing activities was reflected in miscellaneous income on the Condensed Consolidated Statements of Income. Accordingly, comparisons of energy marketing revenues and total margin are not meaningful (N.M.).

PROPANE OPERATIONS

CONSOLIDATED PROPANE. As previously mentioned, the Petrolane Merger, which resulted in the consolidation of the operations of Petrolane effective April 19, 1995, and the effects of the Partnership Formation significantly affect the comparison of historical consolidated propane results. During the 1995 three-month period, the results of Petrolane's operations were accounted for by the equity method through April 19, 1995. As a result of the full-period consolidation of Petrolane's operations in the 1996 three-month period, retail volumes of propane sold, total consolidated propane revenues and total propane margin were greater in the 1996 three-month period. Consolidated propane operating loss was greater in the 1996 three-month period, despite higher consolidated propane margin, reflecting higher consolidated propane operating expenses resulting primarily from the full-period consolidation of the operations of Petrolane.

PRO FORMA CONSOLIDATED PROPANE. The comparison of propane revenues, total margin, operating loss and propane retail sales included in the table above are affected by an additional week of operations (March 24, 1995 to March 31, 1995) in the pro forma 1995 three-month period resulting from a difference in the fiscal month end of the Partnership and the predecessor operating companies. In order to provide a more meaningful comparison, the following analysis reflects adjustments to the prior-year period's results to eliminate the estimated impact of the additional week.

Retail volumes of propane sold increased approximately 4.7 million gallons reflecting the benefit of colder late heating-season weather and the effects of acquisitions. Wholesale volumes of propane sold were also higher in the 1996 three-month period as a result of increased sales of low margin storage inventories. Revenues from the sale of propane in the 1996 three-month period increased approximately \$17.2 million

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

reflecting principally higher average retail propane selling prices and higher retail and wholesale volumes sold. Other revenues from the sale of appliances, parts, and other products and services were slightly lower in the 1996 three-month period due in large part to lower revenues from hauling activities. Propane cost of sales increased \$15.1 million in the 1996 three-month period as a result of higher average propane product costs and higher propane volumes.

Total propane margin increased an estimated \$2.8 million in the 1996 three-month period compared with the adjusted pro forma 1995 three-month period reflecting principally the impact of the higher retail volumes sold. Average retail unit margin on propane sales in the 1996 three-month period was essentially equal to average retail unit margin in the adjusted pro forma 1995 three-month period.

Total propane operating loss in the 1996 three-month period was \$1.9 million higher than the adjusted pro forma 1995 three-month period. A \$2.8 million increase in total margin was more than offset by higher operating and administrative expenses and slightly higher charges for depreciation and amortization. The increased operating expenses include higher payroll and employee compensation expenses associated with the Partnership's management reorganization activities.

UTILITY OPERATIONS

GAS UTILITY. Weather in the Gas Utility service area during the three months ended June 30, 1996 was 2.4% colder than normal compared to weather that was 9.8% colder than normal in the prior-year period. Notwithstanding the warmer weather, total system throughput increased 6.3% reflecting growth in firm-residential, firm-commercial and firm-industrial (collectively, "core market") sales and higher volumes transported for interruptible customers. Total Gas Utility revenues increased principally as a result of higher base rates, higher sales to core market customers and higher purchased gas cost (PGC) rates in effect during the 1996 three-month period. Cost of gas sold by the Gas Utility was \$30.4 million during the 1996 three-month period, an increase of \$8.2 million over the prior-year period, reflecting higher average PGC rates and the increase in core market sales.

The increase in Gas Utility total margin reflects an increase in margin from core market customers partially offset by lower total margin from interruptible and firm delivery service customers. The increase in core market total margin reflects the effect of higher base rates and volumes sold. The decrease in total margin from interruptible and firm delivery service customers reflects lower average interruptible margins as a result of higher gas costs. In addition, firm delivery service throughput was lower due in large part to customer switching to interruptible delivery service. Gas Utility operating income increased \$3.3 million reflecting the increase in total margin partially offset by higher system maintenance, customer accounts and depreciation expenses in the 1996 three-month period.

ELECTRIC UTILITY. Electric Utility sales increased 4.2% during the 1996 three-month period reflecting colder late heating-season weather. Electric Utility revenues increased \$1.2 million reflecting the higher sales as well as a greater 1996 three-month period Energy Cost Rate (ECR). Cost of sales increased to \$7.7 million in the 1996 three-month period from \$7.0 million in the prior-year period as a result of higher sales and a higher ECR.

The increase in Electric Utility total margin principally reflects the benefit of the higher sales. Despite

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

the increase in total margin, increases in operating, administrative and depreciation expenses resulted in a \$.3 million decrease in Electric Utility operating income.

ENERGY MARKETING AND OTHER

Total revenues and margin from energy marketing in the 1996 three-month period represents total revenues and margin from the energy marketing operations of UGI Energy Services, Inc. (UGI Energy Services), a wholly owned subsidiary of UGI Enterprises. Prior to August 1, 1995, energy marketing was conducted by GASMARK, a division of UGI Utilities' wholly owned subsidiary UGI Development Company. Total margin from the gas marketing operations of GASMARK in the 1995 three-month period is reflected in miscellaneous income in the Condensed Consolidated Statements of Income. Operating income from energy marketing was \$.5 million in the 1996 three-month period compared with \$.3 million in the prior-year period reflecting an increase in 1996 three-month period unit margins and volumes. Operating loss from corporate general and other, net, consisting of expenses incurred by UGI corporate headquarters net of other miscellaneous income, was \$(2.4) million in the 1996 three-month period compared with \$(3.1) million in the prior-year period reflecting lower UGI corporate administrative expenses.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to \$19.8 million in the 1996 three-month period from \$17.8 million in the prior-year period reflecting the effect of higher levels of consolidated debt outstanding subsequent to the Petrolane Merger and the Partnership Formation. On a pro forma basis, interest expense for the 1995 three-month period is \$21.1 million. The effective income tax rate on pre-tax loss for the three months ended June 30, 1996 was 55.2% reflecting the impact of a slight decrease in the estimated annual effective income tax rate during the three months ended June 30, 1996. Income tax expense for the three months ended June 30, 1995 includes the write-off of \$5.9 million in deferred tax benefits of AmeriGas Propane no longer realizable by the Company as a result of the sale of Common Units of AmeriGas Partners to the public.

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS:
NINE MONTHS ENDED JUNE 30, 1996 (1996 NINE-MONTH PERIOD) COMPARED WITH NINE
MONTHS ENDED JUNE 30, 1995 (1995 NINE-MONTH PERIOD)

Nine Months Ended June 30,	1996	1995	Increase (Decrease)	
(Millions of dollars)				
REVENUES				
Consolidated propane (a)	\$836.1	\$355.8	N.M.	N.M.
Gas utility	320.2	254.1	\$ 66.1	26.0%
Electric utility	52.5	49.4	3.1	6.3
Energy marketing	64.8	-	N.M.	N.M.
Petrolane (b)		372.1	N.M.	N.M.
Pro forma propane	836.1	722.7	113.4	15.7
TOTAL MARGIN (c)				
Consolidated propane (a)	\$367.9	\$177.7	N.M.	N.M.
Gas utility	146.0	118.5	\$ 27.5	23.2%
Electric utility	24.6	23.8	.8	3.4
Energy marketing	5.8	-	N.M.	N.M.
Petrolane (b)		168.9	N.M.	N.M.
Pro forma propane	367.9	346.6	21.3	6.1
OPERATING INCOME (LOSS)				
Consolidated propane (a)	\$100.4	\$ 31.3	N.M.	N.M.
Gas utility	75.3	52.8	\$ 22.5	42.6%
Electric utility	6.4	7.2	(.8)	(11.1)
Energy marketing	4.4	1.2	3.2	266.7
Petrolane management fee		6.8	N.M.	N.M.
Corporate general and other	(8.3)	(9.7)	(1.4)	(14.4)
Petrolane (b)		41.5	N.M.	N.M.
Pro forma propane	100.4	83.2	17.2	20.7
OPERATING DATA				
Propane-retail sales (million of gallons)-				
Consolidated propane (a)	706.1	325.8	N.M.	N.M.
Petrolane (b)		319.4	N.M.	N.M.
Pro forma propane	706.1	645.2	60.9	9.4%
Natural gas throughput-bcf	72.3	68.2	4.1	6.0
Electric sales-gwh	683.8	651.7	32.1	4.9

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

bcf - billions of cubic feet. gwh - millions of kilowatt hours.

- (a) Consolidated propane includes the results of the operations of AmeriGas Partners (successor to AmeriGas Propane and Petrolane) in the 1996 nine-month period and AmeriGas Propane prior to, and AmeriGas Partners subsequent to, the Partnership Formation in the 1995 nine-month period. As a result, comparisons of consolidated propane amounts are not meaningful (N.M.).
- (b) Reflects 100% of Petrolane results in the 1995 nine-month period. Accordingly, comparisons of Petrolane amounts are not meaningful (N.M.). The results of operations of Petrolane in the 1995 nine-month period are reflected in the Condensed Consolidated Financial Statements of the Company on the equity method of accounting.
- (c) Consolidated propane and Petrolane total margin represents total revenues less cost of sales. Gas and Electric utilities' total margin represents total revenues less cost of sales and revenue-related taxes. Energy marketing total margin, which represents margin from the Company's gas marketing activities for periods subsequent to July 31, 1995, represents total revenues less cost of sales. For periods prior to August 1, 1995, total margin from energy marketing activities was reflected in miscellaneous income on the Condensed Consolidated Statements of Income. Accordingly, comparisons of energy marketing revenues and total margin are not meaningful (N.M.).

PROPANE OPERATIONS

CONSOLIDATED PROPANE. Consolidated propane revenues increased \$480.3 million in the 1996 nine-month period reflecting principally the previously mentioned full-period consolidation of Petrolane's operations, the effect of significantly colder weather on retail propane sales, higher average retail propane prices and higher sales of low margin excess storage inventories. Total consolidated propane cost of sales increased \$290.1 million reflecting the higher volumes of consolidated propane sold and higher average propane product costs. Consolidated propane total margin increased \$190.2 million principally due to the full-period consolidation of Petrolane's operations, the volume effects of the colder weather and, to a lesser extent, higher wholesale sales. Consolidated propane operating income increased \$69.1 million reflecting the higher consolidated margin partially offset by higher consolidated propane operating expenses and charges for depreciation and amortization resulting principally from the consolidation of the operations of Petrolane.

PRO FORMA CONSOLIDATED PROPANE. Although the comparison of the Partnership's results for the nine month periods is impacted by an additional week of operations (September 24 to September 30, 1994) in the prior-year period resulting from the difference in AmeriGas Partners' and the predecessor companies fiscal month end, the impact of the additional week is not material to an understanding of the overall results of operations and, therefore, is not included as part of the following analysis.

Retail volumes of propane sold increased 60.9 million gallons in the 1996 nine-month period reflecting the effects of colder weather, acquisitions, and other non weather-related volume growth. Weather across the U.S. markets served by the Partnership was, on average, 1.3% colder than normal in the 1996 nine-month period compared with weather that was, on average, 17.0% warmer than normal in the 1995 pro

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

forma nine-month period. Regional temperature variations in the 1996 nine-month period were significantly different with the western U.S. experiencing substantially warmer than normal temperatures and the eastern and midwestern U.S. experiencing colder than normal temperatures. Wholesale volumes of propane sold were significantly higher reflecting the effects of the colder weather and an increase in sales of low margin excess storage inventories.

Total propane revenues increased during the 1996 nine-month period reflecting the increased sales as well as higher average retail selling prices. Total propane cost of sales increased \$92.2 million as a result of the higher volumes of propane sold and higher average propane product costs.

Total propane margin was \$21.3 million higher in the 1996 nine-month period as a result of the greater volumes of propane sold partially offset by lower average retail unit margins. Average retail unit margins in the 1996 nine-month period were slightly lower than in the pro forma 1995 nine-month period, despite increased average retail selling prices, reflecting the impact of higher average propane product costs. Total margin from other sales and services during the 1996 nine-month period was virtually unchanged from the prior-year period.

The increase in 1996 nine-month period operating income reflects principally the increase in total propane margin offset by higher operating and administrative expenses. The 1996 nine-month period propane operating expenses are net of \$4.4 million from an expected refund of insurance premium deposits made in prior years and \$3.3 million from reductions to reserves for potential liabilities for environmental matters. Operating expenses, exclusive of these items, increased \$12.8 million reflecting higher payroll and employee compensation expenses, higher vehicle expenses and higher expenses associated with sales and marketing programs.

UTILITY OPERATIONS

GAS UTILITY. Weather in Gas Utility's service territory in the 1996 nine-month period was 4.7% colder than normal compared with weather that was 5.3% warmer than normal in the 1995 nine-month period. Total system throughput increased 6.0% due in large part to the colder weather's effect on core market sales which increased 5.4 bcf in the 1996 nine-month period. Partially offsetting the increase in total throughput from core market sales was a decrease in firm delivery service volumes as a result of customer switching from firm delivery service to interruptible delivery service. In addition, volumes of gas sold to interruptible retail customers declined reflecting the impact of more frequent interruptions of gas sold to these customers caused by the colder weather. The increase in Gas Utility's total revenues reflects higher sales to core market customers, higher base rates and lower refunds of prior-period gas cost overcollections. Cost of gas sold was \$160.7 million during the 1996 nine-month period, an increase of \$35.6 million from the 1995 nine-month period, reflecting principally the greater sales to the core market and lower refunds of prior-period gas cost overcollections.

The increase in Gas Utility total margin for the 1996 nine-month period reflects a \$32.2 million increase in total margin from the core market partially offset by lower total margin from interruptible customers and firm delivery service customers. The higher total margin from the core market reflects the effects of the higher volumes sold and higher base rates. Total margin from interruptible customers declined principally as a result of higher 1996 nine-month period gas costs associated with sales to interruptible-

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

retail customers. Firm delivery service total margin also declined due in large part to customers switching to interruptible delivery service. Although Gas Utility operating income benefitted from the higher total margin, the benefit was partially offset by higher operating and administrative expenses and higher charges for depreciation.

ELECTRIC UTILITY. Electric Utility sales increased 4.9% during the 1996 nine-month period principally from colder heating-season weather. The increase in Electric Utility revenues reflects the impact of the higher sales as well as higher ECR revenues. Electric Utility cost of sales was \$25.5 million, an increase of \$2.1 million from the prior-year period. The increase in the cost of sales resulted from higher sales and a higher ECR.

Electric Utility total margin increased as a result of the increase in sales. However, operating income decreased as the increase in Electric Utility total margin was more than offset by higher distribution system maintenance expenses, higher general and administrative expenses, and higher depreciation expense.

ENERGY MARKETING AND OTHER

Total revenues and margin from energy marketing in the 1996 nine-month period represent revenues and total margin of UGI Energy Services. In the prior-year period, energy marketing activities were conducted by GASMARK which reflected margin from its gas marketing activities as miscellaneous income. Operating income from energy marketing was \$4.4 million in the 1996 nine-month period compared with \$1.2 million in the 1995 nine-month period reflecting significantly higher average unit margins and greater volumes. Operating loss from corporate general and other, net, was \$(8.3) million in the 1996 nine-month period compared with \$(9.7) million in the 1995 nine-month period reflecting lower UGI corporate administrative expenses.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to \$59.6 million in the 1996 nine-month period from \$39.5 million in the 1995 nine-month period reflecting higher levels of consolidated propane debt outstanding subsequent to the Petrolane Merger and Partnership Formation. On a pro forma basis, interest expense for the 1995 nine-month period is \$60.4 million. The effective income tax rate for the 1996 nine-month period is 45.4% compared with a rate of 55.9% in the prior-year. Income tax expense in the prior-year period reflects the write-off of \$5.9 million in deferred tax benefits of AmeriGas Propane no longer realizable by the Company as a result of the sale of Common Units of AmeriGas Partners to the public.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS:

TWELVE MONTHS ENDED JUNE 30, 1996 (1996 TWELVE-MONTH PERIOD) COMPARED WITH
TWELVE MONTHS ENDED JUNE 30, 1995 (1995 TWELVE-MONTH PERIOD)

Twelve Months Ended June 30,	1996	1995	Increase (Decrease)	
(Millions of dollars)				
REVENUES				
Consolidated propane (a)	\$992.0	\$418.7	N.M.	N.M.
Gas utility	357.4	292.0	\$65.4	22.4%
Electric utility	69.2	65.0	4.2	6.5
Energy marketing	73.3	-	N.M.	N.M.
Petrolane (b)		473.9	N.M.	N.M.
TOTAL MARGIN (c)				
Consolidated propane (a)	\$440.9	\$209.3	N.M.	N.M.
Gas utility	168.4	138.7	\$29.7	21.4%
Electric utility	32.9	31.6	1.3	4.1
Energy marketing	6.3	-	N.M.	N.M.
Petrolane (b)		213.0	N.M.	N.M.
OPERATING INCOME (LOSS)				
Consolidated propane (a)	\$ 90.9	\$ 32.3	N.M.	N.M.
Gas utility	74.4	50.7	\$23.7	46.7%
Electric utility	8.3	8.8	(.5)	(5.7)
Energy marketing	5.0	1.4	3.6	257.1
Petrolane management fee		9.8	N.M.	N.M.
Corporate general and other	(11.7)	(13.2)	(1.5)	(11.4)
Petrolane (b)		40.7	N.M.	N.M.
OPERATING DATA				
Propane-retail sales (million of gallons)-				
Consolidated propane (a)	848.9	381.3	N.M.	N.M.
Petrolane (b)		407.2	N.M.	N.M.
Natural gas throughput-bcf	86.5	82.2	4.3	5.2%
Electric sales-gwh	892.9	851.2	41.7	4.9

bcf - billions of cubic feet. gwh - millions of kilowatt hours.

(a) Consolidated propane includes the results of the operations of AmeriGas Propane prior to the Partnership Formation and AmeriGas Partners (successor to AmeriGas Propane and Petrolane) subsequent to the Partnership Formation. As a result, comparisons of consolidated propane amounts are not meaningful (N.M.).

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

- (b) Reflects 100% of Petrolane results through April 19, 1995. Accordingly, comparisons of Petrolane amounts are not meaningful (N.M.). The results of operations of Petrolane are reflected in the Condensed Consolidated Financial Statements of the Company on the equity method of accounting through April 19, 1995.
- (c) Consolidated propane and Petrolane total margin represents total revenues less cost of sales. Gas and Electric utilities' total margin represents total revenues less cost of sales and revenue-related taxes. Energy marketing total margin, which represents margin from the Company's gas marketing activities subsequent to July 31, 1995, represents total revenues less cost of sales. Prior to August 1, 1995, total margin from energy marketing activities was reflected in miscellaneous income on the Condensed Consolidated Statements of Income. Accordingly, comparisons of energy marketing revenues and total margin are not meaningful (N.M.).

PROPANE OPERATIONS

CONSOLIDATED PROPANE. Retail volumes of propane sold from consolidated propane operations during the 1996 twelve-month period increased to 848.9 million gallons from 381.3 million gallons sold during the 1995 twelve-month period. The increase in retail gallons sold is principally a result of the full-period consolidation of the operations of Petrolane subsequent to April 19, 1995 as well as colder 1996 twelve-month period weather. Consolidated propane revenues, cost of sales and total margin were higher as a result of the consolidation of the operations of Petrolane and the volume effects of the colder weather. Additionally, consolidated propane revenues, cost of sales and total margin increased as a result of higher sales of low margin excess storage inventories. Total consolidated propane margin in the 1996 twelve-month period was negatively impacted by lower average retail unit margins resulting from higher propane product costs and sales and marketing programs. Consolidated propane operating income increased \$58.6 million reflecting the greater consolidated propane total margin partially offset by higher consolidated propane operating expenses due in large part to the consolidation of Petrolane.

UTILITY OPERATIONS

GAS UTILITY. Weather in Gas Utility's service territory, as measured by degree days for heating, was 4.4% colder than normal in the 1996 twelve-month period compared with weather which was 4.9% warmer than normal in the 1995 twelve-month period. The increase in total system throughput reflects the impact of the colder weather on core market sales.

The increase in Gas Utility revenues in the 1996 twelve-month period reflects higher sales to core market customers and higher base rates in effect since August 31, 1995 and lower refunds of prior-period PGC and other gas cost overcollections. These increases in revenues were partially offset by the recovery of lower average purchased gas costs through PGC rates. Cost of gas sold was \$174.2 million in the 1996 twelve-month period compared with \$141.5 million in the 1995 twelve-month period. The higher cost of gas reflects the higher core market sales and lower 1996-period refunds of prior-year PGC overcollections partially offset by the recovery of lower average purchased gas costs through PGC rates.

The increase in Gas Utility total margin reflects a significant increase in core market total margin as a result of greater sales and higher base rates commencing August 31, 1995. Partially offsetting the

UGI CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

increase in core market total margin was a decrease in total margin from interruptible-retail customers as a result of lower volumes sold and the impact of higher 1996-period gas costs. Firm delivery service volumes and margins decreased as a result of lower volumes transported for these customers, due largely to customer switching to interruptible delivery service, and slightly lower average margins. Gas Utility operating income increased reflecting the higher total margin partially offset by higher operating and administrative expenses and higher charges for depreciation from fixed asset additions.

ELECTRIC UTILITY. Electric Utility sales increased 4.9% in the 1996 twelve-month period as heating-related sales benefitted from colder heating-season weather and air conditioning related sales benefitted from record setting temperatures in July and August 1995. Electric Utility revenues increased as a result of these greater sales and higher ECR revenues. Cost of sales increased \$2.6 million as a result of the higher sales and a higher ECR rate.

The increase in Electric Utility total margin reflects the benefit of the higher sales. The higher total margin was more than offset by higher operating and administrative expenses and higher charges for depreciation.

ENERGY MARKETING AND OTHER

Total revenues and margin from energy marketing represents revenues and margin from the energy marketing operations of UGI Energy Services commencing August 1, 1995. Prior to August 1, 1995, this business was conducted by GASMAR which reflected margin from its energy marketing activities in miscellaneous income. Combined operating income from energy marketing activities (including both UGI Energy Services and GASMAR) was higher in the 1996 twelve-month period reflecting higher unit margin and greater volumes. Operating loss of corporate general and other, net, was lower in the 1996 twelve-month period reflecting lower UGI corporate expenses.

INTEREST EXPENSE AND INCOME TAXES

Interest expense increased to \$79.4 million in the 1996 twelve-month period from \$49.6 million in the 1995 twelve-month period reflecting the full-period effect of higher levels of consolidated propane debt outstanding subsequent to the April 19, 1995 Petrolane Merger and Partnership Formation. Income tax expense for the 1996 twelve-month period includes the benefit of \$4.3 million adjustment to deferred state income taxes. Income tax expense in the 1995 twelve-month period includes the write-off of \$5.9 million of net deferred tax benefits of AmeriGas Propane representing the Company's share of such tax benefits no longer realizable by the Company as a result of the sale of AmeriGas Partners' Common Units to the public.

FINANCIAL CONDITION AND LIQUIDITY

The Company's consolidated debt-to-total-capitalization ratio was 53.9% at June 30, 1996 compared to a ratio of 55.5% at September 30, 1995. The decrease in the ratio is principally a result of an increase in common stockholders' equity and a net decrease in UGI Utilities' total debt outstanding.

In October 1995, UGI Utilities redeemed \$45.9 million face value of 9% Series and 9% Series B First Mortgage Bonds at a redemption price of 104% of the principal amount outstanding. The redemption

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FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

was paid principally from the proceeds of UGI Utilities' issuance of \$48 million of notes under its Medium-Term Note program on September 29, 1995. On November 16, 1995, UGI Utilities issued \$20 million of notes due May 15, 2005 under its Medium-Term Note program bearing interest at a rate of 6.62% the proceeds of which were used to reduce UGI Utilities' bank loans. In May 1996, UGI Utilities filed, and the SEC declared effective, a registration statement for the issuance from time to time of up to \$75 million of debt securities, none of which has been issued.

In February 1996 the General Partner completed AmeriGas Partners' and the Operating Partnership's federal income tax returns for the Partnership's initial period of operation. As a part of this process, a final determination was made as to how to allocate the tax basis of certain of the assets contributed to the Partnership by the General Partner and Petrolane. The completion of the allocation process resulted in reductions in the deferred income tax liabilities of the General Partner and Petrolane existing at the date of the Partnership Formation, which had been recorded in connection with the Petrolane Merger and the Partnership Formation. As a result, during the three months ended March 31, 1996, the Company recorded a \$37.0 million reduction in deferred income tax liabilities and a corresponding reduction in goodwill which adjustments are reflected in the accompanying Condensed Consolidated Balance Sheet at June 30, 1996.

AmeriGas Partners makes distributions of its Available Cash approximately 45 days after the end of each fiscal quarter. The Minimum Quarterly Distribution of 55 cents per unit for each of the quarters ended March 31, 1996, December 31, 1995 and September 30, 1995, and a pro rata distribution of 44.6 cents per limited partner unit for the period commencing with the Partnership Formation through June 30, 1995, was made approximately 45 days after the end of each quarter. The Minimum Quarterly Distribution for the quarter ended June 30, 1996 will be made on August 16, 1996 to holders of record on August 9, 1996 of all Common and Subordinated units.

On April 30, 1996, the Company's Board of Directors increased the quarterly dividend on the Common Stock to 35.5 cents a share from 35 cents a share, effective for the dividend payable July 1, 1996.

The Company is required to adopt the provisions of SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" no later than fiscal 1997. The Company has determined that the adoption of SFAS 121 will not have a material effect on its nonpropane operations. However, the Company is in the process of completing its evaluation of the impact of SFAS 121 on its propane operations. The Company expects to complete its evaluation in the fourth quarter of fiscal 1996 (see Note 8 to Condensed Consolidated Financial Statements).

UTILITY REGULATORY MATTERS

On January 26, 1996, Electric Utility filed with the PUC for a \$6.2 million increase in its base rates to be effective March 26, 1996. In accordance with its normal practice, the effective date was suspended by the PUC for up to an additional seven months from the proposed effective date for investigation and public hearings. On July 18, 1996, the PUC approved a settlement of this proceeding authorizing a \$3.1 million increase in annual revenues. The increase in base rates became effective on July 19, 1996. Under the terms of the settlement, Electric Utility agreed not to file for another base rate increase before July 1, 1997.

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FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

On June 22, 1993, the PUC entered an order permitting Gas Utility to record a regulatory asset for the difference between the costs incurred under SFAS 106, "Employers Accounting for Postretirement Benefits Other Than Pensions" and costs incurred on a pay-as-you-go basis. Under the terms of the order, the regulatory asset resulting from the deferral of SFAS 106 costs was allowable for ratemaking purposes subject to prior review in a base rate proceeding. As part of the Gas Utility Base Rate Settlement with the PUC, Gas Utility was permitted the recovery over 17.25 years of the approximately \$4.0 million in deferred excess SFAS 106 costs, comprising principally deferred transition obligation amortization, for the period January 1, 1993 (the date Gas Utility adopted SFAS 106) through August 31, 1995. The Gas Utility Base Rate Settlement, however, reserved the right of any party to challenge the prospective recovery of these deferred excess SFAS 106 costs in future rate proceedings. Under the terms of Electric Utility's July 18, 1996 base rate order, Electric Utility was permitted the recovery of its deferred SFAS 106 transition obligation amortization.

In a proceeding involving an unaffiliated Pennsylvania utility, PP&L, the Commonwealth Court reversed a PUC declaratory order outside a full base rate proceeding permitting PP&L to defer excess SFAS 106 costs pending its next base rate order. PP&L and the PUC appealed the Commonwealth Court decision to the Pennsylvania Supreme Court which, on March 12, 1996, declined to review the matter. The Company will continue to monitor administrative and judicial proceedings involving deferred excess SFAS 106 costs and recognizes that, based on applicable law, it is possible that in future base rate proceedings Utilities could prospectively be denied recovery of some or all of its deferred excess SFAS 106 costs.

CASH FLOWS

Cash and cash equivalents totaled \$40.7 million at June 30, 1996 compared with \$121.7 million at September 30, 1995. The Company's cash flows are seasonal and are generally greatest during the second and third fiscal quarters when customers pay bills incurred during the heating season. Conversely, cash flows from operating activities during the first and fourth fiscal quarters are typically at their lowest levels as the Company purchases propane and natural gas inventories and finances increases in other working capital in advance of the heating season. Cash flows from operations during the nine months ended June 30, 1996 therefore, are not necessarily indicative of cash flows to be expected for a full year.

OPERATING ACTIVITIES. Cash flow from operating activities was \$113.4 million during the nine months ended June 30, 1996 compared with \$86.9 million during the nine months ended June 30, 1995. Cash flow from operating activities before changes in operating working capital totaled \$143.5 million in the 1996 nine-month period compared with \$68.3 million in the prior-year period. The significant increase in operating cash flows before changes in working capital reflects increased Gas Utility and propane results and the full period consolidation of the operations of Petrolane subsequent to the Partnership Formation. Changes in operating working capital in the current-year period reflect a net use of cash of \$30.1 million principally from a seasonal increase in accounts receivable partially offset by a seasonal decrease in inventories. In the prior-year period, changes in operating working capital provided \$18.6 million in operating cash flow.

INVESTING ACTIVITIES. Cash expenditures for property, plant and equipment totaled \$43.5 million in the 1996 nine-month period compared with \$43.7 million in the prior-year period. The slight decrease in

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

capital expenditures reflects lower Gas Utility capital expenditures offset by higher propane operations' capital expenditures resulting from the full-period consolidation of the operations of Petrolane. In the prior-year period, the operations of Petrolane were consolidated commencing April 19, 1995. During the nine months ended June 30, 1996, the Company made several propane business acquisitions for total net cash consideration of \$9.2 million.

FINANCING ACTIVITIES. During the nine months ended June 30, 1996, the Company paid cash dividends on Common Stock of \$34.6 million compared with \$33.6 million of cash dividends in the prior-year period. Also during the nine months ended June 30, 1996, AmeriGas Partners paid distributions of \$29.1 million to public unitholders (and \$41.3 million to the General Partner) representing the Minimum Quarterly Distribution on all limited partner units for the quarters ended March 31, 1996, December 31, 1995 and September 30, 1995. UGI Utilities repaid \$32.0 million of borrowings under its revolving credit agreements during the nine months ended June 30, 1996, compared with net borrowings of \$18.5 million in the prior-year period. In addition, UGI Utilities redeemed \$45.9 million face value of its 9% Series and 9% Series B First Mortgage Bonds at a redemption price of 104% of the principal amount outstanding and issued \$20 million of notes under its Medium-Term Note program. During the nine months ended June 30, 1996, the Partnership borrowed \$9 million under its acquisition facility and \$5 million under its special purpose facility.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

MATEEL ENVIRONMENTAL JUSTICE FOUNDATION V. AMERIGAS PROPANE, L.P. ET AL. On July 29, 1996, Mateel Environmental Justice Foundation ("Mateel") filed a complaint in the Superior Court of the State of California, County of San Francisco, alleging that AmeriGas Propane, L.P. ("APLP"), and several other major propane gas distributors, are in violation of Proposition 65, "The Safe Drinking Water and Toxic Enforcement Act of 1986" (commonly referred to as "Prop 65"). APLP is a wholly owned subsidiary of the Partnership. The Complaint alleges that APLP and its co-defendants are required to provide warnings that the use of liquid propane would result in exposure to chemicals known to cause cancer and birth defects, and that the burning of liquid propane in heaters and other appliances causes exposure to carbon monoxide, benzene, formaldehyde and acetaldehyde. The maximum penalty under Prop 65 is \$2,500 per day, per person exposed. In addition to the maximum penalty, Mateel is seeking attorney's fees and costs, together with an Order mandating compliance with Prop 65. Management believes that APLP has substantial defenses to this claim.

COMMERCIAL ROW CASES, JUDICIAL COUNCIL OF CALIFORNIA, COORDINATION PROCEEDING NO. 3096. Beginning in June 1994, twenty-one complaints were filed against AmeriGas Propane, Inc, a Delaware corporation ("API"), a predecessor of AmeriGas Propane, L.P., in the Superior Court of California, arising from an explosion which occurred in Truckee, California on November 30, 1993. The explosion occurred apparently as the result of propane gas which escaped from a fractured fitting in an underground supply line. The complaints sought relief for alleged personal injuries and/or property damage, and named as defendants the manufacturer and distributor of the fitting, in addition to API. The cases have been

consolidated by the Judicial Council of California as the Commercial Row Cases, Judicial Council Coordination Proceeding No. 3096. All of the complaints requested damages in unspecified amounts; some of the complaints sought punitive damages as well as compensatory damages. During pretrial discovery, the claimants have asserted demands which in the aggregate now exceed \$25 million. With the exception of claims for punitive damages, the claims asserted in the complaints are fully insured, subject to a \$500,000 self-insured retention. Trial currently is scheduled to begin on September 30, 1996.

ITEM 5. OTHER INFORMATION

On July 30, 1996, Lon R. Greenberg was elected Chairman of the Board of UGI Corporation, effective August 1, 1996, succeeding James A. Sutton. Mr. Sutton retired as Chief Executive Officer of the Company on August 1, 1995.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits

- 10.1 Change of Control Agreement between UGI Corporation and Lon R. Greenberg.
- 10.2 Form of Change of Control Agreement between UGI Corporation and each of Messrs. Bunn, Ladner, Mauch and Westerman.
- 10.3 Form of Change of Control Agreement between UGI Corporation and each of Messrs. Bovaird, Cuzzolina, Hall and Katz.
- 10.4 UGI Corporation Annual Bonus Plan dated March 8, 1996.
- 11. Statement re: computation of per share earnings.
- 27. Financial Data Schedule

- (b) The Company filed a Current Report on Form 8-K dated April 17, 1996, to report an amendment to the Company's Rights Agreement.

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 13, 1996 By: C.L. Ladner

C. L. Ladner, Senior Vice President - Finance

Date: August 13, 1996 By: M. J. Cuzzolina

M. J. Cuzzolina, Vice President - Accounting and
Financial Control (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
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11	Statement re: computation of per share earnings
27	Financial Data Schedule

AGREEMENT

Agreement made as of the ____ day of June, 1996, between UGI Corporation, a Pennsylvania corporation (the "Company"), and Lon R. Greenberg (the "Employee").

WHEREAS, the Employee is presently employed by the Company, as its President and Chief Executive Officer; and

WHEREAS, the Company considers it essential to foster the employment of well qualified key management personnel, and, in this regard, the board of directors of the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control of the Company may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company;

WHEREAS, the board of directors of 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 in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated; and

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 his employment with the Company is terminated subsequent to a "Change of Control" (as defined in Section 1 hereof) of the Company as a cushion against the financial and career impact on the Employee of any such Change of 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 hereto 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 the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Base Compensation" shall mean the average of the total cash remuneration received by the Employee in all capacities with the Company, and its Subsidiaries or Affiliates, as reported for Federal income tax purposes on Form W-2, together with any amounts the payment of which has been deferred by the Employee under any deferred compensation plan of the Company, and its Subsidiaries or Affiliates, or otherwise and any and all salary reduction authorized amounts under any of the benefit plans or programs of the Company, and its Subsidiaries or Affiliates, but excluding any amounts attributable to the exercise of stock options granted to the Employee under the Company's Stock Option and Dividend Equivalent Plan or its successor, for the five calendar years (or such number of actual full calendar years of employment, if less than five) immediately preceding the calendar year in which occurs a Change of Control or the Employee's Termination Date, whichever period produces the higher amount.

(c) A Person shall be deemed the "Beneficial Owner" of any securities:

(i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting

(except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(d) "Board" shall mean the board of directors of the Company.

(e) "Change of Control" shall mean:

a. 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 (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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"), in either case unless the members of the Company's Executive Committee in office immediately prior to such acquisition determine within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

b. Individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's 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 (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

c. 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, in any such case unless the members of the Company's Executive Committee in office

immediately prior to such Business Combination determine at the time of such Business Combination that the circumstances do not warrant the implementation of the provisions of this Agreement; or

d. (i) Consummation of a complete liquidation or dissolution of the Company or (ii) 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, in any such case unless the members of the Company's Executive Committee in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the provisions of this Agreement.

(f) "Cause" shall mean 1) misappropriation of funds, 2) habitual insobriety or substance abuse, 3) conviction of a crime involving moral turpitude, or 4) 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.

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

(i) any failure of the Company to comply with and satisfy any of the terms of this the Agreement;

(ii) any significant involuntary reduction of the authority, duties or responsibilities held by the Employee immediately prior to the Change of Control;

(iii) any involuntary removal of the Employee from the employment grade, compensation level or officer positions which the Employee holds with the Company or, if the Employee is employed by a Subsidiary, with a Subsidiary, held by him immediately prior to the Change of Control, except in connection with promotions to higher office;

(iv) any involuntary reduction in the Employee's target level of annual and long-term compensation as in effect immediately prior to the Change of Control;

(v) any transfer of the Employee, without his express written consent, to a location which is outside the King of Prussia, Pennsylvania area (or the general area in which his principal place of business immediately preceding the Change of Control may be located at such time if other than King of Prussia, Pennsylvania) by more than fifty miles, other than on a temporary basis (less than 12 months); and

(vi) the Employee being required to undertake business travel to

an extent substantially greater than the Employee's business travel obligations immediately prior to the Change of Control.

(h) "Normal Retirement Date" shall mean the first day of the calendar month coincident with or next following the Employee's 62nd birthday.

(i) "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.

(j) "Termination Date" shall mean the date of receipt of the Notice of Termination described in Section 2 hereof or any later date specified therein, as the case may be.

(k) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company.

2. Notice of Termination. Any Termination of Employment following a Change of 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).

3. Severance Compensation upon Termination.

(a) Subject to the provisions of Section 11 hereof, in the event of the Employee's involuntary Termination of Employment for any reason other than Cause or in the event of a Good Reason Termination, in either event within three years after a Change of Control, the Company shall pay to the Employee, upon the execution of a release, in the form required by the Company of its terminating executives prior to the Change of Control, within 15 days after the Termination Date (or as soon as possible thereafter in the event that the procedures set forth in Section 11(b) hereof cannot be completed within 15 days), an amount in cash equal to 2.5 times the Employee's Base Compensation, subject to customary employment taxes and deductions.

(b) In the event the Employee's Normal Retirement Date would occur prior to 30 months after the Termination Date, the aggregate cash amount determined as set forth in (a) above shall be reduced by multiplying it by a fraction, the numerator of which shall be the number of days from the Termination Date to the Employee's Normal Retirement Date and the denominator of which shall be 913 days.

4. Other Payments. The payment due under Section 3 hereof shall be in addition to and not in lieu of any payments or benefits due to the Employee under any other plan, policy or program of the Company, and its Subsidiaries or Affiliates.

5. Trust Fund. The Company sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to employees under this Agreement. Funding of such trust fund shall be subject to the discretion of the Company's Executive Committee, as set forth in the agreement pursuant to which the fund has been

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established.

6. Enforcement.

(a) In the event that the Company shall fail or refuse to make payment of any amounts due the Employee under Sections 3 and 4 hereof within the respective time periods provided therein, the Company shall pay to the Employee, in addition to the payment of any other sums provided in this Agreement, interest, compounded daily, on any amount remaining unpaid from the date payment is required under Section 3 or 4, as appropriate, until paid to the Employee, at the rate from time to time announced by Mellon Bank, N.A. as its "prime rate" plus 1%, each change in such rate to take effect on the effective date of the change in such prime rate.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of his 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.

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. Taxes. Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Certain Reduction of Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company 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 (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as

"Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be subject to the taxation under Section 4999 of the Code. For purposes of this Section 11, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations to be made under this Section 11 shall be made by Coopers & Lybrand (or the Company's independent public accountant immediately prior to the Change of Control if other than Coopers & Lybrand (the "Accounting Firm")), which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Termination Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. The Employee shall then have the right to determine which of the Agreement Payments shall be eliminated or reduced in order to produce the Reduced Amount in accordance with the requirements of this Section. Within five days after this determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of the Employee such amounts as are then due to the Employee under this Agreement.

(c) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Agreement Payments, as the case may be, will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments which have not been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made

hereunder. Within two years after the Termination of Employment, the Accounting Firm shall review the determination made by it pursuant to the preceding paragraph and the Company shall cooperate and provide all information necessary for such review. In the event that the Accounting Firm determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Employee which the Employee shall repay to the Company together with interest from the date of payment under this Agreement at the applicable Federal rate provided for in Section 7872(f)(2) of the Code (the "Federal Rate"); provided, however, that no amount shall be payable by the Employee to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest from the date of payment under this Agreement at the Federal Rate.

(d) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsections (b) and (c) above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations pursuant to subsections (b) and (c) above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

12. Term of Agreement. The term of this Agreement shall be for five 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 sixty days prior to the end of the current term; provided, however, that (i) after a Change of Control during the term of this Agreement, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired, and (ii) this Agreement shall terminate if, prior to a Change of Control, the employment of the Employee with the Company or any of its Subsidiaries, as the case may be, shall terminate for any reason.

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 and/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 hereinbefore defined and any such successor or successors to its business and/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:

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

If to the Employee, to:

9147 Green Tree Road
Philadelphia, PA 19118

or to such other names or addresses 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 of Control, notice at the last address of the Company or to any successor pursuant to Section 13 hereof 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. 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.

16. Contents of Agreement, Amendment and Assignment. This Agreement supersedes all prior agreements, sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified,

extended or terminated except upon written amendment executed by the Employee and the Company's Chair of the Executive 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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 King of Prussia, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

ATTEST:

[Seal]

UGI CORPORATION

By

Secretary

Witness

Lon R. Greenberg

AGREEMENT

Agreement made as of the ____ day of June, 1996, between UGI Corporation, a Pennsylvania corporation (the "Company"), and [] (the "Employee").

WHEREAS, the Employee is presently employed by the Company, as its Senior Vice President Finance; and

WHEREAS, the Company considers it essential to foster the employment of well qualified key management personnel, and, in this regard, the board of directors of the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control of the Company may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company;

WHEREAS, the board of directors of 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 in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated; and

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 his employment with the Company is terminated subsequent to a "Change of Control" (as defined in Section 1 hereof) of the Company as a cushion against the financial and career impact on the Employee of any such Change of 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 hereto 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 the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Base Compensation" shall mean the average of the total cash remuneration received by the Employee in all capacities with the Company, and its Subsidiaries or Affiliates, as reported for Federal income tax purposes on Form W-2, together with any amounts the payment of which has been deferred by the Employee under any deferred compensation plan of the Company, and its Subsidiaries or Affiliates, or otherwise and any and all salary reduction authorized amounts under any of the benefit plans or programs of the Company, and its Subsidiaries or Affiliates, but excluding any amounts attributable to the exercise of stock options granted to the Employee under the Company's Stock Option and Dividend Equivalent Plan or its successor, for the five calendar years (or such number of actual full calendar years of employment, if less than five) immediately preceding the calendar year in which occurs a Change of Control or the Employee's Termination Date, whichever period produces the higher amount.

(c) A Person shall be deemed the "Beneficial Owner" of any securities:

(i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting

(except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(d) "Board" shall mean the board of directors of the

Company.

(e) "Change of Control" shall mean:

a. 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 (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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"), in either case unless the members of the Company's Executive Committee in office immediately prior to such acquisition determine within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

b. Individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's 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 (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

c. 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, in any such case unless the members of the Company's Executive Committee in office

immediately prior to such Business Combination determine at the time of such Business Combination that the circumstances do not warrant the implementation of the provisions of this Agreement; or

d. (i) Consummation of a complete liquidation or dissolution of the Company or (ii) 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, in any such case unless the members of the Company's Executive Committee in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the provisions of this Agreement.

(f) "Cause" shall mean 1) misappropriation of funds, 2) habitual insobriety or substance abuse, 3) conviction of a crime involving moral turpitude, or 4) 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.

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

(i) any failure of the Company to comply with and satisfy any of the terms of this the Agreement;

(ii) any significant involuntary reduction of the authority, duties or responsibilities held by the Employee immediately prior to the Change of Control;

(iii) any involuntary removal of the Employee from the employment grade, compensation level or officer positions which the Employee holds with the Company or, if the Employee is employed by a Subsidiary, with a Subsidiary, held by him immediately prior to the Change of Control, except in connection with promotions to higher office;

(iv) any involuntary reduction in the Employee's target level of annual and long-term compensation as in effect immediately prior to the Change of Control;

(v) any transfer of the Employee, without his express written consent, to a location which is outside the King of Prussia, Pennsylvania area (or the general area in which his principal place of business immediately preceding the Change of Control may be located at such time if other than King of Prussia, Pennsylvania) by more than fifty miles, other than on a temporary basis (less than 12 months); and

(vi) the Employee being required to undertake business travel to

an extent substantially greater than the Employee's business travel obligations immediately prior to the Change of Control.

(h) "Normal Retirement Date" shall mean the first day of the calendar month coincident with or next following the Employee's 62nd birthday.

(i) "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.

(j) "Termination Date" shall mean the date of receipt of the Notice of Termination described in Section 2 hereof or any later date specified therein, as the case may be.

(k) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company.

2. Notice of Termination. Any Termination of Employment following a Change of 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).

3. Severance Compensation upon Termination.

(a) Subject to the provisions of Section 11 hereof, in the event of the Employee's involuntary Termination of Employment for any reason other than Cause or in the event of a Good Reason Termination, in either event within three years after a Change of Control, the Company shall pay to the Employee, upon the execution of a release, in the form required by the Company of its terminating executives prior to the Change of Control, within 15 days after the Termination Date (or as soon as possible thereafter in the event that the procedures set forth in Section 11(b) hereof cannot be completed within 15 days), an amount in cash equal to 1.5 times the Employee's Base Compensation, subject to customary employment taxes and deductions.

(b) In the event the Employee's Normal Retirement Date would occur prior to 18 months after the Termination Date, the aggregate cash amount determined as set forth in (a) above shall be reduced by multiplying it by a fraction, the numerator of which shall be the number of days from the Termination Date to the Employee's Normal Retirement Date and the denominator of which shall be 548 days.

4. Other Payments. The payment due under Section 3 hereof shall be in addition to and not in lieu of any payments or benefits due to the Employee under any other plan, policy or program of the Company, and its Subsidiaries or Affiliates.

5. Trust Fund. The Company sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to employees under this Agreement. Funding of such trust fund shall be subject to the discretion of the Company's Executive Committee, as set forth in the agreement pursuant to which the fund has been

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established.

6. Enforcement.

(a) In the event that the Company shall fail or refuse to make payment of any amounts due the Employee under Sections 3 and 4 hereof within the respective time periods provided therein, the Company shall pay to the Employee, in addition to the payment of any other sums provided in this Agreement, interest, compounded daily, on any amount remaining unpaid from the date payment is required under Section 3 or 4, as appropriate, until paid to the Employee, at the rate from time to time announced by Mellon Bank, N.A. as its "prime rate" plus 1%, each change in such rate to take effect on the effective date of the change in such prime rate.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of his 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.

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. Taxes. Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Certain Reduction of Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company 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 (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as

"Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be subject to the taxation under Section 4999 of the Code. For purposes of this Section 11, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations to be made under this Section 11 shall be made by Coopers & Lybrand (or the Company's independent public accountant immediately prior to the Change of Control if other than Coopers & Lybrand (the "Accounting Firm")), which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Termination Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. The Employee shall then have the right to determine which of the Agreement Payments shall be eliminated or reduced in order to produce the Reduced Amount in accordance with the requirements of this Section. Within five days after this determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of the Employee such amounts as are then due to the Employee under this Agreement.

(c) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Agreement Payments, as the case may be, will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments which have not been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made

hereunder. Within two years after the Termination of Employment, the Accounting Firm shall review the determination made by it pursuant to the preceding paragraph and the Company shall cooperate and provide all information necessary for such review. In the event that the Accounting Firm determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Employee which the Employee shall repay to the Company together with interest from the date of payment under this Agreement at the applicable Federal rate provided for in Section 7872(f)(2) of the Code (the "Federal Rate"); provided, however, that no amount shall be payable by the Employee to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest from the date of payment under this Agreement at the Federal Rate.

(d) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsections (b) and (c) above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations pursuant to subsections (b) and (c) above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

12. Term of Agreement. The term of this Agreement shall be for five 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 sixty days prior to the end of the current term; provided, however, that (i) after a Change of Control during the term of this Agreement, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired, and (ii) this Agreement shall terminate if, prior to a Change of Control, the employment of the Employee with the Company or any of its Subsidiaries, as the case may be, shall terminate for any reason.

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 and/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 hereinbefore defined and any such successor or successors to its business and/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:

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

If to the Employee, to:

182 Beaumont Road
Devon, PA 19333

or to such other names or addresses 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 of Control, notice at the last address of the Company or to any successor pursuant to Section 13 hereof 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. 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.

16. Contents of Agreement, Amendment and Assignment. This Agreement supersedes all prior agreements, sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified,

extended or terminated except upon written amendment executed by the Employee and the Company's Chief Executive Officer. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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 King of Prussia, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

ATTEST:

[Seal]

UGI CORPORATION

Secretary

By

Witness

[]

AGREEMENT

Agreement made as of the ____ day of June, 1996, between UGI Corporation, a Pennsylvania corporation (the "Company"), and [] (the "Employee").

WHEREAS, the Employee is presently employed by the Company, as its Vice President and General Counsel; and

WHEREAS, the Company considers it essential to foster the employment of well qualified key management personnel, and, in this regard, the board of directors of the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control of the Company may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company;

WHEREAS, the board of directors of 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 in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated; and

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 his employment with the Company is terminated subsequent to a "Change of Control" (as defined in Section 1 hereof) of the Company as a cushion against the financial and career impact on the Employee of any such Change of 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 hereto 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 the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Base Compensation" shall mean the average of the total cash remuneration received by the Employee in all capacities with the Company, and its Subsidiaries or Affiliates, as reported for Federal income tax purposes on Form W-2, together with any amounts the payment of which has been deferred by the Employee under any deferred compensation plan of the Company, and its Subsidiaries or Affiliates, or otherwise and any and all salary reduction authorized amounts under any of the benefit plans or programs of the Company, and its Subsidiaries or Affiliates, but excluding any amounts attributable to the exercise of stock options granted to the Employee under the Company's Stock Option and Dividend Equivalent Plan or its successor, for the five calendar years (or such number of actual full calendar years of employment, if less than five) immediately preceding the calendar year in which occurs a Change of Control or the Employee's Termination Date, whichever period produces the higher amount.

(c) A Person shall be deemed the "Beneficial Owner" of any securities:

(i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting

(except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(d) "Board" shall mean the board of directors of the

Company.

(e) "Change of Control" shall mean:

a. 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 (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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"), in either case unless the members of the Company's Executive Committee in office immediately prior to such acquisition determine within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

b. Individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's 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 (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

c. 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, in any such case unless the members of the Company's Executive Committee in office

immediately prior to such Business Combination determine at the time of such Business Combination that the circumstances do not warrant the implementation of the provisions of this Agreement; or

d. (i) Consummation of a complete liquidation or dissolution of the Company or (ii) 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, in any such case unless the members of the Company's Executive Committee in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the provisions of this Agreement.

(f) "Cause" shall mean 1) misappropriation of funds, 2) habitual insobriety or substance abuse, 3) conviction of a crime involving moral turpitude, or 4) 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.

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

(i) any failure of the Company to comply with and satisfy any of the terms of this the Agreement;

(ii) any significant involuntary reduction of the authority, duties or responsibilities held by the Employee immediately prior to the Change of Control;

(iii) any involuntary removal of the Employee from the employment grade, compensation level or officer positions which the Employee holds with the Company or, if the Employee is employed by a Subsidiary, with a Subsidiary, held by him immediately prior to the Change of Control, except in connection with promotions to higher office;

(iv) any involuntary reduction in the Employee's target level of annual and long-term compensation as in effect immediately prior to the Change of Control;

(v) any transfer of the Employee, without his express written consent, to a location which is outside the King of Prussia, Pennsylvania area (or the general area in which his principal place of business immediately preceding the Change of Control may be located at such time if other than King of Prussia, Pennsylvania) by more than fifty miles, other than on a temporary basis (less than 12 months); and

(vi) the Employee being required to undertake business travel to

an extent substantially greater than the Employee's business travel obligations immediately prior to the Change of Control.

(h) "Normal Retirement Date" shall mean the first day of the calendar month coincident with or next following the Employee's 62nd birthday.

(i) "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.

(j) "Termination Date" shall mean the date of receipt of the Notice of Termination described in Section 2 hereof or any later date specified therein, as the case may be.

(k) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company.

2. Notice of Termination. Any Termination of Employment following a Change of 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).

3. Severance Compensation upon Termination.

(a) Subject to the provisions of Section 11 hereof, in the event of the Employee's involuntary Termination of Employment for any reason other than Cause or in the event of a Good Reason Termination, in either event within three years after a Change of Control, the Company shall pay to the Employee, upon the execution of a release, in the form required by the Company of its terminating executives prior to the Change of Control, within 15 days after the Termination Date (or as soon as possible thereafter in the event that the procedures set forth in Section 11(b) hereof cannot be completed within 15 days), an amount in cash equal to 1.0 times the Employee's Base Compensation, subject to customary employment taxes and deductions.

(b) In the event the Employee's Normal Retirement Date would occur prior to 12 months after the Termination Date, the aggregate cash amount determined as set forth in (a) above shall be reduced by multiplying it by a fraction, the numerator of which shall be the number of days from the Termination Date to the Employee's Normal Retirement Date and the denominator of which shall be 365 days.

4. Other Payments. The payment due under Section 3 hereof shall be in addition to and not in lieu of any payments or benefits due to the Employee under any other plan, policy or program of the Company, and its Subsidiaries or Affiliates.

5. Trust Fund. The Company sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to employees under this Agreement. Funding of such trust fund shall be subject to the discretion of the Company's Executive Committee, as set forth in the agreement pursuant to which the fund has been

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established.

6. Enforcement.

(a) In the event that the Company shall fail or refuse to make payment of any amounts due the Employee under Sections 3 and 4 hereof within the respective time periods provided therein, the Company shall pay to the Employee, in addition to the payment of any other sums provided in this Agreement, interest, compounded daily, on any amount remaining unpaid from the date payment is required under Section 3 or 4, as appropriate, until paid to the Employee, at the rate from time to time announced by Mellon Bank, N.A. as its "prime rate" plus 1%, each change in such rate to take effect on the effective date of the change in such prime rate.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of his 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.

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. Taxes. Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Certain Reduction of Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company 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 (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as

"Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be subject to the taxation under Section 4999 of the Code. For purposes of this Section 11, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations to be made under this Section 11 shall be made by Coopers & Lybrand (or the Company's independent public accountant immediately prior to the Change of Control if other than Coopers & Lybrand (the "Accounting Firm")), which firm shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Termination Date. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. The Employee shall then have the right to determine which of the Agreement Payments shall be eliminated or reduced in order to produce the Reduced Amount in accordance with the requirements of this Section. Within five days after this determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of the Employee such amounts as are then due to the Employee under this Agreement.

(c) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Agreement Payments, as the case may be, will have been made by the Company which should not have been made ("Overpayment") or that additional Agreement Payments which have not been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made

hereunder. Within two years after the Termination of Employment, the Accounting Firm shall review the determination made by it pursuant to the preceding paragraph and the Company shall cooperate and provide all information necessary for such review. In the event that the Accounting Firm determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Employee which the Employee shall repay to the Company together with interest from the date of payment under this Agreement at the applicable Federal rate provided for in Section 7872(f)(2) of the Code (the "Federal Rate"); provided, however, that no amount shall be payable by the Employee to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Employee together with interest from the date of payment under this Agreement at the Federal Rate.

(d) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsections (b) and (c) above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations pursuant to subsections (b) and (c) above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

12. Term of Agreement. The term of this Agreement shall be for five 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 sixty days prior to the end of the current term; provided, however, that (i) after a Change of Control during the term of this Agreement, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired, and (ii) this Agreement shall terminate if, prior to a Change of Control, the employment of the Employee with the Company or any of its Subsidiaries, as the case may be, shall terminate for any reason.

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 and/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 hereinbefore defined and any such successor or successors to its business and/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:

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

If to the Employee, to:

637 Dodda Lane
Gladwyne, PA 19035

or to such other names or addresses 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 of Control, notice at the last address of the Company or to any successor pursuant to Section 13 hereof 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. 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.

16. Contents of Agreement, Amendment and Assignment. This Agreement supersedes all prior agreements, sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified,

extended or terminated except upon written amendment executed by the Employee and the Company's Chief Executive Officer. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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 King of Prussia, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

ATTEST:

[Seal]

UGI CORPORATION

Secretary

By

Witness

Brendan P. Bovaird

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

ATTEST:

[Seal]

UGI CORPORATION

Secretary

By

Witness

[]

March 8, 1996
FINAL

UGI Corporation
ANNUAL BONUS PLAN
Revised 10/1/95

The UGI Corporation Annual Bonus Plan is designed to effectively motivate key executives with broad decision-making responsibility to achieve high-level predetermined business/financial performance objectives and to accomplish significant predetermined individual performance objectives which support business plans and goals. It will provide annual cash bonuses contingent upon the achievement of these objectives.

Goal Administration

Overall goal administration responsibility (including the establishment of the individual performance goals) for all participants other than the President and CEO-UGI and designated Corporate Officers rests with the President and CEO-UGI. Approvals of the UGI Compensation and Management Development Committee and Board of Directors are required for (i) the establishment of the annual business/financial goal, and (ii) matters pertaining to the President and CEO-UGI and designated Corporate Officers.

Plan Administration

The President and CEO-UGI will appoint the necessary administrative, financial accounting and audit advisors to ensure accuracy and consistency in the administrative and financial management of the Plan. All decisions made are final and binding on all parties.

Participation

Participation in the UGI Annual Bonus Plan is limited to key executives having an on-going opportunity to significantly influence profitability or strategic direction and who are approved for participation in the Plan. Required approvals for participation in the Plan include the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board in cases involving designated Corporate Officers).

Base Salary and Annual Bonus Targets

Base salary levels (or base salary grade ranges) for all positions included in the UGI Annual Bonus Plan are set at fiftieth percentile competitive measures to reflect competitive

base salary pay practices in the specific businesses and industries in which UGI and its business units compete, as well as in general industry.

Base salary levels (salary grade ranges) will be reviewed and updated annually in accordance with changes in competitive pay levels. Actual base salaries for executives covered by the Plan will be administered within the base salary grade range established for the position in a manner consistent with UGI salary administration policies taking into account individual performance, position within the range, and length of time in job.

Annual Bonus targets (expressed as a percentage of base salary) are set at the seventy-fifth percentile of competitive practice. Target percents are separately established for each position and will vary according to level of management. These Annual Bonus targets recognize competitive industry annual bonus pay practices and the varying risk/return aspects of UGI's business units and the potential contributions to bottom-line results among Plan participants.

Annual Bonus targets as established for each position will be reviewed and approved annually by the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers). Bonus targets as established for each position will generally range between 15% and 55% of base salary.

An individual participant's Annual Bonus Plan target percentage will be established annually as approved by the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers) and may be less than but not greater than the Annual Bonus target percentage established for the position. Generally, it is expected that a participant in the position for two years or more will have an Annual Bonus target percentage equal to that established for the position.

Actual bonuses paid, however, will vary up and down from a participant's Annual Bonus target percentage depending on business/financial and individual performance.

Performance Measures and Weighting

The determination of Annual Bonus amounts will be based on the achievement of business/financial goals and on the achievement of individual MBO goals. The weighting applied to business/financial performance goals and individual MBO goals for payment determination will be 75%/25% respectively for all participants, except the President and CEO-UGI and designated senior-most Corporate Officers. To reflect the direct

identification of the President and CEO-UGI and the designated senior-most Corporate Officers with the Company's financial performance, 100% weighting is given to achievement of the business/financial goal (no weighting to individual goal achievement).

Business/Financial Performance

Business/financial performance for UGI Corporation will be measured in terms of the achievement of the business/financial performance goals of the two principal subsidiaries (UGI Utilities, Inc. and AmeriGas Partners, L.P.) for the Plan fiscal year. Thus, business/financial performance bonus payouts for UGI Corporation participants will be linked to the Company's overall performance and consistent with business unit operating results. Subsidiary business/financial performance goals will be established at "stretch" levels and will represent significant results. To determine the level of business/financial bonus payout, UGI Utilities, Inc. financial performance will be weighted at 25% and AmeriGas Partners, L.P. financial performance will be weighted at 75%. This blended performance can be modified by +/- 10% based upon the Corporate Contribution Factor. This factor provides a qualitative assessment of the positive or negative contribution from UGI Corporation on overall Company financial performance.

The percentage of a participant's business/financial annual bonus target amount is payable as stated above according to the degree of achievement as follows:

CORPORATE FINANCIAL PERFORMANCE

AMERIGAS FINANCIAL ADJUSTMENT FACTOR (75% of Corporate Financial Payout)

	0%	50%	100%	150%	200%
150%	38%	75%	113%	150%	188%
125%	31%	69%	106%	144%	181%
100%	25%	63%	100%	138%	175%
50%	13%	50%	88%	125%	163%
0%	0%	38%	75%	113%	150%

+

CORPORATE CONTRIBUTION FACTOR = plus or minus 10%

The President and CEO-UGI and the Compensation and Management Development Committee have the discretion to make an adjustment of +/- 15% to any participant with Annual Bonus weighting of 100% Business/Financial Performance (President and CEO-UGI and designated senior-most Corporate Officers) based on individual contribution with significant impact on Company performance.

Individual Performance

Individual performance will be measured in terms of each participant's achievement of, generally, two or more key individual MBO objectives mutually determined in advance with the participant's immediate superior, subject to final review and approval by higher levels of management including the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers). Individual MBO goals will be established to reflect truly significant accomplishments which support business plans and goals. As determined by the participant's immediate superior, subject to final review and approval of the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers), adjustments may be made to individual MBO goals to reflect major unplanned contributions/achievements in order to more fully recognize significant individual results during the Plan fiscal year.

The full amount of the target bonus attributable to individual performance is payable only if the business/financial goal (the blended goals for each of the subsidiaries - UGI Utilities, Inc. and AmeriGas Partners, L.P.) is achieved at the threshold level of performance. If neither subsidiary achieves this threshold level of financial performance, no bonus will be paid. If one subsidiary achieves the threshold and one does not, the target bonus amount attributable to individual performance for each participant is reduced according to the same weighting as described under Business/Financial Performance (25% of individual target for Utility achievement; 75% of individual target for AmeriGas achievement). Actual individual performance bonus payments will be made for individual goal achievement at the 50% level of performance and above and will be capped at the 150% level. Individual performance bonus payments will be calculated as follows:

- Individual Target Bonus = Total Target Bonus X Individual Performance Weighting (25% for all participants with individual MBO goals).
- Multiply the Individual Target Bonus times the appropriate percent as determined by business/financial goal results (100% for threshold achievement by both subsidiaries; 75% for threshold achievement by AmeriGas, but not Utilities; 25% for threshold achievement by Utilities, but not AmeriGas) to arrive at actual target amount subject to leverage and payout based on individual MBO goal achievement.
- Multiply the Individual MBO Goal achievement rating (from 50% to 150% in increments of 5%) times the target amount subject to leverage as determined above to arrive at the final payout amount for individual performance.

INDIVIDUAL PERFORMANCE LEVERAGE TABLE

Individual Performance Goals (MBOs)*			
% of Individual Target Bonus Payable When Financial Performance Threshold Met By:			
% of Individual Goal Achieved	UGI Utilities and AmeriGas	UGI Utilities Only (Not AmeriGas)	AmeriGas Only (not UGI Utilities)
less than 50	0	0	0
50	50	12.5	37.5
75	75	18.75	56.25
100	100	25	75
125	125	31.25	93.75
150	150	37.5	112.5
greater than 150	150	37.5	112.5

* Payouts to be prorated for intermediate levels of performance in 5% increments.

Final determination of both business/financial and individual goal achievement for all Plan participants will be made by the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers). As such, the President and CEO-UGI (and the UGI Corporation Compensation and Management Development Committee and Board for designated Corporate Officers) shall have sole discretion under this Plan to give consideration to the overall financial

performance of the Company and/or its business units in making final determinations of the achievement of business/financial and individual goals for bonus payments for any Plan fiscal year.

Annual Bonus Payments

Except for the amounts deferred as provided for in the following paragraph, annual bonus payments will be paid in cash to each participant as close as possible to within 90 days following the end of the Plan fiscal year.

Optional Deferral

To provide participants with the flexibility to tailor annual bonus payouts to individual needs, participants may elect to defer all or part (subject to a minimum of 50%) of their payout until retirement or termination of employment. Deferred amounts will earn interest annually during the deferral period at a market rate determined in accordance with a procedure determined by the UGI Compensation and Management Development Committee. The procedure governing optional deferral is contained in Attachment 1 hereto.

Plan Amendment

The Annual Bonus Plan may at any time or from time to time be amended, modified, suspended or terminated by the UGI Corporation Compensation and Management Development Committee and Board of Directors, except that no amendment, modification or termination may (i) adversely affect the balance in a participant's Deferred Compensation Account without the participant's consent or (ii) permit payment of such balance prior to the earliest permitted date as described in the optional deferral provisions of the Annual Bonus Plan.

Other Provisions:

Treatment of New Hires and Promotions

New hires and individuals promoted or transferred into a position eligible for the Plan (or into a position with a different annual bonus target %) during the fiscal year will receive a prorated award based on the relative time spent in the new position during the fiscal year.

Treatment of Retirement, Death and Permanent Disability

Participants who retire or are permanently disabled during the fiscal year may receive all or part of their payout, based on the discretion of the President and CEO (and the Compensation and Management Development

Committee in cases involving designated Corporate Officers). The same consideration will be granted to the heirs or assigns of a deceased participant.

Treatment of Other Terminations

A participant who terminates employment for any reason other than retirement, death or permanent disability during the fiscal year will forfeit the entire annual bonus payment for that year, unless determined otherwise by the President and CEO (and the Compensation and Management Development Committee in cases involving designated Corporate Officers).

Procedure Optional Deferral of Annual Bonus Payments

An election to defer an annual bonus payout for a particular fiscal year must be made in writing on a Form of Notice (Exhibit "A") available from the UGI Human Resources Department. In order for an election to defer to be effective for any particular year, the signed Notice must be received by the UGI Human Resources Department prior to October 1 of the year for which it is to be effective. The Notice must include the exact percentage of the annual bonus payout which is to be deferred. Once a Notice is submitted to the UGI Human Resources Department, the election to defer is irreversible for that year, except in certain cases, as determined at the sole discretion of the President and CEO - UGI, of severe financial hardship occasioned by an unforeseeable emergency as referred to below.

The election to defer will be effective starting on October 1 of the year indicated on the Notice and will remain in effect only for that fiscal year.

A participant may elect to defer the receipt of all or a specified portion (but not less than 50%) of the annual bonus payment otherwise payable pursuant to the Plan. All deferred amounts will be paid out in cash.

An unfunded Deferred Compensation Account will be established for each participant who elects deferral, and the portion of the annual bonus payment that a participant elects to defer will be credited to that Account. Each such credit will be made to the Account as of the date payment of the annual bonus payment would otherwise have been made to the participant, had the participant not elected to defer payment of all or part of the payout.

Deferred payouts are assumed to earn interest at a market rate determined by the Compensation and Management Development Committee for each year during the period in which compensation is deferred. Each participant will be notified of this rate annually. The Company may at any time or from time to time change or otherwise modify the basis or the method for calculating and crediting such interest, but any such change or modification will not adversely affect the balance in any participant's Account at the time of the change or modification.

Each deferring participant will receive a statement of the balance in the participant's Account at the end of each fiscal year as promptly as practicable after the end of that year.

Unless a Notice (Exhibit "B") prescribing the method of payment selected by a participant within the guidelines set forth below is given to the UGI Human Resources Department during the fiscal year immediately preceding a participant's retirement under the Company's or a subsidiary's retirement plan and no less than 30 days prior to the participant's retirement date, upon the termination of a participant's services as an employee of UGI or any of its subsidiaries or affiliates, the balance in a participant's Account will be paid out to the participant in a lump sum distribution, or, at the option of the Company, in any of the methods of payment which might have been selected by the participant had a Notice prescribing a method of payment been given.

During the fiscal year immediately preceding a participant's retirement under the Company's or a subsidiary's retirement plan and no less than 30 days prior to the participant's retirement date, a participant may elect any method of payment of the balance in the participant's Account, including periodic payments over a specified period of years or a lump sum distribution, except that (i) no payment may be made prior to October of the fiscal year following the fiscal year during which the participant's services as an employee of UGI or any of its subsidiaries or affiliates terminate, unless the payment is made as set forth in the next two paragraphs; (ii) a lump sum payment must be made or installment payments must commence no later than October of the fiscal year following the participant's attainment of age 70, or October of the fiscal year following the termination of the participant's services as an employee of UGI or any of its subsidiaries or affiliates, whichever is later; and (iii) installment payments must be made at least annually and not more frequently than monthly for a period of 5, 10, 15 or 20 years.

If UGI's President and CEO determines, after consideration of a participant's application, that, due to an unforeseeable emergency occasioned by extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant which results in a severe financial hardship to the participant which cannot be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals of earned awards, the participant has a financial need of such a substantial nature that a contemporaneous payment of earned awards previously deferred is warranted, the President and CEO may, at his sole and absolute discretion, direct that all or a portion of the balance in the participant's Account be paid to the participant, but only to the extent of the amount of the particular financial need which cannot be relieved as set forth above. Any such payment will be made in the manner and at the time specified by the President and CEO. In any case

involving a request for payment by the President and CEO, any decisions will instead be made by the Compensation and Management Development Committee without the participation of the President and CEO.

In the event of a participant's death before the balance in the participant's Account is fully paid out:

- (a) Payment of such balance will be made to the beneficiary or beneficiaries designated by the participant in the Notice (Exhibit "A") given to the UGI Human Resources Department, or, if the participant has not designated a beneficiary, to the beneficiary indicated on the participant's group life insurance policy through the Company or a Subsidiary, or if no beneficiary survives, to the participant's estate. In any case, the payment will be made in a lump sum distribution no later than October of the fiscal year following the participant's death, unless the participant has given a Notice to the UGI Human Resources Department during the fiscal year immediately preceding the participant's retirement under the Company's or a subsidiary's retirement plan and no less than 30 days prior to the participant's retirement date electing that payment of the balance in the participant's Account in the event of the participant's death be made to the participant's beneficiary or beneficiaries in periodic payments as indicated in the Notice, provided that any such installment payments to a beneficiary or beneficiaries must commence no later than October of the fiscal year following the participant's death.
- (b) If the balance in the Account is to be paid to the estate of the participant in installments, the President and CEO may, at his sole and absolute discretion and upon receipt of an application from the duly appointed Administrator or Executor of such estate, direct that the balance in the deceased participant's Deferred Compensation Account be paid to the estate in a single payment at such time as is specified by the President and CEO.

The right of any participant, beneficiary or estate to receive payment of any unpaid balance in a participant's Account will be an unsecured claim against the general assets of the Company.

During a participant's lifetime, any deferred payment will be made only to the participant. No sum in a participant's Account or other interest in a deferred award shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt by a participant or

any beneficiary to do so shall be void. No balance in a participant's Account or interest in a deferred award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of a participant or beneficiary who is entitled to it.

Except as otherwise described above or within the Annual Bonus Plan, all provisions of the Annual Bonus Plan relating to optional deferral of annual bonus payments will be administered by the President and CEO who will have the authority, except as may be otherwise provided above, to adopt, amend and rescind rules and regulations relating to the optional deferral provisions, and to interpret, construe and implement those provisions. All decisions made are final and binding on all parties.

UGI CORPORATION AND SUBSIDIARIES

Exhibit (11)
(Page 1 of 2)COMPUTATION OF EARNINGS PER SHARE
(Millions, Except Per Share Amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	1996	1995	1996	1995	1996	1995
Primary earnings per share:						
Actual average common shares outstanding	33.1	32.8	33.0	32.6	33.0	32.6
Incremental shares issuable upon exercise of stock options outstanding	-	-	0.1	-	0.1	-
Total average common and common equivalent shares outstanding	33.1	32.8	33.1	32.6	33.1	32.6
Earnings (loss) applicable to common and common equivalent shares:						
Earnings (loss) before extraordinary loss and change in accounting	\$ (3.7)	\$(19.5)	\$ 52.1	\$18.5	\$41.5	\$15.2
Extraordinary loss-propane debt restructuring	-	(13.2)	-	(13.2)	-	(13.2)
Change in accounting for postemployment benefits	-	-	-	(3.1)	-	(3.1)
Net earnings (loss)	\$ (3.7)	\$(32.7)	\$ 52.1	\$ 2.2	\$41.5	\$(1.1)
Primary earnings (loss) per common and common equivalent share:						
Earnings (loss) before extraordinary loss and change in accounting	\$ (.11)	\$(.60)	\$ 1.57	\$.57	\$ 1.26	\$.46
Extraordinary loss-propane debt restructuring	-	(.40)	-	(.41)	-	(.41)
Change in accounting for postemployment benefits	-	-	-	(.09)	-	(.09)
Net earnings (loss)	\$ (.11)	\$(1.00)	\$ 1.57	\$.07	\$ 1.26	\$(.04)

UGI CORPORATION AND SUBSIDIARIES

Exhibit (11)
(Page 2 of 2)COMPUTATION OF EARNINGS PER SHARE
(Millions, Except Per Share Amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	1996	1995	1996	1995	1996	1995
Fully diluted earnings per share:						
Actual average common shares outstanding	33.1	32.8	33.0	32.6	33.0	32.6
Incremental shares issuable upon exercise of stock options outstanding	-	-	0.1	0.1	0.1	-
Total shares for fully diluted computation	<u>33.1</u>	<u>32.8</u>	<u>33.1</u>	<u>32.7</u>	<u>33.1</u>	<u>32.6</u>
Earnings (loss) applicable to common stock:						
Earnings (loss) before extraordinary loss and change in accounting	\$ (3.7)	\$ (19.5)	\$ 52.1	\$ 18.5	\$ 41.5	\$ 15.2
Extraordinary loss-propane debt restructuring	-	(13.2)	-	(13.2)	-	(13.2)
Change in accounting for postemployment benefits	-	-	-	(3.1)	-	(3.1)
Net earnings (loss)	<u>\$ (3.7)</u>	<u>\$ (32.7)</u>	<u>\$ 52.1</u>	<u>\$ 2.2</u>	<u>\$ 41.5</u>	<u>\$ (1.1)</u>
Fully diluted earnings (loss) per common share:						
Earnings (loss) before extraordinary loss and change in accounting	\$ (.11)	\$ (.60)	\$ 1.57	\$.56	\$ 1.26	\$.46
Extraordinary loss-propane debt restructuring	-	(.40)	-	(.40)	-	(.41)
Change in accounting for postemployment benefits	-	-	-	(.09)	-	(.09)
Net earnings (loss)	<u>\$ (.11)</u>	<u>\$ (1.00)</u>	<u>\$ 1.57</u>	<u>\$.07</u>	<u>\$ 1.26</u>	<u>\$ (.04)</u>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF UGI CORPORATION AS OF AND FOR THE NINE MONTHS ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS INCLUDED IN UGI CORPORATION'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1996.

1,000

9-MOS		
	SEP-30-1995	
	JUN-30-1996	
		40,700
		45,200
		145,900
		12,200
		83,200
	336,000	
		1,316,000
	356,100	
	2,091,000	
262,100		829,200
35,200		0
		391,700
		9,200
2,091,000		
		1,273,600
	1,273,600	
		713,400
		713,400
		0
		0
	59,600	
	99,200	
		45,000
52,100		
		0
		0
		0
	52,100	
	1.57	
	1.57	