

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

Commission file number 1-11071

UGI CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Pennsylvania 23-2668356
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER IDENTIFICATION NO.)
INCORPORATION OR ORGANIZATION)

460 North Gulph Road, King of Prussia, PA 19406
(ADDRESS OF PRINCIPAL OFFICES) (ZIP CODE)

(610) 337-1000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
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Common Stock, without par value	New York Stock Exchange, Inc. Philadelphia Stock Exchange, Inc.
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SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES ☒ NO ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

The aggregate market value of UGI Corporation Common Stock held by nonaffiliates of the registrant on March 31, 2004 was \$1,639,692,923.

At November 1, 2004 there were 51,211,198 shares of UGI Corporation Common Stock issued and outstanding.

Documents Incorporated By Reference: Portions of the Annual Report to Shareholders for the year ended September 30, 2004 are incorporated by reference into Parts I and II of this Form 10-K. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on February 23, 2005 are incorporated by reference into Part III of this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

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PART I:

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

CORPORATE OVERVIEW

UGI Corporation is a holding company that distributes and markets energy products and related services through subsidiaries and joint venture affiliates. We are a domestic and international distributor of propane and butane, ("LPG"); a provider of natural gas and electric service through regulated local distribution utilities; a generator of electricity through our ownership interests in electric generation facilities; a regional marketer of energy commodities; and a provider of heating and cooling services. Our subsidiaries operate principally in the following five business segments:

- AmeriGas Propane
- International Propane
- Gas Utility
- Electric Utility
- Energy Services

The AmeriGas Propane segment consists of the propane distribution business of AmeriGas Partners, L.P., ("AmeriGas Partners" or the "Partnership"), which is the nation's largest retail propane distributor. The Partnership's sole general partner is our subsidiary, AmeriGas Propane, Inc. ("AmeriGas Propane" or the "General Partner"). The common units of AmeriGas Partners represent limited partner interests in a Delaware limited partnership; they trade on the New York Stock Exchange under the symbol "APU." We have an effective 46% ownership interest in the Partnership; the remaining interest is publicly held. See Note 1 to the Company's Consolidated Financial Statements.

The International Propane segment consists of the LPG distribution businesses of our subsidiaries Antargaz and Flaga, and our joint venture in China. Antargaz is one of the largest distributors of LPG in France. Flaga is the largest LPG distributor in Austria and one of the largest suppliers in the Czech Republic and Slovakia. In China, we participate in an LPG joint venture business in the Nantong region.

On March 31, 2004, we purchased the approximate 80.5% interest in Antargaz which we did not already own. This acquisition significantly increased the Company's international operations, and beginning in fiscal year 2005, will also significantly increase the percentage of the Company's earnings derived from LPG distribution. For more information on the Antargaz acquisition, see Note 3 to the Company's Consolidated Financial Statements.

The Gas Utility segment consists of the regulated natural gas distribution business ("Gas Utility") of our subsidiary UGI Utilities, Inc. ("Utilities"), serving approximately 300,000 customers in eastern Pennsylvania. The Electric Utility segment consists of the regulated electric

distribution business ("Electric Utility") of Utilities, serving approximately 62,000 customers in northeastern Pennsylvania. Gas Utility and Electric Utility are regulated by the Pennsylvania Public Utility Commission ("PUC").

The Energy Services segment consists of non-utility, energy-related businesses conducted by a number of subsidiaries. These businesses include (i) marketing of natural gas, oil and electricity in the eastern region of the United States under the trade names GASMARK(R) and POWERMARK(R), and (ii) operating electric generation assets and liquefied natural gas and propane peak-shaving plants in eastern Pennsylvania. In November 2004, Energy Services acquired a propane import and storage facility in Chesapeake, Virginia.

We also own and operate a heating, ventilation, air conditioning and refrigeration service business serving over 100,000 customers in the Mid-Atlantic region.

BUSINESS STRATEGY

Since 1999, our strategic direction has focused on growing our propane, natural gas and electric distribution businesses while seeking additional related and complementary growth opportunities. We are employing our core competencies from our existing businesses, as well as using our national scope, international experience, extensive asset base and access to customers, to accelerate growth in our existing business, as well as related and complementary businesses. During fiscal year 2004, we completed a number of transactions in pursuit of this strategy, most importantly the acquisition of the approximate 80.5% ownership interest in Antargaz which we did not already own.

CORPORATE INFORMATION

UGI was incorporated in Pennsylvania in 1991. UGI Corporation is not subject to regulation by the PUC. It is also exempt from registration as a holding company and not otherwise subject to the Public Utility Holding Company Act of 1935, except for Section 9(a)(2), which regulates the acquisition of voting securities of an electric or gas utility company. Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-1000. In this report, the terms "Company" and "UGI," as well as the terms "our," "we," and "its," are sometimes used as abbreviated references to UGI Corporation or, collectively, UGI Corporation and its consolidated subsidiaries. Similarly, the terms "AmeriGas Partners" and the "Partnership" are sometimes used as abbreviated references to AmeriGas Partners, L.P. or, collectively, AmeriGas Partners, L.P. and its subsidiaries.

The Company's corporate website can be found at www.ugicorp.com. The Company makes available free of charge at this website (under the "Investor Relations and Corporate Governance-SEC filings" caption) copies of its reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. The Company's Principles of Corporate Governance, Code of Ethics for the Chief Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics for Directors, Officers and Employees, and charters of the Corporate Governance, Audit and Compensation and Management Development Committees of the Board of Directors are also available on the Company's

website, under the caption "Investor Relations and Corporate Governance-Corporate Governance." All of these documents are also available free of charge by writing to Robert W. Krick, Vice President and Treasurer, UGI Corporation, P.O. Box 858, Valley Forge, PA 19482.

FORWARD-LOOKING STATEMENTS

Information contained in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane, butane, oil, electricity and natural gas and the capacity to transport them to market areas; (3) changes in domestic and foreign laws and regulations, including safety, tax and accounting matters; (4) competitive pressures from alternative energy sources, including alternative energy sources becoming available through, for example, the extension of natural gas lines; (5) failure to acquire new customers thereby reducing or limiting an increase in revenues; (6) liability for environmental claims; (7) customer conservation measures and improvements in energy efficiency and technology resulting in reduced demand; (8) adverse labor relations; (9) large customer, counterparty or supplier defaults; (10) liability in excess of insurance coverage for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas, propane and LPG; (11) political, regulatory and economic conditions in the United States and foreign countries; (12) interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations, particularly in the euro; (13) reduced distributions from subsidiaries; and (14) the timing and success of the Company's efforts to develop new business opportunities.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

AMERIGAS PROPANE

Our domestic propane distribution business is conducted through AmeriGas Partners. As of September 30, 2004, the Partnership operated from approximately 650 district locations in 46 states. AmeriGas Propane manages the Partnership. Although our consolidated financial statements include 100% of the Partnership's revenues, assets and liabilities, our net income reflects only our 46% effective interest in the income or loss of the Partnership, due to the publicly-owned limited partner interest. See Note 1 to the Company's Consolidated Financial Statements.

GENERAL INDUSTRY INFORMATION

Propane is separated from crude oil during the refining process and also extracted from natural gas or oil wellhead gas at processing plants. Propane is normally transported and stored in a liquid state under moderate pressure or refrigeration for economy and ease of handling in shipping and distribution. When the pressure is released or the temperature is increased, it is usable as a flammable gas. Propane is colorless and odorless; an odorant is added to allow its detection. Propane is clean burning, producing negligible amounts of pollutants when properly consumed.

The primary customers for propane are residential, commercial, agricultural, motor fuel and industrial users to whom natural gas is not readily available. Propane is typically more expensive than natural gas, competitive with fuel oil when operating efficiencies are taken into account and, in most areas, cheaper than electricity on an equivalent energy basis.

PRODUCTS, SERVICES AND MARKETING

As of September 30, 2004, the Partnership distributed propane to approximately 1.3 million customers from locations in 46 states. The Partnership also sells, installs and services propane appliances, including heating systems. In certain markets, the Partnership also installs and services propane fuel systems for motor vehicles. Typically, district locations are found in suburban and rural areas where natural gas is not available. Districts generally consist of an office, appliance showroom, warehouse and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier in 48 states throughout the United States. It is also licensed as a carrier in Canada.

The Partnership sells propane primarily to five markets: residential, commercial/industrial, motor fuel, agricultural and wholesale. Approximately 82% of the Partnership's fiscal year 2004 sales (based on gallons sold) were to retail accounts and approximately 18% were to wholesale customers. Sales to residential customers in fiscal 2004 represented approximately 42% of retail gallons sold; industrial/commercial customers 33%; motor fuel customers 12%; and agricultural customers 7%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 6% of 2004 retail gallons. No single customer represents, or is anticipated to represent, more than 5% of the Partnership's consolidated revenues.

The Partnership continues to expand its PPX Prefilled Propane Xchange program ("PPX (R)"). At September 30, 2004, PPX was available at approximately 21,800 retail locations throughout the United States. Sales of our PPX grill cylinders to retailers are included in the commercial/industrial market. The PPX program enables consumers to exchange their empty 20-pound propane grill cylinders for filled cylinders at various retail locations such as home centers, mass merchandisers and grocery and convenience stores.

In the residential market, which includes both conventional and manufactured housing, propane is used primarily for home heating, water heating and cooking purposes. Commercial users, which include motels, hotels, restaurants and retail stores, generally use propane for the same purposes as residential customers. Industrial customers use propane to fire furnaces, as a cutting gas and in other process applications. Other industrial customers are large-scale heating accounts and local gas utility customers who use propane as a supplemental fuel to meet peak load deliverability requirements. As a motor fuel, propane is burned in internal combustion engines that power over-the-road vehicles, forklifts and stationary engines. Agricultural uses include tobacco curing, chicken brooding and crop drying. In its wholesale operations, the Partnership principally sells propane to large industrial end-users and other propane distributors.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,400 to 3,000 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 120 gallons to approximately 1,200 gallons. The Partnership also delivers propane to retail customers in portable cylinders with capacities of 4 to 24 gallons. Some of these deliveries are made to the customer's location, where empty cylinders are either picked up for replenishment or filled in place.

PROPANE SUPPLY AND STORAGE

The Partnership has over 200 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. During the year ended September 30, 2004, over 90% of the Partnership's propane supply was purchased under supply agreements with terms of 1 to 3 years. Approximately 83% of the volumes purchased under those agreements were from 10 suppliers, including BP Products North America Inc. and its affiliate BP Marketing Inc. (approximately 28%); Dynegy Midstream Services (approximately 17%); and Enterprise Products Operating LP and its affiliate Canadian Enterprises Gas Products Ltd. (approximately 14%). The availability of propane supply is dependent upon, among other things, the severity of winter weather, the price and availability of competing fuels such as natural gas and crude oil, and the availability of imported supply. Although no assurance can be given that supplies of propane will be readily available in the future, management currently expects to be able to secure adequate supplies during fiscal year 2005. If supply from major sources were interrupted, however, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, margins could be affected. Aside from BP, Dynegy and Enterprise Products, no single supplier provided more than 10% of the Partnership's total propane supply in fiscal year 2004. In certain market areas, however, some suppliers provide

70% to 80% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

During fiscal year 2004, 92% of the Partnership's supply contracts provided for pricing based upon (i) index formulas using the current prices established at major storage points such as Mont Belvieu, Texas, or Conway, Kansas, or (ii) posted prices at the time of delivery. In addition, some agreements provided maximum and minimum seasonal purchase volume guidelines. The percentage of contract purchases, and the amount of supply contracted for at fixed prices, will vary from year to year as determined by the General Partner. The Partnership uses a number of interstate pipelines, as well as railroad tank cars, delivery trucks and barges, to transport propane from suppliers to storage and distribution facilities. The Partnership stores propane at large storage facilities in Arizona, Pennsylvania and Virginia, as well as at smaller facilities in several other states.

Because the Partnership's profitability is sensitive to changes in wholesale propane costs, the Partnership generally seeks to pass on increases in the cost of propane to customers. There is no assurance, however, that the Partnership will always be able to pass on product cost increases fully, particularly when product costs rise rapidly. Product cost increases can be triggered by periods of severe cold weather, supply interruptions, increases in the prices of base commodities such as crude oil and natural gas, or other unforeseen events. The General Partner has adopted supply acquisition and product cost risk management practices to reduce the effect of volatility on selling prices. These practices currently include the use of summer storage, forward purchases and derivative commodity instruments such as options and propane price swaps. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

The following graph shows the average prices of propane on the propane spot market during the last five fiscal years at Mont Belvieu, Texas and Conway, Kansas, two major storage areas.

AVERAGE PROPANE SPOT MARKET PRICES

[AVERAGE PROPANE SPOT PRICES CHART]

	Mont Belvieu	Conway
Oct-99	45.4550	43.3900
Nov-99	43.4410	38.7780
Dec-99	42.9532	35.2314
Jan-00	56.1090	42.2140
Feb-00	59.7500	47.2630
Mar-00	51.1820	47.8180
Apr-00	46.88	43.64
May-00	51.31	50.81
Jun-00	55.47	56.22
Jul-00	54.88	56.29
Aug-00	58.54	63.52
Sep-00	64.21	70.95
Oct-00	61.82	64.05
Nov-00	60.71	60.45
Dec-00	77.63	79.75
Jan-01	77.27	83.03
Feb-01	59.39	63.03
Mar-01	54.94	57.12
Apr-01	54.37	60.26
May-01	51.20	56.90
Jun-01	43.17	47.70
Jul-01	38.87	43.27
Aug-01	41.54	45.71
Sep-01	41.67	46.53
Oct-01	39.48	44.19
Nov-01	33.04	35.19
Dec-01	30.43	30.34
Jan-02	29.05	26.60
Feb-02	31.20	27.92
Mar-02	37.95	35.93
Apr-02	41.52	40.07
May-02	40.69	38.09
Jun-02	37.51	35.25
Jul-02	37.19	35.47
Aug-02	41.49	41.53
Sep-02	47.17	45.93
Oct-02	47.95	47.12
Nov-02	47.26	48.01
Dec-02	52.40	52.32
Jan-03	60.38	57.70
Feb-03	77.30	73.03
Mar-03	62.77	57.09
Apr-03	50.42	50.28
May-03	54.09	55.41
Jun-03	55.98	59.71
Jul-03	53.01	58.90
Aug-03	54.84	63.63
Sep-03	52.00	59.44
Oct-03	55.44	65.21
Nov-03	54.66	58.12
Dec-03	62.87	64.15
Jan-04	74.35	67.56
Feb-04	69.98	61.99
Mar-04	58.64	56.35
Apr-04	60.62	58.55
May-04	67.65	64.37
Jun-04	67.12	64.27
Jul-04	74.21	71.65
Aug-04	83.84	86.44
Sep-04	80.18	81.98

COMPETITION

Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers against suppliers of electricity, fuel oil and natural gas, principally on the basis of price, service, availability and portability. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Operating efficiencies and other factors such as air quality and environmental advantages, however, generally make propane competitive with fuel oil as a heating source. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a less expensive source of energy than propane,

although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many regions of the country where propane is sold for heating and cooking purposes.

In the motor fuel market, propane competes with gasoline and diesel fuel as well as electric batteries and fuel cells. Wholesale propane distribution is a highly competitive, low margin business. Propane sales to other retail distributors and large-volume, direct-shipment industrial end-users are price sensitive and frequently involve a competitive bidding process.

The retail propane industry is mature, with only modest growth in total demand for the product foreseen. Therefore, the Partnership's ability to grow within the industry is dependent on its ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the PPX program (through which consumers can exchange an empty propane grill cylinder for a filled one) and Strategic Accounts program (through which the Partnership encourages large, multi-location propane users to enter into a supply agreement with it rather than with many small suppliers), as well as the success of its sales and marketing programs designed to attract and retain customers. The failure of the Partnership to retain and grow its customer base would have an adverse effect on its results.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. In recent years, some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution and the Partnership competes with them as well. The ability to compete effectively depends on providing high quality customer service, maintaining competitive retail prices and controlling operating expenses.

Based on the most recent annual survey by the American Petroleum Institute, the 2002 domestic retail market for propane (annual sales for other than chemical uses) was approximately 11.9 billion gallons and, based on LP-GAS magazine rankings, 2003 sales volume of the ten largest propane companies (including AmeriGas Partners) represented approximately 36% of domestic retail sales. Management believes the Partnership's 2004 retail volume represents 9% of the domestic retail market.

PROPERTIES

As of September 30, 2004, the Partnership owned approximately 89% of its district locations. In addition, the Partnership subleases three one-million barrel underground storage caverns in Arizona to store propane and butane for itself and third parties. The Partnership also owns a 600,000 barrel refrigerated, above-ground storage facility located on leased property in California. The California facility, which the Partnership operates, is currently leased to several refiners for the storage of butane.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 30, 2004, the Partnership operated a transportation fleet with the following assets:

APPROXIMATE QUANTITY & EQUIPMENT TYPE	% OWNED	% LEASED
430 Trailers	94	6
240 Tractors	39	61
180 Railroad tank cars	0	100
2,600 Bobtail trucks	19	81
350 Rack trucks	20	80
2,150 Service and delivery trucks	21	79

Other assets owned at September 30, 2004 included approximately 900,000 stationary storage tanks with typical capacities of 121 to 2,000 gallons and approximately 2.3 million portable propane cylinders with typical capacities of 1 to 120 gallons. The Partnership also owned approximately 5,300 large volume tanks which are used for its own storage requirements. The Partnership's subsidiary, AmeriGas Propane, L.P. ("AmeriGas OLP") has debt secured by liens and mortgages on its real and personal property. AmeriGas OLP owns approximately 67% of the Partnership's property, plant and equipment.

TRADE NAMES, TRADE AND SERVICE MARKS

The Partnership markets propane principally under the "AmeriGas(R)," "America's Propane Company(R)" and "PPX Prefilled Propane Xchange(R)" trade names and related service marks. UGI owns, directly or indirectly, all the right, title and interest in the "AmeriGas" and related trade and service marks. The General Partner owns all right, title and interest in the "America's Propane Company" and "PPX Prefilled Propane Xchange" trade names and related service marks. The Partnership has an exclusive (except for use by UGI, AmeriGas, Inc. and the General Partner), royalty-free license to use these names and trade and service marks. UGI and the General Partner each have the option to terminate its respective license agreement (on 12 months prior notice in the case of UGI), without penalty, if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for cause, the General Partner has the option to terminate its license agreement upon payment of a fee equal to the fair market value of the licensed trade names. UGI has a similar termination option, however, UGI must provide 12 months prior notice in addition to paying the fee.

SEASONALITY

Because many customers use propane for heating purposes, the Partnership's retail sales volume is seasonal, with approximately 59% of the Partnership's fiscal year 2004 retail sales volume occurring during the five-month peak heating season from November through March. As a result of this seasonality, sales are higher in the Partnership's first and second fiscal quarters

(October 1 through March 31). Cash receipts are greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

Sales volume for the Partnership traditionally fluctuates from year-to-year in response to variations in weather, prices, competition, customer mix and other factors, such as conservation efforts and general economic conditions. For historical information on national weather statistics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

GOVERNMENT REGULATION

The Partnership is subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage LPG terminals. These laws include, among others, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or, the "Superfund Law"), the Clean Air Act, the Occupational Safety and Health Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA imposes joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a "hazardous substance" into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of federal and state environmental laws. However, the Partnership owns and operates real property where such hazardous substances may exist. See Notes 1 and 12 to the Company's Consolidated Financial Statements.

All states in which the Partnership operates have adopted fire safety codes that regulate the storage and distribution of propane. In some states these laws are administered by state agencies, and in others they are administered on a municipal level. The Partnership conducts training programs to help ensure that its operations are in compliance with applicable governmental regulations. With respect to general operations, National Fire Protection Association ("NFPA") Pamphlets No. 54 and No. 58, which establish a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted as the industry standard in a majority of the states in which the Partnership operates. The latest version of NFPA Pamphlet No. 58, adopted by a number of states, requires certain stationary cylinders that are filled in place to be re-qualified periodically. Management believes that the policies and procedures currently in effect at all of its facilities for the handling, storage and distribution of propane are consistent with industry standards and are in compliance in all material respects with applicable environmental, health and safety laws.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act and the Homeland Security Act of 2002. These regulations cover the security of and transportation of hazardous materials and are administered by the United States Department of Transportation ("DOT"). The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety code applies to, among other things, a propane gas system which supplies 10 or more customers from a single source and a propane gas system any portion of which is located in a public place. The code requires operators of all gas systems to provide training and written instructions for employees, establish

written procedures to minimize the hazards resulting from gas pipeline emergencies, and keep records of inspections and testing. Operators are subject to the Pipeline Safety Improvement Act of 2002, which, among other things, protects from adverse employment actions employees who provide information to their employers or to the federal government as to pipeline safety.

EMPLOYEES

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 2004, the General Partner had approximately 6,100 employees, including approximately 330 temporary and part-time employees, working on behalf of the Partnership. UGI also performs certain financial and administrative services for the General Partner on behalf of the Partnership and is reimbursed by the Partnership.

INTERNATIONAL PROPANE

We conduct our international LPG distribution business principally in Europe through our wholly owned subsidiaries Antargaz and Flaga. In March 2004, we purchased the remaining approximate 80.5% equity interest in Antargaz which we did not already own. Antargaz operates in France; Flaga operates in Austria, the Czech Republic and Slovakia. During fiscal year 2004, Antargaz and Flaga sold approximately 336 million and 35 million gallons of LPG, respectively. Our joint venture in China sold approximately 22 million gallons of LPG during fiscal year 2004.

ANTARGAZ

PRODUCTS, SERVICES AND MARKETING

Antargaz's customer base consists of residential, commercial, agricultural and motor fuel customer accounts that use LPG for space heating, cooking, water heating, process heat and transportation. Antargaz sells LPG in cylinders, and in small, medium and large bulk volumes stored in tanks. Sales of LPG are also made to service stations to accommodate vehicles that run on LPG ("LPGc"). Antargaz sells LPG in cylinders to approximately 28,000 retail outlets such as supermarkets, individually owned stores and gas stations. At September 30, 2004, Antargaz had approximately 211,000 bulk customers and approximately 5 million cylinders in circulation. Approximately 66% of Antargaz' sales (based on volumes) for the 12 months ended September 30, 2004 were cylinder and small bulk, 13% medium bulk, 19% large bulk, and 2% to service stations for automobiles. Antargaz also engages in wholesale sales of LPG and provides logistic, storage and other services to third-party LPG distributors. No single customer represents, or is anticipated to represent, more than 5% of total revenues for Antargaz.

Sales to small bulk customers represent the largest segment of Antargaz's business in terms of volume, revenue and margin. Small bulk customers are primarily residential and small business users such as restaurants that use LPG mainly for heating and cooking. Small bulk customers also include municipalities, which use LPG for heating sports arenas and swimming pools, and the poultry industry, for use in chicken breeding.

The principal end-users of cylinders are residential customers who use LPG supplied in this form for domestic applications such as cooking and heating. Butane-filled cylinders accounted for approximately 62% of LPG cylinders for fiscal year 2004, with propane-filled cylinders accounting for the remainder. Propane-filled cylinders are also used to supply fuel for forklift trucks. The demand for butane-filled cylinders has been declining, due to customers gradually changing to other household energy sources for heating and cooking, such as natural gas. Antargaz is seeking to increase demand for propane-filled cylinders through marketing and product innovations.

Medium bulk customers use propane only, and consist mainly of large residential developments such as housing projects, hospitals, municipalities and medium-sized industrial and agricultural enterprises. Large bulk customers are primarily companies that use LPG in their industrial processes, and large agricultural companies.

LPG SUPPLY AND STORAGE

Antargaz has an agreement with Totalgaz for the supply of butane and propane, with pricing based on internationally quoted market prices. Under this agreement, 80% of Antargaz's requirements for butane are guaranteed until June 2006 and 50% of its requirements for propane are guaranteed until June 2007. Requirements are fixed annually, and Antargaz is free to develop other sources of supply. For the 2004 fiscal year, Antargaz purchased approximately 95% of its butane needs and 25% of its propane needs from Totalgaz. Antargaz also purchases propane on the international market and, to a lesser degree, purchases butane on the domestic market, under term agreements with international oil and gas trading companies such as SHV Gas Supply and Trading, Shell International Trading and Shipping Company Ltd. ("Stasco") and Vitol S.A. In addition, purchases are made on the spot market from international oil and gas companies such as Den Norske Stats Oldeselskap ("Statoil") and Sonatrach BV, and to a lesser extent from domestic refineries, including those operated by BP France and Esso SAF.

Antargaz has five primary storage facilities, including three which are located close to deep sea harbor points, and 26 secondary storage facilities. It also manages an extensive logistics and transportation network. Access to harbor points allows Antargaz to diversify its LPG supplies through imports. LPG stored in primary storage facilities is transported to smaller storage facilities by rail, sea and road. At the secondary storage facilities, LPG is filled into cylinders or trucks equipped with tanks and then delivered to customers.

COMPETITION

The LPG market in France is mature, with limited future growth expected. Sales volumes are affected principally by the severity of the weather and customer migration to alternative energy forms, including natural gas and electricity. Antargaz competes in all product markets on a national level principally with three LPG distribution companies, Totalgaz (owned by Total France), Butagaz (owned by Societe des Petroles Shell) and Compagnie des Gaz de Petrole Primagaz (an independent supplier owned by SHV Holding NV), as well as with a smaller competitor, Vitogaz. On a regional level, Antargaz competes with Repsol France S.A., in markets other than LPGc. Antargaz's competitors are generally affiliates of its LPG suppliers. As a result, its competitors may obtain product at more competitive prices.

SEASONALITY

Because a significant amount of LPG is used for heating, demand is typically higher during the colder months of the year. Approximately 65% of retail sales volume for fiscal year 2004 occurred during the six months of October through March.

GOVERNMENT REGULATION

Antargaz's business is subject to various laws and regulations at the national and European levels with respect to protection of the environment, the storage and handling of hazardous materials, the discharge of contaminants into the environment and the safety of persons and property. Following an explosion in 2001 at Grande Parissse's chemical factory in Toulouse, France new regulations were adopted relating to the safety risks of operations such as Antargaz's, which involve the storage of large amounts of flammable substances.

PROPERTIES

Antargaz has five primary storage facilities consisting of underground caverns in geological formations, with the exception of Norgal, which is a refrigerated facility. The table below sets forth details of each of these facilities.

	Ownership %	Antargaz Storage Capacity - Propane (m3)	Antargaz Storage Capacity - Butane (m3)
	-----	-----	-----
Norgal	52.7%	22,600	8,900
Geogaz Lavera	16.7	17,400	32,500
Donges	50.0(1)	30,000	0
Geovexin	44.9	54,000	0
Cobogal	15.0	1,300	900

(1) Pursuant to a contractual arrangement with the owner.

Antargaz has 26 secondary storage facilities, 14 of which are wholly-owned. The others are partially-owned, through joint ventures.

EMPLOYEES

At September 30, 2004, Antargaz had approximately 1,200 employees.

FLAGA

FLAGA distributes LPG principally in Austria, the Czech Republic and Slovakia for residential, commercial, industrial and autogas applications. During fiscal year 2004, FLAGA distributed approximately 33 million gallons of LPG. FLAGA operates from 5 distribution

locations in Austria, 2 in the Czech Republic and 2 in Slovakia. In addition, FLAGA has 6 sales offices in the Czech Republic. As of September 30, 2004, FLAGA had a total of 359 employees.

FLAGA is the market leader for propane distribution in Austria with an estimated 28% overall market share, serving residential, commercial and industrial customers. The retail propane industry in Austria is mature, with slight declines in overall demand in recent years, due primarily to the expansion of natural gas. Competition for renewals and for new customer installations is based on the terms and conditions of tank leases as well as on product prices. Much of FLAGA's Austrian cylinder business is conducted through approximately 600 neighborhood resellers with whom FLAGA has a long business relationship. FLAGA competes with other propane marketers, including competitors located in other eastern European countries. FLAGA also competes with providers of other sources of energy, principally natural gas and wood.

The market in the Czech Republic for LPG represents approximately 30% of FLAGA's total volume. FLAGA entered the Czech market in 1994 when it purchased a portion of the formerly state-run LPG company from the Czech government as part of its privatization plan. FLAGA's main facility in the Czech Republic is its bulk storage and cylinder filling and repair plant in Hustopece, located in the southeast quadrant of the Czech Republic. Effective September 1, 2004, FLAGA acquired the LPG business of BP in the Czech Republic. Giving effect to this acquisition, FLAGA expects to be the market leader in the Czech Republic with approximately 24% market share. FLAGA estimates that its share of the LPG market in Slovakia is 24%, ranking it second in the country. During fiscal year 2004, FLAGA expanded its LPG cylinder business to Switzerland.

GAS UTILITY

SERVICE AREA; REVENUE ANALYSIS

Gas Utility distributes natural gas to approximately 300,000 customers in portions of 14 eastern and southeastern Pennsylvania counties through its distribution system of approximately 4,900 miles of gas mains. The service area consists of approximately 3,000 square miles and includes the cities of Allentown, Bethlehem, Easton, Harrisburg, Hazleton, Lancaster, Lebanon and Reading, Pennsylvania. Located in Gas Utility's service area are major production centers for basic industries such as specialty metals, aluminum and glass.

System throughput (the total volume of gas sold to or transported for customers within Gas Utility's distribution system) for the 2004 fiscal year was approximately 82.2 billion cubic feet ("bcf"). System sales of gas to firm-residential, commercial and industrial ("retail core-market") customers accounted for approximately 42% of system throughput, while gas delivery service (gas transported for residential, commercial and industrial customers who bought their gas from others) accounted for approximately 58% of system throughput. Based on the most recent available industry data (2002), residential customers account for approximately 35% of total system throughput by natural gas distribution companies in the United States. By contrast,

for the 2004 fiscal year, Gas Utility's residential customers represented 26% of its total system throughput.

SOURCES OF SUPPLY AND PIPELINE CAPACITY

Gas Utility meets its service requirements by utilizing a diverse mix of natural gas purchase contracts with producers and marketers, and storage and transportation service contracts. These arrangements enable Gas Utility to purchase gas from Gulf Coast, Mid-Continent, Appalachian and Canadian sources. For the transportation and storage function, Gas Utility has agreements with a number of pipeline companies, including Texas Eastern Transmission Corporation, Columbia Gas Transmission Corporation and Transcontinental Gas Pipeline Corporation.

GAS SUPPLY CONTRACTS

During fiscal year 2004, Gas Utility purchased approximately 50 bcf of natural gas for sale to retail core market and off-system sales customers. Approximately 77% of the volumes purchased were supplied under agreements with ten major suppliers. The remaining 23% of gas purchased was supplied by approximately 20 different producers and marketers. Gas supply contracts are generally no longer than one year.

SEASONAL VARIATION

Because many of its customers use gas for heating purposes, Gas Utility sales are seasonal. Approximately 59% of fiscal year 2004 throughput occurred during the winter season from November through March.

COMPETITION

Natural gas is a fuel that competes with electricity and oil, and to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their perceived reliability, comparative price, and the relative cost and efficiency of fuel utilization equipment. Electric utilities in Gas Utility's service area are seeking new load, primarily in the new construction market. Fuel oil dealers compete for customers in all categories, including industrial customers. Gas Utility responds to this competition with marketing efforts designed to retain and grow its customer base.

In substantially all of its service territory, Utilities is the only regulated gas distribution utility having the right, granted by the PUC or by law, to provide gas distribution services. Since the 1980s, larger commercial and industrial customers have been able to purchase gas supplies from entities other than Gas Utility. As a result of Pennsylvania's Natural Gas Choice and Competition Act ("Gas Competition Act"), which became effective July 1, 1999, all of Gas Utility's customers, including residential and smaller commercial and industrial customers, have been afforded this opportunity.

A number of Gas Utility's commercial and industrial customers have the ability to switch to an alternate fuel at any time and, therefore, are served on an interruptible basis under rates which are competitively priced with respect to their alternate fuel. Profitability from these

customers, therefore, is affected by the difference, or "spread," between the customers' delivered cost of gas and the customers' delivered alternate fuel cost, and the frequency and duration of interruptions. See "Gas Utility and Electric Utility Regulation and Rates - Gas Utility Rates." Commercial and industrial customers representing 22% of total system throughput have locations which afford them the opportunity, although none have exercised it, of seeking transportation service directly from interstate pipelines, thereby bypassing Gas Utility. The majority of customers in this group are served under transportation contracts having three- to twenty-year terms. Included in these two groups are Gas Utility's ten largest customers in terms of annual volume. All of these customers have contracts, eight of which extend beyond fiscal year 2005. No single customer represents, or is anticipated to represent, more than 5% of the total revenues of Gas Utility.

OUTLOOK FOR GAS SERVICE AND SUPPLY

Gas Utility anticipates having adequate pipeline capacity and sources of supply available to it to meet the full requirements of all firm customers on its system through fiscal year 2005. Supply mix is diversified, market priced, and delivered pursuant to a number of long- and short-term firm transportation and storage arrangements, including transportation contracts held by some of Gas Utility's larger customers.

During fiscal year 2004, Gas Utility supplied transportation service to two major cogeneration installations and three electric generation facilities. Gas Utility continues to pursue opportunities to supply natural gas to electric generation projects located in its service territory. Gas Utility also continues to seek new residential, commercial and industrial customers for both firm and interruptible service. In the residential market sector, Gas Utility connected approximately 10,600 new residential heating customers during fiscal year 2004, which represented a record annual increase. Of those new customers, new home construction accounted for over 8,000 heating customers. Customers converting from other energy sources, primarily oil and electricity, and existing non-heating gas customers who have added gas heating systems to replace other energy sources, accounted for the balance of the additions. The number of new commercial and industrial customers was approximately 1,200.

Gas Utility continues to monitor and participate extensively in rulemaking and individual rate and tariff proceedings before the Federal Energy Regulatory Commission ("FERC") affecting the rates and the terms and conditions under which Gas Utility transports and stores natural gas. Among these proceedings are those arising out of certain FERC orders and/or pipeline filings which relate to (i) the pricing of pipeline services in a competitive energy marketplace; (ii) the flexibility of the terms and conditions of pipeline service tariffs and contracts; and (iii) pipelines' requests to increase their base rates, or change the terms and conditions of their storage and transportation services.

Gas Utility's objective in negotiations with interstate pipeline and natural gas suppliers, and in proceedings before regulatory agencies, is to assure availability of supply, transportation and storage alternatives to serve market requirements at the lowest cost achievable for reliable and secure supplies. Consistent with that objective, Gas Utility negotiates the terms of firm transportation capacity on all pipelines serving it, arranges for appropriate storage and peak-shaving resources, negotiates with producers for competitively priced gas purchases and

aggressively participates in regulatory proceedings related to transportation rights and costs of service.

ELECTRIC UTILITY

SERVICE AREA; SALES ANALYSIS

Electric Utility supplies electric service to approximately 62,000 customers in portions of Luzerne and Wyoming Counties in northeastern Pennsylvania through a system consisting of approximately 2,100 miles of transmission and distribution lines and 14 transmission substations. For fiscal year 2004, about 53% of sales volume came from residential customers, 35% from commercial customers and 12% from industrial customers. Electricity transported for customers who purchased their power from other suppliers represented less than 1% of fiscal year 2004 sales volume.

SOURCES OF SUPPLY

Electric Utility has third-party generation supply contracts in place for substantially all of its expected energy requirements for fiscal year 2005. Electric Utility distributes both electricity that it purchases from others and electricity that customers purchase from other suppliers. At September 30, 2004, alternate suppliers served customers representing less than 1% of system load. Electric Utility expects to continue to provide energy to the great majority of its distribution customers for the foreseeable future.

COMPETITION

As a result of the Electricity Generation Customer Choice and Competition Act ("ECC Act") that became effective in 1997, all Pennsylvania retail electric customers have the ability to choose their electric generation supplier. Under the ECC Act, Electric Utility remains the provider of last resort ("POLR") for its customers who do not choose an alternate electric generation supplier. The terms and conditions under which Electric Utility provides POLR service, and rules governing the rates that may be charged for such service, have been established in a series of PUC-approved settlements, the most recent of which became effective in June 2004 (collectively, the "POLR Settlement.") Consistent with the terms of the POLR Settlement, Electric Utility's POLR rates will increase beginning January 2005 and Electric Utility is permitted, but not required, to further increase its POLR rates in January 2006. Electric Utility is the only regulated electric utility having the right, granted by the PUC or by law, to distribute electricity in its service territory. Sales of electricity for residential heating purposes accounted for approximately 20% of total sales of electricity during the 2004 fiscal year. Electricity competes with natural gas, oil, propane and other heating fuels for this use.

GAS UTILITY AND ELECTRIC UTILITY REGULATION AND RATES

PENNSYLVANIA PUBLIC UTILITY COMMISSION JURISDICTION

Utilities' gas and electric utility operations are subject to regulation by the PUC as to rates, terms and conditions of service, accounting matters, issuance of securities, contracts and other arrangements with affiliated entities, and various other matters.

In April 1996, FERC issued Orders No. 888 and 889, which established rules for the use of electric transmission facilities for wholesale transactions. FERC has also asserted jurisdiction over the transmission component of electric retail choice transactions. In compliance with these orders, the PJM Interconnection, LLC ("PJM"), of which Utilities is a member, has filed an open access transmission tariff with FERC establishing transmission rates and procedures for transmission within the PJM control area. Under the PJM tariff and associated agreements, Electric Utility is entitled to receive certain revenues when its transmission facilities are used by third parties.

GAS UTILITY RATES

Effective October 1, 2000, Gas Utility increased its base rates for retail core-market customers and implemented a credit to its purchased gas cost rates (described below). Since December 1, 2001, Gas Utility has reduced its purchased gas cost rates to retail core-market customers by an amount equal to the margin it receives from customers served under interruptible rates to the extent they use capacity contracted for by Gas Utility for retail core-market customers. As a result of these changes in its regulated rates, since December 1, 2001, Gas Utility's operating results have been more sensitive to heating season weather and less sensitive to competition from alternative fuels in commercial and industrial markets.

Gas Utility's gas service tariff contains purchased gas cost ("PGC") rates that provide for annual increases or decreases in the rate per thousand cubic feet ("mcf") that Gas Utility charges for natural gas sold by it, to reflect Gas Utility's projected cost of purchased gas. PGC rates may also be adjusted quarterly, or, under certain conditions monthly, to reflect the actual cost of gas. Each proposed annual PGC rate is required to be filed with the PUC six months prior to its effective date. During this period the PUC holds hearings to determine whether the proposed rate reflects a least-cost fuel procurement policy consistent with the obligation to provide safe, adequate and reliable service. After completion of these hearings, the PUC issues an order permitting the collection of gas costs at levels which meet that standard. The PGC mechanism also provides for an annual reconciliation. Gas Utility has two PGC rates. PGC (1) is applicable to small, firm, retail core-market customers consisting of the residential and small commercial and industrial classes; PGC (2) is applicable to firm, contractual, high-load factor customers served on three separate rates. In addition, residential customers maintaining a high load factor may qualify for the PGC (2) rate. As described above, Gas Utility's PGC rates are adjusted to reflect margins, if any, from interruptible rate customers who do not obtain their own pipeline capacity.

ELECTRIC UTILITY RATES

Electric Utility's POLR rates will increase beginning January 2005 and Electric Utility is permitted, but not required, to further increase its POLR rates in January 2006. Pursuant to the requirements of the ECC Act, the PUC is currently developing POLR regulations that are expected to further define POLR service obligations and pricing. As of September 30, 2004, fewer than 1% of Electric Utility's customers have chosen an alternative electricity generation supplier.

STATE TAX SURCHARGE CLAUSES

Utilities' gas and electric service tariffs contain state tax surcharge clauses. The surcharges are recomputed whenever any of the tax rates included in their calculation are changed. These clauses protect Utilities from the effects of increases in most of the Pennsylvania taxes to which it is subject.

UTILITY FRANCHISES

Utilities holds certificates of public convenience issued by the PUC and certain "grandfather rights" predating the adoption of the Pennsylvania Public Utility Code and its predecessor statutes which it believes are adequate to authorize it to carry on its business in substantially all the territory to which it now renders gas and electric service. Under applicable Pennsylvania law, Utilities also has certain rights of eminent domain as well as the right to maintain its facilities in streets and highways in its territories.

OTHER GOVERNMENT REGULATION

In addition to regulation by the PUC, the gas and electric utility operations of Utilities are subject to various federal, state and local laws governing environmental matters, occupational health and safety, pipeline safety and other matters. Certain of Utilities' activities involving the interstate movement of natural gas, the transmission of electricity, transactions with non-utility generators of electricity, and other matters, are also subject to the jurisdiction of FERC.

Utilities is subject to the requirements of the federal Resource Conservation and Recovery Act, CERCLA and comparable state statutes with respect to the release of hazardous substances on property owned or operated by Utilities. See ITEM 3. "LEGAL PROCEEDINGS - Environmental Matters-Manufactured Gas Plants."

EMPLOYEES

At September 30, 2004, Utilities had approximately 1,000 employees.

ENERGY SERVICES

We operate the non-utility, energy-related businesses described below through various subsidiaries.

NATURAL GAS AND ELECTRICITY MARKETING

UGI Energy Services, Inc. ("ESI") conducts our non-utility energy marketing business under the trade names GASMARK(R) and POWERMARK(R). GASMARK(R) sells natural gas directly to approximately 5,400 commercial and industrial customers in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, New York, Ohio, North Carolina and the District of Columbia through the use of the transportation systems of 32 utility systems. Energy Services also sells fuel oil, electricity and LPG to commercial and industrial customers in Pennsylvania, New Jersey and Maryland. During fiscal year 2003, ESI significantly increased its size by acquiring the northeastern gas marketing operations of a subsidiary of TXU Corp. This acquisition added approximately 1,000 customers to ESI's customer base and increased its natural gas sales volume approximately 60%.

The gas marketing business is a high revenue, low margin business. A majority of GASMARK(R)'s commodity sales are made under fixed price agreements. ESI manages supply cost volatility related to these agreements by entering into exchange-traded natural gas futures contracts and fixed-price supply arrangements with a diverse group of natural gas producers and holders of interstate pipeline capacity. Exchange-traded natural gas futures contracts are guaranteed by the New York Mercantile Exchange ("NYMEX") and have nominal credit risk. ESI also bears the risk for balancing and delivering natural gas to its customers under various pipelines and utility company tariffs.

Credit is another risk factor in the commodity marketing business. ESI bears the risks of customer defaults and supplier non-performance on commodity and pipeline capacity contracts. ESI seeks to mitigate risk of supplier defaults by diversifying its supply and pipeline transportation purchases across a number of suppliers. ESI uses credit insurance to mitigate a portion of the risk of customer defaults. ESI also requires credit support from certain customers in higher-risk transactions. This credit support can take the form of prepayments, bonds and letters of credit. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Market Risk Disclosures."

ESI also operates a natural gas liquefaction, storage and vaporization facility in Temple, Pennsylvania and propane storage and propane-air mixing stations in Bethlehem, Reading and Steelton, Pennsylvania. In November 2004, ESI purchased a propane import and storage facility located in Chesapeake, Virginia.

ELECTRIC GENERATION

In June 2003, we increased our ownership interest in the Conemaugh generating station ("Conemaugh") from 1.11% to approximately 6% (102 megawatts). Conemaugh is a 1,711 megawatt, coal-fired generation station located near Johnstown, Pennsylvania. It is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. In addition, we are a 50% owner of Hunlock Creek Energy Ventures ("Energy Ventures"). The generation

assets of Energy Ventures consist of the 48 megawatt, coal-fired Hunlock generating station, located near Kingston, Pennsylvania, and a 44 megawatt, gas-fired turbine generator at the same site. We operate these generation assets. A subsidiary of Allegheny Energy, Inc. is the other general partner in Energy Ventures. Under the joint venture agreement, we have the right to purchase one-half the output of Energy Ventures' generation at cost. We also have the right to require an affiliate of Allegheny Energy, Inc. ("Allegheny") to purchase our ownership interest in Energy Ventures. Allegheny has a corresponding call right on our interest in Energy Ventures. These "put" and "call" rights are effective for a 90-day period commencing January 1, 2006. The output from these generation assets is sold by our subsidiary UGI Development Company ("UGID") on the spot market and under fixed-term contracts. UGID has FERC authority to sell power at market-based rates.

ENVIRONMENTAL FACTORS

The operation of Hunlock Station complies with the air quality standards of the Pennsylvania Department of Environmental Protection ("DEP") with respect to stack emissions. Under the Federal Water Pollution Control Act, Hunlock station has a permit from the DEP to discharge water into the North Branch of the Susquehanna River. The Federal Clean Air Act Amendments of 1990 (the "Clean Air Act Amendments") impose emissions limitations for certain compounds, including sulfur dioxide and nitrous oxides. Both the Conemaugh Station and the Hunlock Station are in material compliance with these emission standards.

HVAC/R

We conduct a heating, ventilation, air-conditioning and refrigeration service business ("HVAC/R") serving portions of Utilities' gas service area and adjacent Mid-Atlantic region market areas, including Philadelphia suburbs and portions of New Jersey and northern Delaware. This business serves more than 100,000 customers in residential, commercial, industrial and new construction markets. During fiscal year 2004, HVAC/R generated approximately \$58 million in revenues and employed approximately 400 people.

BUSINESS SEGMENT INFORMATION

The table stating the amounts of revenues, operating income (loss) and identifiable assets attributable to each of UGI's reportable business segments, and to the geographic areas in which we operate, for the 2004, 2003 and 2002 fiscal years appears in Note 19 to the Consolidated Financial Statements contained in our 2004 Annual Report to Shareholders and is incorporated in this Report by reference.

EMPLOYEES

At September 30, 2004, UGI and its subsidiaries had approximately 9,300 employees.

ITEM 3. LEGAL PROCEEDINGS

With the exception of the matters set forth below, no material legal proceedings are pending involving UGI, any of its subsidiaries, or any of their properties, and no such proceedings are known to be contemplated by governmental authorities other than claims arising in the ordinary course of business.

ENVIRONMENTAL MATTERS - MANUFACTURED GAS PLANTS

From the late 1800s through the mid-1900s, Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the business of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility.

Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because Utilities is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites. Utilities has been notified of several sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by Utilities or owned or operated by its former subsidiaries. Such parties are investigating the extent of environmental contamination or performing environmental remediation. Utilities is currently litigating three claims against it relating to out-of-state sites.

Consolidated Edison Company of New York v. UGI Utilities, Inc. On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against Utilities in the United States District Court for the Southern District of New York, seeking contribution from Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed \$70 million.

By orders issued in November 2003 and March 2004, the court granted Utilities' motion for summary judgment and dismissed ConEd's complaint. ConEd has appealed.

City of Bangor, Maine v. Citizens Communications Co. In April 2003, Citizens Communications Company ("Citizens") served a complaint naming Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined Utilities and ten other

third-party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. Citizens alleges that Utilities and its predecessors owned and operated the plant from 1901 to 1928. The City believes that it could cost as much as \$50 million to clean up the river. Utilities believes that it has good defenses to the claim and is defending the suit.

Atlanta Gas Light Company v. UGI Utilities, Inc. By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that Utilities is responsible for 20% of approximately \$8 million incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. Utilities believes that it has good defenses to the claim and is defending the suit.

Savannah, Georgia Matter. AGL previously informed Utilities that it was investigating contamination that appeared to be related to MGP operations at a site owned by AGL in Savannah, Georgia. A former subsidiary of Utilities operated the MGP in the early 1900s. AGL has recently informed Utilities that it has begun remediation of MGP wastes at the site and believes that the total cost of remediation could be as high as \$55 million. AGL has not filed suit against Utilities for a share of these costs. Utilities believes that it will have good defenses to any action that may arise out of this site.

Sag Harbor, New York Matter. By letter dated June 24, 2004, KeySpan Energy ("KeySpan") informed Utilities that KeySpan has spent \$2.3 million and expects to spend another \$11 million to clean up an MGP site it owns in Sag Harbor, New York. KeySpan believes that Utilities is responsible for approximately 50% of these costs as a result of Utilities' alleged direct ownership and operation of the plant from 1885 to 1902. Utilities is in the process of reviewing the information provided by KeySpan and is investigating this claim.

Connecticut Gas Plants Matter. By letter dated August 5, 2004, Yankee Gas Services Company and Connecticut Light and Power Company, subsidiaries of Northeast Utilities, (together the "Northeast Companies"), demanded contribution from Utilities for past and future remediation costs related to MGP operations on thirteen sites owned by the Northeast Companies in nine cities in the State of Connecticut. The Northeast Companies allege that Utilities controlled operations of the plants from 1883 to 1941. According to the letter, investigation and remedial costs at the sites to date total approximately \$10 million and complete remediation costs for all sites could total \$182 million. The Northeast Companies seek an unspecified fair and equitable allocation of these costs to Utilities. Utilities is in the process of reviewing the information provided by Northeast Companies and is investigating this claim.

RELATED MATTER

UGI Utilities, Inc. v. Insurance Co. of North America, et al. On February 11, 1999, Utilities filed suit in the Court of Common Pleas of Montgomery County, Pennsylvania against more than fifty insurance companies, including Insurance Services, Ltd. (AEGIS). The complaint alleges that the defendants breached contracts of insurance by failing to indemnify Utilities for certain environmental costs. Utilities has now settled with all known solvent defendants and the suit has been dismissed.

OTHER

Swiger, et al. v. UGI/AmeriGas, Inc. et al. Plaintiffs Samuel and Brenda Swiger and their son (the "Swigers") sustained personal injuries and property damage as a result of a fire that occurred when propane that leaked from an underground line ignited. In July 1998, the Swigers filed a class action lawsuit against AmeriGas Propane, L.P. (named incorrectly as "UGI/AmeriGas, Inc."), in the Circuit Court of Monongalia County, West Virginia (Civil Action No. 98-C-298), in which they sought to recover an unspecified amount of compensatory and punitive damages and attorney's fees, for themselves and on behalf of persons in West Virginia for whom the defendants had installed propane gas lines, allegedly resulting from the defendants' failure to install underground propane lines at depths required by applicable safety standards. The court recently granted the plaintiffs' motion to include customers acquired from Columbia Propane in August 2001 as additional potential class members, and to amend their complaint to name additional parties consistent with such ruling. In 2003, the defendants settled the individual personal injury and property damage claims of the Swigers. Class counsel has indicated that the class is seeking compensatory damages in excess of \$12 million plus punitive damages, civil penalties and attorneys' fees. The defendants believe they have good defenses to the claims of the class members and intend to vigorously defend against the remaining claims in this lawsuit.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the last fiscal quarter of fiscal year 2004.

EXECUTIVE OFFICERS

Information regarding our executive officers is included in Part III of this Report and is incorporated in Part I by reference.

PART II:

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our Common Stock is traded on the New York and Philadelphia Stock Exchanges under the symbol "UGI." The following table sets forth the high and low sales prices for the Common Stock on the New York Stock Exchange Composite Transactions tape as reported in The Wall Street Journal for each full quarterly period within the two most recent fiscal years:

2004 FISCAL YEAR	HIGH	LOW
4th Quarter	\$37.35	\$30.46
3rd Quarter	33.40	29.85
2nd Quarter	34.35	31.40
1st Quarter	34.20	28.85

2003 FISCAL YEAR	HIGH	LOW
4th Quarter	\$33.45	\$28.86
3rd Quarter	35.05	29.00
2nd Quarter	30.57	24.93
1st Quarter	26.99	23.27

DIVIDENDS

Quarterly dividends on our Common Stock were paid in the 2004 and 2003 fiscal years as follows:

2004 FISCAL YEAR	AMOUNT
4th Quarter	\$0.3125
3rd Quarter	0.285
2nd Quarter	0.285
1st Quarter	0.285

2003 FISCAL YEAR	AMOUNT
4th Quarter	\$0.285
3rd Quarter	0.285
2nd Quarter	0.275
1st Quarter	0.275

HOLDERS

On November 1, 2004, UGI had 9,479 holders of record of Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended September 30,				
	2004	2003	2002	2001 (a)	2000 (a)
(Millions of dollars, except per share amounts)					
FOR THE PERIOD:					
INCOME STATEMENT DATA:					
Revenues	\$ 3,784.7	\$ 3,026.1	\$ 2,213.7	\$ 2,468.1	\$ 1,761.7
Income before accounting changes	\$ 111.6	\$ 98.9	\$ 75.5	\$ 52.0	\$ 44.7
Cumulative effect of accounting changes (b)	-	-	-	4.5	-
Net income (c)	\$ 111.6	\$ 98.9	\$ 75.5	\$ 56.5	\$ 44.7
Earnings per common share - basic					
Income before accounting changes	\$ 2.36	\$ 2.34	\$ 1.83	\$ 1.28	\$ 1.09
Cumulative effect of accounting changes, net	-	-	-	0.11	-
Net income - basic	\$ 2.36	\$ 2.34	\$ 1.83	\$ 1.39	\$ 1.09
Earnings per common share - diluted					
Income before accounting changes	\$ 2.31	\$ 2.29	\$ 1.80	\$ 1.27	\$ 1.09
Cumulative effect of accounting changes, net	-	-	-	0.11	-
Net income - diluted (c) (d)	\$ 2.31	\$ 2.29	\$ 1.80	\$ 1.38	\$ 1.09
Cash dividends declared per common share	\$ 1.17	\$ 1.13	\$ 1.083	\$ 1.050	\$ 1.017
AT PERIOD END:					
BALANCE SHEET DATA:					
Total assets	\$ 4,235.4	\$ 2,795.2	\$ 2,628.0	\$ 2,561.9	\$ 2,284.3
Capitalization:					
Debt:					
Bank loans - AmeriGas Propane	\$ -	\$ -	\$ 10.0	\$ -	\$ 30.0
Bank loans - UGI Utilities	60.9	40.7	37.2	57.8	100.4
Bank loans - other	17.2	15.9	8.6	10.0	4.3
Long-term debt (including current maturities):					
AmeriGas Propane	901.4	927.3	945.8	1,005.9	857.2
Antargaz	474.5	-	-	-	-
UGI Utilities	217.2	217.3	248.4	208.4	172.9
Other	76.9	78.9	81.5	80.9	85.5
Total debt	1,748.1	1,280.1	1,331.5	1,363.0	1,250.3
Minority interests, principally in AmeriGas Partners	178.4	134.6	276.0	246.2	177.1
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.0	20.0	20.0	20.0
Common stockholders' equity	834.1	498.7	313.8	251.0	242.0
Total capitalization	\$ 2,780.6	\$ 1,933.4	\$ 1,941.3	\$ 1,880.2	\$ 1,689.4
RATIO OF CAPITALIZATION:					
Total debt	62.9%	66.2%	68.6%	72.5%	74.0%
Minority interests, principally in AmeriGas Partners	6.4%	7.0%	14.2%	13.1%	10.5%
UGI Utilities preferred shares subject to mandatory redemption	0.7%	1.0%	1.0%	1.1%	1.2%
Common stockholders' equity	30.0%	25.8%	16.2%	13.3%	14.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Arthur Andersen LLP audited our consolidated financial statements for 2001 and 2000.

(b) Includes cumulative effect of accounting changes associated with (1) the Partnership's changes in accounting for tank fee revenue and tank installation costs and (2) the Company's adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

(c) Pro forma net income and diluted earnings per share after applying retroactively the Partnership's changes in accounting for tank installation costs and tank fee revenue are as follows: 2000 - \$44.6 and \$1.09, respectively.

(d) SFAS No. 142, "Goodwill and Other Intangible Assets," was adopted effective October 1, 2001. Net income and net income per diluted share adjusted to reflect the impact of SFAS No. 142 as if it had been adopted at the beginning of the periods presented are as follows: 2001 - \$70.5 and \$1.72; 2000 - \$59.4 and \$1.45, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations, entitled "Financial Review" and contained on pages 13 through 27 of UGI's 2004 Annual Report to Shareholders, is incorporated in this Report by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Quantitative and Qualitative Disclosures About Market Risk" are contained in Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk Disclosures" on pages 24 and 25 of the UGI 2004 Annual Report to Shareholders and are incorporated in this Report by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and Financial Statement Schedules referred to in the Index contained on pages F-2 and F-3 of this Report are incorporated in this Report by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Included in the Company's evaluation was consideration of the restatement of previously issued financial statements due to reconsideration of previous judgments related to the provision of deferred taxes in connection with gains recorded in fiscal

years 2003 and 2004 in accordance with the guidance in SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary." The Company believes that its reconsideration of previous judgments in the application of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," was not a result of ineffective internal controls or procedures. The Company believes that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

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

As described in Note 3 to the Company's Consolidated Financial Statements, on March 31, 2004, the Company acquired the remaining outstanding 80.5% ownership in Antargaz that it did not already own. The internal control over financial reporting of Antargaz is being aligned with that of the Company as part of the post-acquisition financial integration process. As a result of this continuing integration process, we have extended internal control procedures over quarterly financial reporting to include Antargaz.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III:

ITEMS 10 THROUGH 14.

In accordance with General Instruction G(3), and except as set forth below, the information required by Items 10, 11, 12, 13 and 14 is incorporated in this Report by reference to the following portions of UGI's Proxy Statement, which will be filed with the Securities and Exchange Commission by January 28, 2005:

	INFORMATION -----	CAPTIONS OF PROXY STATEMENT INCORPORATED BY REFERENCE -----
Item 10.	Directors and Executive Officers of Registrant The Code of Ethics for the Chief Executive Officer and Senior Financial Officers of UGI Corporation is available on the Company's website, www.ugicorp.com or by writing to Robert W. Krick, Vice President and Treasurer, UGI Corporation, P. O. Box 858, Valley Forge, PA 19482.	Election of Directors - Nominees; Corporate Governance; Board Committees and Meeting Attendance; Securities Ownership of Management - Section 16(a) - Beneficial Ownership Reporting Compliance
Item 11.	Executive Compensation	Compensation of Directors Compensation of Executive Officers
Item 12.	Security Ownership of Certain Beneficial Owners and Management	Securities Ownership of Certain Beneficial Owners; Securities Ownership of Management

EQUITY COMPENSATION TABLE

The following table sets forth information as of the end of our 2004 fiscal year with respect to compensation plans under which our equity securities are authorized for issuance.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C)
Equity compensation plans approved by security holders (1)	2,291,708 561,454	\$23.65 \$ 0	2,508,796
Equity compensation plans not approved by security holders (2)	372,752 4,200	\$21.97 \$ 0	0
Total	3,230,114	\$23.41	2,508,796

- (1) Column (a) represents 2,291,708 stock options under the 1997 Stock Option and Dividend Equivalent Plan, the 1992 Directors' Stock Plan, the 2000 Directors' Stock Option Plan, the 2000 Stock Incentive Plan and the 2004 Omnibus Equity Compensation Plan, and 561,454 phantom share units under the 2004 Omnibus Equity Compensation Plan and the 2000 Stock Incentive Plan.
- (2) Column (a) represents 372,752 stock options under the 1992 and 2002 Non-Qualified Stock Option Plans, and 4,200 one-time bonus awards of phantom restricted stock. Under the 1992 and 2002 Non-Qualified Stock Option Plans, the option exercise price is not less than 100% of the fair market value of the Company's common stock on the date of grant. Generally, options become exercisable in three equal annual installments beginning on the first anniversary of the grant date. All options are non-transferable and generally exercisable only while the holder is employed by the Company or an affiliate, with exceptions for exercise following retirement, disability and death. Options are subject to adjustment in the event of recapitalization, stock splits, mergers, and other similar corporate transactions affecting the Company's common stock. The phantom restricted awards represent the right to receive a share of stock or an amount based on the value of a share of stock if specified length of service requirements are met.

	INFORMATION	CAPTIONS OF PROXY STATEMENT INCORPORATED BY REFERENCE
Item 13.	Certain Relationships and Related Transactions	Compensation of Executive Officers - Stock Ownership Policy and Indebtedness of Management
Item 14.	Principal Accountant Fees and Services	The Independent Public Accountants

The information concerning the Company's executive officers required by Item 10 is set forth below.

EXECUTIVE OFFICERS

NAME ----	AGE ---	POSITION -----
Lon R. Greenberg	54	Chairman, Director, President and Chief Executive Officer
Eugene V.N. Bissell	51	President and Chief Executive Officer, AmeriGas Propane, Inc.
Michael J. Cuzzolina	59	Vice President - Accounting and Financial Control; Chief Accounting Officer and Chief Risk Officer
Bradley C. Hall	51	Vice President - New Business Development
Robert H. Knauss	51	Vice President and General Counsel
Anthony J. Mendicino	56	Senior Vice President - Finance and Chief Financial Officer
David W. Trego	46	President and Chief Executive Officer, UGI Utilities, Inc.
Francois Varagne	49	Chairman of the Board and Chief Executive Officer of Antargaz

All officers are elected for a one-year term at the organizational meetings of the respective Boards of Directors held each year.

There are no family relationships between any of the officers or between any of the officers and any of the directors.

Lon R. Greenberg

Mr. Greenberg was elected Chairman of UGI effective August 1, 1996, having been elected Chief Executive Officer effective August 1, 1995. He was elected Director and President of UGI and a Director of UGI Utilities in July 1994. He was elected a Director of AmeriGas Propane, Inc. in 1994 and has been Chairman since 1996. He also served as President and Chief Executive Officer of AmeriGas Propane (1996 to 2000). Mr. Greenberg was Senior Vice President - Legal and Corporate Development (1989 to 1994). He joined the Company in 1980 as Corporate Development Counsel.

Eugene V.N. Bissell

Mr. Bissell is President and Chief Executive Officer of AmeriGas Propane, Inc. (since July 2000), having served as Senior Vice President - Sales and Marketing (1999 to 2000) and Vice President - Sales and Operations (1995 to 1999). Previously, he was Vice President - Distributors and Fabrication, BOC Gases (industrial gases) (1995), having been Vice President - National Sales (1993 to 1995) and Regional Vice President Southern Region for Distributor and Cylinder Gases Division, BOC Gases (1989 to 1993). From 1981 to 1987, Mr. Bissell held various positions with the Company and its subsidiaries, including Director, Corporate Development. Mr. Bissell is a member of the Board of Directors of the National Propane Gas Association.

Michael J. Cuzzolina

Mr. Cuzzolina was elected Vice President - Accounting and Financial Control, Principal Accounting Officer and Chief Risk Officer of the Company in July 2004. He served as President and Chief Operating Officer of Flaga GmbH from 1999 to 2004. Mr. Cuzzolina joined the Company in 1974 and previously served as Vice President - Accounting and Financial Control (1984 to 1999).

Bradley C. Hall

Mr. Hall is Vice President - New Business Development (since October 1994). He also serves as President of UGI Enterprises, Inc. (since 1994). He joined the Company in 1982 and held various positions in UGI Utilities, Inc., including Vice President - Marketing and Rates.

Robert H. Knauss

Mr. Knauss was elected Vice President and General Counsel on September 30, 2003. He previously served as Vice President - Law and Associate General Counsel of AmeriGas Propane, Inc. (1996 to 2003), and Group Counsel - Propane of UGI (1989 to 1996). He joined the Company in 1985. Previously, Mr. Knauss was an associate at the firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia.

Anthony J. Mendicino

Mr. Mendicino is Senior Vice President - Finance and Chief Financial Officer (since December 2002). He previously served as Vice President - Finance and Chief Financial Officer (September 1998 to December 2002). Mr. Mendicino served as President and Chief Operating Officer (July 1997 to June 1998) and as Senior Vice President (January 1997 to June 1997) of Eastwind Group, Inc., a holding company formed to acquire and consolidate middle-market manufacturing businesses. Mr. Mendicino was Senior Vice President and Chief Financial Officer and a director (1987 to 1996) of UTI Energy Corp., a diversified oil field service company. From 1981 to 1987, Mr. Mendicino held various positions with UGI, including Treasurer.

David W. Trego

Mr. Trego is President and Chief Executive Officer of UGI Utilities, Inc. (since October 2004). He previously served as Vice President-Electric Distribution (2002 to 2004). Prior to that assignment, Mr. Trego served in a number of capacities in the Gas Utility Division, including marketing, operations, customer relations and engineering. He joined Utilities in 1987.

Francois Varagne

Mr. Varagne is Chairman of the Board and Chief Executive Officer of Antargaz (since 2001), one of the leading LPG distributors in France. Before joining Antargaz, Mr. Varagne was Chairman of the Board and Chief Executive Officer of VIA GTI, a common carrier in France (1998-2001). Prior to that, Mr. Varagne was Chairman of the Board and Chief Executive Officer of Brink's France, a funds carrier (1997 to 1998).

PART IV:

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

(1) and (2) The financial statements and financial statement schedules incorporated by reference or included in this report are listed in the accompanying Index to Financial Statements and Financial Statement Schedules set forth on pages F-2 through F-3 of this report, which is incorporated herein by reference.

(3) LIST OF EXHIBITS:

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

INCORPORATION BY REFERENCE				
EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
3.1	(Second) Amended and Restated Articles of Incorporation of the Company	UGI	Amendment No. 1 on Form 8 to Form 8-B (4/10/92)	3.(3)(a)
3.2	Bylaws of UGI as amended through September 28, 2004	UGI	Form 8-K (9/28/04)	3.2
4	Instruments defining the rights of security holders, including indentures. (The Company agrees to furnish to the Commission upon request a copy of any instrument defining the rights of holders of long-term debt not required to be filed pursuant to Item 601(b)(4) of Regulation S-K)			
4.1	Rights Agreement, as amended as of August 18, 2000, between the Company and Mellon Bank, N.A., successor to Mellon Bank (East) N.A., as Rights Agent, and Assumption Agreement dated April 7, 1992	UGI	Registration Statement No. 333-49080	4.3
4.2	The description of the Company's Common Stock contained in the Company's registration statement filed under the Securities Exchange Act of 1934, as amended	UGI	Form 8-B/A (4/17/96)	3.(4)
4.3	UGI's (Second) Amended and Restated Articles of Incorporation and Bylaws referred to in 3.1 and 3.2 above			

INCORPORATION BY REFERENCE

EXHIBIT NO. -----	EXHIBIT -----	REGISTRANT -----	FILING -----	EXHIBIT -----
4.4	Note Agreement dated as of April 12, 1995 among The Prudential Insurance Company of America, Metropolitan Life Insurance Company, and certain other institutional investors and AmeriGas Propane, L.P., New AmeriGas Propane, Inc. and Petrolane Incorporated	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.8
4.5	First Amendment dated as of September 12, 1997 to Note Agreement dated as of April 12, 1995 ("1995 Note Agreement")	AmeriGas Partners, L.P.	Form 10-K (9/30/97)	4.5
4.6	Second Amendment dated as of September 15, 1998 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-K (9/30/98)	4.6
4.7	Third Amendment dated as of March 23, 1999 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-Q (3/31/99)	10.2
4.8	Fourth Amendment dated as of March 16, 2000 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-Q (6/30/00)	10.2
4.9	Fifth Amendment dated as of August 1, 2001 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	4.8
4.10	Second Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of December 1, 2004	AmeriGas Partners, L.P.	Form 8-K (12/1/04)	3.1
4.11	Second Amended and Restated Agreement of Limited Partnership of AmeriGas Propane, L.P. dated as of December 1, 2004	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	3.1(a)
4.12	Amended and Restated Agreement of Limited Partnership of AmeriGas Eagle Propane, L.P. dated July 19, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	3.8
10.1	Service Agreement (Rate FSS) dated as of November 1, 1989 between Utilities and Columbia, as modified pursuant to the orders of the Federal Energy Regulatory Commission at Docket No. RS92-5-000 reported at Columbia Gas Transmission Corp., 64 FERCP. P 61,060 (1993), order on rehearing, 64 FERCP. P 61,365 (1993)	UGI	Form 10-K (9/30/95)	10.5
*10.2**	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Stock Unit Grant Letter dated as of January 8, 2004			

INCORPORATION BY REFERENCE				
EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
*10.3**	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Nonqualified Stock Option Grant Letter dated as of January 8, 2004			
*10.4**	UGI Corporation 2004 Omnibus Equity Compensation Plan Utilities Employees Performance Unit Grant Letter dated as of January 1, 2004			
*10.5**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Stock Unit Grant Letter dated as of January 1, 2004			
10.6**	UGI Corporation Directors Deferred Compensation Plan Amended and Restated as of January 1, 2000	UGI	Form 10-K (9/30/00)	10.6
*10.7**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Performance Unit Grant Letter dated as of January 1, 2004			
10.8**	UGI Corporation Annual Bonus Plan dated March 8, 1996	UGI	Form 10-Q (6/30/96)	10.4
*10.9**	UGI Corporation 2004 Omnibus Equity Compensation Plan AmeriGas Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004			
10.10**	UGI Corporation 1997 Stock Option and Dividend Equivalent Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.4
10.11**	UGI Corporation 1992 Directors' Stock Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.2
*10.12**	UGI Corporation Senior Executive Employee Severance Pay Plan as amended December 7, 2004			
10.12(a)**	AmeriGas Propane, Inc. Executive Employee Severance Pay Plan, as amended December 6, 2004.	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.4

INCORPORATION BY REFERENCE

EXHIBIT NO. -----	EXHIBIT -----	REGISTRANT -----	FILING -----	EXHIBIT -----
10.13**	UGI Corporation 2000 Directors' Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.1
10.14**	UGI Corporation 2000 Stock Incentive Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.5
10.15**	1997 Stock Purchase Loan Plan	UGI	Form 10-K (9/30/97)	10.16
10.16**	UGI Corporation Supplemental Executive Retirement Plan Amended and Restated effective October 1, 1996	UGI	Form 10-Q (6/30/98)	10
*10.17**	UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended December 7, 2004			
10.18	Credit Agreement dated as of August 28, 2003 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Wachovia Bank, National Association, as Agent, Issuing Bank and Swing Line Bank, and certain banks.	AmeriGas Partners, L.P.	Form 10-K (9/30/03)	10.1
10.19	Amendment No. 1 dated as of August 30, 2004, to the Credit Agreement dated as of August 28, 2003 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Citicorp USA, Inc., Credit Suisse First Boston, Wachovia Bank, National Association, as Agent, Issuing Bank and Swing Line Bank, and certain financial institutions named party thereto.	AmeriGas Partners, L.P.	Form 8-K (8/30/04)	10.1
10.20	Partnership Agreement of Hunlock Creek Energy Ventures dated December 8, 2001 by and between UGI Hunlock Development Company and Allegheny Energy Supply Hunlock Creek LLC	Utilities	Form 10-K (9/30/01)	10.24
10.21	Amendment No. 1 to Partnership Agreement of Hunlock Creek Energy Ventures, dated June 26, 2003, by and between UGI Hunlock Development Company and Allegheny Energy Supply Hunlock Creek, LLC	UGI	Form 10-K (9/30/03)	10.21

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.22	Notice of appointment of Wachovia Bank, National Association as collateral Agent effective as of August 28, 2003, pursuant to Intercreditor and Agency Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/03)	10.6
10.23	Intercreditor and Agency Agreement dated as of April 19, 1995 among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., Bank of America National Trust and Savings Association ("Bank of America") as Agent, Mellon Bank, N.A. as Cash Collateral Sub-Agent, Bank of America as Collateral Agent and certain creditors of AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.2
10.23(a)	First Amendment dated as of July 31, 2001 to Intercreditor and Agency Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.8
10.24	General Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association and Mellon Bank, N.A.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.3
10.24(a)	First Amendment dated as of July 31, 2001 to General Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.10
10.24(b)	Second Amendment dated as of October 14, 2004 to General Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.10(a)
10.25	Subsidiary Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association as Collateral Agent and Mellon Bank, N.A. as Cash Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.4
10.25(a)	First Amendment dated as of July 31, 2001 to Subsidiary Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.12
10.25(b)	Second Amendment dated as of October 14, 2004 to Subsidiary Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.12(a)

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.26	Restricted Subsidiary Guarantee dated as of April 19, 1995 by AmeriGas Propane, L.P. for the benefit of Bank of America National Trust and Savings Association, as Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.5
10.27	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.6
10.28	Trademark License Agreement, dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.7
10.29	Stock Purchase Agreement dated May 27, 1989, as amended and restated July 31, 1989, between Texas Eastern Corporation and QFB Partners	Petrolane Incorporated/ AmeriGas, Inc.	Registration Statement No. 33-69450	10.16(a)
10.30	Pledge Agreement dated September 1999 between Eastfield International Holdings, Inc. and Raiffeisen Zentralbank Osterreich Aktiengesellschaft ("RZB")	UGI	Form 10-K (9/30/99)	10.28
10.31	Pledge Agreement dated September 1999 between EuroGas Holdings, Inc. and RZB	UGI	Form 10-K (9/30/99)	10.29
10.32	Form of Guarantee Agreement dated September 1999 between UGI Corporation and RZB relating to loan amount of EURO 74 million	UGI	Form 10-K (9/30/99)	10.30
10.33	Form of Guarantee Agreement dated September 2000 between UGI Corporation and RZB relating to loan amount of EURO 14.9 million	UGI	Form 10-K (9/30/00)	10.33
10.34	Form of Guarantee Agreement dated September 2000 between UGI Corporation and RZB relating to loan amount of EURO 9 million	UGI	Form 10-K (9/30/00)	10.34
10.34(a)	Amendments dated October 11, 2001 to September 1999 Guarantee Agreements between UGI Corporation and RZB	UGI	Form 10-K (9/30/02)	10.34(a)

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.35**	Description of Change of Control arrangements for Messrs. Greenberg, Cuzzolina, Hall, Knauss and Mendicino	UGI	Form 10-K (9/30/99)	10.33
*10.36**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004			
*10.36(a)**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Utilities Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004			
10.37**	Description of Change of Control arrangement for Mr. Bissell	AmeriGas Partners, L.P.	Form 10-K (9/30/99)	10.31
10.38**	2002 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.7
10.39**	1992 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.6
10.40	[Intentionally omitted]			
10.41	Service Agreement for comprehensive delivery service (Rate CDS) dated February 23, 1999 between UGI Utilities, Inc. and Texas Eastern Transmission Corporation	UGI	Form 10-K (9/30/00)	10.41
10.42	Purchase Agreement dated January 30, 2001 and Amended and Restated on August 7, 2001 by and among Columbia Energy Group, Columbia Propane Corporation, Columbia Propane, L.P., CP Holdings, Inc., AmeriGas Propane, L.P., AmeriGas Partners, L.P., and AmeriGas Propane, Inc.	AmeriGas Partners, L.P.	Form 8-K (8/8/01)	10.1
*10.43**	UGI Corporation 2004 Omnibus Equity Compensation Plan, Sub-Plan for French Employees Stock Option Grant Letter dated as of 2004			
10.44	Agreement by Petrolane Incorporated and certain of its subsidiaries party thereto ("Subsidiaries") for the Sale of the Subsidiaries' Inventory and Assets to the Goodyear Tire & Rubber Company and D.C.H., Inc., as Purchaser, dated as of December 18, 1985	Petrolane Incorporated	Form 10-K (9/23/94)	10.13

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.45	Purchase Agreement by and among Columbia Propane, L.P., CP Holdings, Inc., Columbia Propane Corporation, National Propane Partners, L.P., National Propane Corporation, National Propane SPG, Inc., and Triarc Companies, Inc. dated as of April 5, 1999	National Propane Partners, L.P.	Form 8-K (4/19/99)	10.5
10.46	Capital Contribution Agreement dated as of August 21, 2001 by and between Columbia Propane, L.P. and AmeriGas Propane, L.P. acknowledged and agreed to by CP Holdings, Inc.	AmeriGas Partners, L.P.	Form 8-K (8/21/01)	10.2
10.47	Promissory Note by National Propane L.P., a Delaware limited partnership in favor of Columbia Propane Corporation dated July 19, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.39
10.48	Loan Agreement dated July 19, 1999, between National Propane, L.P. and Columbia Propane Corporation	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.40
10.49	First Amendment dated August 21, 2001 to Loan Agreement dated July 19, 1999 between National Propane, L.P. and Columbia Propane Corporation	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.41
10.50	Columbia Energy Group Payment Guaranty dated April 5, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.42
10.51	Keep Well Agreement by and between AmeriGas Propane, L.P. and Columbia Propane Corporation dated August 21, 2001	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.46
10.52**	AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended December 15, 2003.	AmeriGas Partners, L.P.	Form 10-Q (6/30/04)	10.2
10.53	Storage Transportation Service Agreement (Rate Schedule SST) between Utilities and Columbia dated November 1, 1993, as modified pursuant to orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.25
10.54	Gas Service Delivery and Supply Agreement between Utilities and UGI Energy Services, Inc. dated August 26, 2004	Utilities	Form 10-K (9/30/04)	10.32

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.55	No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated February 23, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.27
10.56	No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated October 31, 2000, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.28
10.57	Firm Transportation Service Agreement (Rate Schedule FT-1) between Utilities and Texas Eastern Transmission dated June 15, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.29
10.58	Amendment No. 1 dated November 1, 2004, to the Service Agreement (Rate FSS) dated as of November 1, 1989 between Utilities and Columbia, as modified pursuant to the orders of the Federal Energy Regulatory Commission at Docket No. RS92-5-000 reported at Columbia Gas Transmission Corp., 64 FERC P 61,060 (1993), order on rehearing, 64 FERC P 61,365 (1993)	Utilities	Form 10-K (9/30/04)	10.26
10.59	Firm Transportation Service Agreement (Rate Schedule FT) between Utilities and Transcontinental Gas Pipe Line dated October 1, 1996, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.31
10.60	Amendment No. 1 dated November 1, 2004, to the No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated February 23, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/04)	10.30

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.61	Amendment No. 1 dated November 1, 2004, to the Firm Transportation Service Agreement (Rate Schedule FT-1) between Utilities and Texas Eastern Transmission dated June 15, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/04)	10.33
10.62	Firm Transportation Service Agreement (Rate Schedule FTS) between Utilities and Columbia Gas Transmission dated November 1, 2004	Utilities	Form 10-K (9/30/04)	10.34
10.63	Amendment Agreement dated June 18, 2004, relating to the Senior Facilities Agreement dated June 26, 2003, as Amended and Restated, between AGZ Holding, as Parent, Antargaz, the Senior Lenders, (as defined therein) and Calyon, as Mandated Lead Arranger, Facility Agent and Security Agent.	UGI	Form 10-Q (6/30/04)	10.5
10.64	Creditor Accession Agreement dated June 18, 2004, between UGI Bordeaux Holding, as the New Investor, and Calyon, as Security Agent.	UGI	Form 10-Q (6/30/04)	10.6
10.65	Letter of Undertakings dated June 18, 2004, by UGI Bordeaux Holding to AGZ Holding, the Parent of Antargaz, and Calyon, the Facility Agent, acting on behalf of the Lenders, (as defined within the Senior Facilities Agreement).	UGI	Form 10-Q (6/30/04)	10.7
10.66	Tax Consolidation Agreement, dated June 18, 2004, entered into by UGI Bordeaux Holding and its Subsidiaries named therein.	UGI	Form 10-Q (6/30/04)	10.8
10.67**	AmeriGas Propane, Inc. Executive Employee Severance Pay Plan, as amended December 6, 2004.	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.4
10.68	Senior Facilities Agreement dated June 26, 2003 as Amended and Restated July 2, 2003, between AGZ Holding and Antargaz, Credit Lyonnais, as Mandated Lead Arranger, Facility Agent and Security Agent, and the Financial Institutions named therein.	UGI	Form 10-Q (3/31/04)	10.1

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.69	Form of Amendment Agreement dated January 15, 2004 to Senior Facilities Agreement, as Amended and Restated July 2, 2003.	UGI	Form 10-Q (3/31/04)	10.1(a)
10.70	Pledge of Financial Instruments Account relating to Financial Instruments held by AGZ Holding in Antargaz, dated July 7, 2003, between AGZ Holding, as Pledgor, and Credit Lyonnais, as Security Agent, and the Senior Lenders.	UGI	Form 10-Q (3/31/04)	10.2
10.71	Pledge of Financial Instruments Accounts relating to Financial Instruments held by Antargaz in certain subsidiary companies, dated July 7, 2003, between Antargaz, as Pledgor, and Credit Lyonnais, as Security Agent, and the Revolving Lenders.	UGI	Form 10-Q (3/31/04)	10.3
10.72	Intercreditor Agreement, dated July 7, 2003, between AGZ Holding, Antargaz, AGZ Finance, the Senior Lenders (as defined therein), the Investors (as defined therein), and Credit Lyonnais, as Facility Agent for the Senior Lenders and as Security Agent.	UGI	Form 10-Q (3/31/04)	10.4
10.73	Seller's Guarantee dated February 16, 2001 among Elf Antar France, Elf Aquitaine and AGZ Holding.	UGI	Form 10-Q (3/31/04)	10.5
*13	Pages 13 through 55 of the 2004 Annual Report to Shareholders			
14	Code of Ethics for principal executive, financial and accounting officers	UGI	Form 10-K (9/30/03)	14
*21	Subsidiaries of the Registrant			
*23	Consent of PricewaterhouseCoopers LLP			
*31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2004 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
*31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2004 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
*32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2004, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			

* Filed herewith.

** As required by Item 14(a)(3), this exhibit is identified as a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

Date: December 7, 2004

By: Anthony J. Mendicino

Anthony J. Mendicino
Senior Vice President - Finance
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 7, 2004, by the following persons on behalf of the Registrant in the capacities indicated.

SIGNATURE - - - - -	TITLE -----
Lon R. Greenberg - - - - - Lon R. Greenberg	Chairman, President and Chief Executive Officer (Principal Executive Officer) and Director
Anthony J. Mendicino - - - - - Anthony J. Mendicino	Senior Vice President - Finance and Chief Financial Officer (Principal Financial Officer)
Michael J. Cuzzolina - - - - - Michael J. Cuzzolina	Vice President - Accounting and Financial Control (Principal Accounting Officer)
Stephen D. Ban - - - - - Stephen D. Ban	Director
Thomas F. Donovan - - - - - Thomas F. Donovan	Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 7, 2004, by the following persons on behalf of the Registrant in the capacities indicated.

SIGNATURE	TITLE
- - - - -	- - - - -
Richard C. Gozon	Director
- - - - -	
Richard C. Gozon	
Ernest E. Jones	Director
- - - - -	
Ernest E. Jones	
Anne Pol	Director
- - - - -	
Anne Pol	
Marvin O. Schlanger	Director
- - - - -	
Marvin O. Schlanger	
James W. Stratton	Director
- - - - -	
James W. Stratton	

UGI CORPORATION AND SUBSIDIARIES

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 2004

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements and supplementary data of UGI Corporation and subsidiaries, together with the report thereon of PricewaterhouseCoopers LLP dated December 6, 2004, listed in the following index, are included in UGI's 2004 Annual Report to Shareholders and are incorporated in this Form 10-K Annual Report by reference. With the exception of the pages listed in this index and information incorporated in Items 7, 7A and 8, the 2004 Annual Report to Shareholders is not to be deemed filed as part of this Report.

	Reference	
	Form 10-K (page) -----	Annual Report to Shareholders (page) -----
Reports of Independent Registered Public Accounting Firm		
On Consolidated Financial Statements	Exhibit 13	28
On Financial Statement Schedules	F-4	
Financial Statements:		
Consolidated Balance Sheets, September 30, 2004 and 2003	Exhibit 13	30 to 31
For the years ended September 30, 2004, 2003 and 2002:		
Consolidated Statements of Income	Exhibit 13	29
Consolidated Statements of Cash Flows	Exhibit 13	32
Consolidated Statements of Stockholders' Equity	Exhibit 13	33

UGI CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (continued)

	Reference	
	Form 10-K (page)	Annual Report to Shareholders (page)
Notes to Consolidated Financial Statements	Exhibit 13	34 to 55
Supplementary Data (unaudited):		
Quarterly Data for the years ended September 30, 2004 and 2003	Exhibit 13	53
Financial Statement Schedules:		
For the years ended September 30, 2004, 2003 and 2002:		
I - Condensed Financial Information of Registrant (Parent Company)	S-1 to S-3	
II - Valuation and Qualifying Accounts	S-4 to S-5	

Annual Reports on Form 10-K/A

Annual Reports on Form 10-K/A for the UGI Utilities, Inc., UGI HVAC Enterprises, Inc. and AmeriGas Propane, Inc. savings plans will be filed by amendment within the time period specified by Rule 15d-21(b).

We have omitted all other financial statement schedules because the required information is either (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) the information required is included elsewhere in the financial statements or related notes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON
FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Stockholders
of UGI Corporation:

Our audits of the consolidated financial statements referred to in our report dated December 6, 2004 appearing in the 2004 Annual Report to Shareholders of UGI Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 6, 2004

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

BALANCE SHEETS
(Millions of dollars)

	September 30,	
	2004	Restated 2003
ASSETS		
-----	-----	-----
Current assets:		
Cash and cash equivalents	\$ 0.7	\$ 0.6
Accounts and notes receivable	4.2	1.7
Deferred income taxes	0.2	0.2
Prepaid expenses and other current assets	0.4	0.5
	-----	-----
Total current assets	5.5	3.0
Investments in subsidiaries	956.1	618.2
Other assets	11.4	8.6
	-----	-----
Total assets	\$ 973.0	\$ 629.8
	=====	=====
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts and notes payable	\$ 10.2	\$ 10.7
Accrued liabilities	5.9	7.7
	-----	-----
Total current liabilities	16.1	18.4
Noncurrent liabilities	122.8	112.7
Commitments and contingencies		
Common stockholders' equity:		
Common Stock, without par value (authorized - 150,000,000 shares; issued - 57,576,497 and 49,798,097 shares, respectively)	762.6	511.3
Retained earnings	146.2	90.9
Accumulated other comprehensive income	22.6	4.7
	-----	-----
Less treasury stock, at cost	931.4 (97.3)	606.9 (108.2)
	-----	-----
Total common stockholders' equity	834.1	498.7
	-----	-----
Total liabilities and common stockholders' equity	\$ 973.0	\$ 629.8
	=====	=====

Commitments and Contingencies:

In addition to the guarantees of FLAGA debt described in Note 4 to Consolidated Financial Statements, at September 30, 2004, UGI Corporation had agreed to indemnify the issuers of \$26.7 of surety bonds issued on behalf of certain UGI subsidiaries. UGI Corporation is authorized to guarantee up to \$10.0 in supplier obligations on behalf of UGI Development Company, of which \$5.3 of such obligations were outstanding as of September 30, 2004. UGI Corporation is also authorized to guarantee up to \$265.0 of supplier obligations of UGI Energy Services, Inc., of which \$235.4 of such obligations were outstanding as of September 30, 2004.

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

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

	Year Ended September 30,		
	2004	2003	2002
Revenues	\$ -	\$ -	\$ -
Costs and expenses:			
Operating and administrative expenses	24.5	18.6	13.6
Other income, net	(24.0)	(17.6)	(12.4)
	0.5	1.0	1.2
Operating loss	(0.5)	(1.0)	(1.2)
Interest expense on intercompany debt	(2.2)	(1.5)	(1.3)
Loss before income taxes	(2.7)	(2.5)	(2.5)
Income tax benefit	(1.3)	(2.4)	(0.9)
Loss before equity in income of unconsolidated subsidiaries	(1.4)	(0.1)	(1.6)
Equity in income of unconsolidated subsidiaries	113.0	99.0	77.1
Net income	\$ 111.6	\$ 98.9	\$ 75.5
	=====	=====	=====
Earnings per common share:			
Basic	\$ 2.36	\$ 2.34	\$ 1.83
	=====	=====	=====
Diluted	\$ 2.31	\$ 2.29	\$ 1.80
	=====	=====	=====
Average common shares outstanding (millions):			
Basic	47.308	42.220	41.325
	=====	=====	=====
Diluted	48.341	43.236	41.907
	=====	=====	=====

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2004	2003	2002
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	\$ 100.2	\$ 97.2	\$ 113.9
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in unconsolidated subsidiaries	(300.2)	(117.1)	(101.5)
Net repayments to unconsolidated subsidiary	-	-	13.0
Net cash used by investing activities	(300.2)	(117.1)	(88.5)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividends on Common Stock	(56.3)	(47.8)	(44.8)
Issuance of intercompany long-term debt	-	44.5	8.0
Issuance of Common Stock	257.0	23.7	11.0
Repurchases of Common Stock	(0.6)	(0.1)	-
Net cash provided (used) by financing activities	200.1	20.3	(25.8)
Cash and cash equivalents increase (decrease)	\$ 0.1	\$ 0.4	\$ (0.4)
Cash and cash equivalents:			
End of period	\$ 0.7	\$ 0.6	\$ 0.2
Beginning of period	0.6	0.2	0.6
Increase (decrease)	\$ 0.1	\$ 0.4	\$ (0.4)

(a) Includes dividends received from unconsolidated subsidiaries of \$99.0, \$94.0 and \$111.7, respectively, for the years ended September 30, 2004, 2003 and 2002.

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

	Balance at beginning of year -----	Charged (credited) to costs and expenses -----	Other -----	Balance at end of year -----
Year Ended September 30, 2004 -----				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 14.8 =====	\$ 18.7	\$ (16.8) (1)	\$ 22.3 =====
			\$ 5.6 (2)	
Other reserves:				
Self-insured property and casualty liability	\$ 48.4 =====	\$ 26.1	\$ (17.3) (3)	\$ 57.8 =====
			0.6 (4)	
Insured property and casualty liability	\$ 0.6 =====			\$ 0.6 =====
Environmental, litigation and other	\$ 15.7 =====	\$ 5.7	\$ (3.8) (3)	\$ 30.9 =====
			\$ 13.1 (2)	
			0.2 (4)	
Year Ended September 30, 2003 -----				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 11.8 =====	\$ 18.5	\$ (15.8) (1)	\$ 14.8 =====
			\$ 0.3 (4)	
Other reserves:				
Self-insured property and casualty liability	\$ 42.7 =====	\$ 21.2	\$ (15.1) (3)	\$ 48.4 =====
			(0.4) (4)	
Insured property and casualty liability	\$ 3.5 =====	\$ (2.8)	\$ (0.1) (4)	\$ 0.6 =====
Environmental, litigation and other	\$ 13.9 =====	\$ 6.0	\$ (4.6) (3)	\$ 15.7 =====
			0.4 (4)	

UGI CORPORATION AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS (continued)
(Millions of dollars)

Year Ended September 30, 2002

Reserves deducted from assets in
the consolidated balance sheet:

Allowance for doubtful accounts	\$ 15.6	\$ 14.2	\$ (18.0) (1)	\$ 11.8
	=====			=====

Allowance for amortization of other deferred costs - AmeriGas Propane	\$ 1.1	\$ -	\$ (1.1) (4)	\$ -
	=====			=====

Other reserves:

Self-insured property and casualty liability	\$ 37.4	\$ 19.0	\$ (15.6) (3)	\$ 42.7
	=====		1.9 (4)	=====

Insured property and casualty liability	\$ 1.5	\$ -	\$ 2.0 (4)	\$ 3.5
	=====			=====

Environmental, litigation and other	\$ 11.7	\$ 3.7	\$ (2.6) (3)	\$ 13.9
	=====		1.1 (4)	=====

- (1) Uncollectible accounts written off, net of recoveries.
(2) Acquisition
(3) Payments, net.
(4) Other adjustments.

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
10.2	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Stock Unit Grant Letter dated as of January 8, 2004
10.3	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Nonqualified Stock Option Grant Letter dated as of January 8, 2004
10.4	UGI Corporation 2004 Omnibus Equity Compensation Plan Utilities Employees Performance Unit Grant Letter dated as of January 1, 2004
10.5	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Stock Unit Grant Letter dated as of January 1, 2004
10.7	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Performance Unit Grant Letter dated as of January 1, 2004
10.9	UGI Corporation 2004 Omnibus Equity Compensation Plan AmeriGas Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004
10.12	UGI Corporation Senior Executive Employee Severance Pay Plan as amended December 7, 2004
10.17	UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended December 7, 2004
10.36	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004
10.36(a)	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Utilities Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2004
10.43	UGI Corporation 2004 Omnibus Equity Compensation Plan, Sub-Plan for French Employees Stock Option Grant Letter dated as of January 1, 2004

EXHIBIT INDEX (CONT.)

EXHIBIT NO. - - - - -	DESCRIPTION - - - - -
13	Pages 13 through 55 of the 2004 Annual Report to Shareholders
21	Subsidiaries of the Registrant
23	Consent of PricewaterhouseCoopers LLP
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act

7/23/2004
Non-Employee Directors

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
STOCK UNIT GRANT LETTER

This STOCK UNIT GRANT LETTER is dated as of January 8, 2004 (the "Date of Grant") and delivered by UGI Corporation ("UGI"), to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of stock units with respect to shares of common stock of UGI ("Shares"). The Board of Directors of UGI (the "Board") has decided to make a stock unit grant to the Participant.

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

1. Grant of Stock Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of 1,275 Stock Units (as defined below). The Stock Units are granted with Dividend Equivalents (as defined below).

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

2. Dividend Equivalents with Respect to Stock Units.

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

(b) Conversion to Stock Units. On the last day of each Plan Year (as defined below), the amount of the Dividend Equivalents credited to the Participant's Account during that Plan Year shall be converted to a number of Stock Units, based on the Unit Value (as defined below) on the last day of the Plan Year. In the event of a Change of Control (as defined in the Plan) or in the event the Participant dies or Separates from Service (as defined below) prior to the last day of the Plan Year, as soon as practicable following such event, and in no event later than the date on which Stock Units are redeemed in accordance with Section 3, UGI shall convert the amount of Dividend Equivalents previously credited to the Participant's Account during the Plan Year to a number of Stock Units based on the Unit Value on the date of such Change of Control, death or Separation from Service.

3. Events Requiring Redemption of Stock Units.

(a) Redemption. UGI shall redeem Stock Units credited to the Participant's Account at the times and in the manner prescribed by this Section 3. Except as described in subsection (d) below, redemptions shall be made by issuing to the Participant a number of Shares equal to the number of Stock Units being redeemed; provided, however, that any fractional Stock Units credited to a Participant's Account shall be paid in cash in an amount equal to the Unit Value of such fractional Stock Unit at the redemption date.

(b) Separation from Service or Death. In the event the Participant Separates from Service or dies, UGI shall redeem all the Stock Units then credited to the Participant's Account as soon as practicable following the Participant's Separation from Service or death. In the event of death, the redemption amount shall be paid to the Participant's estate.

(c) Elections. The Participant may elect to defer receipt of the redemption amount payable pursuant to subsection (b) upon Separation from Service, until the Participant attains a specific age, not to exceed the age of the Participant in January of the Plan Year following his or her attainment of age 72. In addition, the Participant may elect to receive such payment in (i) a single distribution or (ii) annual or quarterly installments over a period not to exceed 20 years. Both such elections must be made at least 13 months before the Participant's Separation from Service, or at such earlier date as UGI shall require.

(d) Change of Control. Unless otherwise provided by the Board, in the event of a Change of Control, UGI shall redeem all the Stock Units then credited to the Participant's Account. Such redemption amount shall be paid in cash. The amount paid shall equal the product of the number of Stock Units being redeemed multiplied by the Unit Value at the date of the Change of Control. The Participant may elect to defer receipt of such payment until he or she attains a specified age, not to exceed the age of the Participant in January of the Plan Year following his or her attainment of age 72. In addition, the Participant may elect to receive such payment in (i) a single distribution or (ii) annual or quarterly installments over a period not to exceed 20 years. Both such elections must be made at least 13 months before the Change of Control, or at such earlier date as UGI shall require.

(e) Installments. Dividend Equivalents will be credited to the Participant's Account in accordance with Section 2 until the full amount of the Participant's Account has been distributed. Each installment payment shall be calculated by dividing the Participant's total Account balance as of such payment date by the number of payments remaining in the installment period.

(f) Acceleration. The Board may at any time accelerate the redemption of outstanding Stock Units under such circumstances as the Board deems appropriate.

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

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

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

(c) "Plan Year" means the calendar year.

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

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

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

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

6. Conditions. The obligation of UGI to deliver Shares shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issue of Shares, the Shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Shares to the Participant pursuant to this Grant Letter is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

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

8. No Shareholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a

shareholder with respect to Shares, until certificates for Shares have been issued upon payment of Stock Units. The Participant shall not have any interest in any fund or specific assets of UGI by reason of this award or the Stock Unit account established for the Participant.

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

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

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

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

Attest: UGI Corporation

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Performance Units described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

7/23/2004
Non-Employee Directors

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated as of January 8, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Board of Directors of UGI (the "Board") has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Board hereby grants to the Participant a nonqualified stock option (the "Option") to purchase 4,250 shares of common stock of UGI ("Shares") at an exercise price of \$34.01 per Share. The Option shall be fully and immediately exercisable on the Date of Grant.

2. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on January 7, 2014), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

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

(i) Retirement. If the Participant Separates from Service on account of Retirement, the Option held by such Participant may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 36-month period following the Participant's Retirement.

(ii) Disability. If the Participant is determined to be Disabled by the Board, the Option may be exercised at any time prior to the earlier of the expiration date of the Option or the expiration of the 36-month period following the Participant's Separation from Service on account of Disability.

(iii) Death. In the event of the death of the Participant while serving as a non-employee director or employee of the Company, the Option may be exercised by the personal representative of the Participant's estate, or the personal representative under applicable law if the Participant dies intestate, at any time prior to the earlier of the expiration date of the Option or the expiration of the 12-month period following the Participant's death.

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

3. Exercise Procedures.

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

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

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

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

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

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

(c) "Retirement" means the Participant's Separation from Service after (1) attaining age 65 with five or more years of service with the Company or (2) ten or more years of service with the Company.

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

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

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

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

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Option described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Board shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

7/27/2004
Utilities Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated as of January 1, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of performance units ("Performance Units") with respect to shares of common stock of UGI ("Shares"). The Compensation and Management Development Committee of the Board of Directors of UGI (the "Committee") has decided to grant Performance Units to the Participant.

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

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant _____ Performance Units. The number of Performance Units set forth above is the target award of Performance Units. The Performance Units are contingently awarded and will be earned and payable if and to the extent that the performance goals and other conditions of the Grant Letter are met. The Performance Units are granted with Dividend Equivalents (as defined in Section 9).

2. Performance Goals.

(a) The Participant shall earn the right to payment of the Performance Units if the performance goals described in subsection (b) below are met for the measurement period, and if the Participant continues to be employed by, or provide service to, the Company (as defined in Section 9) through December 31, 2006. The measurement period is the period beginning January 1, 2004 and ending December 31, 2006.

(b) The target award level of Performance Units and Dividend Equivalents will be payable if UGI's Total Shareholder Return (TSR) equals the median TSR of a peer group for the measurement period. The peer group is the group of companies that comprises the S&P Utilities Index during the measurement period. The actual amount of the award of Performance Units may be higher or lower than the target award, or even zero, based on UGI's TSR percentile rank relative to the companies in the S&P Utilities Index, as follows:

UGI's TSR Rank (Percentile)	Percentage of Target Award Earned
Highest	200%
90th	175%
75th	150%
60th	125%
50th	100%
40th	50%
less than 40th	0%

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

(c) TSR shall be calculated by UGI using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The share price used for determining TSR at the beginning and the end of the measurement period will be the average price for the 90-day period preceding the beginning of the measurement period (i.e., the 90-day period ending on December 31, 2003) and the 90-day period ending on the last day of the measurement period (i.e., the 90-day period ending on December 31, 2006).

(d) The target award is the number of Performance Units set forth in Section 1 above, which is the amount designated for 100% (50th TSR rank) performance. The Participant can earn up to 200% of the target award if UGI's TSR rank exceeds the 50th TSR rank, according to the foregoing schedule.

(e) At the end of the measurement period, the Committee will determine whether and to what extent the performance goals have been met and the amount to be paid with respect to the Performance Units. Except as described in Section 3 below, the Participant must be employed by, or providing service to, the Company on December 31, 2006 in order for the Participant to receive payment with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant's employment or service with the Company terminates on or before December 31, 2006, the Performance Units and all Dividend Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service on account of Retirement (as defined in Section 9), Disability (as defined in Section 9) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Dividend Equivalents, if the performance goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after the end of the measurement period, based on achievement of the performance goals, multiplied by a fraction, the numerator of which is the number of calendar years during the measurement period in which the Participant has been employed by, or provided service to, the Company and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service on account of Retirement, Disability or death, the prorated amount shall be paid after the end of the measurement period, or at an earlier date determined by the Committee.

4. Coordination with Severance Plan. Notwithstanding anything in this Grant Letter to the contrary, if the Participant receives severance benefits under a Severance Plan (as defined in Section 9) and the terms of such benefits require that severance compensation payable under the Severance Plan be reduced by benefits payable under this Plan, any amount payable to the Participant with respect to Performance Units and Dividend Equivalents after the Participant's termination of employment or service shall be reduced by the amount of severance compensation paid to the Participant under the Severance Plan, as required by, and according to the terms of, the Severance Plan.

5. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant, after the end of the measurement period, (i) Shares or cash, or a combination of the two, as the Committee determines, equal to the amount to be paid according to achievement of the performance goals, up to the target award specified in Section 1 above, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the Shares with respect to the amount to be paid in excess of the target award.

6. Dividend Equivalents with Respect to Performance Units.

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

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

(c) The target amount of Dividend Equivalents (100% of the Dividend Equivalents credited to the Participant's account) will be earned if UGI's TSR rank is at the 50th TSR rank for the measurement period. The Participant can earn up to 200% of the target amount of Dividend Equivalents if UGI's TSR rank exceeds the 50th TSR rank, according to the schedule in Section 2 above. Except as described in Section 3(b) above, if the Participant's employment or service with the Company terminates on or before December 31, 2006, all Dividend Equivalents will be forfeited.

(d) Dividend Equivalents will be paid in cash at the same time as the underlying Performance Units are paid, after the Committee determines that the conditions to payment have been met. Notwithstanding anything in this Grant Letter to the contrary, the Participant may not

accrue Dividend Equivalents in excess of \$1,000,000 during any calendar year under all grants under the Plan.

7. Withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter.

8. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan. For Participants who are employees of UGI Utilities, Inc. ("Utilities") or a subsidiary of Utilities, the term "Change of Control" shall mean (i) a Change of Control of UGI as defined in the Plan, or (ii) one of the events set forth on Exhibit A with respect to Utilities.

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

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

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

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

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

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

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

(g) "Severance Plan" means any severance plan maintained by the Company that is applicable to the Participant.

10. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan and the Terms and Conditions established by the Committee with respect to the Plan, both of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan and the Terms and Conditions. The grant and payment of Performance Units and Dividend Equivalents are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan,

including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) changes in capitalization of the Company and (iii) other requirements of applicable law. The Committee shall have the authority to interpret and construe the grant pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

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

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Performance Units described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

EXHIBIT A

Change of Control with Respect to Utilities

For Participants who are employees of Utilities, or a subsidiary of Utilities, the term "Change of Control" shall include the events set forth in this Exhibit A with respect to Utilities, and the defined terms set forth used in this Exhibit A, if not defined in the Plan, shall have the following meanings:

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

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

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

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

2. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. 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 securities; 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 (40) days after the date of such acquisition.

4. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

5. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

6. "UGI Subsidiary" shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

7/2/2004
UGI Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of _____, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of stock units ("Stock Units") with respect to shares of common stock of UGI ("Shares"). The Compensation and Management Development Committee of the Board of Directors of UGI (the "Committee") has decided to grant Stock Units to the Participant.

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

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Agreement and in the Plan, UGI hereby grants to the Participant _____ Stock Units. The Stock Units are contingently awarded and will be earned and payable if and to the extent that the conditions of this Agreement are met. The Stock Units are granted with Dividend Equivalents (as defined in Section 9).

2. Vesting. The Participant shall earn the right to payment of the Stock Units if the Participant is employed by, or providing service to, the Company (as defined below) on the applicable vesting date:

Vesting Date	Vested Stock Units
-----	-----
_____, 2005	[__%]
_____, 2006	[__%]
_____, 2007	[__%]

If the foregoing schedule would produce fractional Shares, the number of Shares for which the Stock Units vest shall be rounded down to the nearest whole Share.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant's employment or service with the Company terminates before the Stock Units are fully vested, the unvested Stock Units, and all related Dividend Equivalents, will be forfeited.

(b) If the Participant ceases to be employed by, or provide service to, the Company by reason of (i) Retirement (as defined below), (iii) Disability (as defined below), or (iv) death, the Participant's unvested Stock Units will become fully vested as of the termination date.

4. Payment with Respect to Stock Units. When the Stock Units vest, the Company shall pay to the Participant whole Shares equal to the number of Stock Units that have become vested on the vesting date.

5. Dividend Equivalents with Respect to Stock Units.

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

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

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

(d) Notwithstanding anything in this Agreement to the contrary, the Participant may not accrue Dividend Equivalents in excess of \$1,000,000 during any calendar year under all grants under the Plan.

6. Coordination with Severance Plan. Notwithstanding anything in this Agreement to the contrary, if the Participant receives severance benefits under a Severance Plan (as defined in Section 9) and the terms of such benefits require that severance compensation payable under the Severance Plan be reduced by benefits payable under this Plan, any amount payable to the Participant with respect to Stock Units and Dividend Equivalents after the Participant's termination of employment or service shall be reduced by the amount of severance compensation paid to the Participant under the Severance Plan, as required by, and according to the terms of, the Severance Plan.

7. Withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the payments under this Agreement. The Participant may elect to satisfy the Company's tax withholding obligation with respect to payments in Shares by having Shares withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities.

8. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan.

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

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

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

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

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

(e) "Stock Unit" means a hypothetical unit that represents the value of one share of UGI common stock.

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

(g) "Severance Plan" means any severance plan maintained by the Company that is applicable to the Participant.

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

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

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

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

Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President, General Counsel

I hereby accept the Stock Units described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding.

Participant

7/23/2004
UGI Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated as of January 1, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of performance units ("Performance Units") with respect to shares of common stock of UGI ("Shares"). The Compensation and Management Development Committee of the Board of Directors of UGI (the "Committee") has decided to grant Performance Units to the Participant.

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

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant _____ Performance Units. The number of Performance Units set forth above is the target award of Performance Units. The Performance Units are contingently awarded and will be earned and payable if and to the extent that the performance goals and other conditions of the Grant Letter are met. The Performance Units are granted with Dividend Equivalents (as defined in Section 9).

2. Performance Goals.

(a) The Participant shall earn the right to payment of the Performance Units if the performance goals described in subsection (b) below are met for the measurement period, and if the Participant continues to be employed by, or provide service to, the Company (as defined in Section 9) through December 31, 2006. The measurement period is the period beginning January 1, 2004 and ending December 31, 2006.

(b) The target award level of Performance Units and Dividend Equivalents will be payable if UGI's Total Shareholder Return (TSR) equals the median TSR of a peer group for the measurement period. The peer group is the group of companies that comprises the S&P Utilities Index during the measurement period. The actual amount of the award of Performance Units may be higher or lower than the target award, or even zero, based on UGI's TSR percentile rank relative to the companies in the S&P Utilities Index, as follows:

UGI's TSR Rank (Percentile)	Percentage of Target Award Earned
-----	-----
Highest	200%
90th	175%
75th	150%
60th	125%
50th	100%
40th	50%
less than 40th	0%

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

(c) TSR shall be calculated by UGI using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The share price used for determining TSR at the beginning and the end of the measurement period will be the average price for the 90-day period preceding the beginning of the measurement period (i.e., the 90-day period ending on December 31, 2003) and the 90-day period ending on the last day of the measurement period (i.e., the 90-day period ending on December 31, 2006).

(d) The target award is the number of Performance Units set forth in Section 1 above, which is the amount designated for 100% (50th TSR rank) performance. The Participant can earn up to 200% of the target award if UGI's TSR rank exceeds the 50th TSR rank, according to the foregoing schedule.

(e) At the end of the measurement period, the Committee will determine whether and to what extent the performance goals have been met and the amount to be paid with respect to the Performance Units. Except as described in Section 3 below, the Participant must be employed by, or providing service to, the Company on December 31, 2006 in order for the Participant to receive payment with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant's employment or service with the Company terminates on or before December 31, 2006, the Performance Units and all Dividend Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service on account of Retirement (as defined in Section 9), Disability (as defined in Section 9) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Dividend Equivalents, if the performance goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after the end of the measurement period, based on achievement of the performance goals, multiplied by a fraction, the numerator of which is the number of calendar years during the measurement period in which the Participant has been employed by, or provided service to, the Company and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service on account of Retirement, Disability or death, the prorated amount shall be paid after the end of the measurement period, or at an earlier date determined by the Committee.

4. Coordination with Severance Plan. Notwithstanding anything in this Grant Letter to the contrary, if the Participant receives severance benefits under a Severance Plan (as defined in Section 9) and the terms of such benefits require that severance compensation payable under the Severance Plan be reduced by benefits payable under this Plan, any amount payable to the Participant with respect to Performance Units and Dividend Equivalents after the Participant's termination of employment or service shall be reduced by the amount of severance compensation paid to the Participant under the Severance Plan, as required by, and according to the terms of, the Severance Plan.

5. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant, after the end of the measurement period, (i) Shares or cash, or a combination of the two, as the Committee determines, equal to the amount to be paid according to achievement of the performance goals, up to the target award specified in Section 1 above, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the Shares with respect to the amount to be paid in excess of the target award.

6. Dividend Equivalents with Respect to Performance Units.

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

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

(c) The target amount of Dividend Equivalents (100% of the Dividend Equivalents credited to the Participant's account) will be earned if UGI's TSR rank is at the 50th TSR rank for the measurement period. The Participant can earn up to 200% of the target amount of Dividend Equivalents if UGI's TSR rank exceeds the 50th TSR rank, according to the schedule in Section 2 above. Except as described in Section 3(b) above, if the Participant's employment or service with the Company terminates on or before December 31, 2006, all Dividend Equivalents will be forfeited.

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

7. Withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter.

8. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan.

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

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

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

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

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

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

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

(g) "Severance Plan" means any severance plan maintained by the Company that is applicable to the Participant.

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

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

or service at any time. The right of the Company to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Performance Units described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

7/26/2004
AmeriGas Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated as of January 1, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of the Company (the "Committee") has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a nonqualified stock option (the "Option") to purchase _____ shares of common stock of UGI ("Shares") at an exercise price of \$33.97 per Share. The Option shall become exercisable according to Paragraph 2 below.

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

Date	Shares for Which the Option is Exercisable
----	-----
January 1, 2005	33 1/3%
January 1, 2006	33 1/3%
January 1, 2007	33 1/3%

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

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on December 31, 2013), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by, or provide service to, the Company, the Option will terminate on the date the Participant ceases such employment or service. However, if the Participant ceases to be employed by, or provide service to, the Company by reason of (i) Termination without Cause, (ii) Retirement (as defined below), (iii) Disability (as defined below), or (iv) death, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

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

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

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

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

4. Exercise Procedures.

(a) Subject to the provisions of Paragraphs 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving UGI irrevocable written notice of intent to exercise on a form provided by UGI and delivered in the manner provided in Section 13 below. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by delivering Shares (or by attestation to ownership of Shares), which shall be valued at their fair market value on the date of delivery, which shall have been held by the Participant for at least six months, and which shall have a fair market value on the date of exercise equal to the exercise price, (iii) by payment through a broker in accordance with procedures acceptable to the Committee and

permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve. The Committee may impose such limitations as it deems appropriate on the use of Shares to exercise the Option.

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

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

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

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

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

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

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

(e) "Termination without Cause" means termination of employment for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The Committee may determine in its sole discretion whether, and under what circumstances, the Participant's voluntary termination upon a significant reduction in the Participant's duties and responsibilities will constitute a Termination without Cause for purposes of the Grant Letter.

6. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan. If the Grantee is an employee of AmeriGas Propane, Inc. ("AmeriGas"), the term "Change of Control" shall mean (i) a Change of Control of UGI, as defined in the Plan or (ii) one of the events set forth in Exhibit A with respect to AmeriGas.

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

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

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

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Option described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

EXHIBIT A

Change of Control with Respect to AmeriGas

For Participants who are employees of AmeriGas, or a subsidiary of AmeriGas, the term "Change of Control" shall include the events set forth in this Exhibit A with respect to AmeriGas, and the defined terms used in this Exhibit A shall have the following meanings:

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

(A) Completion by AmeriGas, the Public Partnership or the Operating Partnership of a reorganization, merger or consolidation (a "Propane Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the AmeriGas voting securities or of the outstanding units of AmeriGas Partners, L.P. ("Outstanding Units") immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the AmeriGas' voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of AmeriGas' voting securities or the Outstanding Units, as the case may be; or

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

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

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

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

2. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. 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 securities; 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 (40) days after the date of such acquisition.

4. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

5. "Operating Partnership" shall mean AmeriGas Propane, L.P.
6. "Public Partnership" shall mean AmeriGas Partners, L.P.
7. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.
8. "UGI Subsidiary" shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

UGI CORPORATION

SENIOR EXECUTIVE EMPLOYEE

SEVERANCE PAY PLAN

AS AMENDED ON DECEMBER 7, 2004

UGI CORPORATION
SENIOR EXECUTIVE EMPLOYEE
SEVERANCE PAY PLAN

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ARTICLE I

BACKGROUND, PURPOSE AND TERM OF PLAN

Section 1.01 Background. This Plan was amended and restated in its entirety on April 30, 1993 to reflect sponsorship by a new entity following the April 10, 1992 reorganization of UGI Utilities, Inc. (formerly, UGI Corporation) and was again amended and restated as of January 1, 1997, December 16, 2003 and December 7, 2004. The terms and conditions of this Plan apply to the designated senior executive employees in the United States of UGI Corporation, its subsidiary UGI Utilities, Inc. and certain other affiliated entities, but not to employees of AmeriGas Propane, Inc. or its subsidiaries.

Section 1.02 Purpose of the Plan. The Plan is intended to alleviate, in part or in full, financial hardships which may be experienced by certain Executive Employees employed in the United States whose employment is terminated without Just Cause, in recognition of their past service to the Company and its Affiliates. In essence, benefits under the Plan are intended to be additional compensation for past services or for the continuation of specified employee benefits for a transitional period. The amount or kind of benefit to be provided is to be based on the Participant's Compensation, and the employee benefit programs applicable to him or her, at his or her Employment Termination Date. The Plan is not intended to be included in the definitions of "employee pension benefit plan" and "pension plan" set forth under Section 3(2)(B)(i) of ERISA. Rather, this Plan is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b). Accordingly, the benefits paid by the Plan are not deferred compensation and no employee shall have a vested right to such benefits. In addition, the Plan has been drafted to give the Company broad discretion in designating individuals who are eligible for benefits and the amount of such benefits. All actions taken by the Company shall be in its role as the plan sponsor and not as a fiduciary.

Section 1.03 Term of the Plan. This amendment and restatement is a continuation of the Company's existing Plan. The Plan will continue until such time as the Company, acting in its sole discretion, elects to modify, supersede or terminate it in accordance with the further provisions hereof.

ARTICLE II

DEFINITIONS

Section 2.01 "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Section 2.02 "Benefit" or "Benefits" shall mean any or all of the benefits that a Participant is entitled to receive pursuant to Article IV of the Plan.

Section 2.03 "Board of Directors" shall mean the Board of Directors of the Company, or any successor thereto.

Section 2.04 "Chairman of the Board" shall mean the individual serving as the Chairman of the Board of Directors of the Company as of the date of reference.

Section 2.05 "Change of Control" shall mean a change of control as defined in the attached Appendix A, as amended from time to time by the Committee, in its discretion.

Section 2.06 "Chief Executive Officer" shall mean the individual serving as the Chief Executive Officer of the Company as of the date of reference.

Section 2.07 "Committee" shall mean the administrative committee designated pursuant to Article VI of the Plan to administer the Plan in accordance with its terms, or its delegate.

Section 2.08 "Company" shall mean UGI Corporation, a Pennsylvania corporation, and any corporation succeeding to the business of UGI Corporation by merger, consolidation, liquidation, purchase of assets or stock or similar transaction.

Section 2.09 "Compensation" shall mean the Participant's annual base salary and applicable target annual bonus amount (if any) in effect on the first day of the calendar quarter immediately preceding the Participant's Employment Termination Date.

Section 2.10 "Employment Commencement Date" shall mean the most recent day on which a Participant became an employee of the Company, any Affiliate of the Company, or any entity whose business or assets have been acquired by the Company, its Affiliates or any predecessor of such entities, unless the Company determines to give credit for prior service, if any.

Section 2.11 "Employment Termination Date" shall mean the date on which the employment relationship between the Participant and the Company and its Affiliates is terminated.

Section 2.12 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.13 "Executive Employee" shall mean any of the following employees who are employed in the United States:

- (a) An employee of the Company who is classified as Grade 76 or above;
- (b) An employee of UGI Utilities, Inc. or its successor who is classified as Grade 38 or above; or
- (c) An executive level employee of any other Affiliate of the Company operating in the United States, other than AmeriGas Propane, Inc. and its subsidiaries, who is designated in writing by the Company as eligible to participate in the Plan.

In no event shall employees who are employed outside the United States, or employees of AmeriGas Propane, Inc. or its subsidiaries, participate in the Plan. In no event shall any of the following persons be considered an employee for purposes of the Plan: (i) independent contractors, (ii) persons performing services pursuant to an arrangement with a third party leasing organization or (iii) any person whom the Company determines, in its sole discretion, is not a common law employee, whether or not any such person is later determined to have been a common law employee of the Company or an Affiliate.

Section 2.14 "Executive Equity Plan" shall mean any long-term equity incentive plan of the Company or any of its Affiliates, including without limitation the UGI Corporation 2004 Omnibus Equity Compensation Plan, the UGI Corporation 2000 Stock Incentive Plan, the UGI Corporation 1997 Stock Option and Dividend Equivalent Plan and the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan.

Section 2.15 "Just Cause" shall mean (i) dismissal of an Executive Employee due to misappropriation of funds, (ii) substance abuse or habitual insobriety that adversely affects the Executive Employee's ability to perform his or her job, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties. Disputes with respect to whether Just Cause exists shall be resolved in accordance with Article IX.

Section 2.16 "Participant" shall mean any Executive Employee who has been designated by the Company as a participant in this Plan.

Section 2.17 "Plan" shall mean the UGI Corporation Senior Executive Employee Severance Pay Plan, as set forth herein, and as the same may from time to time be amended.

Section 2.18 "Plan Year" shall mean each fiscal year of the Company during which this Plan is in effect.

Section 2.19 "President and Chief Operating Officer" shall mean the individual serving as the President and Chief Operating Officer of the Company as of the date of reference.

Section 2.20 "Release" shall mean a release and discharge of the Company, all of its Affiliates, and all affiliated persons and entities from any and all claims, demands and

causes of action, other than as to amounts or benefits due to the Participant under any qualified employee retirement plan of the Company or an Affiliate, which shall be in such form as may be proscribed by the Company, acting as an employer and not as a fiduciary, from time to time and with such modifications as the Company deems appropriate for the Participant's particular situation.

Section 2.21 "Restricted Awards" shall mean restricted stock, stock units, performance units, restricted units, dividend equivalents, distribution equivalents and other equity-based awards, other than stock options, that are granted to a Participant under an Executive Equity Plan.

Section 2.22 "Salary Continuation Period" shall equal one business day for each month which is included in the Participant's Years of Service plus the number of months of paid notice under Section 4.01(c), to a maximum of fifteen (15) months (thirty (30) months in the case of the Chief Executive Officer).

Section 2.23 "Year of Service" shall mean each twelve (12) month period (or part thereof) beginning on the Participant's Employment Commencement Date and ending on each anniversary thereof. Additional Years of Service based on earlier employment with the Company, any Affiliate of the Company or any entity whose business or assets have been acquired by the Company, its Affiliates or any predecessor of such entities, shall be counted only if permitted by the Company.

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.01 General Eligibility Requirement. In its sole discretion, acting in its role as Plan sponsor and not as a fiduciary, the Company may grant a Benefit under this Plan to any Executive Employee whom the Company designates as a Participant and whose employment is terminated by the Company or an Affiliate other than for Just Cause, death, or continuous illness, injury or incapacity for a period of six consecutive months. Notwithstanding anything herein to the contrary, an Executive Employee will not be considered to have incurred a termination by the Company or an Affiliate for purposes of this Plan if his or her employment is discontinued due to voluntary resignation or the expiration of a leave of absence. In addition, the Executive Employee must meet the requirements of Section 3.03 in order to receive a Benefit under this Plan.

Section 3.02 Substantially Comparable Employment. In the absence of a Change of Control, notwithstanding anything herein to the contrary, no Benefits shall be due hereunder to an Executive Employee in connection with the disposition of a business, division or affiliated company by the Company or an Affiliate if substantially comparable terms of employment, as determined by the Company, have been offered to the Executive Employee by the transferee; provided, however, that the Company, acting in its role as Plan sponsor and not as a fiduciary, may determine that the Company or an Affiliate will provide some or all of the Benefits to an Executive Employee whose employment with the Company and its Affiliates is terminated as described in Section 3.01. This Section 3.02 shall not apply at or after a Change of Control.

Section 3.03 Conditions to Entitlement to Benefits.

(a) As further conditions to entitlement to Benefits under the Plan, all Participants must, prior to the payment of any Benefits due hereunder, (i) sign and not rescind or contest the enforceability of a Release; (ii) ratify any patent assignment, confidentiality, non-solicitation, non-competition and other post-employment activities agreement in effect between the Participant and the Company or an Affiliate; (iii) return to the Company and its Affiliates any and all property of the Company and its Affiliates held by the Participant, including, but not limited to, all reports, manuals memoranda, computer disks, tapes and data made available to the Participant during the performance of the Participant's duties, including all copies; (iv) hold confidential any and all information concerning the Company and its Affiliates, whether with respect to its business, subscribers, providers, customers, operations, finances, employees, contractors, or otherwise; and (v) cooperate fully with the Company and its Affiliates to complete the transition of matters with which the Participant is familiar or responsible to other employees and make himself or herself available to answer questions or assist in matters which may require attention after the Participant's Employment Termination Date.

(b) If the Committee determines, in its sole discretion, that the Participant has violated one or more of the foregoing conditions to entitlement to Benefits, the Committee may determine that the Participant will not receive the Benefits or the Company may discontinue the payment of Benefits under the Plan. Any remedy under this Section 3.03 shall be in addition to, and not in place of, any other remedy the Company and its Affiliates may have, at law or otherwise.

ARTICLE IV

BENEFITS

Section 4.01 Amount of Immediate Cash Benefit. The Company, acting in its role as Plan sponsor and not as a fiduciary, shall determine which Executive Employees shall be awarded a Benefit hereunder and the amount of any such Benefit. The Company may take into account any factors it determines to be relevant in deciding which Executive Employees shall be awarded Benefits and the amount of such Benefits, and need not apply its determinations in a uniform manner to terminated Executive Employees similarly situated. All such decisions shall be final, binding and conclusive with respect to the Participant. Unless the Company determines otherwise, the cash amount to be paid to a Participant eligible to receive Benefits under Section 3.01 hereof shall be paid in a lump sum as provided in Section 5.01 hereof and shall equal the sum of the amounts described in subsections (a) through (d), less the amount described in subsection (e), except that any payment under paragraph (b) below that is based on annual financial performance will be excluded from the lump sum payment and paid separately as provided below:

(a) An amount equal to the Participant's earned and accrued vacation entitlement, including banked vacation time, and personal holidays through the end of the Participant's Salary Continuation Period.

(b) An amount equal to the Participant's annual target bonus amount under the applicable annual bonus plan (or its successor) for the current Plan Year multiplied by the number of months elapsed in the current Plan Year to his or her Employment Termination Date and divided by twelve (12), together with any amounts previously deferred by the Participant under such plan (with interest thereon at the rate prescribed by such plan) as well as any amounts due from the prior year under such plan but not yet paid, provided, however, that if the Employment Termination Date occurs in the last two (2) months of the fiscal year, the amount of the current Plan Year target bonus to be paid pursuant to this paragraph (b) shall be determined and paid after the end of the fiscal year in accordance with the terms and conditions of the applicable annual bonus plan as though the Participant were still an employee, except that the weighting to be applied to the Participant's business/financial performance goals under the annual bonus plan will be deemed to be 100%; provided further, however, that the Company may, in its sole discretion, determine that the amount payable pursuant to this paragraph (b) for Employment Termination Dates occurring in the last two (2) months of the fiscal year may be computed in the same manner as that provided for Employment Termination Dates occurring during the first ten (10) months of the fiscal year.

(c) In the case of the Chief Executive Officer, an amount of paid notice equal to eighteen (18) times a fraction, the numerator of which is his or her Compensation and the denominator of which is twelve (12), in the case of the President and Chief Operating Officer, an amount of paid notice equal to twelve (12) times a fraction, the numerator of which is his or her Compensation and the denominator of which is twelve (12), and in the case of all other Participants, an amount of paid notice equal to sixty-five (65) times a fraction, the numerator of which is the Participant's Compensation and the denominator of which is two-hundred sixty (260).

(d) An amount equal to the number of the Participant's Years of Service multiplied by twelve (12) times a fraction, the numerator of which is the Participant's Compensation and the denominator of which is two-hundred sixty (260); provided, however, that such amount shall not exceed 100% of the Participant's Compensation.

(e) If the Participant's employment with the Company and its Affiliates terminates before a Change of Control, the cash amount computed in subsections (a) through (d) above shall be reduced by the amount of cash and the fair market value of any stock, partnership units or other property that is payable to the Participant under Restricted Awards after the Participant's termination of employment, as determined by the Committee. The Committee may determine that payment of a portion of the Benefit under this Plan will be delayed pending calculation of the amount payable under Restricted Awards, or the Committee may decide to pay the amounts described in subsections (a) through (d) above immediately and offset amounts payable under the Restricted Awards by the amount of the Benefit previously paid under this Plan. In no event shall a Participant be required to return to the Company or an Affiliate any amounts previously paid under this Plan as a result of a decline in the value of Restricted Awards.

(f) The offset described in subsection (e) shall not apply if the Participant's employment with the Company and its Affiliates terminates at or after a Change of Control. In addition, the offset described in subsection (e) shall not apply to any Restricted Awards for which all requirements for payment have been met before the Participant's Employment Termination Date (for example, if the restriction period for a Restricted Award ends on December 31, 2005, the Restricted Award is payable on February 1, 2006 and the Participant's employment is terminated on January 15, 2006, Benefits under this Plan shall not be offset by the Restricted Award).

Section 4.02 Executive Benefits. A Participant shall continue to be entitled, through the end of the Participant's Salary Continuation Period, to those employee benefits listed below (but only if they are in effect from time to time during the Salary Continuation Period) based upon the amount of coverage or benefit provided at the Participant's Employment Termination Date:

(a) Basic Life Insurance;

(b) Supplemental Life Insurance; and

(c) Medical Plan and Dental Assistance Plan, including COBRA continuation coverage; and

(d) Executive Retirement Plan

In each case, when contributions are required of all Executive Employees at the time of the Participant's Employment Termination Date, or thereafter, the Participant shall be responsible for making the required contributions at the employee rate, on an after-tax basis only, during the Salary Continuation Period in order to be eligible for the coverage. In lieu of any or all of the coverages provided under any of clauses (a) through (c) above, the Company or an Affiliate may pay to the Participant, at the time payment is otherwise to be made of cash Benefits pursuant to

Section 5.01 hereof, a single lump sum payment equal to the then present value of the cost of such coverages. Notwithstanding anything herein to the contrary, any such coverages shall be discontinued if, and at the time, the Participant obtains other employment and becomes eligible to participate in the plan of, or is provided similar coverage by, a new employer; provided, however, that the Participant shall not be required to refund any sum to the Company or an Affiliate should a lump sum have been paid pursuant to the preceding sentence. Any applicable conversion rights shall be provided to the Participant at the time coverage ceases. The Committee shall determine to what extent, if any, any other perquisites or benefit coverages such as tax preparation services, shall continue to be provided during the Salary Continuation Period and whether the Participant shall be entitled to outplacement services or to receive title to the Participant's Company-supplied automobile, if any, in which case the value of the Participant's cash Benefit under Section 4.01 hereof shall be increased accordingly. The Participant shall be responsible for the payment of sales tax on such automobile, if any.

Section 4.03 Retirement Plans. This Plan shall not govern and shall in no way affect the Participant's interest in, or entitlement to benefits under, any of the qualified retirement plans of the Company or an Affiliate and any payments received under any such plan shall not affect a Participant's right to any Benefit hereunder.

Section 4.04 Effect on Other Benefits. There shall not be drawn from the continued provision by the Company of any of the aforementioned Benefits any implication of continued employment or of continued right to accrual of benefits under a qualified retirement plan of the Company or an Affiliate or an Executive Equity Plan, and a terminated Executive Employee shall not, except as provided in Section 4.01(a) hereof, accrue vacation days, paid holidays, paid sick days or other similar benefits normally associated with employment for any part of the Salary Continuation Period during which benefits are payable under this Plan. The benefits payable under this Plan shall be in addition to and not in lieu of any payments or benefits due to the Participant under any other plan, policy, or program of the Company and its Affiliates. Notwithstanding anything herein to the contrary, as determined by the Company, the Benefits payable under this Plan to any Participant may be reduced by any and all payments required to be made by the Company or an Affiliate under federal, state and local law, including the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101 et. seq. or under any employment agreement or special severance arrangement.

ARTICLE V

METHOD AND DURATION OF BENEFIT PAYMENTS

Section 5.01 Method of Payment. The cash Benefits to which a Participant is entitled, as determined pursuant to Article IV hereof, shall be paid in a lump sum. Payment shall be made by mailing to the last address provided by the Participant to the Company or an Affiliate. Payment shall be made as soon as reasonably practicable after the fulfillment of all conditions for payment of the Benefit set forth in Section 4.01, and subject to compliance with all requirements of Section 3.03. All payments under the Plan are subject to applicable federal, state and local taxes.

Section 5.02 Payments to Beneficiaries. Each Participant shall designate one or more beneficiaries to receive any Benefits due hereunder in the event of the Participant's death prior to the receipt of all such Benefits. Such beneficiary designation shall be made in the manner, and at the time, prescribed by the Committee. In the absence of an effective beneficiary designation hereunder, the Participant's estate shall be deemed to be the Participant's designated beneficiary.

ARTICLE VI

ADMINISTRATION

Section 6.01 Appointment. The Committee shall consist of one (1) or more persons appointed by the Board of Directors. Committee members may be, but need not be, employees of the Company.

Section 6.02 Tenure. Committee members shall serve at the pleasure of the Board of Directors. Committee members may resign at any time on ten (10) days' written notice, and Committee members may be discharged, with or without cause, at any time by the Board of Directors.

Section 6.03 Authority and Duties. It shall be the duty of the Committee, on the basis of information supplied to it by the Company, to determine the eligibility of each Participant for Benefits under the Plan, to determine the amount of Benefits to which each such Participant may be entitled, and to determine the manner, time of payment and other requirements of payment of Benefits consistent with the provisions hereof. The Company shall make such payments as are certified to it by the Committee to be due to Participants. The Committee shall have the full power and discretionary authority to construe, interpret and administer the Plan, to correct deficiencies therein, and to supply omissions. All decisions, actions, and interpretations of the Committee shall be final, binding, and conclusive upon the parties. The Committee may delegate ministerial and other responsibilities to one or more Company employees.

Section 6.04 Action by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business at a meeting of the Committee. Any action of the Committee may be taken upon the affirmative vote of a majority of the members of the Committee at a meeting, or at the direction of the Chairperson, without a meeting, by mail, telegraph, telephone, or electronic communication device; provided that all of the members of the Committee are informed of their right to vote on the matter before the Committee and of the outcome of the vote thereon.

Section 6.05 Officers of the Committee. The Committee shall designate one of its members to serve as Chairperson thereof. The Committee shall also designate a person to serve as Secretary of the Committee, which person may be, but need not be, a member of the Committee.

Section 6.06 Compensation of the Committee. Members of the Committee shall receive no compensation for their services as such. However, all reasonable expenses of the Committee shall be paid or reimbursed by the Company upon proper documentation. The Company shall indemnify members of the Committee against personal liability for actions taken in good faith in the discharge of their respective duties as members of the Committee.

Section 6.07 Records, Reporting, and Disclosure. The Committee shall keep all individual and group records relating to Participants and former Participants and all other records necessary for the proper operation of the Plan. Such records shall be made available to the Company and to each Participant for examination during business hours except that a Participant

shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Committee shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Internal Revenue Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company, as payor of the Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts which may be similarly reportable).

Section 6.08 Actions of the Committee. All determinations made by the Committee under the Plan shall be made solely at the discretion of the Committee. The exercise of discretion by the Committee need not be uniformly applied to similarly situated Participants and shall be final and binding on each Participant or beneficiary to whom the determination is directed.

Section 6.09 Benefits of the Chief Executive Officer and other Executive Officers. Notwithstanding the foregoing, the Compensation and Management Development Committee shall serve as the Committee under the Plan with respect to the Chief Executive Officer of the Company and other executive officers (as determined by the Board of Directors). The Compensation and Management Development Committee of the Board of Directors shall make all determinations with respect to the Chief Executive Officer and other executive officers as to any matter that directly pertains to, or affects, the Chief Executive Officer or other executive officers.

Section 6.10 Bonding. The Committee shall arrange any bonding that may be required by law, but no amount in excess of the amount required by law (if any) shall be required by the Plan.

ARTICLE VII

AMENDMENT AND TERMINATION

Section 7.01 Amendment, Suspension and Termination. The Company, by action of its Board of Directors or its Compensation and Management and Development Committee, retains the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason, and without either the consent of or the prior notification to any Participant. No such amendment shall give the Company or an Affiliate the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits.

ARTICLE VIII

DUTIES OF THE COMPANY

Section 8.01 Records. The Company shall supply to the Committee all records and information necessary to the performance of the Committee's duties.

Section 8.02 Payment. The Company shall make payments from its general assets to Participants in accordance with the terms of the Plan, as directed by the Committee.

Section 8.03 Discretion, Delegation.

(a) Any decisions, actions or interpretations to be made under the Plan by the Company shall be made in its sole discretion, not in any fiduciary capacity and need not be uniformly applied to similarly situated individuals, and such decisions, actions or interpretations shall be final, binding and conclusive upon all parties.

(b) The Company may take actions under the Plan by action of its Board of Directors or its Compensation and Management Development Committee, or by action of any officer or administrative committee to whom any of the Company's authority with respect to the Plan shall have been delegated. The Compensation and Management Development Committee shall be authorized to take all Company actions under the Plan with respect to the Chief Executive Officer and other executive officers (as determined by the Board of Directors).

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 Application for Benefits. Participants who believe they are eligible for benefits under this Plan may apply for such benefits by completing and filing with the Committee an application for benefits on a form supplied by the Committee. Before the date on which benefit payments commence, each such application must be supported by such information as the Committee deems relevant and appropriate.

Section 9.02 Claim. A terminated employee may contest his or her eligibility for the amount of benefit awarded by completing and filing with the Committee a written request for review in the manner specified by the Committee. Each such application must be supported by such information as the Committee deems relevant and appropriate. The Committee will review the claim and provide notice to the terminated employee, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. In no event shall the extension exceed a period of 90 days from the end of the initial period. In the event that any claim for benefits is denied in whole or in part, the terminated employee whose claim has been so denied shall be notified of such denial in writing by the Committee. The notice advising of the denial shall be written in a manner calculated to be understood by the terminated employee and shall set forth: (i) specific references to the pertinent Plan provisions on which the denial is based; (ii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and (iii) an explanation of the Plan's claim procedure and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on appeal.

Section 9.03 Appeals of Denied Claims for Benefits. All appeals shall be made by the following procedure:

(a) The terminated employee whose claim has been denied shall file with the Committee a notice of appeal of the denial. Such notice shall be filed within sixty (60) days of notification by the Committee of the claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) The claimant or his duly authorized representative may:

- (i) request a review upon written notice to the Committee;
- (ii) examine the Plan and obtain, upon request and without charge, copies of all information relevant to the claimant's appeal; and
- (iii) submit issues and comments in writing.

(c) The Named Appeals Fiduciary (as described in Section 9.04) shall issue a decision no later than 60 days after receipt of a request for review unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the terminated employee's notice of appeal.

(d) The Named Appeals Fiduciary shall consider the merits of the claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Named Appeals Fiduciary shall deem relevant.

(e) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement setting forth:

(i) specific reasons for the decision, written in a manner calculated to be understood by the claimant;

(ii) specific references to the pertinent Plan provisions on which the decision is based;

(iii) the claimant's right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and

(iv) the claimant's right to bring a civil action under section 502(a) of ERISA.

Section 9.04 Appointment of the Named Appeals Fiduciary. The Named Appeals Fiduciary shall be the person or persons named as such by the Board of Directors, or, if no such person or persons be named, then the person or persons named by the Committee as the Named Appeals Fiduciary. Named Appeals Fiduciaries may at any time be removed by the Board of Directors, and any Named Appeals Fiduciary named by the Committee may be removed by the Committee. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a "Named Fiduciary" within the meaning of ERISA, and unless appointed to other fiduciary responsibilities, shall have no authority, responsibility or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

ARTICLE X

MISCELLANEOUS

Section 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which the Participant may expect to receive, contingently or otherwise, under this Plan.

Section 10.02 No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant, or any person whosoever, the right to be retained in the service of the Company or an Affiliate, and all Participants shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 10.03 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

Section 10.04 Successors, Heirs, Assigns, and Personal Representatives. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future. Unless the Committee directs otherwise, the Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or a division or Affiliate thereof, (i) to acknowledge expressly that this Plan is binding upon and enforceable against such successor in accordance with the terms hereof, (ii) to become jointly and severally obligated with the Company to perform the obligations under this Plan, and (iii) to agree not to amend or terminate the Plan for a period of three (3) years after the date of succession without the consent of the affected Participant.

Section 10.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 10.06 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

Section 10.07 Unfunded Plan. The Plan shall not be funded. The Company may, but shall not be required to, set aside or designate an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Participant shall have any right to, or interest in, any assets of the Company or an Affiliate which may be applied by the Company or an Affiliate to the payment of Benefits.

Section 10.08 Payments to Incompetent Persons. Any Benefit payable to or for the benefit of a minor, an incompetent person, or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, its Affiliates, the Committee and all other parties with respect thereto.

Section 10.09 Lost Payees. A Benefit shall be deemed forfeited if the Committee is unable to locate a Participant to whom a Benefit is due. Such Benefit shall be reinstated if application is made by the Participant for the forfeited Benefit while this Plan is in operation.

Section 10.10 Controlling Law. This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, to the extent not preempted by Federal law, without giving effect to any Pennsylvania choice of law provisions.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed by its duly authorized officer and its corporate seal to be affixed hereto as of the effective date described above.

UGI CORPORATION

Attest:

Margaret M. Calabrese
Secretary

By: _____
Robert H. Knauss
Vice President & General Counsel

APPENDIX A

CHANGE OF CONTROL

For purposes of the Plan, the term "Change of Control" shall have the meaning set forth below and the defined terms used in the definition of "Change of Control" shall have the meanings set forth below.

1. "Change of Control" shall mean:

(a) Any Person (except the Participant (as defined in the Plan), his Affiliates and Associates, UGI, any Subsidiary of UGI, any employee benefit plan of UGI or of any Subsidiary of UGI, or any Person or entity organized, appointed or established by UGI 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 UGI (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "Company Voting Securities"), in either case unless the members of UGI'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 Change of Control provisions of this Plan; 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 UGI'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 UGI (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) Completion by UGI 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 UGI'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 Change of Control provisions of this Plan; or

(d) Completion of (i) a complete liquidation or dissolution of UGI or (ii) sale or other disposition of all or substantially all of the assets of UGI 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 UGI'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 Change of Control provisions of this Plan.

2. "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").

3. 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 UGI; 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 40 days after the date of such acquisition.

4. "Board" shall mean the Board of Directors of UGI.

5. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

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

7. "UGI" shall mean UGI Corporation.

UGI CORPORATION

2004 OMNIBUS EQUITY COMPENSATION PLAN

AS AMENDED ON DECEMBER 7, 2004

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN

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UGI CORPORATION

2004 OMNIBUS EQUITY COMPENSATION PLAN

1. PURPOSE

The purpose of the UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") is to provide (i) designated employees of UGI Corporation ("UGI") and its subsidiaries, and (ii) non-employee members of the board of directors of UGI with the opportunity to receive grants of stock options, stock units, performance units, stock awards, dividend equivalents and other stock-based awards. UGI believes that the Plan will encourage the participants to contribute materially to the growth of UGI, thereby benefitting UGI's shareholders, and will align the economic interests of the participants with those of the shareholders.

The Plan shall be effective as of January 1, 2004, and has been approved by the shareholders of UGI. The UGI Corporation Directors' Equity Compensation Plan shall be merged into the Plan as of the effective date of the Plan. The Plan was amended in December 2004, effective as of the original effective date of the Plan.

2. DEFINITIONS

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

(a) "Board" means UGI's Board of Directors as constituted from time to time.

(b) "Certificate" means a certificate, or electronic book entry equivalent, for a share of Stock.

(c) "Change of Control" means a change of control of UGI as described on the attached Exhibit A, or as modified by the Board from time to time.

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

(e) "Committee" means (i) with respect to Grants to Employees, the Compensation and Management Development Committee of the Board or its successor, and (ii) with respect to Grants made to Non-Employee Directors, the Board or its delegate.

(f) "Company" means UGI and any Subsidiary.

(g) "Date of Grant" means the effective date of a Grant; provided, however, that no retroactive Grants will be made.

(h) "Directors' Equity Plan" means the UGI Corporation Directors' Equity Compensation Plan.

(i) "Dividend Equivalent" means an amount determined by multiplying the number of shares of Stock subject to a Grant by the per-share cash dividend, or the per-share fair market value (as determined by the Committee) of any dividend in consideration other than cash, paid by UGI on its Stock.

(j) "Effective Date" of the Plan means January 1, 2004, subject to approval of the Plan by the shareholders of UGI.

(k) "Employee" means an employee of the Company (including an officer or director who is also an employee). For purposes of the Plan, the term "Employee" shall also include a chief executive officer or other officer or person who performs management and policymaking functions with respect to a Subsidiary of UGI located outside the United States.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" of Stock means the average, rounded to one cent (\$0.01), of the highest and lowest sales prices of a share of Stock on the New York Stock Exchange on the day on which Fair Market Value is being determined, as reported on the composite tape for transactions on the New York Stock Exchange. In the event that there are no Stock transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Stock transactions on that exchange. Notwithstanding the foregoing, in the case of a broker-assisted exercise pursuant to Section 7(f), the Fair Market Value will be the actual sale price of the shares issued upon exercise of the Option.

(n) "Grant" means an Option, Stock Unit, Performance Unit, Stock Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(o) "Grant Letter" means the written instrument that sets forth the terms and conditions of a Grant, including all amendments thereto.

(p) "Non-Employee Director" means a member of the Board who is not an employee of the Company.

(q) "Option" means an option to purchase shares of Stock, as described in Section 7.

(r) "Option Price" means an amount per share of Stock purchasable under an Option, as designated by the Committee.

(s) "Other Stock-Based Award" means any Grant based on, measured by or payable in Stock (other than Grants described in Sections 7, 8, 9, 10 and 11 of the Plan) as described in Section 12.

(t) "Participant" means an Employee or Non-Employee Director designated by the Committee to participate in the Plan.

(u) "Performance Unit" means an award of a phantom unit representing a share of Stock, as described in Section 9.

(v) "Plan" means this 2004 Omnibus Equity Compensation Plan, as in effect from time to time.

(w) "Stock" means the common stock of UGI or such other securities of UGI as may be substituted for Stock pursuant to Section 5(d) or Section 18.

(x) "Stock Award" means an award of Stock as described in Section 10.

(y) "Stock Unit" means an award of a phantom unit representing a share of Stock, as described in Section 8.

(z) "Subsidiary" means any corporation or partnership, at least 20% of the outstanding voting stock, voting power or partnership interest of which is owned, directly or indirectly, by UGI.

(aa) "Target Amount" means a target number of Shares to be issued based on achievement of the performance goals and satisfaction of all conditions for payment of Performance Units at the 100% level.

(bb) "UGI" means UGI Corporation, a Pennsylvania corporation or any successor thereto.

3. ADMINISTRATION

(a) Committee. The Plan shall be administered and interpreted by the Compensation and Management Development Committee of the Board or its successor with respect to grants to Employees. The Plan shall be administered and interpreted by the Board, or by a committee of directors to whom the Board has delegated responsibility, with respect to grants to Non-Employee Directors. The Board or committee, as applicable, that has authority with respect to a specific Grant shall be referred to as the "Committee" with respect to that Grant. Ministerial functions may be performed by an administrative committee comprised of Company employees appointed by the Committee.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the Participants to whom Grants shall be made under the Plan, (ii) determine the type, size and terms and conditions of the Grants to be made to each such Participant, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued Grant, subject to the provisions of Section 19 below, and (v) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan

and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated Participants.

4. GRANTS

(a) Grants under the Plan may consist of Options as described in Section 7, Stock Units as described in Section 8, Performance Units as described in Section 9, Stock Awards as described in Section 10, Dividend Equivalents as described in Section 11 and Other Stock-Based Awards as described in Section 12. All Grants shall be subject to such terms and conditions as the Committee deems appropriate and as are specified in writing by the Committee to the Participant in the Grant Letter.

(b) All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

(c) The Committee may make Grants that are contingent on, and subject to, shareholder approval of the Plan or an amendment to the Plan.

5. SHARES SUBJECT TO THE PLAN

(a) Shares Authorized. The total aggregate number of shares of Stock that may be issued under the Plan is 3,500,000 shares, subject to adjustment as described below. The maximum number of shares of Stock that may be issued under the Plan pursuant to Grants other than Options and Dividend Equivalents during the term of the Plan is 800,000 shares, subject to adjustment as described below. The shares may be authorized but unissued shares of Stock or reacquired shares of Stock, including shares purchased by the Company on the open market for purposes of the Plan. Grants paid in cash shall not count against the foregoing share limits.

(b) Share Counting. For administrative purposes, when the Committee makes a Grant payable in Stock, the Committee shall reserve shares equal to the maximum number of shares that may be issued under the Grant. If and to the extent Options granted under the Plan terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised, and if and to the extent that any Stock Awards, Stock Units, Performance Units, Dividend Equivalents or Other Stock-Based Awards are forfeited or terminated, or otherwise are not paid in full, the shares reserved for such Grants shall again be available for purposes of the Plan. Shares of Stock surrendered in payment of the Option Price of an Option shall again be available for issuance under the Plan. To the extent that Grants are paid in cash, and not in

shares of Stock, any shares previously reserved for issuance pursuant to such Grants shall again be available for issuance under the Plan.

(c) Individual Limits. All Grants under the Plan, other than Dividend Equivalents, shall be expressed in shares of Stock. The maximum aggregate number of shares of Stock with respect to which all Grants, other than Dividend Equivalents, may be made under the Plan to any individual during any calendar year shall be 750,000 shares, subject to adjustment as described below. The maximum aggregate number of shares of Stock with respect to which all Grants, other than Options and Dividend Equivalents, may be made under the Plan to any individual during any calendar year shall be 100,000 shares, subject to adjustment as described below. A Participant may not accrue Dividend Equivalents during any calendar year in excess of \$1,000,000. The individual limits of this subsection (b) shall apply without regard to whether the Grants are to be paid in Stock or cash. All cash payments (other than with respect to Dividend Equivalents) shall equal the Fair Market Value of the shares of Stock to which the cash payment relates.

(d) Adjustments. If there is any change in the number or kind of shares of Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number of shares of Stock available for issuance under the Plan, the maximum number of shares of Stock for which any individual may receive Grants in any year, the number of shares covered by outstanding Grants, the kind of shares to be issued under the Plan, and the price per share or the applicable market value of such Grants shall be appropriately adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. Any adjustments determined by the Committee shall be final, binding and conclusive.

6. ELIGIBILITY FOR PARTICIPATION

(a) Eligible Persons. All Employees, including Employees who are officers or members of the Board, and all Non-Employee Directors shall be eligible to participate in the Plan.

(b) Selection of Participants. The Committee shall select the Employees and Non-Employee Directors to receive Grants and shall determine the number of shares of Stock subject to each Grant.

7. OPTIONS

(a) General Requirements. The Committee may grant Options to an Employee or Non-Employee Director upon such terms and conditions as the Committee deems appropriate under this Section 7. The Committee may grant Dividend Equivalents with respect to Options.

(b) Number of Shares. The Committee shall determine the number of shares of Stock that will be subject to each Grant of Options to Employees and Non-Employee Directors.

(c) Type of Option, Price and Term.

(i) The Committee may grant Options that are nonqualified stock options and are not considered incentive stock options under section 422 of the Code.

(ii) The Option Price of Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Stock on the Date of Grant.

(iii) The Committee shall determine the term of each Option. The term of an Option shall not exceed ten years from the Date of Grant.

(d) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Letter. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Termination of Employment or Service. Except as provided in the Grant Letter, an Option may only be exercised while the Participant is employed by the Company, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Letter under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(f) Exercise of Options. A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Participant shall pay the Option Price for the Option (i) in cash, (ii) by delivering shares of Stock owned by the Participant and having a Fair Market Value on the date of exercise equal to the Option Price or by attestation to ownership of shares of Stock having an aggregate Fair Market Value on the date of exercise equal to the Option Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (iv) by such other method as the Committee may approve. Shares of Stock used to exercise an Option shall have been held by the Participant for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares pursuant to the Option, and any required withholding taxes, must be received by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance of the Stock.

8. STOCK UNITS

(a) General Requirements. The Committee may grant Stock Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 8. Each Stock Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock. All Stock Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. The Committee may grant Stock Units that are payable on terms and conditions determined by the Committee. Stock Units may be paid at the end of a specified period, or payment may be deferred to a date authorized by the Committee. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units. The Committee may grant Dividend Equivalents with respect to Stock Units.

(c) Payment With Respect to Stock Units. Payment with respect to Stock Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee. The Grant Letter shall specify the maximum number of shares that can be issued under the Stock Units.

(d) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Units after termination of the Participant's employment or service, and the circumstances under which Stock Units may be forfeited.

9. PERFORMANCE UNITS

(a) General Requirements. The Committee may grant Performance Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 9. Each Performance Unit shall represent the right of the Participant to receive a share of Stock or an amount based on the value of a share of Stock, if specified performance goals and other conditions are met. All Performance Units shall be credited to accounts on the Company's records for purposes of the Plan.

(b) Terms of Performance Units. The Committee shall establish the performance goals and other conditions for payment of Performance Units. Performance Units may be paid at the end of a specified performance or other period, or payment may be deferred to a date authorized by the Committee. The Committee shall determine the number of Performance Units to be granted and the requirements applicable to such Performance Units. The Committee may grant Dividend Equivalents with respect to Performance Units.

(c) Payment With Respect to Performance Units. Payment with respect to Performance Units shall be made in cash, in Stock, or in a combination of the two, as determined by the Committee. The Committee shall establish a Target Amount for Performance Units in the Grant Letter. Payment of Performance Units in excess of the Target Amount shall be made in cash.

(d) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Performance Units after termination of the Participant's employment or service, and the circumstances under which Performance Units may be forfeited.

10. STOCK AWARDS

(a) General Requirements. The Committee may issue shares of Stock to an Employee or Non-Employee Director under a Stock Award, upon such terms and conditions as the Committee deems appropriate under this Section 10. Shares of Stock issued pursuant to Stock Awards may be issued for cash consideration or for no cash consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including restrictions based upon the achievement of specific performance goals.

(b) Number of Shares. The Committee shall determine the number of shares of Stock to be issued pursuant to a Stock Award and any restrictions applicable to such shares.

(c) Requirement of Employment or Service. The Committee shall determine in the Grant Letter under what circumstances a Participant may retain Stock Awards after termination of the Participant's employment or service, and the circumstances under which Stock Awards may be forfeited.

(d) Restrictions on Transfer. While Stock Awards are subject to restrictions, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except upon death as described in Section 17. Each Certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed when all restrictions on such shares have lapsed. The Company may retain possession of any Certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the restriction period.

11. DIVIDEND EQUIVALENTS.

(a) General Requirements. When the Committee makes a Grant under the Plan, the Committee may grant Dividend Equivalents in connection with such Grants, under such terms and conditions as the Committee deems appropriate under this Section 11. Dividend Equivalents may be paid to Participants currently or may be deferred, as determined by the Committee. All Dividend Equivalents that are not paid currently shall be credited to accounts on the Company's records for purposes of the Plan. Dividend Equivalents may be accrued as a cash obligation, or may be converted to Stock Units for the Participant, as determined by the Committee. Unless otherwise specified in the Grant Letter, deferred Dividend Equivalents will not accrue interest.

The Committee may provide that Dividend Equivalents shall be payable based on the achievement of specific performance goals.

(b) Payment with Respect to Dividend Equivalents. Dividend Equivalents may be payable in cash or shares of Stock or in a combination of the two, as determined by the Committee.

12. OTHER STOCK-BASED AWARDS

The Committee may grant other awards, including stock appreciation rights, that are based on, measured by or payable in Stock to Employees or Non-Employee Directors, on such terms and conditions as the Committee deems appropriate under this Section 12. Other Stock-Based Awards may be granted subject to achievement of performance goals or other conditions and may be payable in Stock or cash, or in a combination of the two, as determined by the Committee in the Grant Letter. The Committee may grant Dividend Equivalents with respect to Other Stock-Based Awards.

13. QUALIFIED PERFORMANCE-BASED COMPENSATION

(a) Designation as Qualified Performance-Based Compensation. The Committee may determine that Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards granted to an Employee shall be considered "qualified performance-based compensation" under section 162(m) of the Code. The provisions of this Section 13 shall apply to any such Grants that are to be considered "qualified performance-based compensation" under section 162(m) of the Code.

(b) Performance Goals. When Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards that are to be considered "qualified performance-based compensation" are granted, the Committee shall establish in writing (i) the objective performance goals that must be met, (ii) the period during which performance will be measured, (iii) the maximum amounts that may be paid if the performance goals are met, and (iv) any other conditions that the Committee deems appropriate and consistent with the requirements of Section 162(m) of the Code for "qualified performance-based compensation." The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable, but may reduce the amount of compensation that is payable, pursuant to Grants identified by the Committee as "qualified performance-based compensation."

(c) Criteria Used for Objective Performance Goals. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price, earnings per share, net earnings, operating earnings, margin, EBITDA (earnings before interest, taxes, depreciation and amortization), net capital employed, return on assets,

shareholder return, return on equity, return on capital employed, growth in assets, unit volume, sales, cash flow, market share, relative performance to a comparison group designated by the Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The performance goals may relate to the Participant's business unit or the performance of the Company as a whole, or any combination of the foregoing. Performance goals need not be uniform as among Participants.

(d) Timing of Establishment of Goals. The Committee shall establish the performance goals in writing either before the beginning of the performance period or during a period ending no later than the earlier of (i) 90 days after the beginning of the performance period or (ii) the date on which 25% of the performance period has been completed, or such other date as may be required or permitted under applicable regulations under section 162(m) of the Code.

(e) Certification of Results. The Committee shall certify the performance results for the performance period specified in the Grant Letter after the performance period expires. The Committee shall determine the amount, if any, to be paid pursuant to each Grant based on the achievement of the performance goals and the satisfaction of all other terms of the Grant Letter.

(f) Death, Disability or Other Circumstances. The Committee may provide in the Grant Letter that Grants identified as qualified performance-based compensation shall be payable, in whole or in part, in the event of the Participant's death or disability, a Change of Control or under other circumstances consistent with the Treasury regulations and rulings under section 162(m) of the Code.

14. DIRECTORS' EQUITY PLAN

The Directors' Equity Plan shall be merged into this Plan as of the Effective Date, and all outstanding Units and accrued Dividend Equivalents under the Directors' Equity Plan as of the Effective Date shall be issued and paid out of this Plan. No additional awards shall be made under the Directors' Equity Plan. Dividend Equivalents shall be credited under this Plan with respect to outstanding Units under the Directors' Equity Plan, according to terms and conditions established by the Committee under Section 11.

15. DEFERRALS

The Committee may permit a Participant to defer receipt of the payment of cash or the delivery of shares that would otherwise be due to the Participant in connection with any Grant. The Committee shall establish rules and procedures for any such deferrals.

16. WITHHOLDING OF TAXES

(a) Required Withholding. All Grants under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require that the Participant or other person receiving or exercising Grants pay to the Company

the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) Election to Withhold Shares. If the Committee so permits, a Participant may elect to satisfy the Company's tax withholding obligation with respect to Grants paid in Stock by having shares withheld, at the time such Grants become taxable, up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Committee and may be subject to the prior approval of the Committee.

17. TRANSFERABILITY OF GRANTS

Only the Participant may exercise rights under a Grant during the Participant's lifetime, and a Participant may not transfer those rights except by will or by the laws of descent and distribution. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

18. CONSEQUENCES OF A CHANGE OF CONTROL

(a) Notice and Acceleration. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company shall provide each Participant who holds outstanding Grants with written notice of the Change of Control, (ii) all outstanding Options shall automatically accelerate and become fully exercisable, (iii) the restrictions and conditions on all outstanding Stock Awards shall immediately lapse, (iv) all Stock Units and Performance Units shall become payable in cash in an amount not less than their Target Amount or in a larger amount, up to the maximum Grant value, as determined by the Committee, and (v) Dividend Equivalents and Other Stock-Based Awards shall become payable in full in cash, in amounts determined by the Committee.

(b) Assumption of Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options that are not exercised shall be assumed by, or replaced with comparable options by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other Grants that remain outstanding after the Change of Control shall be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation).

(c) Other Alternatives. Notwithstanding the foregoing, subject to subsection (d) below, in the event of a Change of Control, the Committee may take any of the following actions with respect to any or all outstanding Grants, without the consent of any Participant: (i) the Committee may require that Participants surrender their outstanding Options in exchange for a payment by the Company, in cash or Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Stock subject to the

Participant's unexercised Options exceeds the Option Price, if any, (ii) after giving Participants an opportunity to exercise their outstanding Options, the Committee may terminate any or all unexercised Options at such time as the Committee deems appropriate, and (iii) with respect to Participants holding Stock Units, Performance Units, Dividend Equivalents or Other Stock-Based Awards, the Committee may determine that such Participants shall receive a payment in settlement of such Stock Units, Performance Units, Dividend Equivalents or Other Stock-Based Awards, in such amount and form as may be determined by the Committee. Such surrender, termination or settlement shall take place as of the date of the Change of Control or such other date as the Committee may specify.

(d) Committee. The Committee making the determinations under this Section 18 following a Change of Control must be comprised of the same members as those of the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of subsections (a) and (b) shall apply, and the Committee shall not have discretion to vary them.

(e) Other Transactions. The Committee may provide in a Grant Letter that a sale or other transaction involving a Subsidiary or other business unit of the Company shall be considered a Change of Control for purposes of a Grant, or the Committee may establish other provisions that shall be applicable in the event of a specified transaction.

19. REQUIREMENTS FOR ISSUANCE OF SHARES

No Stock shall be issued in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance of such Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Participant hereunder on such Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Stock as the Committee shall deem necessary or advisable, and Certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Stock issued under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. No Participant shall have any right as a shareholder with respect to Stock covered by a Grant until shares have been issued to the Participant.

20. AMENDMENT AND TERMINATION OF THE PLAN

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without approval of the shareholders of UGI if such approval is required in order to comply with the Code or applicable laws, or to comply with applicable stock exchange requirements. No amendment or termination of this Plan shall, without the consent of the Participant, materially impair any rights or obligations under any Grant previously made to the Participant under the Plan, unless such right has been reserved in the Plan or the Grant Letter, or except as provided in Section 21(c) below.

(b) No Repricing Without Shareholder Approval. Notwithstanding anything in the Plan to the contrary, the Committee may not reprice Options, nor may the Board amend the Plan

to permit repricing of Options, unless the shareholders of UGI provide prior approval for such repricing. The term "repricing" shall have the meaning given that term in Section 303A(8) of the New York Stock Exchange Listed Company Manual, as in effect from time to time.

(c) Shareholder Approval for "Qualified Performance-Based Compensation." If Stock Units, Performance Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards are granted as "qualified performance-based compensation" under Section 13 above, the Plan must be reapproved by the UGI shareholders no later than the first shareholders meeting that occurs in the fifth year following the year in which the shareholders previously approved the provisions of Section 13, if additional Grants are to be made under Section 13 and if required by section 162(m) of the Code or the regulations thereunder.

(d) Termination of Plan. The Plan shall terminate on the day immediately preceding the tenth anniversary of its Effective Date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the shareholders. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant.

21. MISCELLANEOUS

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other stock-based awards outside of this Plan. Without limiting the foregoing, the Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company in substitution for a grant made by such corporation. The terms and conditions of the Grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives, as determined by the Committee

(b) Reduction of Responsibilities. The Committee shall have discretion to adjust an Employee's outstanding Grants if the Employee's authority, duties or responsibilities are significantly reduced.

(c) Compliance with Law. The Plan, the exercise of Options and the obligations of the Company to issue or transfer shares of Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Options, and Grants made under Section 13 of the Plan, comply with the applicable provisions of section 162(m) of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 162(m) of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or section 162(m) of the Code, that Plan provision shall cease to

apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(d) Enforceability. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(e) Funding of the Plan; Limitation on Rights. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. Nothing contained in the Plan and no action taken pursuant hereto shall create or be construed to create a fiduciary relationship between the Company and any Participant or any other person. No Participant or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Rights of Participants. Nothing in this Plan shall entitle any Employee, Non-Employee Director or other person to any claim or right to receive a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employment or service of the Company.

(g) No Fractional Shares. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(h) Employees Subject to Taxation Outside the United States. With respect to Participants who are subject to taxation in countries other than the United States, the Committee may make Grants on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(i) Governing Law. The validity, construction, interpretation and effect of the Plan and Grant Letters issued under the Plan shall be governed and construed by and determined in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflict of laws provisions thereof.

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN

EXHIBIT A

For purposes of the Plan, the term "Change of Control," and other defined terms used in the definition of "Change of Control," shall have the following meanings:

1. "Change of Control" shall mean:

(i) Any Person (except UGI, any UGI Subsidiary, any employee benefit plan of UGI or of any UGI Subsidiary, or any Person or entity organized, appointed or established by UGI 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 UGI (the "Outstanding UGI Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "UGI Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the UGI Board of Directors (the "Incumbent UGI Board") cease for any reason to constitute at least a majority of the Incumbent UGI Board, provided that any individual becoming a director of UGI subsequent to the beginning of such period whose election or nomination for election by the UGI shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent UGI Board shall be considered as though such individual were a member of the Incumbent UGI 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 UGI (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) Consummation by UGI 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 UGI Common Stock and UGI 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 UGI Common Stock and UGI Voting Securities, as the case may be; or

(iv) Consummation of (a) a complete liquidation or dissolution of UGI or (b) a sale or other disposition of all or substantially all of the assets of UGI 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 UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition.

2. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. 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 securities; 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 (40) days after the date of such acquisition.

4. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

5. "UGI Subsidiary" shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

7/23/2004
UGI Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated as of January 1, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of the Company (the "Committee") has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a nonqualified stock option (the "Option") to purchase _____ shares of common stock of UGI ("Shares") at an exercise price of \$33.97 per Share. The Option shall become exercisable according to Paragraph 2 below.

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

Date	Shares for Which the Option is Exercisable
----	-----
January 1, 2005	33 1/3%
January 1, 2006	33 1/3%
January 1, 2007	33 1/3%

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

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on December 31, 2013), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by, or provide service to, the Company, the Option will terminate on the date the Participant ceases such employment or service. However, if the Participant ceases to be employed by, or provide service to, the Company by reason of (i) Termination without Cause, (ii) Retirement (as defined below), (iii) Disability (as defined below), or (iv) death, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

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

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

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

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

4. Exercise Procedures.

(a) Subject to the provisions of Paragraphs 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving UGI irrevocable written notice of intent to exercise on a form provided by UGI and delivered in the manner provided in Section 13 below. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by delivering Shares (or by attestation to ownership of Shares), which shall be valued at their fair market value on the date of delivery, which shall have been held by the Participant for at least six months, and which shall have a fair market value on the date of exercise equal to the exercise price, (iii) by payment through a broker in accordance with procedures acceptable to the Committee and

permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve. The Committee may impose such limitations as it deems appropriate on the use of Shares to exercise the Option.

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

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

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

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

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

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

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

(e) "Termination without Cause" means termination of employment for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The Committee may determine in its sole discretion whether, and under what circumstances, the Participant's voluntary termination upon a significant reduction in the Participant's duties and responsibilities will constitute a Termination without Cause for purposes of the Grant Letter.

6. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan.

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

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

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

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Option described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

7/26/2004

Utilities Employees

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated as of January 1, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of the Company (the "Committee") has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a nonqualified stock option (the "Option") to purchase _____ shares of common stock of UGI ("Shares") at an exercise price of \$33.97 per Share. The Option shall become exercisable according to Paragraph 2 below.

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

Date	Shares for Which the Option is Exercisable
----	-----
January 1, 2005	33 1/3%
January 1, 2006	33 1/3%
January 1, 2007	33 1/3%

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

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on December 31, 2013), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by, or provide service to, the Company, the Option will terminate on the date the Participant ceases such employment or service. However, if the Participant ceases to be employed by, or provide service to, the Company by reason of (i) Termination without Cause, (ii) Retirement (as defined below), (iii) Disability (as defined below), or (iv) death, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

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

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

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

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

4. Exercise Procedures.

(a) Subject to the provisions of Paragraphs 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving UGI irrevocable written notice of intent to exercise on a form provided by UGI and delivered in the manner provided in Section 13 below. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by delivering Shares (or by attestation to ownership of Shares), which shall be valued at their fair market value on the date of delivery, which shall have been held by the Participant for at least six months, and which shall have a fair market value on the date of exercise equal to the exercise price, (iii) by payment through a broker in accordance with procedures acceptable to the Committee and

permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve. The Committee may impose such limitations as it deems appropriate on the use of Shares to exercise the Option.

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

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

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

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

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

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

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

(e) "Termination without Cause" means termination of employment for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The Committee may determine in its sole discretion whether, and under what circumstances, the Participant's voluntary termination upon a significant reduction in the Participant's duties and responsibilities will constitute a Termination without Cause for purposes of the Grant Letter.

6. Change of Control. The provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan. For Participants who are employees of UGI Utilities, Inc. ("Utilities") or a subsidiary of Utilities, the term "Change of Control" shall mean (i) a Change of Control of UGI as defined in the Plan, or (ii) one of the events set forth on Exhibit A with respect to Utilities.

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

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

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

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

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

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

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

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Option described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

EXHIBIT A

Change of Control with Respect to Utilities

For Participants who are employees of Utilities, or a subsidiary of Utilities, the term "Change of Control" shall include the events set forth in this Exhibit A with respect to Utilities, and the defined terms set forth used in this Exhibit A, if not defined in the Plan, shall have the following meanings:

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

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

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

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

2. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

3. 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 securities; 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 (40) days after the date of such acquisition.

4. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

5. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

6. "UGI Subsidiary" shall mean any corporation in which UGI directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

UGI 7/22/2004

UGI CORPORATION
2004 OMNIBUS EQUITY COMPENSATION PLAN
SUB-PLAN FOR FRENCH EMPLOYEES

STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated as of _____, 2004 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____ (the "Participant").

RECITALS

The UGI Corporation Sub-Plan for French Employees under the 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of UGI. The Board of Directors of UGI (the "Board") authorizes and administers all option grants to employees in France, and the Board has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, UGI hereby grants to the Participant a stock option (the "Option") to purchase _____ shares of common stock of UGI ("Shares") at an exercise price of U.S. \$_____ per Share. The Option is intended to be a qualified option for French tax purposes and a nonqualified stock option for U.S. tax purposes. The Option shall become exercisable according to Section 2 below.

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

Date ----	Shares for Which the Option is Exercisable -----
--------------	--

_____, 2008	100%
-------------	------

3. Term of Option.

(a) The Option shall have a term of nine years and six months from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. U.S. EST on _____, 201_), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by the Company, the Option will terminate on the date the Participant ceases such employment, except as provided below. If the Participant ceases to be employed by the Company by reason of (i) Termination without Cause (as defined below), (ii) Retirement (as defined below), (iii) Disability (as defined below), or (iv) death, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

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

(ii) Retirement. If the Participant ceases to be employed by the Company on account of Retirement, the Option will thereafter become exercisable as if the Participant had remained employed by the Company for 48 months after the date of such Retirement. The Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 48-month period.

(iii) Disability. If the Participant is determined to be Disabled, the Option will thereafter become exercisable as if the Participant had remained employed by the Company for 48 months after the date of such Disability. The Option will terminate upon the earlier of the expiration date of the Option or the expiration of such 48-month period.

(iv) Death. In the event of the death of the Participant while employed by the Company or while the Option is outstanding pursuant to subsections (i), (ii) or (iii) above, the Option will be fully and immediately exercisable and may be exercised at any time prior to expiration of the six-month period following the Participant's death. After the Participant's death, the Participant's Option may be exercised by the Participant's estate.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving UGI irrevocable written notice of intent to exercise on a form provided by UGI and delivered in the manner provided in Section 13 below. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash in U.S. dollars or (ii) by payment through a broker in accordance with procedures acceptable to the Board and permitted by Regulation T of the U.S. Federal Reserve Board.

(b) The obligation of UGI to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Board, including such actions as UGI's counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. UGI may require that the Participant (or other person exercising the Option after the Participant's

death) represent that the Participant is purchasing Shares for the Participant's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as UGI deems appropriate.

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

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

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

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

(c) "Employed by the Company" shall mean employment as an employee of the Company. For purposes of this Grant Letter, the Participant's period of employment shall not include any period of notice of termination of employment, whether expressed or implied. The Participant's date of cessation of employment shall mean the date upon which the Participant ceases active performance of services for the Company following the provision of such notification of termination or resignation from employment and shall be determined solely by this Grant Letter and without reference to any other agreement, written or oral, including the Participant's contract of employment.

(d) "Retirement" means termination of employment after attaining age 55 with ten or more years of service with the Company.

(e) "Termination without Cause" means termination of employment for the convenience of the Company for any reason other than (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company.

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

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

8. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan and the Sub-Plan for French Employees, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not

limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) changes in capitalization of the Company and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

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

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

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

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

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

14. Authorization to Release Necessary Personal Information.

(a) The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding the Participant's employment, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer

to a broker or other third party assisting with the exercise of options under the Plan or with whom Shares acquired upon exercise of this Option or cash from the sale of such shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company, or to any third parties, is necessary for the Participant's participation in the Plan. The Participant understands that the Data will be held only as long as necessary to implement, administer and manage the Participant's participation in the Plan. For all transfers, the Participant's employer agrees and warrants that the processing, including the transfer itself, of the Data will be carried out in accordance with the French and European legal data protection regulation.

(b) The Participant may at any time amend the Data and/or withdraw the consents herein, by contacting the Participant's local human resources representative in writing. The Participant further acknowledges that withdrawal of consent may affect the Participant's ability to exercise or realize benefits from the Option, and the Participant's ability to participate in the Plan.

15. No Entitlement or Claims for Compensation.

(a) The grant of options under the Plan is made at the discretion of the Board, and the Plan may be suspended or terminated by UGI at any time. The grant of an option in one year or at one time does not in any way entitle the Participant to an option grant in the future. The Plan is wholly discretionary in nature and is not to be considered part of the Participant's normal or expected compensation subject to severance, resignation, redundancy or similar compensation. The value of the Option is an extraordinary item of compensation which is outside the scope of the Participant's employment contract (if any).

(b) The Participant shall have no rights to compensation or damages as a result of the Participant's cessation of employment for any reason whatsoever, whether or not in breach of contract, insofar as those rights arise or may arise from the Participant's ceasing to have rights under or be entitled to exercise this Option as a result of such cessation or from the loss or diminution in value of such rights. If the Participant did acquire any such rights, the Participant is deemed to have waived them irrevocably by accepting the Option.

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

UGI Corporation

Attest

Corporate Secretary

By: _____
Robert H. Knauss
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Sub-Plan for French Employees incorporated herein. I accept the Option described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Sub-Plan for French Employees, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Board shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

FINANCIAL REVIEW

BUSINESS OVERVIEW

UGI Corporation ("UGI") is a holding company that distributes and markets energy products and related services through subsidiaries and joint-venture affiliates. We are a domestic and international distributor of propane and butane-based liquefied petroleum gases (collectively, "LPG"); a provider of natural gas and electric service through regulated local distribution utilities; a generator of electricity through our ownership interests in electric generation facilities; a regional marketer of energy commodities; and a provider of heating and cooling services.

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas Eagle Propane, L.P. ("Eagle OLP"). At September 30, 2004, UGI, through its wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner"), held an approximate 46% effective interest in AmeriGas Partners. We refer to AmeriGas Partners and its subsidiaries together as "the Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane."

Our wholly owned subsidiary UGI Enterprises, Inc. ("Enterprises") (1) conducts an LPG distribution business in France; (2) conducts an LPG distribution business in Austria, the Czech Republic and Slovakia ("FLAGA"); and (3) participates in an LPG joint-venture business in the Nantong region of China. Our LPG distribution business in France is conducted through Antargaz, an operating subsidiary of AGZ Holding ("AGZ"), and its operating subsidiaries (collectively, "Antargaz"). We refer to our foreign operations collectively as "International Propane."

Our natural gas and electric distribution utilities are conducted through UGI Utilities, Inc. ("UGI Utilities"). UGI Utilities owns and operates a natural gas distribution utility ("Gas Utility") in parts of eastern and southeastern Pennsylvania and an electric distribution utility ("Electric Utility") in northeastern Pennsylvania. Gas Utility and Electric Utility are subject to regulation by the Pennsylvania Public Utility Commission ("PUC").

Enterprises also conducts an energy marketing business primarily in the Eastern region of the United States through its wholly owned subsidiary, UGI Energy Services, Inc. ("Energy Services"). Energy Services' wholly owned subsidiary UGI Development Company ("UGID") and UGID's joint-venture affiliate Hunlock Creek Energy Ventures ("Energy Ventures") own interests in Pennsylvania-based electric generation assets. Prior to its transfer to Energy Services in June 2003, UGID was a wholly owned subsidiary of UGI Utilities. Through other subsidiaries, Enterprises owns and operates a heating, ventilation, air-conditioning and refrigeration service business in the Middle Atlantic states ("HVAC/R").

This Financial Review should be read in conjunction with our Consolidated Financial Statements and Notes to Consolidated Financial Statements including the reportable segment information included in Note 19.

RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Fiscal 2004 marked another year of earnings growth as we continued to focus on our core competencies as a marketer and distributor of energy products and services.

On March 31, 2004, we purchased the remaining 80.5% ownership interest in AGZ that we did not already own ("Antargaz Acquisition"). AGZ is the parent company of Antargaz, a leading distributor of LPG in France. This transaction was \$0.26 per share dilutive in 2004 due to the following factors. First, we incurred a \$9.1 million pre-tax foreign exchange loss (\$0.13 per diluted share) as we fixed the euro-denominated purchase price in dollars. Second, we issued 7.8 million shares of our common stock in March (\$0.22 per diluted share) to finance part of the acquisition. Partially offsetting the first two items were the additional Antargaz earnings (\$0.09 per diluted share) after March 31, 2004 resulting from our increased ownership. The Antargaz Acquisition has also significantly changed our business. In Fiscal 2005, assuming normal weather, we expect our domestic and international LPG operations collectively to represent approximately one-half of our net income and our utility business operations to represent about one-third.

Winter weather conditions in the United States and Europe are the most important variables affecting our annual earnings performance. This is because a substantial portion of the energy products we sell are used in heating applications.

2004 COMPARED WITH 2003

CONSOLIDATED RESULTS

Effective October 1, 2003, our Energy Services segment includes the operating results of Energy Services' gas marketing business as well as UGID's electric generation business. Prior-year amounts have been restated to be consistent with the current period presentation.

Variance -
Favorable

	2004		2003		(Unfavorable)	
	NET	% OF TOTAL	Net	% of total	Net	
	INCOME	NET	Income	Net	Income	% change
	-----	INCOME	-----	Income	-----	-----
(Millions of dollars)						
AmeriGas Propane	\$ 29.4	26.3%	\$ 23.2	23.5%	\$ 6.2	26.7%
International Propane	13.3	11.9%	3.6	3.6%	9.7	N.M.
Gas Utility	37.9	34.0%	48.0	48.5%	(10.1)	(21.0)%
Electric Utility	11.0	9.9%	10.6	10.7%	0.4	3.8%
Energy Services	18.2	16.3%	11.2	11.3%	7.0	62.5%
Corporate & Other	1.8	1.6%	2.3	2.3%	(0.5)	(21.7)%
	-----	-----	-----	-----	-----	-----
Total	\$ 111.6	100.0%	\$ 98.9	100.0%	\$ 12.7	12.8%
	-----	-----	-----	-----	-----	-----

N.M. - Due to the Antargaz Acquisition, variance is not meaningful.

FINANCIAL REVIEW (continued)

The following table presents certain financial and statistical information for our principal businesses for Fiscal 2004 and Fiscal 2003:

	2004	2003	Increase (Decrease)	
	-----	-----	-----	-----
(Millions of dollars)				
AMERIGAS PROPANE:				
Revenues	\$1,775.9	\$1,628.4	\$ 147.5	9.1%
Total margin (a)	\$ 746.7	\$ 718.1	\$ 28.6	4.0%
Partnership EBITDA (b)	\$ 255.9	\$ 234.4	\$ 21.5	9.2%
Operating income	\$ 176.0	\$ 164.5	\$ 11.5	7.0%
Retail gallons sold (millions)	1,059.1	1,074.9	(15.8)	(1.5)%
Degree days - % (warmer) colder than normal (c)	(4.9)%	0.2%	-	-
INTERNATIONAL PROPANE:				
Revenues	\$ 333.4	\$ 54.5	\$ 278.9	N.M.
Total margin (a)	\$ 195.4	\$ 27.1	\$ 168.3	N.M.
Operating income	\$ 20.5	\$ 0.7	\$ 19.8	N.M.
Income from equity investees	\$ 10.6	\$ 5.9	\$ 4.7	N.M.
Income before income taxes	\$ 13.7	\$ 2.5	\$ 11.2	N.M.
GAS UTILITY:				
Revenues	\$ 560.4	\$ 539.9	\$ 20.5	3.8%
Total margin (a)	\$ 191.5	\$ 196.9	\$ (5.4)	(2.7)%
Operating income	\$ 80.1	\$ 96.1	\$ (16.0)	(16.6)%
Income before income taxes	\$ 64.2	\$ 80.7	\$ (16.5)	(20.4)%
System throughput - billions of cubic feet ("bcf")	82.2	83.8	(1.6)	(1.9)%
Degree days - % (warmer) colder than normal	(2.9)%	7.0%	-	-
ELECTRIC UTILITY:				
Revenues	\$ 89.7	\$ 88.8	\$ 0.9	1.0%
Total margin (a)	\$ 41.6	\$ 40.3	\$ 1.3	3.2%
Operating income	\$ 20.9	\$ 20.3	\$ 0.6	3.0%
Income before income taxes	\$ 18.9	\$ 18.0	\$ 0.9	5.0%
Distribution sales - millions of kilowatt hours ("gwh")	983.9	980.0	3.9	0.4%
ENERGY SERVICES:				
Revenues	\$ 967.2	\$ 668.0	\$ 299.2	44.8%
Total margin (a)	\$ 55.0	\$ 35.6	\$ 19.4	54.5%
Operating Income	\$ 31.1	\$ 19.2	\$ 11.9	62.0%
Income before income taxes	\$ 31.1	\$ 19.2	\$ 11.9	62.0%

N.M. - Due to the Antargaz Acquisition, variance is not meaningful.

(a) Total margin represents total revenues less total cost of sales and, with respect to Electric Utility, revenue-related taxes, i.e. Electric Utility gross receipts taxes of \$4.8 million in both Fiscal 2004 and Fiscal 2003. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Consolidated Statements of Income.

(b) Partnership EBITDA (earnings before interest expense, income taxes and depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. Management uses Partnership EBITDA as the primary measure of segment profitability for the AmeriGas Propane reportable segment (see Note 19 to Consolidated Financial Statements).

(c) Deviation from average heating degree days based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.

AMERIGAS PROPANE. Based upon heating degree day data, temperatures in Fiscal 2004 were 4.9% warmer than normal compared to temperatures that were essentially normal in Fiscal 2003. Retail propane volumes sold during Fiscal 2004 decreased slightly compared to Fiscal 2003 as the effects of warmer than normal winter weather more than offset volume growth from acquisitions, principally the October 2003 acquisition of Horizon Propane LLC ("Horizon Propane"). In addition, Fiscal 2004 retail propane volumes were also negatively affected by customer conservation driven by record-high propane product costs. Low margin wholesale volumes increased primarily reflecting greater product cost hedging activities.

Retail propane revenues increased \$104.6 million as a \$124.8 million increase due to higher average selling prices was partially offset by a \$20.2 million decrease due to the lower retail volumes sold. Wholesale propane revenues increased \$32.5 million reflecting (1) a \$23.3 million increase due to higher average selling prices and (2) a \$9.2 million increase due to the higher volumes sold relating to product cost hedging activities. In Fiscal 2004, the propane industry experienced sustained higher propane product costs which resulted in higher average retail and wholesale selling prices. Total propane cost of sales increased \$115.4 million principally reflecting the effects of significantly higher propane product costs.

Despite lower retail volumes sold as a result of the warmer weather, total margin increased \$28.6 million due to higher average retail propane margins per gallon and greater margin from non-propane sales and services. As a result of significantly higher propane product costs, the Partnership increased average retail selling prices realizing higher average margins per gallon while remaining competitive in the marketplace. Average margin per gallon associated with the Partnership's Prefilled Propane Xchange program ("PPX(R)") decreased in Fiscal 2004 as selling prices were lowered in response to competition in the marketplace. The effects of lower average PPX(R) selling prices on PPX(R) margin per gallon were partially offset by effective cost management initiatives. Margin from non-propane sales and services increased \$6.9 million principally reflecting higher margin from tank rentals, PPX(R) cylinder sales and hauling and terminal sales and services.

Partnership EBITDA increased \$21.5 million in Fiscal 2004 reflecting (1) the previously mentioned increase in total margin, (2) the absence of a \$3.0 million loss on extinguishment of long-term debt incurred in Fiscal 2003, and (3) a \$2.8 million increase in other income. These increases were partially offset by a \$12.6 million increase in operating and administrative expenses principally due to higher compensation, distribution, administrative and general insurance expenses partially offset by the absence of \$3.8 million of expenses associated with initiating the management realignment in Fiscal 2003 and the continued beneficial effects on Fiscal 2004 operating expenses of the realignment. Other income in Fiscal 2004 increased principally due to greater income from finance charges.

Operating income in Fiscal 2004 increased \$11.5 million as the previously mentioned increases in margin and other income were partially offset by (1) higher depreciation and amortization expense related to recent acquisitions, (2) higher depreciation associated with PPX(R) and (3) the aforementioned increase in operating expenses.

INTERNATIONAL PROPANE. International Propane results of operations in Fiscal 2004 have significantly increased compared to Fiscal 2003 due to the consolidation of all of Antargaz' operations beginning April 1, 2004 as a result of the Antargaz Acquisition. Antargaz' revenues, total margin and operating income from April 1, 2004 to September 30, 2004 were \$270.8 million, \$164.8 million and \$15.1 million, respectively. During the twelve months ended September 30, 2004, Antargaz sold approximately 336 million gallons of LPG while experiencing weather that was 5% warmer than normal compared to 342 million gallons sold and weather that was 11% warmer than normal during the twelve months ended September 30, 2003. Despite the improved weather in Fiscal 2004 compared to Fiscal 2003, volumes declined due primarily to lower high volume, low margin sales principally to crop-drying customers. International Propane's revenues increased significantly during Fiscal 2004 principally due to including all of Antargaz' results of operations on a consolidated basis beginning April 1, 2004. FLAGA's revenues increased \$8.1 million in Fiscal 2004 due to the effects of an approximately 12% stronger euro on slightly higher base-currency revenues despite lower volumes sold. International Propane total margin increased primarily due to the Antargaz Acquisition and a \$3.5 million increase in FLAGA's margin. FLAGA's margin increased in Fiscal 2004 as a result of the effects of a stronger euro on slightly improved base-currency margin.

The increase in International Propane operating income principally reflects the previously mentioned increases in margin partially offset by (1) higher operating expenses resulting from the Antargaz Acquisition and (2) a loss of \$9.1 million resulting from the settlement of contracts for the forward purchase of euros used to fund a portion of the purchase price of the Antargaz Acquisition. FLAGA's operating income increased during Fiscal 2004 primarily reflecting lower operating expenses as a result of cost reduction initiatives partially offset by the effects of a stronger euro.

International Propane income from equity investees in Fiscal 2004 includes equity investee income from our 19.5% ownership interest in AGZ through March 31, 2004. The \$4.7 million increase over Fiscal 2003 primarily reflects higher income from AGZ resulting from (1) the effects of colder weather during the Fiscal 2004 winter heating season and (2) lower base-currency LPG product costs partially offset by the effect of the stronger euro.

The increase in International Propane income before income taxes reflects the combined increase in Antargaz' results as an equity investee and on a consolidated basis and the previously mentioned increase in FLAGA's operating income partially offset by greater interest expense resulting from the Antargaz Acquisition.

GAS UTILITY. Weather in Gas Utility's service territory based upon heating degree days was 2.9% warmer than normal in Fiscal 2004 compared with weather that was 7.0% colder than normal in Fiscal 2003. Total distribution system throughput decreased 1.6 bcf or 1.9% as the adverse effects of the warmer weather on heating-related sales to firm- residential, commercial and industrial ("retail core-market") customers were partially offset by greater volumes transported for delivery service customers and the volume effects of year-over-year retail core-market customer growth. The increase in Gas Utility revenues during Fiscal 2004 includes a \$20.1 million increase in revenues from off-system sales partially offset by lower retail core-market and delivery service revenues. The decline in retail core-market revenues reflects the effects of the reduced retail core-market volumes partially offset by higher average purchased gas cost ("PGC") rates reflecting higher natural gas costs. Gas Utility's cost of gas was \$368.9 million in Fiscal 2004 compared to \$343.0 million in Fiscal 2003 reflecting greater cost of gas associated with the higher off-system sales and the higher average retail core-market PGC rates partially offset by the effects of the lower retail core-market volumes sold. Increases or decreases in Gas Utility's cost of gas associated with retail core-market customers result from changes in retail core-market volumes, the price of the gas purchased and the level of gas costs collected through the PGC recovery mechanism. Under this recovery mechanism, Gas Utility records the cost of gas associated with sales to retail core-market customers equal to the amount included in rates and defers the difference on the balance sheet as a regulatory asset or liability representing an amount to be collected from or refunded to customers in a future period. As a result, increases or decreases in the cost of gas associated with retail core-market customers have no direct effect on retail core-market margin.

Gas Utility total margin declined \$5.4 million principally reflecting a \$4.0 million decline in retail core-market margin and the effects of lower margins on delivery-service.

Gas Utility operating income declined \$16.0 million in Fiscal 2004 principally reflecting the previously mentioned decline in total margin, lower other income and higher operating and administrative expenses. Other income declined \$5.4 million due in large part to a decline in non-tariff service income, costs related to settling a regulatory claim and the absence of pension income in Fiscal 2004. Operating and administrative expenses increased \$3.8 million due primarily to higher compensation and benefits expense, including the effects of a lump-sum payment made to a participant of UGI Utilities' unfunded executive retirement plan, partially offset by the absence of costs related to settling an environmental claim recorded in the prior year and lower Fiscal 2004 distribution system maintenance expenses. The decrease in Gas Utility income before income taxes reflects the decline in operating income and slightly higher interest expense in Fiscal 2004 resulting from classifying dividends paid on preferred shares subject to mandatory redemption as interest expense beginning July 1, 2003, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150").

ELECTRIC UTILITY. Electric Utility's Fiscal 2004 kilowatt-hour sales were slightly higher than in Fiscal 2003 due in large part to greater air conditioning sales partially offset by the adverse effects of slightly warmer winter weather on heating-related sales.

The increase in Electric Utility revenues in Fiscal 2004 reflects the higher kilowatt-hour sales and higher rates. Electric Utility's cost of sales declined \$0.4 million in Fiscal 2004 reflecting lower Electric Utility purchased power costs.

Electric Utility total margin in Fiscal 2004 increased \$1.3 million reflecting the previously mentioned increase in revenues and decrease in purchased power costs. Operating income was higher in Fiscal 2004 reflecting the increase in total margin partially offset by slightly higher operating and administrative expenses

FINANCIAL REVIEW (continued)

and lower other income. The increase in income before income taxes reflects the increase in total operating income and slightly lower interest expense.

ENERGY SERVICES. The increase in Energy Services revenues in Fiscal 2004 resulted primarily from (1) a 30% increase in natural gas volumes sold due in large part to the full year effect of the March 2003 acquisition of the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Energy (the "TXU Energy Acquisition"), and to a lesser extent customer growth, (2) the full year effect of UGID's June 2003 purchase of an additional 4.9% (83 megawatt) interest in the Conemaugh electric generation station located near Johnstown, Pennsylvania ("Conemaugh"), and (3) higher natural gas and power prices. Energy Services total margin in Fiscal 2004 grew \$19.3 million over Fiscal 2003. The total margin increase contributed by UGID's electric generation business was \$10.5 million primarily reflecting the additional interest in Conemaugh and the previously mentioned higher power prices. The remaining increase in Energy Services total margin in Fiscal 2004, generated by Energy Services' gas marketing business, reflects the higher natural gas volumes sold and winter peaking services.

The increase in Energy Services income before income taxes principally reflects the previously mentioned increase in total margin partially offset by higher operating expenses resulting from our purchase of the additional interest in Conemaugh and the TXU Energy Acquisition.

INTEREST EXPENSE AND INCOME TAXES. Interest expense increased to \$119.1 million in Fiscal 2004 from \$109.2 million in Fiscal 2003 due to significantly higher International Propane interest expense as a result of the Antargaz Acquisition partially offset by lower AmeriGas Propane interest expense. The Company's effective income tax rate was 36.6% in Fiscal 2004 and 37.8% in Fiscal 2003.

2003 COMPARED WITH 2002

CONSOLIDATED RESULTS

	2003		2002		Variance - Favorable (Unfavorable)	
	Net	% of total	Net	% of total		
	Income	Net	Income	Net		% Change
	-----	Income	Income	Income	-----	-----
(Millions of dollars)						
AmeriGas Propane	\$23.2	23.5%	\$17.4	23.0%	\$ 5.8	33.3%
Gas Utility	48.0	48.5%	36.4	48.2%	11.6	31.9%
Electric Utility	10.6	10.7%	5.3	7.0%	5.3	100.0%
Energy Services	11.2	11.3%	7.3	9.7%	3.9	53.4%
International Propane	3.6	3.6%	7.5	9.9%	(3.9)	(52.0)%
Corporate & Other	2.3	2.3%	1.6	2.1%	0.7	43.8%
	-----	-----	-----	-----	-----	-----
Total	\$98.9	100.0%	\$75.5	100.0%	\$23.4	31.0%
	-----	-----	-----	-----	-----	-----

Net income was higher in Fiscal 2003 reflecting the effects of colder heating-season weather in our Gas Utility, Electric Utility and AmeriGas Propane service territories and the effects of acquisitions and other growth initiatives in our electric generation and Energy Services businesses. This improved performance was partially offset by a decline in FLAGA's Fiscal 2003 results and the absence of income from our debt investments in AGZ redeemed in July 2002.

The following table presents certain financial and statistical information by our principal businesses for Fiscal 2003 and Fiscal 2002:

	2003	2002	Increase (Decrease)	
	-----	-----	-----	-----
(Millions of dollars)				
AMERIGAS PROPANE:				
Revenues	\$1,628.4	\$1,307.9	\$ 320.5	24.5%
Total margin	\$ 718.1	\$ 654.8	\$ 63.3	9.7%
Partnership EBITDA	\$ 234.4	\$ 209.6	\$ 24.8	11.8%
Operating income	\$ 164.5	\$ 145.0	\$ 19.5	13.4%
Retail gallons sold (millions)	1,074.9	987.5	87.4	8.9%
Degree days - % colder (warmer) than normal	0.2%	(10.0)%	-	-
GAS UTILITY:				
Revenues	\$ 539.9	\$ 404.5	\$ 135.4	33.5%
Total margin	\$ 196.9	\$ 162.9	\$ 34.0	20.9%
Operating income	\$ 96.1	\$ 77.1	\$ 19.0	24.6%
Income before income taxes	\$ 80.7	\$ 62.9	\$ 17.8	28.3%
System throughput - billions of cubic feet ("bcf")	83.8	70.5	13.3	18.9%
Degree days - % colder (warmer) than normal	7.0%	(17.4)%	-	-

ELECTRIC UTILITY:

Revenues	\$ 88.8	\$ 83.5	\$ 5.3	6.3%
Total margin (a)	\$ 40.3	\$ 30.2	\$ 10.1	33.4%
Operating income	\$ 20.3	\$ 11.7	\$ 8.6	73.5%
Income before income taxes	\$ 18.0	\$ 9.3	\$ 8.7	93.5%
Distribution sales - millions of kilowatt hours ("gwh")	980.0	933.6	46.4	5.0%

ENERGY SERVICES:

Revenues	\$ 668.0	\$ 344.8	\$ 323.2	93.7%
Total margin	\$ 35.6	\$ 24.1	\$ 11.5	47.7%
Operating income	\$ 19.2	\$ 12.6	\$ 6.6	52.4%
Income before income taxes	\$ 19.2	\$ 12.6	\$ 6.6	52.4%

INTERNATIONAL PROPANE:

Revenues	\$ 54.5	\$ 46.7	\$ 7.8	16.7%
Total margin	\$ 27.1	\$ 24.1	\$ 3.0	12.4%
Operating income	\$ 0.7	\$ 3.9	\$ (3.2)	(82.1)%
Income from equity investees	\$ 5.9	\$ 8.3	\$ (2.4)	(28.9)%
Income before income taxes	\$ 2.5	\$ 8.0	\$ (5.5)	(68.8)%

(a) Electric Utility total margin represents total revenues less cost of sales and Electric Utility gross receipts taxes of \$4.8 million and \$4.6 million in 2003 and 2002, respectively.

AMERIGAS PROPANE. Weather based upon heating degree days was essentially normal during Fiscal 2003 compared to weather that was 10.0% warmer than normal in Fiscal 2002. Although temperatures nationwide averaged near normal during Fiscal 2003, our overall results reflect weather that was significantly warmer in the West and generally colder than normal in the East. Retail propane volumes sold increased 87.4 million gallons in Fiscal 2003 due principally to the effects of the colder weather and, to a much lesser extent, volume growth from acquisitions and customer growth. These increases were achieved

notwithstanding the effects of price-induced customer conservation and, with respect to commercial and industrial customers, continued economic weakness.

Retail propane revenues increased \$272.7 million reflecting (1) a \$175.1 million increase due to higher average selling prices and (2) a \$97.6 million increase due to the higher retail volumes sold. Wholesale propane revenues increased \$38.3 million reflecting (1) a \$31.7 million increase due to higher average selling prices and (2) a \$6.6 million increase due to the higher volumes sold. The higher retail and wholesale selling prices reflect significantly higher propane product costs during Fiscal 2003 resulting from, among other things, higher crude oil and natural gas prices and lower propane inventories. Other revenues from ancillary sales and services were \$125.8 million in Fiscal 2003 and \$116.3 million in Fiscal 2002. Total cost of sales increased \$257.2 million reflecting the higher propane product costs and higher volumes sold.

The \$63.3 million increase in total margin is principally due to the higher propane gallons sold and, to a lesser extent, slightly higher average retail propane unit margins. Notwithstanding the previously mentioned significant increase in the commodity price of propane, retail propane unit margins were slightly higher than the prior year reflecting the effects of the higher average selling prices and the benefits of favorable propane product cost management activities.

Partnership EBITDA increased \$24.8 million in Fiscal 2003 reflecting the previously mentioned increase in total margin and a \$4.6 million increase in other income partially offset by a \$40.6 million increase in Partnership operating and administrative expenses and a \$2.3 million increase in losses associated with early extinguishments of long-term debt. Operating and administrative expenses increased principally due to higher medical and general insurance expenses, higher distribution expenses as a result of the previously mentioned greater retail volumes, and higher incentive compensation and uncollectible accounts expenses. In addition, the Partnership incurred \$3.8 million of costs during Fiscal 2003 associated with a realignment of the Partnership's management structure announced in June 2003. Other income in Fiscal 2003 includes a gain of \$1.1 million from the settlement of certain hedge contracts and greater income from finance charges and asset sales while other income in the prior year was reduced by a \$2.1 million loss from declines in the value of propane commodity option contracts. Operating income in Fiscal 2003 increased less than the increase in Partnership EBITDA due to higher depreciation expense principally associated with PPX(R) partially offset by the previously mentioned increase in losses associated with early extinguishments of long-term debt.

GAS UTILITY. Weather in Gas Utility's service territory based upon heating degree days was 7.0% colder than normal during Fiscal 2003 compared to weather that was 17.4% warmer than normal during Fiscal 2002. The significantly colder weather resulted in higher heating-related sales to retail core-market customers and, to a lesser extent, greater volumes transported for residential, commercial and industrial delivery service customers. System throughput in Fiscal 2003 also benefited from a year-over-year increase in the number of customers.

Gas Utility revenues increased principally as a result of the previously mentioned greater retail core-market and delivery service volumes and higher average retail core-market PGC rates resulting from higher natural gas costs. Gas Utility cost of gas was \$343.0 million in Fiscal 2003, an increase of \$101.3 million from the prior year, reflecting the higher retail core-market volumes sold and the higher retail core-market PGC rates.

The increase in Gas Utility total margin principally reflects a \$27.1 million increase in retail core-market total margin due to the higher retail core-market sales and increased margin from greater delivery service volumes.

The increase in Gas Utility operating income principally reflects the increase in total margin partially offset by a \$12.7 million increase in operating and administrative expenses and lower other income. Fiscal 2003 operating and administrative expenses include higher costs associated with litigation-related costs and expenses, greater distribution system maintenance expenses, higher uncollectible accounts expenses and increased incentive compensation costs. Other income declined \$3.2 million principally reflecting a \$2.2 million decrease in pension income and lower interest income on PGC undercollections. The increase in Gas Utility income before income taxes reflects the increase in operating income offset by higher interest expense on PGC over-collections and, beginning July 1, 2003, the classification of dividends on preferred shares as a component of interest expense.

ELECTRIC UTILITY. Electric Utility's Fiscal 2003 kilowatt-hour distribution sales increased principally as a result of weather based upon heating degree days that was 8.4% colder than normal compared to weather that was 14.5% warmer than normal in the prior year.

The higher Electric Utility revenues reflect the previously mentioned increase in Electric Utility kilowatt-hour distribution sales. Beginning September 2002, Electric Utility began purchasing its power needs exclusively from third-party electricity suppliers under fixed-price energy and capacity contracts and, to a much lesser extent, on the spot market. Notwithstanding the increase in Electric Utility revenues, cost of sales decreased \$5.0 million in Fiscal 2003 due to lower Electric Utility per-unit purchased power costs.

The increase in Electric Utility total margin principally reflects lower Electric Utility per-unit purchased power costs and the increase in Electric Utility sales. The higher Fiscal 2003 operating income reflects the greater total margin partially offset by higher operating and administrative expenses resulting from higher transmission and distribution expenses and a \$0.4 million

decrease in other income. The increase in Electric Utility income before income taxes reflects the increase in operating income and slightly lower interest expense.

ENERGY SERVICES. The increase in Energy Services' revenues in Fiscal 2003 resulted from higher natural gas prices, and, to a lesser extent, a more than 40% increase in natural gas volumes sold due in large part to the March 2003 TXU Energy Acquisition and greater sales of electricity produced by UGID's electric generation assets. Prior to September 2002, UGID sold substantially all of the electricity it produced to Electric Utility with the associated revenue and margin eliminated in our consolidated results. Beginning September 2002, UGID began selling electric power

FINANCIAL REVIEW (continued)

produced from its interests in electricity generating facilities to third parties on the spot market. Additionally, the greater Fiscal 2003 UGID sales and revenues reflect UGID's June 2003 purchase of an additional 4.9% (83 megawatt) interest in Conemaugh. The greater Energy Services' Fiscal 2003 total margin reflects the increase in natural gas volumes sold partially offset by slightly lower average unit margins and margin from the greater sales of electricity produced by UGID's electric generation assets. The increase in total margin was partially offset by higher operating expenses resulting principally from the TXU Energy Acquisition, growth initiatives and our purchase of the additional interest in Conemaugh.

INTERNATIONAL PROPANE. FLAGA's revenues increased \$7.8 million, notwithstanding a 5% decline in volumes sold, primarily reflecting the currency translation effects of a stronger euro and, to a lesser extent, higher average selling prices. Volumes were lower in Fiscal 2003 principally due to the loss of a high-volume, low unit margin customer and, to a lesser extent, price-induced conservation and continued weak economic activity. The increase in Fiscal 2003 total margin reflects the translation effects of the stronger euro. The decline in FLAGA's operating income, notwithstanding the increase in total margin, is substantially the result of the translation effects of the stronger euro on operating and administrative expenses and, to a lesser extent, higher base-currency expenses.

The decline in Fiscal 2003 earnings from our equity investees is principally a result of the July 2002 redemption of our debt investments in AGZ. Income from our debt investments in AGZ in Fiscal 2002 includes \$0.9 million of interest income and a currency transaction gain of \$1.6 million resulting from the early redemption of this euro-denominated debt in July 2002. Equity income from AGZ in Fiscal 2003 was comparable with Fiscal 2002, notwithstanding a decline in Antargaz' base-currency results, reflecting the effects of the stronger euro. The decline in International Propane income before income taxes reflects the combined decrease in FLAGA operating income and in our income from equity investees offset by slightly lower interest expense.

INTEREST EXPENSE AND INCOME TAXES. Interest expense was \$109.2 million in Fiscal 2003 compared to \$109.1 million in Fiscal 2002 as slightly higher UGI Utilities interest expense was partially offset by slightly lower Partnership interest expense. The Company's effective income tax rate was 37.8% in Fiscal 2003 and Fiscal 2002.

FINANCIAL CONDITION AND LIQUIDITY

CAPITALIZATION AND LIQUIDITY

Total cash, cash equivalents and short-term investments were \$199.6 million at September 30, 2004 compared with \$192.1 million at September 30, 2003. These amounts include \$114.6 million and \$116.3 million, respectively, of cash, cash equivalents and short-term investments readily available to UGI.

The primary sources of UGI's cash and short-term investments are the cash dividends it receives from its principal subsidiaries AmeriGas, Inc., UGI Utilities and Enterprises. AmeriGas, Inc.'s ability to pay dividends to UGI is largely dependent upon distributions it receives from AmeriGas Partners. At September 30, 2004, our approximately 46% effective ownership interest in the Partnership consisted of 24.5 million Common Units and a 2% general partner interest. Approximately 45 days after the end of each fiscal quarter, the Partnership distributes all of its Available Cash (as defined in the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, the "Partnership Agreement") relating to such fiscal quarter. Since its formation in 1995, the Partnership has paid the Minimum Quarterly Distribution of \$0.55 ("MQD") on all limited partner units outstanding. The amount of Available Cash needed annually to pay the MQD on all units and the general partner interests in Fiscal 2004, 2003 and 2002 was approximately \$118 million, \$112 million and \$109 million, respectively. Based upon the number of Partnership units outstanding on September 30, 2004, the amount of Available Cash needed annually to pay the MQD on all units and the general partner interests is approximately \$120 million. The ability of the Partnership to pay the MQD on all units depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the ability of the Partnership to borrow under its Credit Agreement, to refinance maturing debt and to increase its long-term debt. Some of these factors are affected by conditions beyond our control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

Dividends from Enterprises' indirect subsidiary, Antargaz, are subject to restrictions under its debt agreements. During Fiscal 2004, the Senior Facilities Agreement was amended to permit AGZ to pay a one-time cumulative dividend of approximately \$54.4 million which was based on 50% of AGZ's consolidated net income for the two-year period ended March 31, 2004. The amount of any dividends expected to be received, based on AGZ's consolidated net income for the period April 1, 2004 through September 30, 2004, is minimal. The earliest that dividends relating to AGZ's Fiscal 2005 consolidated net income can be received is during the first quarter of Fiscal 2006.

During Fiscal 2004, 2003 and 2002, AmeriGas, Inc., UGI Utilities and Enterprises paid cash dividends to UGI as follows:

Year Ended September 30,	2004	2003	2002
- - - - -	- - - - -	- - - - -	- - - - -

(Millions of dollars)

AmeriGas, Inc.	\$ 39.0	\$ 44.7	\$ 49.4
UGI Utilities	45.0	33.9	37.9
Enterprises	69.4(a)	7.1	23.6(b)
	-----	-----	-----
Total dividends to UGI	\$ 153.4	\$ 85.7	\$ 110.9
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(a) Includes dividend from Antargaz of \$54.4 million.

(b) Includes \$17.0 of the proceeds related to the redemption of debt investments in AGZ.

Dividends received by UGI are available to pay dividends on UGI Common Stock and for investment purposes.

On July 27, 2004, UGI's Board of Directors declared a quarterly dividend on UGI Common Stock of \$0.3125 per share payable on October 1, 2004 to shareholders of record on August 31, 2004. UGI raised the annual dividend rate to \$1.25 per share, or \$0.3125

per share on a quarterly basis, from \$1.14 per share, or \$0.2850 per share on a quarterly basis, effective with this quarterly dividend.

AMERIGAS PARTNERS. The Partnership's debt outstanding at September 30, 2004 totaled \$901.4 million. There were no amounts outstanding under AmeriGas OLP's Credit Agreement at September 30, 2004.

AmeriGas OLP's Credit Agreement expires on October 15, 2008 and consists of (1) a \$100 million Revolving Credit Facility and (2) a \$75 million Acquisition Facility. The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to \$75 million to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the AmeriGas Partners Senior Notes indentures. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled \$45.9 million at September 30, 2004. AmeriGas OLP's short-term borrowing needs are seasonal and are typically greatest during the fall and winter heating-season months due to the need to fund higher levels of working capital.

AmeriGas OLP also has a credit agreement with the General Partner to borrow up to \$20 million on an unsecured, subordinated basis, for working capital and general purposes. UGI has agreed to contribute up to \$20 million to the General Partner to fund such borrowings.

AmeriGas Partners periodically issues debt and equity securities and expects to continue to do so. It has issued debt securities and common units in underwritten public offerings in each of the last three fiscal years. Most recently it issued debt securities in April 2004 and common units in May 2004, both in underwritten public offerings. Proceeds of its public offerings are used by the Partnership to reduce indebtedness and for general Partnership purposes, including funding acquisitions. AmeriGas Partners has effective debt and equity shelf registration statements with the U.S. Securities and Exchange Commission ("SEC") under which it may issue up to an additional (1) 1.4 million AmeriGas Partners Common Units and (2) up to \$446.2 million of debt or equity pursuant to an unallocated shelf registration statement.

AmeriGas OLP must maintain certain financial ratios in order to borrow under its Credit Agreement including a minimum interest coverage ratio and a maximum debt to EBITDA ratio, as defined. AmeriGas OLP's ratios calculated as of September 30, 2004 permit it to borrow up to the maximum amount available. For a more detailed discussion of the Partnership's credit facilities, see Note 4 to Consolidated Financial Statements. Based upon existing cash balances, cash expected to be generated from operations, borrowings available under its Credit Agreement, and the expected refinancing of its maturing long-term debt, the Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2005.

INTERNATIONAL PROPANE. At September 30, 2004, Antargaz had total debt outstanding of \$474.5 million. There were no amounts outstanding under the revolver portion of the Senior Facilities Agreement at September 30, 2004.

Antargaz' Senior Facilities Agreement expires June 30, 2008 and consists of (1) a euro-denominated variable-rate term loan and (2) a E50 million revolver. At September 30, 2004, there was E193 million (\$240.0 million) outstanding under the term loan. Principal payments of E9 million on the term loan are due semi-annually on March 31 and September 30 each year with final payments of E39 million and E100 million due March 31, 2008 and June 30, 2008, respectively. The Senior Facilities term loan has been collateralized by substantially all of Antargaz' shares in its subsidiaries, its equity investee and by substantially all of its accounts receivable.

In July 2002, AGZ issued E165 million of 10% Senior Notes due 2011 (the "High Yield Bonds"), through one of its subsidiaries, AGZ Finance ("AGZ Finance"). Interest on the High Yield Bonds is payable semi-annually on January 15 and July 15. AGZ Finance may redeem the bonds in whole or in part at a premium commencing July 2006. The High Yield Bonds are listed on the Luxembourg Exchange. Antargaz' management believes that it will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2005 principally with cash generated from operations.

The Senior Facilities Agreement and the Trust Deed, dated July 23, 2002, among AGZ Finance, as issuer, AGZ, as guarantor, and the Bank of New York, as trustee, ("Trust Deed") relating to the High Yield Bonds, restrict the ability of AGZ to, among other things, incur additional indebtedness, make investments, incur liens, prepay indebtedness, and effect mergers, consolidations and sales of assets. Under these agreements, AGZ is generally permitted to make restricted payments, such as dividends, equal to 50% of consolidated net income, as defined in each respective agreement, for (1) the immediately preceding fiscal year, in the case of the Senior Facilities Agreement, and (2) on a cumulative basis since July 2002, in the case of the Trust Deed, if no event of default exists or would exist upon payment of such restricted payment. Also, see Note 4 to Consolidated Financial Statements.

FLAGA has a E15 million working capital loan commitment from a European bank expiring in November 2005. Borrowings under the working capital facility totaled E13.8 million (\$17.2 million) at September 30, 2004. Debt issued under this agreement, as well as \$71.5 million of acquisition and special purpose debt of FLAGA, are subject to guarantees of UGI. For a more detailed discussion of FLAGA's debt, see Note 4 to Consolidated Financial Statements. FLAGA's management expects to repay long-term debt maturing in Fiscal 2005 of approximately \$11.6 million principally through cash generated from operations

and capital contributions from UGI.

UGI UTILITIES. UGI Utilities' debt outstanding totaled \$278.1 million at September 30, 2004. Included in this amount is \$60.9 million under revolving credit agreements.

UGI Utilities has revolving credit commitments under which it may borrow up to a total of \$110 million. These agreements are currently scheduled to expire in June 2007. In addition, UGI Utilities has an uncommitted arrangement with a major bank from which it may borrow up to \$20 million. At September 30, 2004, there were no borrowings outstanding under this arrangement. Amounts outstanding under the revolving credit agreements and the uncommitted arrangement are classified as bank loans on the Consolidated Balance Sheets. The revolving credit agreements

FINANCIAL REVIEW (continued)

have restrictions on such items as total debt, debt service and payments for investments. On October 1, 2004, all 200,000 shares of UGI Utilities' \$7.75 preferred shares subject to mandatory redemption were redeemed at a price of \$100 per share together with full cumulative dividends. The redemption was funded with proceeds from the issuance of \$20 million of 6.13% Medium-Term Notes due October 2034. UGI Utilities has a shelf registration statement with the SEC under which it may issue up to an additional \$20 million of Medium-Term Notes or other debt securities. In order to provide additional short-term liquidity during the peak-heating season, on November 1, 2004, UGI Utilities borrowed \$20 million under the uncommitted arrangement with a major bank which is scheduled to mature on March 1, 2005. Based upon cash expected to be generated from Gas Utility and Electric Utility operations, short-term borrowings, including borrowings available under revolving credit agreements and the availability of its Medium-Term Notes, UGI Utilities' management believes that it will be able to meet its anticipated contractual and projected cash commitments during Fiscal 2005. For a more detailed discussion of UGI Utilities' long-term debt and revolving credit facilities, see Note 4 to Consolidated Financial Statements.

ENERGY SERVICES. Energy Services has a \$150 million receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in August 2007, although the Receivables Facility may terminate prior to such date due to the termination of commitments of the Receivables Facility's back-up purchasers. Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The maximum level of funding available at any one time from this facility is \$150 million. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Energy Services continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC. At September 30, 2004, the outstanding balance of ESFC trade receivables was \$63.4 million of which no amount was sold to the commercial paper conduit. Based upon cash expected to be generated from operations and borrowings available under its Receivables Facility, management believes that Energy Services will be able to meet its anticipated contractual and projected cash commitments during Fiscal 2005.

In addition, a major bank has committed to issue up to \$50 million of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires in April 2005.

CASH FLOWS

OPERATING ACTIVITIES. Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers pay for natural gas, propane and other LPG and electricity consumed during the heating season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Company's investment in working capital, principally inventories and/or accounts receivable, is generally greatest. The Company's major business units use revolving credit facilities, or in the case of Energy Services its Receivables Facility, to satisfy their seasonal operating cash flow needs. Cash flow from operating activities was \$257.8 million in Fiscal 2004, \$249.1 million in Fiscal 2003, and \$247.5 million in Fiscal 2002. Cash flow from operating activities before changes in operating working capital was \$330.1 million in Fiscal 2004, \$256.3 million in Fiscal 2003, and \$233.7 million in Fiscal 2002. Changes in operating working capital used \$72.3 million and \$7.2 million of cash in Fiscal 2004 and Fiscal 2003, respectively, and provided \$13.8 million of cash in Fiscal 2002. The increase in cash used for working capital in Fiscal 2004 reflects the effect of higher natural gas and propane commodity costs and changes in Gas Utility deferred fuel costs partially offset by cash provided by Antargaz due in part to net changes in accounts receivable and accounts payable since March 31, 2004.

INVESTING ACTIVITIES. Cash flow used in investing activities was \$412.8 million in Fiscal 2004, \$226.1 million in Fiscal 2003, and \$66.4 million in Fiscal 2002. Investing activity cash flow is principally affected by capital expenditures and investments in property, plant and equipment, cash paid for acquisitions of businesses, investments in and distributions from our equity investees, and proceeds from sales of assets. During Fiscal 2004, we spent \$133.7 million for property, plant and equipment, an increase of \$32.8 million from Fiscal 2003, principally reflecting Antargaz capital expenditures during the six months ended September 30, 2004 and increased Partnership capital expenditures. Cash paid for business acquisitions in Fiscal 2004 principally reflects the Antargaz Acquisition.

FINANCING ACTIVITIES. Cash flow provided by financing activities was \$161.9 million in Fiscal 2004 compared to cash flow used of \$75.3 million in Fiscal 2003 and \$74.3 million in Fiscal 2002. Financing activity cash flow changes are primarily due to issuances and repayments of long-term debt, net borrowings under revolving credit facilities, dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units, and proceeds from public offerings of AmeriGas Partners Common Units and issuances of UGI Common Stock.

In March 2004, 7.5 million shares of UGI Common Stock were sold in an underwritten public offering at a public offering price of \$32.10 per share. During April 2004, the underwriters exercised a portion of their overallotment option for the purchase of an additional 0.3 million shares. The proceeds of approximately \$239 million from this issuance were primarily used to fund the Antargaz Acquisition.

In May 2004, AmeriGas Partners sold 2.0 million Common Units in an underwritten public offering at a public offering price of \$25.61 per unit. In June 2004, the underwriters partially exercised their overallotment option in the amount of 0.1 million Common Units. The net proceeds of the public offering totaling \$51.2 million, and associated capital contributions from the General Partner totaling \$1.0 million, were contributed to AmeriGas OLP and used

to reduce indebtedness under its bank credit agreement and for general partnership purposes. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of \$12.2 million, which is reflected in the Company's balance sheet as an increase in common stockholders' equity and a corresponding decrease in minority interests in AmeriGas Partners, in accordance with the guidance in SEC Staff Accounting Bulletin, No. 51, "Accounting for Sales of Common Stock by a Subsidiary" ("SAB 51"). Deferred income tax liabilities of \$6.6 million associated with this gain were recorded with a corresponding decrease in stockholders' equity and reflected in the Consolidated Balance Sheet. The gain had no effect on the Company's net income or cash flow. The gain resulted because the public offering price of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the date of their sale.

In April 2004, AmeriGas OLP repaid \$53.8 million face amount of maturing First Mortgage Notes. In conjunction with this repayment, AmeriGas Partners issued \$28 million face amount of 8.875% Senior Notes due 2011 at an effective rate of 7.18% and contributed the net proceeds of \$30.1 million to AmeriGas OLP.

During Fiscal 2004 we paid cash dividends on UGI Common Stock of \$56.3 million and the Partnership paid the MQD on all limited partner units.

CONVERSION OF AMERIGAS PARTNERS SUBORDINATED UNITS

In December 2002, the General Partner determined that the cash-based performance and distribution requirements for the conversion of the then-remaining 9,891,072 Subordinated Units of AmeriGas Partners, all of which were held by the General Partner, had been met in respect of the quarter ended September 30, 2002. As a result, in accordance with the Second Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., the Subordinated Units were converted to an equivalent number of Common Units effective November 18, 2002. Concurrent with the Subordinated Unit conversion, the Company recorded a \$157.0 million increase in common stockholders' equity, and a corresponding decrease in minority interests in AmeriGas Partners, associated with gains from sales of Common Units by AmeriGas Partners in conjunction with, and subsequent to, the Partnership's April 19, 1995 initial public offering. These gains were determined in accordance with the guidance in SAB 51. Due to the preference nature of the Common Units, the Company was precluded from recording these gains until the Subordinated Units converted to Common Units. In addition, in June 2003, AmeriGas Partners sold 2,900,000 Common Units in an underwritten public offering. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of \$22.6 million which is reflected in the Company's balance sheet as an increase in common stockholders' equity in accordance with the guidance in SAB 51. Total deferred income tax liabilities of \$70.7 million associated with these gains were recorded with a corresponding decrease in stockholders' equity and reflected in the restated Consolidated Balance Sheet at September 30, 2003. The changes to the Company's balance sheet resulting from the Subordinated Unit conversion and subsequent sale of AmeriGas Partners Common Units had no effect on the Company's net income or cash flow and did not result in an increase in the number of AmeriGas Partners limited partner units outstanding.

UGI UTILITIES PENSION PLAN

UGI Utilities sponsors a defined benefit pension plan ("Pension Plan") for employees of UGI Utilities, UGI and certain of UGI's other subsidiaries. The fair value of Pension Plan assets was \$196.4 million and \$183.9 million at September 30, 2004 and 2003, respectively. At September 30, 2004 and 2003, the Pension Plan's assets exceeded its accumulated benefit obligations by \$9.2 million and \$7.3 million, respectively. The Company is in full compliance with regulations governing defined benefit pension plans, including Employee Retirement Income Security Act of 1974 ("ERISA") rules and regulations, and does not anticipate it will be required to make a contribution to the Pension Plan in Fiscal 2005. Pre-tax pension expense (income) reflected in Fiscal 2004, 2003 and 2002 results was \$1.2 million, \$(1.1) million and \$(4.0) million, respectively. The decrease in pension income during this period principally reflects the changes in the market value of Pension Plan assets and decreases in the discount rate assumption. Pension expense in Fiscal 2005 is expected to be approximately \$3.0 million due in large part to the expiration of the Pension Plan's transition asset amortization.

CAPITAL EXPENDITURES

In the following table, we present capital expenditures (which exclude acquisitions) by our businesses for Fiscal 2004, 2003 and 2002. We also provide amounts we expect to spend in Fiscal 2005. We expect to finance Fiscal 2005 capital expenditures principally from cash generated by operations and borrowings under our credit facilities.

Year Ended September 30, (Millions of dollars)	2005 ----- (estimate)	2004 -----	2003 -----	2002 -----
AmeriGas Propane	\$ 62.4	\$ 61.7	\$ 53.4	\$ 53.5
International Propane	45.2	27.6	4.5	3.9
Gas Utility	41.4	35.5	37.2	31.0
Electric Utility	9.6	5.3	4.1	4.6
Energy Services	7.1	2.9	1.0	1.2
Other	0.9	0.7	1.2	0.5
Total	\$ 166.6	\$ 133.7	\$ 101.4	\$ 94.7

CONTRACTUAL CASH OBLIGATIONS AND COMMITMENTS

The Company has contractual cash obligations that extend beyond Fiscal 2004 including scheduled repayments of long-term debt, operating lease payments, unconditional purchase obligations for pipeline capacity, pipeline transportation and natural gas storage services, commitments to purchase natural gas, propane and electricity and prior to their redemption on

FINANCIAL REVIEW (continued)

October 1, 2004, UGI Utilities preferred shares subject to mandatory redemption. The following table presents contractual cash obligations under agreements existing as of September 30, 2004 (in millions).

	Payments Due by Period				
	Total	1 year or less	2 - 3 years	4 - 5 years	After 5 years
Long-term debt	\$1,634.5	\$ 117.4	\$ 348.7	\$ 354.2	\$ 814.2
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.0	-	-	-
Operating leases	221.8	46.5	73.7	51.4	50.2
AmeriGas Propane supply contracts	12.8	12.8	-	-	-
International Propane supply contracts	271.1	109.4	161.6	-	-
Energy Services supply contracts	510.6	449.4	61.2	-	-
Gas Utility and Electric Utility supply, storage and transportation contracts	598.3	188.5	181.3	112.3	116.3
Total	\$3,269.1	\$ 944.0	\$ 826.5	\$ 517.9	\$ 980.7

RELATED PARTY TRANSACTIONS

During Fiscal 2004, 2003 and 2002, the Company did not enter into any related party transactions that had a material effect on its financial condition, results of operations or cash flows.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements that are expected to have a material effect on the Company's financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

UTILITY REGULATORY MATTERS

Since the 1980s, larger commercial and industrial customers have been able to purchase gas supplies from entities other than Gas Utility. As a result of Pennsylvania's Natural Gas Choice and Competition Act (the "Gas Competition Act") that became effective July 1, 1999, all natural gas consumers in Pennsylvania, including residential and smaller commercial and industrial customers ("core-market customers"), have been afforded this opportunity. Under the Gas Competition Act, natural gas distribution companies ("NGDCs"), like Gas Utility, continue to serve as the supplier of last resort for all core-market customers, and such sales of gas, as well as the distribution service provided by NGDCs, continue to be subject to rate regulation by the PUC. As of September 30, 2004, less than two percent of Gas Utility's core market customers purchase their gas from alternative suppliers.

As a result of the Electricity Generation Customer Choice and Competition Act (the "Electric Competition Act") that became effective January 1, 1997, all of Electric Utility's customers have the ability to acquire their electricity from entities other than Electric Utility. Electric Utility remains the provider of last resort ("POLR") for its customers that are not served by an alternate electric generation provider. The terms and conditions under which Electric Utility provides POLR service, and rules governing the rates that may be charged for such service, have been established in a series of PUC-approved settlements, the latest of which became effective on June 7, 2004 (collectively, the "POLR Settlement").

Electric Utility's POLR service rules provide for annual shopping periods during which customers may elect to remain on POLR service or choose an alternate supplier. Customers who do not select an alternate supplier are obligated to remain on POLR service until the next shopping period. Residential customers who return to POLR service at a time other than during the annual shopping period must remain on POLR service until the date of the second open shopping period after returning. Commercial and industrial customers who return to POLR service at a time other than during the annual shopping period must remain on POLR service until the next open shopping period, and may, in certain circumstances, be subject to generation rate surcharges.

Consistent with the terms of the POLR Settlement, Electric Utility's POLR rates will increase beginning January 2005, and Electric Utility is permitted, but not required, to further increase its POLR rates beginning January 2006. Electric Utility is also permitted to, and has, entered into multiple-year fixed-rate POLR service contracts with certain of its customers.

Pursuant to the requirements of the Electric Competition Act, the PUC is currently developing post-rate-cap POLR regulations that are expected to further define POLR service obligations and pricing. As of September 30, 2004, fewer than 1% of Electric Utility's customers have chosen an alternative electricity generation supplier.

We account for the operations of Gas Utility and Electric Utility in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 71 requires us to record the effects of rate regulation in the financial statements. SFAS 71 allows us to defer expenses and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the ratemaking process in a period different from the period in which they would have been reflected in the income statement of an unregulated company. These deferred assets and liabilities are then flowed through the income statement in the period in which the same amounts are included in rates and recovered from or refunded to customers. As required by SFAS 71, we monitor our regulatory and competitive environments to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these regulatory assets is no longer probable, such assets would be written off against earnings. We believe that SFAS 71 continues to apply to our regulated operations and that the recovery of our regulatory assets is probable.

MANUFACTURED GAS PLANTS

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, UGI Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because Gas Utility is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites. UGI Utilities has been notified of several sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by it or owned or operated by its former subsidiaries. Such parties are investigating the extent of environmental contamination or performing environmental remediation. UGI Utilities is currently litigating three claims against it relating to out-of-state sites. We accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated.

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined UGI Utilities and ten other third party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. The City believes that it could cost as much as \$50 million to clean up the river. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served UGI Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that UGI Utilities is responsible for 20% of approximately \$8 million incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. UGI Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

AGL previously informed UGI Utilities that it was investigating contamination that appeared to be related to MGP operations at a site owned by AGL in Savannah, Georgia. A former subsidiary of UGI Utilities' operated the MGP in the early 1900s. AGL has recently informed UGI Utilities that it has begun remediation of MGP wastes at the site and believes that the total cost of remediation could be as high as \$55 million. AGL has not filed suit against UGI Utilities for a share of these costs. UGI Utilities believes that it will have good defenses to any action that may arise out of this site.

On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against UGI Utilities in the United States District Court for the Southern District of New York, seeking contribution from UGI Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that UGI Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that UGI Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed \$70 million. By orders issued in November 2003 and March 2004, the court granted UGI Utilities' motion for summary judgment and dismissed ConEd's complaint. ConEd has appealed.

By letter dated June 24, 2004, KeySpan Energy ("KeySpan") informed UGI Utilities that KeySpan has spent \$2.3 million and expects to spend another \$11 million to clean up an MGP site it owns in Sag Harbor, New York. KeySpan believes that UGI Utilities is responsible for approximately 50% of these costs as a result of UGI Utilities' alleged direct ownership and operation of the plant from 1885 to 1902. UGI Utilities is in the process of reviewing the information provided by KeySpan and is investigating this claim.

By letter dated August 5, 2004, Yankee Gas Services Company and Connecticut Light and Power Company, subsidiaries of Northeast Utilities, (together, the "Northeast Companies"), demanded contribution from UGI Utilities for past and future remediation costs related to MGP operations on thirteen sites owned by

the Northeast Companies in nine cities in the State of Connecticut. The Northeast Companies allege that UGI Utilities controlled operations of the plants from 1883 to 1941. According to the letter, investigation and remedial costs at the sites to date total approximately \$10 million and complete remediation costs for all sites could total \$182 million. The Northeast Companies seek an unspecified fair and equitable allocation of these costs to UGI Utilities. UGI Utilities is in the process of reviewing the information provided by Northeast Companies and is investigating this claim.

FINANCIAL REVIEW (continued)

MARKET RISK DISCLOSURES

Our primary market risk exposures are (1) market prices for propane and other LPG, natural gas and electricity; (2) changes in interest rates; and (3) foreign currency exchange rates.

The risk associated with fluctuations in the prices the Partnership and our International Propane operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, it uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. International Propane's profitability is sensitive to changes in LPG supply costs and International Propane generally passes on increases in such costs to customers. International Propane may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the long-term volatility of Antargaz' LPG market price risk, Antargaz intends to hedge a portion of its future U.S. dollar denominated LPG product purchases through the use of derivative instruments, including forward foreign exchange contracts. Antargaz may also enter into other contracts, similar to those used by the Partnership to reduce the volatility in the cost of LPG that it purchases. FLAGA uses derivative commodity instruments to reduce market risk associated with a portion of its propane purchases. Over-the-counter derivative commodity instruments utilized by the Partnership and FLAGA to hedge forecasted purchases of propane are generally settled at expiration of the contract. In order to minimize credit risk associated with its derivative commodity contracts, the Partnership monitors established credit limits with the contract counterparties. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Gas Utility's tariffs contain clauses that permit recovery of substantially all of the prudently incurred costs of natural gas it sells to its customers. The recovery clauses provide for a periodic adjustment for the difference between the total amounts actually collected from customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses exchange-traded natural gas call option contracts to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these call option contracts, net of any associated gains, is included in Gas Utility's PGC recovery mechanism.

Electric Utility purchases its electric power needs from electricity suppliers under fixed-price energy and capacity contracts and, to a much lesser extent, on the spot market. Prices for electricity can be volatile especially during periods of high demand or tight supply. In accordance with POLR settlements approved by the PUC, Electric Utility may increase its POLR rates up to certain limits through December 31, 2006. In accordance with these settlements, effective January 1, 2005 and January 1, 2006, POLR generation rates for all metered customers may increase up to 4.5% and 7.5%, respectively, of total rates in effect on December 31, 2004. The approved POLR rate increases are not expected to have a material effect on our financial condition or results of operations. Currently, Electric Utility's fixed-price contracts with electricity suppliers mitigate most risks associated with the POLR service rate limits in effect through December 31, 2006. However, should any of the suppliers under these contracts fail to provide electric power under the terms of the power and capacity contracts, any increases in the cost of replacement power or capacity would negatively impact Electric Utility results. In order to reduce this non performance risk, Electric Utility has diversified its purchases across several suppliers and entered into bilateral collateral arrangements with certain of them.

In order to manage market price risk relating to substantially all of Energy Services' forecasted fixed-price sales of natural gas, Energy Services purchases exchange-traded natural gas futures contracts or enters into fixed-price supply arrangements. Exchange-traded natural gas futures contracts are guaranteed by the New York Mercantile Exchange ("NYMEX") and have nominal credit risk. The change in market value of these contracts generally requires daily cash deposits in margin accounts with brokers. Although Energy Services' fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the natural gas suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas would adversely impact Energy Services' results. In order to reduce this risk of supplier nonperformance, Energy Services has diversified its purchases across a number of suppliers.

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

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

value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

Our variable-rate debt includes borrowings under AmeriGas OLP's Credit Agreement, borrowings under UGI Utilities' revolving credit agreements, and a substantial portion of Antargaz' and FLAGA's debt. These debt agreements have interest rates that are generally indexed to short-term market interest rates. Antargaz has effectively fixed the interest rate on a portion of their variable-rate debt through June 2005 through the use of

interest rate swaps. At September 30, 2004 and 2003, combined borrowings outstanding under these agreements totaled \$393.4 million and \$119.7 million, respectively. Excluding the effectively fixed portion of Antargaz' variable-rate debt, based upon weighted average borrowings outstanding under these agreements during Fiscal 2004 and Fiscal 2003, an increase in short-term interest rates of 100 basis points (1%) would have increased our interest expense by \$2.1 million and \$1.8 million, respectively.

The remainder of our debt outstanding is subject to fixed rates of interest. A 100 basis point increase in market interest rates would result in decreases in the fair value of this fixed-rate debt of \$61.8 million and \$57.1 million at September 30, 2004 and 2003, respectively. A 100 basis point decrease in market interest rates would result in increases in the fair value of this fixed-rate debt of \$66.6 million and \$61.7 million at September 30, 2004 and 2003, respectively.

Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with a portion of near-term forecasted issuances of fixed-rate debt, we often enter into interest rate protection agreements.

The primary currency for which the Company has exchange rate risk is the U.S. dollar versus the euro. The U.S. dollar value of our foreign-denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. With respect to FLAGA, the net effect of changes in foreign currency exchange rates on their U.S. dollar denominated assets and liabilities would not be material because FLAGA's U.S. dollar denominated assets and liabilities are not materially different in amount. With respect to our net investments in FLAGA and Antargaz, a 10% decline in the value of the euro versus the U.S. dollar would reduce their aggregate net book value by approximately \$37.3 million, which amount would be reflected in other comprehensive income. In March 2004, the Company entered into a foreign currency swap agreement to hedge a portion of its net investment in foreign operations. This foreign currency swap agreement was designated as a net investment hedge in a foreign subsidiary and qualified for hedge accounting. Therefore, upon settlement in July 2004, a loss of \$1.0 million was recorded in other comprehensive income. Any realized gains or losses associated with net investments in foreign operations will remain in other comprehensive income until such foreign operations have been liquidated. From time to time, the Company may use derivative instruments to hedge additional portions of its net investments in foreign subsidiaries.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at September 30, 2004 and 2003. Fair values reflect the estimated amounts that we would receive or (pay) to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts at September 30, 2004. The table also includes the changes in fair value that would result if there were a ten percent adverse change in (1) the market price of propane; (2) the market price of natural gas; (3) the market price of electricity; and (4) interest rates on ten-year U.S. treasury notes.

(Millions of dollars)	Fair Value	Change in Fair Value
	-----	-----
September 30, 2004:		
Propane commodity price risk	\$13.1	\$(13.8)
Natural gas commodity price risk	4.8	(3.4)
Electricity commodity price risk	2.0	(1.0)
Interest rate risk	(2.8)	(6.3)
September 30, 2003:		
Propane commodity price risk	\$(0.6)	\$(24.3)
Natural gas commodity price risk	(1.0)	(9.2)
Interest rate risk	0.2	(2.4)

Gas Utility's exchange traded natural gas call option contracts are excluded from the table above because any associated net gains are included in Gas Utility's PGC recovery mechanism.

Because the Company's derivative instruments generally qualify as hedges under SFAS 133, we expect that changes in the fair value of derivative instruments used to manage commodity or interest rate market risk would be substantially offset by gains or losses on the associated anticipated transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the selection and application of appropriate accounting principles to the relevant facts and circumstances of the Company's operations and the use of estimates made by management. The Company has identified the following critical accounting policies that are most important to the portrayal of the Company's financial condition and results of operations. Changes in these policies could have a material effect on the financial statements. The application of these

accounting policies necessarily requires management's most subjective or complex judgments regarding estimates and projected outcomes of future events which could have a material impact on the financial statements. Management has reviewed these critical accounting policies, and the estimates and assumptions associated with them, with its Audit Committee. In addition, management has reviewed the following disclosures regarding the application of these critical accounting policies with the Audit Committee.

LITIGATION ACCRUALS AND ENVIRONMENTAL REMEDIATION LIABILITIES.

We are involved in litigation regarding pending claims and legal actions that arise in the normal course of our businesses. In addition, UGI Utilities and its former subsidiaries owned and operated a number of MGPs in Pennsylvania and elsewhere at which hazardous substances may be present. In accordance with accounting principles generally accepted in the United

FINANCIAL REVIEW (continued)

States of America, the Company establishes reserves for pending claims and legal actions or environmental remediation obligations when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability, and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

REGULATORY ASSETS AND LIABILITIES. Gas Utility and Electric Utility are subject to regulation by the PUC. In accordance with SFAS 71, we record the effects of rate regulation in our financial statements as regulatory assets or regulatory liabilities. We continually assess whether the regulatory assets are probable of future recovery by evaluating the regulatory environment, recent rate orders and public statements issued by the PUC, and the status of any pending deregulation legislation. If future recovery of regulatory assets ceases to be probable, the elimination of those regulatory assets would adversely impact our results of operations and cash flows. As of September 30, 2004, our regulatory assets totaled \$65.0 million. See Note 1 to the Consolidated Financial Statements.

DEPRECIATION AND AMORTIZATION OF LONG-LIVED ASSETS. We compute depreciation on UGI Utilities' property, plant and equipment on a straight-line basis over the average remaining lives of its various classes of depreciable property and on our other property, plant and equipment on a straight-line basis over estimated useful lives generally ranging from 2 to 40 years. We also use amortization methods and determine asset values of intangible assets other than goodwill using reasonable assumptions and projections. Changes in the estimated useful lives of property, plant and equipment and changes in intangible asset amortization methods or values could have a material effect on our results of operations.

PURCHASE PRICE ALLOCATION. From time to time, the Company enters into material business combinations. In accordance with SFAS No. 141, "Business Combinations" ("SFAS 141"), the purchase price is allocated to the various assets and liabilities acquired at their estimated fair value. Fair values of assets and liabilities are based upon available information and may involve us engaging an independent third party to perform an appraisal. Estimating fair values can be a complex and judgmental area and most commonly impacts property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, if necessary, up to one year from the acquisition date to finalize the purchase price allocation.

IMPAIRMENT OF GOODWILL. Certain of the Company's business units have goodwill resulting from purchase business combinations. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired. In order to perform these impairment tests, management must determine the reporting unit's fair value using quoted market prices or, in the absence of quoted market prices, valuation techniques which use discounted estimates of future cash flows to be generated by the reporting unit. These cash flow estimates involve management judgments based on a broad range of information and historical results. To the extent estimated cash flows are revised downward, the reporting unit may be required to write down all or a portion of its goodwill which would adversely impact our results of operations. As of September 30, 2004, our goodwill totaled \$1,245.9 million.

DEFINED BENEFIT PENSION PLAN. The costs of providing benefits under our Pension Plan are dependent on historical information such as employee age, length of service, level of compensation and the actual rate of return on plan assets. In addition, certain assumptions relating to the future are utilized including the discount rate applied to benefit obligations, the expected rate of return on plan assets and the rate of compensation increase. Pension Plan assets are held in trust and consist principally of equity and fixed income mutual funds. Changes in plan assumptions as well as fluctuations in actual equity or bond market returns could have a material impact on future pension costs. We believe the two most critical assumptions are the expected rate of return on plan assets and the discount rate. An unfavorable change in the expected rate of return on plan assets of 50 basis points would result in higher pre-tax pension expense of approximately \$1.0 million in Fiscal 2005. An unfavorable change in the discount rate of 50 basis points would result in higher pre-tax pension expense of \$1.5 million in Fiscal 2005.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS In December 2003, the Financial Accounting Standards Board ("FASB") revised Financial Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which was originally issued in January 2003 and clarifies Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 was effective immediately for variable interest entities created or obtained after January 31, 2003. For variable interest entities created or acquired before February 1, 2003, FIN 46 was effective beginning with our interim period ended March 31, 2004. If certain conditions are met, FIN 46 requires the primary beneficiary to consolidate certain variable interest entities. The adoption of FIN 46, as revised, did not have a material effect on the Company's financial position, results of operations or cash flows.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was signed into law. Among other things, the Act provides for a prescription drug benefit to Medicare beneficiaries on a voluntary

basis beginning in 2006. To encourage employers to continue to offer retiree prescription drug benefits, the Act provides for a tax-free subsidy to employers who offer a prescription drug benefit that is at least actuarially equivalent to the standard benefit offered under the Act. In May 2004, the FASB issued Staff Position No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-2"). FSP 106-2 is effective for periods beginning after June 15, 2004.

The Company provides postretirement health care benefits to certain of its retirees and a limited number of active employees meeting certain age and service requirements. See Note 6 to the Consolidated Financial Statements for information on our Employee Retirement Plans. These postretirement benefits include certain retiree prescription drug benefits. The Company has determined that, as currently designed, its prescription drug benefit for retirees is not actuarially equivalent to the standard benefit offered under the Act and, as a result, does not qualify for the tax-free subsidy.

FORWARD-LOOKING STATEMENTS

Information contained in this Financial Review and elsewhere in this Annual Report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane and other LPG, oil, electricity, and natural gas and the capacity to transport product to our market areas; (3) changes in domestic and foreign laws and regulations, including safety, tax and accounting matters; (4) competitive pressures from the same and alternative energy sources; (5) failure to acquire new customers thereby reducing or limiting any increase in revenues; (6) liability for environmental claims; (7) customer conservation measures and improvements in energy efficiency and technology resulting in reduced demand; (8) adverse labor relations; (9) large customer, counterparty or supplier defaults; (10) liability in excess of insurance coverage for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas, propane and LPG; (11) political, regulatory and economic conditions in the United States and in foreign countries; (12) interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; (13) reduced distributions from subsidiaries; and (14) the timing and success of the Company's efforts to develop new business opportunities.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

REPORT OF MANAGEMENT

The Company's consolidated financial statements and other financial information contained in this Annual Report are prepared by management, which is responsible for their fairness, integrity and objectivity. The consolidated financial statements and related information were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on management's best judgments and estimates.

The Company maintains a system of internal controls. Management believes the system provides reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. There are limits in all systems of internal control, based on the recognition that the cost of the system should not exceed the benefits to be derived. We believe that the Company's internal control system is cost effective and provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period. The internal control system and compliance therewith are monitored by the Company's internal audit staff. However, this report is not the same as the report of management on the effectiveness of internal control over financial reporting that will be included in the Company's annual report on Form 10-K for the fiscal year ending September 30, 2005.

The Audit Committee of the Board of Directors is composed of three members, none of whom is an employee of the Company. This Committee is responsible for overseeing the financial reporting process and the adequacy of controls, and for monitoring the independence of the Company's independent accountants and the performance of the independent accountants and internal audit staff. The Committee appoints the independent accountants to conduct the annual audit of the Company's consolidated financial statements. The Committee is also responsible for maintaining direct channels of communication among the Board of Directors, management, and both the independent accountants and internal auditors.

The independent accountants, whose appointment is ratified by the shareholders, perform certain procedures in order to express an opinion on the consolidated financial statements and to obtain reasonable assurance that such financial statements are free of material misstatement.

/s/ Lon R. Greenberg

Lon R. Greenberg
Chief Executive Officer

/s/ Anthony J. Mendicino

Anthony J. Mendicino
Chief Financial Officer

/s/ Michael J. Cuzzolina

Michael J. Cuzzolina
Chief Accounting Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF UGI CORPORATION:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of UGI Corporation and its subsidiaries (the "Company") at September 30, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In fiscal 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

As discussed in Note 2 to the financial statements, the 2003 consolidated balance sheet and statement of stockholders' equity have been restated to record deferred income tax liabilities on the conversion of the Company's subordinated units in AmeriGas Partners, L.P., which occurred in November 2002, and upon subsequent sales by the Partnership of units to the public.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 6, 2004

CONSOLIDATED STATEMENTS OF INCOME

(Millions of dollars, except per share amounts)

	Year Ended September 30,		
	2004	2003	2002
REVENUES			
AmeriGas Propane	\$ 1,775.9	\$ 1,628.4	\$ 1,307.9
Utilities	650.1	628.7	488.0
International Propane	333.4	54.5	46.7
Energy Services and other	1,025.3	714.5	371.1
	3,784.7	3,026.1	2,213.7
COSTS AND EXPENSES			
Cost of sales	2,526.9	1,984.3	1,296.6
Operating and administrative expenses	790.5	644.1	576.5
Utility taxes other than income taxes	12.5	12.2	11.9
Depreciation and amortization	132.3	103.0	93.5
Other income, net	(8.8)	(19.8)	(18.1)
	3,453.4	2,723.8	1,960.4
OPERATING INCOME			
	331.3	302.3	253.3
Income from equity investees	11.3	5.3	8.5
Loss on extinguishments of debt	-	(3.0)	(0.7)
Interest expense	(119.1)	(109.2)	(109.1)
Minority interests, principally in AmeriGas Partners	(47.5)	(34.6)	(28.0)
	176.0	160.8	124.0
INCOME BEFORE INCOME TAXES AND SUBSIDIARY PREFERRED STOCK DIVIDENDS			
Income taxes	(64.4)	(60.7)	(46.9)
Dividends on UGI Utilities preferred shares subject to mandatory redemption	-	(1.2)	(1.6)
	-	-	-
NET INCOME	\$ 111.6	\$ 98.9	\$ 75.5
EARNINGS PER COMMON SHARE:			
Basic	\$ 2.36	\$ 2.34	\$ 1.83
Diluted	\$ 2.31	\$ 2.29	\$ 1.80
AVERAGE COMMON SHARES OUTSTANDING (MILLIONS):			
Basic	47.308	42.220	41.325
Diluted	48.341	43.236	41.907

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(Millions of dollars)

	September 30,	
	2004	Restated 2003
<hr/>		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 149.6	\$ 142.1
Short-term investments (at cost, which approximates fair value)	50.0	50.0
Accounts receivable (less allowances for doubtful accounts of \$22.3 and \$14.8, respectively)	367.3	213.1
Accrued utility revenues	9.7	7.4
Inventories	198.4	136.6
Deferred income taxes	14.9	23.5
Prepaid expenses and other current assets	46.6	28.6
	<hr/>	<hr/>
Total current assets	836.5	601.3
	<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT		
AmeriGas Propane	1,121.3	1,076.2
International Propane	525.7	76.4
UGI Utilities	944.3	907.9
Other	83.0	81.5
	<hr/>	<hr/>
	2,674.3	2,142.0
Accumulated depreciation and amortization	(892.4)	(805.2)
	<hr/>	<hr/>
Net property, plant, and equipment	1,781.9	1,336.8
	<hr/>	<hr/>
OTHER ASSETS		
Goodwill and excess reorganization value	1,245.9	671.5
Intangible assets (less accumulated amortization of \$27.5 and \$16.4, respectively)	184.4	34.7
Utility regulatory assets	65.0	60.3
Other assets	121.7	90.6
	<hr/>	<hr/>
Total assets	\$4,235.4	\$2,795.2
	<hr/>	<hr/>

See accompanying notes to consolidated financial statements.

UGI Corporation 2004 Annual Report

	September 30,	
	2004	Restated 2003
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 122.8	\$ 65.0
UGI Utilities bank loans	60.9	40.7
Other bank loans	17.2	15.9
UGI Utilities preferred shares subject to mandatory redemption, without par value	20.0	-
Accounts payable	323.9	202.5
Employee compensation and benefits accrued	87.7	41.9
Dividends and interest accrued	43.0	40.1
Income taxes accrued	2.0	8.9
Deposits and advances	98.7	83.0
Other current liabilities	146.6	86.2
Total current liabilities	922.8	584.2
DEBT AND OTHER LIABILITIES		
Long-term debt	1,547.3	1,158.5
Deferred income taxes	441.4	293.8
Deferred investment tax credits	7.6	8.0
UGI Utilities preferred shares subject to mandatory redemption, without par value	-	20.0
Other noncurrent liabilities	303.8	97.4
Total liabilities	3,222.9	2,161.9
Commitments and contingencies (Note 12)		
Minority interests, principally in AmeriGas Partners	178.4	134.6
COMMON STOCKHOLDERS' EQUITY		
Common Stock, without par value (authorized - 150,000,000 shares; issued - 57,576,497 and 49,798,097 shares, respectively)	762.8	511.7
Retained earnings	146.2	90.9
Accumulated other comprehensive income	22.6	4.7
Notes receivable from employees	(0.2)	(0.4)
Treasury stock, at cost	931.4 (97.3)	606.9 (108.2)
Total common stockholders' equity	834.1	498.7
Total liabilities and stockholders' equity	\$4,235.4	\$2,795.2

UGI Corporation 2004 Annual Report

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 111.6	\$ 98.9	\$ 75.5
Reconcile to net cash provided by operating activities:			
Depreciation and amortization	132.3	103.0	93.5
Minority interests	47.5	34.6	28.0
Deferred income taxes, net	3.0	(2.8)	11.0
Provision for uncollectible accounts	17.3	18.5	14.2
Net change in settled accumulated other comprehensive income	9.0	(5.2)	13.3
Other, net	9.4	9.3	(1.8)
Net change in:			
Accounts receivable and accrued utility revenues	4.9	(56.1)	10.7
Inventories	(39.4)	(25.3)	19.7
Deferred fuel costs	(6.9)	19.0	(7.1)
Accounts payable	(49.7)	34.9	(0.4)
Other current assets and liabilities	18.8	20.3	(9.1)
Net cash provided by operating activities	257.8	249.1	247.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(133.7)	(100.9)	(94.7)
Acquisitions of businesses, net of cash acquired	(308.6)	(38.6)	(0.7)
Acquisition of additional interest in Conemaugh Station	-	(51.3)	-
Proceeds from redemption of AGZ Bonds	-	-	17.7
Net proceeds from disposals of assets	11.5	5.9	9.7
Investments in equity investees	-	(0.4)	(0.3)
Increase in short-term investments	-	(50.0)	-
Other, net	18.0	9.2	1.9
Net cash used by investing activities	(412.8)	(226.1)	(66.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends on UGI Common Stock	(56.3)	(47.7)	(44.8)
Distributions on AmeriGas Partners publicly held Common Units	(62.4)	(56.4)	(53.5)
Issuance of long-term debt	30.1	167.8	81.1
Repayment of long-term debt	(77.4)	(236.5)	(105.0)
AmeriGas Propane bank loans (decrease) increase	-	(10.0)	10.0
UGI Utilities bank loans increase (decrease)	20.2	3.5	(20.6)
Other bank loans increase (decrease)	0.1	5.4	(2.2)
Issuance of AmeriGas Partners Common Units	51.2	75.0	49.7
Issuance of UGI Common Stock	257.0	23.7	11.0
Repurchases of UGI Common Stock	(0.6)	(0.1)	-
Net cash provided (used) by financing activities	161.9	(75.3)	(74.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.6	0.1	-
Cash and cash equivalents increase (decrease)	\$ 7.5	\$ (52.2)	\$ 106.8
CASH AND CASH EQUIVALENTS:			
End of year	\$ 149.6	\$ 142.1	\$ 194.3
Beginning of year	142.1	194.3	87.5
(Decrease) increase	\$ 7.5	\$ (52.2)	\$ 106.8

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Millions of dollars, except per share amounts)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Notes Receivable from Employees	Treasury Stock	Total
	-----	-----	-----	-----	-----	-----
BALANCE SEPTEMBER 30, 2001	\$395.0	\$ 9.0	\$ (13.5)	\$ (4.6)	\$ (134.9)	\$ 251.0
Net income		75.5				75.5
Net loss on derivative instruments (net of tax of \$0.4)			(1.5)			(1.5)
Reclassification of net losses on derivative instruments (net of tax of \$11.6)			18.3			18.3
Foreign currency translation adjustments (net of tax of \$2.2)			4.4			4.4
Reclassification of foreign currency translation gain (net of tax of \$0.5)			(1.1)			(1.1)
Comprehensive income		75.5	20.1			95.6
Cash dividends on Common Stock (\$1.083 per share)		(44.8)				(44.8)
Common Stock issued:						
Employee and director plans	1.0				7.4	8.4
Dividend reinvestment plan	0.6				2.0	2.6
Common Stock reacquired					(0.1)	(0.1)
Payments on notes receivable from employees				1.1		1.1
BALANCE SEPTEMBER 30, 2002	396.6	39.7	6.6	(3.5)	(125.6)	313.8
Net income		98.9				98.9
Net gain on derivative instruments (net of tax of \$9.1)			13.5			13.5
Reclassification of net gains on derivative instruments (net of tax of \$14.0)			(20.7)			(20.7)
Foreign currency translation adjustments (net of tax of \$3.1)			5.3			5.3
Comprehensive income (loss)		98.9	(1.9)			97.0
Cash dividends on Common Stock (\$1.13 per share)		(47.7)				(47.7)
Common Stock issued:						
Employee and director plans	5.0				16.0	21.0
Dividend reinvestment plan	1.2				1.5	2.7
Net gain in connection with issuances of units by AmeriGas Partners (net of tax of \$70.7), as restated	108.9					108.9
Common Stock reacquired					(0.1)	(0.1)
Payments on notes receivable from employees				3.1		3.1
BALANCE SEPTEMBER 30, 2003, AS RESTATED	511.7	90.9	4.7	(0.4)	(108.2)	498.7
Net income		111.6				111.6
Net gain on derivative instruments (net of tax of \$15.0)			22.6			22.6
Reclassification of net gains on derivative instruments (net of tax of \$6.9)			(10.6)			(10.6)
Foreign currency translation adjustments (net of tax of \$0.9)			5.9			5.9
Comprehensive income		111.6	17.9			129.5
Cash dividends on Common Stock (\$1.20 per share)		(56.3)				(56.3)
Common Stock issued:						
Public offering	239.6					239.6
Employee and director plans	4.6				10.3	14.9
Dividend reinvestment plan	1.3				1.2	2.5
Net gain in connection with issuances of units by AmeriGas Partners (net of tax of \$6.6)	5.6					5.6
Common Stock reacquired					(0.6)	(0.6)
Payments on notes receivable from employees				0.2		0.2
BALANCE SEPTEMBER 30, 2004	\$762.8	\$ 146.2	\$ 22.6	\$ (0.2)	\$ (97.3)	\$ 834.1
	=====	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION. UGI Corporation ("UGI") is a holding company that owns and operates natural gas and electric utility, electricity generation, retail propane distribution, energy marketing and related businesses in the United States. Through foreign subsidiaries and a joint-venture affiliate, UGI also distributes liquefied petroleum gases ("LPG") in France, Austria, the Czech Republic, Slovakia and China. We refer to UGI and its consolidated subsidiaries collectively as "the Company" or "we."

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas OLP's subsidiary, AmeriGas Eagle Propane, L.P. ("Eagle OLP"). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and AmeriGas OLP. AmeriGas OLP and Eagle OLP (collectively referred to as "the Operating Partnerships") comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states. We refer to AmeriGas Partners and its subsidiaries together as "the Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane." At September 30, 2004, the General Partner and its wholly owned subsidiary Petrolane Incorporated ("Petrolane") collectively held a 1% general partner interest and a 44.6% limited partner interest in AmeriGas Partners, and effective 46.1% and 46.0% ownership interests in AmeriGas OLP and Eagle OLP, respectively. Our limited partnership interest in AmeriGas Partners comprises 24,525,004 Common Units. The remaining 54.4% interest in AmeriGas Partners comprises 29,948,268 publicly held Common Units representing limited partner interests.

The Partnership has no employees. Employees of the General Partner conduct, direct and manage the activities of AmeriGas Partners and AmeriGas OLP. The General Partner also provides management and administrative services to AmeriGas Eagle Holdings, Inc., the general partner of Eagle OLP, under a management services agreement. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on behalf of the Partnership including all General Partner employee compensation costs and a portion of UGI employee compensation and administrative costs. Although the Partnership's operating income represents a significant portion of our consolidated operating income, the Partnership's impact on our consolidated net income is considerably less due to the Partnership's significant minority interest and higher relative interest charges.

Our wholly owned subsidiary UGI Enterprises, Inc. ("Enterprises") (1) conducts a propane and butane-based LPG distribution business in France through its subsidiary UGI France, Inc. ("UGI France"); (2) conducts an LPG distribution business in Austria, the Czech Republic and Slovakia ("FLAGA"); and (3) participates in an LPG joint-venture business in the Nantong region of China. We refer to our foreign operations collectively as "International Propane." Our LPG distribution business in France is conducted through Antargaz, an operating subsidiary of AGZ Holding ("AGZ"), and its operating subsidiaries (collectively, "Antargaz").

Our natural gas and electric distribution utility businesses are conducted through our wholly owned subsidiary, UGI Utilities, Inc. ("UGI Utilities"). UGI Utilities owns and operates a natural gas distribution utility ("Gas Utility") in parts of eastern and southeastern Pennsylvania and an electric distribution utility ("Electric Utility") in northeastern Pennsylvania. Gas Utility and Electric Utility (collectively, "Utilities") are subject to regulation by the Pennsylvania Public Utility Commission ("PUC").

In addition, Enterprises conducts an energy marketing business primarily in the Eastern region of the United States through its wholly owned subsidiary, UGI Energy Services, Inc. ("Energy Services"). Energy Services' wholly owned subsidiary UGI Development Company ("UGID") and UGID's joint-venture affiliate Hunlock Creek Energy Ventures ("Energy Ventures") own interests in Pennsylvania-based electric generation assets. Prior to its transfer to Energy Services in June 2003, UGID was a wholly owned subsidiary of UGI Utilities. Through other subsidiaries, Enterprises owns and operates a heating, ventilation, air-conditioning and refrigeration service business in the Middle Atlantic States ("HVAC/R").

UGI is exempt from registration as a holding company and not otherwise subject to regulation under the Public Utility Holding Company Act of 1935 except for acquisitions under section 9(a)(2) because it files an annual exemption statement with the U.S. Securities and Exchange Commission ("SEC"). UGI is not subject to regulation by the PUC.

CONSOLIDATION PRINCIPLES. The consolidated financial statements include the accounts of UGI and its controlled subsidiary companies, which, except for the Partnership, are majority owned. We eliminate all significant intercompany accounts and transactions when we consolidate. We report the public's limited partner interests in the Partnership and other parties' interests in our consolidated, but less than 100% owned subsidiaries of Antargaz as minority interests. Entities in which we own 50% or less and in which we exercise significant influence over operating and financial policies are accounted for by the equity method (see Note 17). Effective with our March 31, 2004 acquisition of the remaining 80.5% ownership interests in AGZ, we began consolidating all of its operations (see Note 3). Investments in equity investees are included in other assets in the Consolidated Balance Sheets. Gains resulting from the

issuances and sales of AmeriGas Partners' common units are recorded as an increase to common stockholders' equity with a corresponding decrease in minority interests in accordance with SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary." In addition, we record deferred income tax liabilities with a corresponding reduction in stockholders' equity associated with such gains (see Notes 2 and 16).

RECLASSIFICATIONS. We have reclassified certain prior-year balances to conform to the current-year presentation.

USE OF ESTIMATES. We make estimates and assumptions when preparing financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

REGULATED UTILITY OPERATIONS. We account for the operations of Gas Utility and Electric Utility in accordance with Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 71 requires us to record the effects of rate regulation in the financial statements. SFAS 71 allows us to defer expenses and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the ratemaking process in a period different from the period in which they would have been reflected in the income statement of an unregulated company. These deferred assets and liabilities are then flowed through the income statement in the period in which the same amounts are included in rates and recovered from or refunded to customers. As required by SFAS 71, we monitor our regulatory and competitive environments to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these regulatory assets is no longer probable, such assets would be written off against earnings. We believe that SFAS 71 continues to apply to our regulated utility operations and that the recovery of our regulatory assets is probable.

Regulatory assets and liabilities associated with Gas Utility and Electric Utility operations included in our accompanying balance sheets at September 30 comprise the following:

	2004	2003
	----	----
Regulatory assets:		
Income taxes recoverable	\$ 62.0	\$ 57.6
Other postretirement benefits	1.9	2.2
Other	1.1	0.5
	-----	-----
Total regulatory assets	\$ 65.0	\$ 60.3
	-----	-----
Regulatory liabilities:		
Other postretirement benefits	\$ 3.0	\$ 3.8
Deferred fuel costs	7.9	14.7
	-----	-----
Total regulatory liabilities	\$ 10.9	\$ 18.5
	-----	-----

Utilities' regulatory liabilities relating to other postretirement benefits and deferred fuel costs are included in "other noncurrent liabilities" and "other current liabilities," respectively, on the Consolidated Balance Sheets. Utilities does not recover a rate of return on its regulatory assets.

DERIVATIVE INSTRUMENTS. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. For a detailed description of the derivative instruments we use, our objectives for using them, and related supplemental information required by SFAS 133, see Note 13.

CONSOLIDATED STATEMENTS OF CASH FLOWS. We define cash equivalents as all highly liquid investments with maturities of three months or less when purchased. We record cash equivalents at cost plus accrued interest, which approximates market value. We paid interest totaling \$117.7 in 2004, \$109.8 in 2003 and \$106.2 in 2002. We paid income taxes totaling \$70.2 in 2004, \$48.2 in 2003 and \$48.0 in 2002.

REVENUE RECOGNITION. We recognize revenues from the sale of propane and other LPG principally as product is delivered to customers. Revenue from the sale of appliances and equipment is recognized at the time of sale or installation. We record Utilities' regulated revenues for service provided to the end of each month which includes an accrual for certain unbilled amounts based upon estimated usage. We reflect the impact of Utilities' rate increases or decreases at the time they become effective. Energy Services records revenues when energy products are delivered to customers.

INVENTORIES. Our inventories are stated at the lower of cost or market. We determine cost using an average cost method for natural gas, propane and other LPG, specific identification for appliances and the first-in, first-out ("FIFO") method for all other inventories.

EARNINGS PER COMMON SHARE. Basic earnings per share reflect the weighted-average number of common shares outstanding. Diluted earnings per share include the effects of dilutive stock options and common stock awards. In the following table, we present shares used in computing basic and diluted earnings per share for 2004, 2003 and 2002:

	2004	2003	2002
	----	----	----
Denominator (millions of shares):			
Average common shares			
outstanding for basic computation	47.308	42.220	41.325
Incremental shares issuable for			
stock options and awards	1.033	1.016	0.582
	-----	-----	-----
Average common shares outstanding for			
diluted computation	48.341	43.236	41.907
	-----	-----	-----

INCOME TAXES. AmeriGas Partners and the Operating Partnerships are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to the individual partners. We record income taxes on our share of (1) the Partnership's current taxable income or loss and (2) the differences between the book and tax bases of the Partnership's assets and liabilities. The Operating Partnerships have subsidiaries which operate in corporate form and are directly subject to federal income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 1 continued

Gas Utility and Electric Utility record deferred income taxes in the Consolidated Statements of Income resulting from the use of accelerated depreciation methods based upon amounts recognized for ratemaking purposes. They also record a deferred income tax liability for tax benefits that are flowed through to ratepayers when temporary differences originate and record a regulatory income tax asset for the probable increase in future revenues that will result when the temporary differences reverse.

We are amortizing deferred investment tax credits related to Utilities' plant additions over the service lives of the related property. Utilities reduces its deferred income tax liability for the future tax benefits that will occur when investment tax credits, which are not taxable, are amortized. We also reduce the regulatory income tax asset for the probable reduction in future revenues that will result when such deferred investment tax credits amortize.

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION. The amounts we assign to property, plant and equipment of businesses we acquire are based upon estimated fair value at date of acquisition. When Gas Utility and Electric Utility retire depreciable utility plant and equipment, we charge the original cost, net of removal costs and salvage value, to accumulated depreciation for financial accounting purposes. When our unregulated businesses retire or otherwise dispose of plant and equipment, we remove the cost and accumulated depreciation from the appropriate accounts and any resulting gain or loss is recognized in "Other income, net" in the Consolidated Statements of Income. We record depreciation expense for Utilities' plant and equipment on a straight-line method over the estimated average remaining lives of the various classes of its depreciable property. Depreciation expense as a percentage of the related average depreciable base for Gas Utility was 2.3% in both 2004 and 2003 and 2.5% in 2002. Depreciation expense as a percentage of the related average depreciable base for Electric Utility was 2.8% in 2004 and 3.0% in both 2003 and 2002. We compute depreciation expense on plant and equipment associated with our LPG operations using the straight-line method over estimated service lives generally ranging from 15 to 40 years for buildings and improvements; 7 to 30 years for storage and customer tanks and cylinders; and 2 to 12 years for vehicles, equipment, and office furniture and fixtures. We compute depreciation expense on plant and equipment associated with our electric generation assets on a straight-line basis over 25 years. Depreciation expense was \$119.9 in 2004, \$97.1 in 2003 and \$88.2 in 2002.

Costs to install Partnership-owned tanks, net of amounts billed to customers, are capitalized and amortized over the estimated period of benefit not exceeding ten years.

INTANGIBLE ASSETS. Intangible assets comprise the following at September 30:

	2004	2003
	----	----
Not subject to amortization:		
Goodwill	\$ 1,152.6	\$ 578.2
Excess reorganization value	93.3	93.3
	-----	-----
	\$ 1,245.9	\$ 671.5
	-----	-----
Other intangible assets:		
Customer relationships, noncompete agreements and other	\$ 169.7	\$ 51.1
Trademark (not subject to amortization)	42.2	-
	-----	-----
Gross carrying amount	211.9	51.1
	-----	-----
Accumulated amortization	(27.5)	(16.4)
	-----	-----
Net carrying amount	\$ 184.4	\$ 34.7
	-----	-----

The increase in the carrying amount of intangible assets during the year ended September 30, 2004 is principally the result of the acquisition of the remaining 80.5% ownership interests in AGZ and other smaller acquisitions. The increase in goodwill was slightly offset by the settlement of an income tax benefit held by Petrolane, which related to a period prior to the formation of the Partnership. The settlement resulted in a reduction to the value of the net assets contributed to AmeriGas OLP by Petrolane at the Partnership formation date. The adjustment was recorded by the Partnership during the year ended September 30, 2004 as a \$5.5 reduction in both goodwill and partners' capital.

We amortize customer relationship and noncompete agreement intangibles over their estimated periods of benefit which do not exceed 15 years. Amortization expense of intangible assets was \$11.1 in 2004, \$6.1 in 2003 and \$4.6 in 2002 including amortization expense associated with customer contracts recorded in cost of sales. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2005 - \$15.4; Fiscal 2006 - \$14.9; Fiscal 2007 - \$14.3; Fiscal 2008 - \$13.9; Fiscal 2009 - \$12.5.

In accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), we amortize intangible assets over their useful

lives unless we determined their lives to be indefinite. Goodwill, including excess reorganization value, and other intangible assets with indefinite lives are not amortized but are subject to tests for impairment at least annually. SFAS 142 requires that we perform impairment tests annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. No provisions for goodwill impairments were recorded during 2004, 2003 or 2002.

STOCK-BASED COMPENSATION. As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), we apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of stock, stock options, and other equity instruments to employees.

UGI Corporation 2004 Annual Report

We use the intrinsic value method prescribed by APB 25 for our stock-based employee compensation plans. We recognized total stock and unit-based compensation expense of \$14.3, \$10.4 and \$5.7 in 2004, 2003 and 2002, respectively. If we had determined stock-based compensation expense under the fair value method prescribed by the provisions of SFAS 123, net income and basic and diluted earnings per share for 2004, 2003 and 2002 would have been as follows:

	Year Ended 2004 ----	September 30, 2003 ----	2002 ----
Net income, as reported	\$ 111.6	\$ 98.9	\$ 75.5
Add: Stock and unit-based employee expense included in reported net income, net of related tax effects	9.3	6.8	3.7
Deduct: Total stock and unit-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(10.4)	(7.6)	(4.7)
	-----	-----	-----
Pro forma net income	\$ 110.5	\$ 98.1	\$ 74.5
	-----	-----	-----
Basic earnings per share:			
As reported	\$ 2.36	\$ 2.34	\$ 1.83
Pro forma	\$ 2.34	\$ 2.32	\$ 1.80
Diluted earnings per share:			
As reported	\$ 2.31	\$ 2.29	\$ 1.80
Pro forma	\$ 2.29	\$ 2.27	\$ 1.78
	-----	-----	-----

For a description of our stock and unit-based compensation plans and related disclosures, see Note 9.

DEFERRED DEBT ISSUANCE COSTS. Included in other assets are net deferred debt issuance costs of \$13.9 at September 30, 2004 and \$15.5 at September 30, 2003. We are amortizing these costs over the terms of the related debt.

COMPUTER SOFTWARE COSTS. We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our businesses. We amortize computer software costs on a straight-line basis over expected periods of benefit not exceeding ten years once the installed software is ready for its intended use.

DEFERRED FUEL COSTS. Gas Utility's tariffs contain clauses which permit recovery of certain purchased gas costs through the application of purchased gas cost ("PGC") rates. The clauses provide for periodic adjustments to PGC rates for the difference between the total amount of purchased gas costs collected from customers and the recoverable costs incurred. In accordance with SFAS 71, we defer the difference between amounts recognized in revenues and the applicable gas costs incurred until they are subsequently billed or refunded to customers.

UGI UTILITIES PREFERRED SHARES SUBJECT TO MANDATORY REDEMPTION. Beginning July 1, 2003 through the date of their redemption on October 1, 2004 (see Note 8), the Company accounted for UGI Utilities preferred shares subject to mandatory redemption in accordance with SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes guidelines on how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150, effective July 1, 2003, resulted in the Company presenting UGI Utilities preferred shares subject to mandatory redemption in the liabilities section of the balance sheet, and reflecting dividends paid on these shares as a component of interest expense, for periods presented after June 30, 2003. Prior to July 1, 2003, these dividends were reflected as a deduction from net income on the Consolidated Statements of Income. Because SFAS 150 specifically prohibits the restatement of financial statements prior to its adoption, prior period amounts have not been reclassified.

ENVIRONMENTAL AND OTHER LEGAL MATTERS. We accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Amounts accrued generally reflect our best estimate of costs expected to be incurred or the minimum liability associated with a range of expected environmental response costs. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. In those instances for which the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, we discount such liabilities to reflect the time value of money. We intend to pursue recovery of incurred costs through all appropriate means, including regulatory relief. 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 is currently permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred removal costs. At September 30, 2004, the Company's accrued liability for environmental investigation and cleanup costs was not material.

Similar to environmental matters, we accrue investigation and other legal costs when it is probable that a liability exists and the amount or range of amounts

can be reasonably estimated (see Note 12).

FOREIGN CURRENCY TRANSLATION. Balance sheets of international subsidiaries and our investment in an international propane joint venture are translated into U.S. dollars using the exchange rate at the balance sheet date. Income statements and equity method results are translated into U.S. dollars using an average exchange rate for each reporting period. Where the local currency is the functional currency, translation adjustments are recorded in other comprehensive income. Where the local currency is not the functional currency, translation adjustments are recorded in net income.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 1 continued

COMPREHENSIVE INCOME. Comprehensive income comprises net income and other comprehensive (loss) income. Other comprehensive (loss) income principally results from gains and losses on derivative instruments qualifying as cash flow hedges and foreign currency translation adjustments. The components of accumulated other comprehensive income at September 30, 2003 and 2004 follow:

	Derivative Instruments Gains (Losses)	Foreign Currency Translation Adjustments	Total
	-----	-----	-----
Balance - September 30, 2003	\$ (4.1)	\$ 8.8	\$ 4.7
Balance - September 30, 2004	\$ 7.3	\$ 15.3	\$ 22.6
	-----	-----	-----

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS. In December 2003, the Financial Accounting Standards Board ("FASB") revised Financial Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which was originally issued in January 2003 and clarifies Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 was effective immediately for variable interest entities created or obtained after January 31, 2003. For variable interests created or acquired before February 1, 2003, FIN 46 was effective beginning with our interim period ended March 31, 2004. If certain conditions are met, FIN 46 requires the primary beneficiary to consolidate certain variable interest entities. The adoption of FIN 46, as revised, did not have a material effect on the Company's financial position, results of operations or cash flows.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was signed into law. Among other things, the Act provides for a prescription drug benefit to Medicare beneficiaries on a voluntary basis beginning in 2006. To encourage employers to continue to offer retiree prescription drug benefits, the Act provides for a tax-free subsidy to employers who offer a prescription drug benefit that is at least actuarially equivalent to the standard benefit offered under the Act. In May 2004, the FASB issued Staff Position No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-2"). FSP 106-2 is effective for periods beginning after June 15, 2004.

The Company provides postretirement health care benefits principally to certain of its retirees and a limited number of active employees meeting certain age and service requirements. See Note 6 for information on our Employee Retirement Plans. These postretirement benefits include certain retiree prescription drug benefits. The Company has determined that, as currently designed, its prescription drug benefit for retirees is not actuarially equivalent to the standard benefit offered under the Act and, as a result, does not qualify for the tax-free subsidy.

NOTE 2 - PRIOR YEAR RESTATEMENT

We have restated the fiscal 2003 Consolidated Balance Sheet and Statement of Stockholders' Equity to record deferred income tax liabilities on the gains resulting from the conversion of our Subordinated Units in the Partnership (see Note 16), which occurred in December 2002, and upon subsequent sales by the Partnership of units to the public. The restatement has no impact on our Consolidated Statements of Income or Consolidated Statements of Cash Flows.

Under our interpretation of accounting rules at the time of the conversion, including Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary," we accounted for the gains resulting from the conversion of Subordinated Units in the Partnership, and subsequent sales by the Partnership of units to the public, as increases in stockholders' equity in amounts equal to the increase in the value of our investment in the Partnership. We did not record deferred income tax liabilities relating to the gains because of our intention to hold our investment in the Partnership indefinitely. While our intention to hold the Partnership units indefinitely has not changed, we have reconsidered our previous judgments in the application of SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"), and have recorded deferred income tax liabilities on the gains. The following table summarizes the effect of the restatement:

	As of September 30, 2003	

	As previously reported	As restated
	-----	-----
Deferred income taxes	\$ 223.1	\$ 293.8
Common Stock	\$ 582.4	\$ 511.7
	-----	-----

On March 31, 2004 (the "Closing Date"), UGI, through its subsidiary, UGI Bordeaux Holding (as assignee of UGI France), completed its acquisition of the remaining outstanding 80.5% ownership interests of AGZ, a French corporation and the parent company of Antargaz, a French corporation and a leading distributor of LPG in France, pursuant to the terms of (i) a Share Purchase Agreement dated as of February 17, 2004, by and among UGI France, UGI, PAI partners, a French corporation, and certain officers, directors and managers of AGZ and Antargaz and their affiliates, and (ii) that certain Medit Joinder Agreement dated February 20, 2004, by and among UGI France, UGI, Medit Mediterranea GPL,, a company incorporated under the laws of Italy ("Medit"), and PAI partners (herein referred to as the "Antargaz Acquisition"). The acquisition of the remaining interests in AGZ is consistent with our growth strategies and core competencies.

The purchase price on the Closing Date of E261.8 or \$319.2 (excluding transaction fees and expenses) was subject to post-closing working capital and net debt adjustments. UGI used the cash proceeds from its March 2004 public offering of 7.5 million shares of its common stock and \$89.0 of available cash to fund the purchase price. In accordance with the Share Purchase Agreement, UGI paid an additional E5.8 (\$7.1) as a result of post-closing adjustments. In addition, we incurred transaction fees and expenses of \$5.4. See Note 9 for additional information regarding the issuance of UGI Common Stock.

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The Antargaz Acquisition has been accounted for as a step acquisition. UGI's initial 19.5% equity investment in AGZ has been allocated to 19.5% of AGZ's assets and liabilities at March 31, 2004. The amount by which the carrying value of UGI's equity investment exceeded the aforementioned allocation has been recorded as goodwill. The purchase price of the remaining 80.5% of AGZ, including transaction fees and expenses, has been allocated to the assets acquired and liabilities assumed, as follows:

Working capital	\$	28.7
Property, plant and equipment		337.0
Goodwill		469.3
Customer relationships (estimated useful life of twelve years)		97.1
Trademark and other intangible assets		38.6
Long-term debt (including current maturities)		(392.6)
Deferred income taxes		(108.8)
Minority interests		(11.1)
Other assets and liabilities		(126.5)

Total	\$	331.7

None of the goodwill is expected to be deductible for income tax purposes.

The Company has completed its review and determination of the fair value of the portion of AGZ's assets acquired and liabilities assumed, principally the fair values of property, plant and equipment and identifiable intangible assets. The assets and liabilities of AGZ are included in our Consolidated Balance Sheet as of September 30, 2004. The operating results of AGZ are included in our consolidated results beginning April 1, 2004. Prior to April 1, 2004, our 19.5% equity interest in AGZ is reflected in our Consolidated Financial Statements under the equity method of accounting.

The following table presents unaudited pro forma income statement and basic and diluted per share data for the years ended September 30, 2004 and 2003 as if the Antargaz Acquisition had occurred as of the beginning of those periods:

	2004	2003
	----	----
	(pro forma)	(pro forma)
Revenues	\$ 4,293.0	\$ 3,725.0
Net income	168.2	122.9
Earnings per share:		
Basic	\$ 3.31	\$ 2.46
Diluted	\$ 3.24	\$ 2.41
	-----	-----

The pro forma results of operations reflect AGZ's historical operating results after giving effect to adjustments directly attributable to the transaction that are expected to have a continuing effect. The pro forma amounts are not necessarily indicative of the operating results that would have occurred had the acquisition been completed as of the date indicated, nor are they necessarily indicative of future operating results.

On October 1, 2003, AmeriGas OLP acquired substantially all of the retail propane distribution assets and business of Horizon Propane LLC ("Horizon Propane") for total cash consideration of \$31.0. In December 2003, AmeriGas OLP paid Horizon Propane a working capital adjustment of \$0.1 in accordance with the Asset Purchase Agreement. During its fiscal year ended June 30, 2003, Horizon Propane sold over 30 million gallons of propane from ninety locations in twelve states. In addition, AmeriGas OLP completed several smaller acquisitions of retail propane businesses, HVAC/R acquired a commercial refrigeration business and FLAGA acquired a retail propane distribution business in the Czech Republic during the year ended September 30, 2004. The pro forma effect of these transactions is not material.

In June 2003, pursuant to an asset purchase agreement between and among Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Conemaugh, LLC ("Allegheny Conemaugh"), UGID, and UGI, UGID acquired an additional 83 megawatt ownership interest in the Conemaugh electricity generation station ("Conemaugh") from Allegheny Conemaugh, a unit of Allegheny Energy, Inc. ("Allegheny"), for \$51.3 in cash, subject to a \$3.0 credit. Conemaugh is a 1,711-megawatt, coal-fired electricity generation station located near Johnstown, Pennsylvania and is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. under contract. The purchase increased UGID's ownership interest in Conemaugh to 102 megawatts (6.0%) from 19 megawatts (1.1%) previously. Substantially all of the purchase price for the additional interest in Conemaugh is included in property, plant and equipment in the Consolidated Balance Sheet.

In March 2003, Energy Services acquired the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Corp. (the "TXU Energy Acquisition"), for approximately \$10.0 in cash. As a result of the TXU Energy Acquisition, Energy Services assumed the existing sales and supply agreements for approximately one thousand commercial and industrial

customers located primarily in New York, Pennsylvania, Ohio and New Jersey.

During 2003, AmeriGas OLP acquired several retail propane distribution businesses and HVAC/R acquired a commercial refrigeration business for total cash consideration of \$28.6. In conjunction with these acquisitions, liabilities of \$1.5 were incurred. The operating results of these businesses have been included in our results of operations from their respective dates of acquisition.

In November 2004, UGI Asset Management, Inc., a wholly owned subsidiary of Energy Services, acquired from ConocoPhillips Company and AmerE Holdings, Inc. (a wholly owned, indirect subsidiary of AmeriGas Propane, L.P.) in separate transactions 100% of the issued and outstanding common stock of Atlantic Energy, Inc. for an aggregate purchase price of approximately \$24 in cash, subject to post-closing adjustments. In connection with this acquisition, Atlantic Energy, Inc. and AmeriGas Propane, L.P. entered into a long-term propane supply agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 4 - DEBT

Long-term debt comprises the following at September 30:

	2004 ----	2003 ----
AMERIGAS PROPANE:		
AmeriGas Partners Senior Notes:		
8.875%, due May 2011 (including unamortized premium of \$8.3 and \$6.4, respectively, effective rate - 8.46%)	\$ 396.3	\$ 366.4
10%, due April 2006 (less unamortized discount of \$0.1 and \$0.2, respectively, effective rate - 10.125%)	59.9	59.8
AmeriGas OLP First Mortgage Notes:		
Series A, 9.34% - 11.71%, due April 2005 through April 2009 (including unamortized premium of \$5.2 and \$6.6, respectively, effective rate - 8.91%)	165.2	166.6
Series B, 10.07%, due April 2005 (including unamortized premium of \$0.3 and \$1.1, respectively, effective rate - 8.74%)	40.3	81.1
Series C, 8.83%, due April 2005 through April 2010	82.5	96.3
Series D, 7.11%, due March 2009 (including unamortized premium of \$1.6 and \$1.9, respectively, effective rate - 6.52%)	71.6	71.9
Series E, 8.50%, due July 2010 (including unamortized premium of \$0.1, effective rate - 8.47%)	80.1	80.1
Other	5.5	5.1
Total AmeriGas Propane	901.4	927.3
	-----	-----
INTERNATIONAL PROPANE:		
Antargaz Senior Facilities term loan, due March 2005 through June 2008	240.0	-
Antargaz 10% High Yield Bonds, due July 2011 (including unamortized premium of \$20.0, effective rate - 7.68%)	225.2	-
FLAGA Acquisition Note, due through September 2006	68.2	68.9
FLAGA euro special purpose facility	3.3	4.2
Other	9.3	-
Total International Propane	546.0	73.1
	-----	-----
UGI UTILITIES:		
Medium-Term Notes:		
7.25% Notes, due November 2017	20.0	20.0
7.17% Notes, due June 2007	20.0	20.0
7.37% Notes, due October 2015	22.0	22.0
6.62% Notes, due May 2005	20.0	20.0
7.14% Notes, due December 2005 (including unamortized premium of \$0.2 and \$0.3, respectively, effective rate - 6.64%)	30.2	30.3
7.14% Notes, due December 2005	20.0	20.0
5.53% Notes, due September 2012	40.0	40.0
5.37% Notes, due August 2013	25.0	25.0
6.50% Notes, due August 2033	20.0	20.0
Total UGI Utilities	217.2	217.3
	-----	-----
Other	5.5	5.8
Total long-term debt	1,670.1	1,223.5
Less current maturities (including net unamortized premiums of \$5.4 and \$3.1, respectively)	(122.8)	(65.0)
Total long-term debt due after one year	\$1,547.3	\$1,158.5
	-----	-----

Scheduled principal repayments of long-term debt due in fiscal years 2005 to 2009 follows:

	2005 ----	2006 ----	2007 ----	2008 ----	2009 ----
AmeriGas Propane	\$ 57.0	\$ 114.9	\$ 54.3	\$ 54.0	\$ 123.9
UGI Utilities	20.0	50.0	20.0	-	-
International Propane	39.7	83.8	24.2	173.2	-
Other	0.7	0.7	0.8	3.1	-
	-----	-----	-----	-----	-----
Total	\$ 117.4	\$ 249.4	\$ 99.3	\$ 230.3	\$ 123.9
	-----	-----	-----	-----	-----

AMERIGAS PROPANE

AMERIGAS PARTNERS SENIOR NOTES. The 8.875% Senior Notes generally cannot be redeemed at our option prior to May 20, 2006. A redemption premium applies thereafter through May 19, 2009. The 10% Senior Notes generally cannot be redeemed at our option prior to their maturity. AmeriGas Partners prepaid \$15 of its 10.125% Senior Notes in November 2001 at a redemption price of 103.375% and the remaining \$85 of its 10.125% Senior Notes in January 2003 at a redemption price of 102.25%, in each instance, including accrued interest.

AmeriGas Partners recognized losses of \$3.0 and \$0.7 associated with these prepayments which amounts are reflected in "Loss on extinguishments of debt" in the 2003 and 2002 Consolidated Statements of Income, respectively. AmeriGas Partners may, under certain circumstances following the disposition of assets or a change of control, be required to offer to prepay its Senior Notes.

AMERIGAS OLP FIRST MORTGAGE NOTES. AmeriGas OLP's First Mortgage Notes are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the Series A, B, and C First Mortgage Notes, and the General Partner is co-obligor of the Series D and E First Mortgage Notes. AmeriGas OLP may prepay the First Mortgage Notes, in whole or in part. These prepayments include a make whole premium. Following the disposition of assets or a change of control, AmeriGas OLP may be required to offer to prepay the First Mortgage Notes, in whole or in part.

AMERIGAS OLP CREDIT AGREEMENT. AmeriGas OLP's Credit Agreement ("Credit Agreement") consists of (1) a Revolving Credit Facility and (2) an Acquisition Facility. AmeriGas OLP's obligations under the Credit Agreement are collateralized by substantially all of its assets. The General Partner and Petrolane are guarantors of amounts outstanding under the Credit Agreement.

Under the Revolving Credit Facility, AmeriGas OLP may borrow up to \$100 (including a \$100 sublimit for letters of credit) subject to restrictions in the AmeriGas Partners Senior Notes indentures (see "Restrictive Covenants" below). The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Revolving Credit Facility expires on October 15, 2008, but may be extended for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. There were no borrowings outstanding under AmeriGas OLP's Revolving Credit Facility at September 30, 2004 and 2003.

Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled \$45.9 and \$33.4 at September 30, 2004 and 2003, respectively.

The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to \$75 to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the Senior Notes indentures. The Acquisition Facility operates as a revolving facility through October 15, 2008, at which time amounts then outstanding will be immediately due and payable. There were no amounts outstanding under the Acquisition Facility at September 30, 2004 and 2003.

The Revolving Credit Facility and the Acquisition Facility permit AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank's prime rate (4.75% at September 30, 2004), or at a two-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Credit Agreement, plus a margin. The margin on Eurodollar Rate borrowings (which ranges from 1.00% to 2.25%), and the Credit Agreement facility fee rate (which ranges from 0.25% to 0.50%) are dependent upon AmeriGas OLP's ratio of funded debt to earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), each as defined in the Credit Agreement.

GENERAL PARTNER FACILITY. AmeriGas OLP also has a revolving credit agreement with the General Partner under which it may borrow up to \$20 for working capital and general purposes. This agreement is coterminous with, and generally comparable to, AmeriGas OLP's Revolving Credit Facility except that borrowings under the General Partner Facility are unsecured and subordinated to all senior debt of AmeriGas OLP. Interest rates on borrowings are based upon one-month offshore interbank offering rates. Facility fees are determined in the same manner as fees under the Revolving Credit Facility. UGI has agreed to contribute up to \$20 to the General Partner to fund such borrowings.

RESTRICTIVE COVENANTS. The Senior Notes of AmeriGas Partners restrict the ability of the Partnership to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the Senior Notes indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. These conditions include:

1. no event of default exists or would exist upon making such distributions and
2. the Partnership's consolidated fixed charge coverage ratio, as defined, is greater than 1.75-to-1.

If the ratio in item 2 above is less than or equal to 1.75-to-1, the Partnership may make cash distributions in a total amount not to exceed \$24 less the total amount of distributions made during the immediately preceding 16 fiscal quarters. At September 30, 2004, such ratio was 3.14-to-1.

The Credit Agreement and the First Mortgage Notes restrict the incurrence of additional indebtedness and also restrict certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The Credit Agreement and First Mortgage Notes require the ratio of total indebtedness, as defined, to EBITDA, as defined (calculated on a rolling four-quarter basis or eight-quarter basis divided by two), to be less than or equal to 4.75-to-1 with respect to the Credit Agreement and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the Credit Agreement requires that AmeriGas OLP maintain a ratio of EBITDA to interest expense, as defined, of at least 2.25-to-1 on a rolling four-quarter basis. Generally, as long as no default exists or would result, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter. At September 30, 2004, the Partnership was in compliance with its financial covenants.

INTERNATIONAL PROPANE

Antargaz' Senior Facilities Agreement consists of (1) a euro-denominated variable-rate term loan and (2) a E50 revolver. At September 30, 2004, there was E193 (\$240.0) outstanding under the term loan and no borrowings outstanding under the revolver. Principal payments of E9 on the term loan are due semi-annually on March 31 and September 30 each year with final payments of E39 and E100 due March 31, 2008 and June 30, 2008, respectively. The term loan bears interest at euribor or libor plus margin, as defined by the Senior Facilities Agreement. Margin (which ranges from 0.85% to 1.75%) is dependent upon Antargaz' ratio of total net debt to EBITDA, each as defined by the Senior Facilities Agreement. Antargaz has fixed the interest rate on a portion of its term loan through the use of interest rate swap agreements (see Note 13). The Senior Facilities debt has been collateralized by substantially all of Antargaz' shares in its subsidiaries and its equity investee, and by substantially all of its accounts receivable.

In July 2002, AGZ issued E165 of 10% Senior Notes due 2011 (the "High Yield Bonds"), through one of its subsidiaries, AGZ Finance. Interest on the High Yield Bonds is payable semi-annually on January 15 and July 15. AGZ Finance may redeem the bonds in whole or in part at a premium commencing July 2006.

At September 30, 2004, FLAGA's multi-currency acquisition note ("Acquisition Note") consisted of \$5.4 of U.S. dollar-denominated obligations and E50.5 of euro-denominated obligations. The U.S. dollar-denominated obligations under the Acquisition Note bear interest at fixed rates ranging from 5.70% to 5.92% while the euro-denominated obligations bear interest at a rate of 1.25% over one- to twelve-month euribor rates (as chosen by FLAGA from time to time). The effective interest rates on the Acquisition Note at September 30, 2004 and September 30, 2003 were 3.83% and 4.00%, respectively. FLAGA may prepay the Acquisition Note, in whole or in part. Prior to March 11, 2005, such prepayments shall be at a premium

At September 30, 2004, FLAGA has a E15 working capital loan commitment from a European bank. The working capital facility expires in November 2005, but may be extended with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 4 continued

the bank's consent. Loans under the working capital facility, as well as borrowings under FLAGA's special purpose facility, bear interest at market rates. The weighted-average interest rates on FLAGA's working capital facility were 3.04% at September 30, 2004 and 3.40% at September 30, 2003. Borrowings under the working capital facility at September 30, 2004 and 2003 totaled E13.8 (\$17.2) and E13.6 (\$15.9), respectively, and are classified as bank loans.

RESTRICTIVE COVENANTS AND GUARANTEES. The Senior Facilities Agreement and the Trust Deed, dated July 23, 2002, among AGZ Finance, as issuer, AGZ, as guarantor, and the Bank of New York, as trustee, ("Trust Deed") relating to the High Yield Bonds restrict the ability of AGZ and its subsidiaries, including Antargaz, to, among other things, incur additional indebtedness, make investments, incur liens, prepay indebtedness, and effect mergers, consolidations and sales of assets. Under these agreements, AGZ is generally permitted to make restricted payments, such as dividends, equal to 50% of consolidated net income, as defined in each respective agreement, for (1) the immediately preceding fiscal year, in the case of the Senior Facilities Agreement, and (2) on a cumulative basis since July 2002, in the case of the Trust Deed, if no event of default exists or would exist upon payment of such restricted payment.

The FLAGA Acquisition Note, special purpose facility and working capital facility are subject to guarantees of UGI. In addition, under certain conditions regarding changes in the credit rating of UGI Utilities' long-term debt, the lending bank may require UGI to grant additional security or may accelerate repayment of the debt.

UGI UTILITIES

REVOLVING CREDIT AGREEMENTS. At September 30, 2004, UGI Utilities had revolving credit agreements with five banks providing for borrowings of up to \$110. These agreements are currently scheduled to expire in June 2007. UGI Utilities may borrow at various prevailing interest rates, including LIBOR and the banks' prime rate. UGI Utilities pays quarterly commitment fees on these credit lines. UGI Utilities had revolving credit agreement borrowings totaling \$60.9 at September 30, 2004 and \$40.7 at September 30, 2003, which we classify as bank loans. The weighted-average interest rates on UGI Utilities bank loans were 2.35% at September 30, 2004 and 1.63% at September 30, 2003.

RESTRICTIVE COVENANTS. UGI Utilities' credit agreements have restrictions on such items as total debt, debt service, and payments for investments. They also require consolidated tangible net worth of at least \$125. At September 30, 2004, UGI Utilities was in compliance with these financial covenants.

NOTE 5 - INCOME TAXES

Income (loss) before income taxes comprises the following:

	2004 ----	2003 ----	2002 ----
Domestic	\$ 160.7	\$ 157.1	\$ 117.2
Foreign	15.3	3.7	6.8
	-----	-----	-----
Total income before income taxes	\$ 176.0	\$ 160.8	\$ 124.0
	-----	-----	-----

The provisions for income taxes consist of the following:

	2004 ----	2003 ----	2002 ----
Current expense:			
Federal	\$ 46.8	\$ 48.1	\$ 26.5
State	14.4	15.4	9.3
Foreign	0.2	-	0.1
	-----	-----	-----
Total current expense	61.4	63.5	35.9
Deferred (benefit) expense:			
Federal	4.3	2.3	11.8
State	(1.6)	(3.6)	(0.4)
Foreign	0.7	(1.1)	-
Investment tax credit amortization	(0.4)	(0.4)	(0.4)
	-----	-----	-----
Total deferred expense (benefit)	3.0	(2.8)	11.0
	-----	-----	-----
Total income tax expense	\$ 64.4	\$ 60.7	\$ 46.9
	-----	-----	-----

A reconciliation from the statutory federal tax rate to our effective tax rate is as follows:

	2004	2003	2002
	----	----	----
Statutory federal tax rate	35.0%	35.0%	35.0%
Difference in tax rate due to:			
State income taxes, net of federal	4.8	4.6	5.3
Other, net	(3.2)	(1.8)	(2.5)
	----	----	----
Effective tax rate	36.6%	37.8%	37.8%
	----	----	----

Deferred tax liabilities (assets) comprise the following at September 30:

	2004	Restated 2003
	----	----
Excess book basis over tax basis of property, plant and equipment	\$ 335.3	\$ 224.3
SAB 51 gains	77.3	70.7
Intangibles	58.3	-
Utility regulatory assets	27.6	25.0
Pension plan asset	10.5	11.0
Other	20.0	16.7
	-----	-----
Gross deferred tax liabilities	529.0	347.7
	-----	-----
Self-insured property and casualty liability	(11.6)	(9.9)
Employee-related benefits	(25.8)	(20.6)
Premium on long-term debt	(9.7)	(3.0)
Tax litigation	(8.1)	(0.8)
Deferred investment tax credits	(3.1)	(3.3)
Utility regulatory liabilities	(4.0)	(7.7)
Operating loss carryforwards	(13.3)	(17.0)
Allowance for doubtful accounts	(4.8)	(3.9)
Other	(24.8)	(12.9)
	-----	-----
Gross deferred tax assets	(105.2)	(79.1)
	-----	-----
Deferred tax assets valuation allowance	2.7	1.7
	-----	-----
Net deferred tax liabilities	\$ 426.5	\$ 270.3
	-----	-----

UGI Utilities had recorded deferred tax liabilities of approximately \$39.4 as of September 30, 2004 and \$37.0 as of September 30, 2003, pertaining to utility temporary differences, principally a result of accelerated tax depreciation for state income tax purposes, the tax benefits of which previously were or will be flowed through to ratepayers. These deferred tax liabilities have been reduced by deferred tax assets of \$3.1 at September 30, 2004 and \$3.3 at September 30, 2003, pertaining to utility deferred investment tax credits. UGI Utilities had recorded regulatory income tax assets related to these net deferred taxes of \$62.0 as of September 30, 2004 and \$57.6 as of September 30, 2003. These regulatory income tax assets represent future revenues expected to be recovered through the ratemaking process. We will recognize this regulatory income tax asset in deferred tax expense as the corresponding temporary differences reverse and additional income taxes are incurred.

Foreign net operating loss carryforwards of FLAGA totaled approximately \$44.3 of which \$6.7 expires through 2011 and \$37.6 of which has no expiration date. At September 30, 2004, deferred tax assets relating to operating loss carryforwards include those of FLAGA and \$3.1 of deferred tax assets associated with state net operating loss carryforwards expiring through 2024. Substantially all of our deferred tax valuation allowances relate to state operating loss carryforwards.

NOTE 6 - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS. We sponsor a defined benefit pension plan ("UGI Utilities Pension Plan") for employees of UGI, UGI Utilities, and certain of UGI's other wholly owned subsidiaries. In addition, we provide postretirement health care benefits to certain retirees and a limited number of active employees meeting certain age and service requirements, and postretirement life insurance benefits to nearly all domestic active and retired employees. As a result of the Antargaz Acquisition, we assumed underfunded retirement benefits which are based upon the employee's salary and service and are primarily to be paid upon retirement ("AGZ benefits"). In addition, Antargaz employees are covered by a postretirement medical plan. Our disclosures include the effects of AGZ benefits and other postretirement welfare benefits.

The following provides a reconciliation of projected benefit obligations, plan assets, and funded status of these plans as of September 30:

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
	----	----	----	----
CHANGE IN BENEFIT OBLIGATIONS:				
Benefit obligations -				
beginning of year	\$ 209.5	\$ 190.9	\$ 28.8	\$ 27.3
Service cost	4.9	4.5	0.2	0.2
Interest cost	13.0	13.0	1.7	1.8
Actuarial loss	2.6	10.5	1.3	1.1
Antargaz Acquisition	11.8	-	3.3	-
Benefits paid	(9.5)	(9.4)	(2.5)	(1.6)
	-----	-----	-----	-----
Benefit obligations - end of year	\$ 232.3	\$ 209.5	\$ 32.8	\$ 28.8

CHANGE IN PLAN ASSETS:	-----	-----	-----	-----
Fair value of plan assets-				
beginning of year	\$ 183.9	\$ 166.1	\$ 9.0	\$ 7.8
Actual return on plan assets	22.0	27.2	0.8	0.2
Employer contributions	-	-	2.7	2.6
Antargaz Acquisition	3.8	-	-	-
Benefits paid	(9.5)	(9.4)	(2.5)	(1.6)
	-----	-----	-----	-----
Fair value of plan assets-				
end of year	\$ 200.2	\$ 183.9	\$ 10.2	\$ 9.0
	-----	-----	-----	-----
Funded status of the plans	\$ (32.1)	\$ (25.6)	\$ (22.6)	\$ (19.8)
Unrecognized net actuarial loss	47.9	51.2	6.1	5.9
Unrecognized prior service cost	1.6	2.4	-	-
Unrecognized net transition				
(asset) obligation	-	(1.4)	6.8	7.7
	-----	-----	-----	-----
Prepaid (accrued) benefit cost-				
end of year	\$ 17.4	\$ 26.6	\$ (9.7)	\$ (6.2)
	-----	-----	-----	-----
WEIGHTED-AVERAGE ASSUMPTIONS				
AS OF SEPTEMBER 30:				
Discount rate	6.1%	6.2%	6.1%	6.2%
Expected return on plan assets	9.0%	9.0%	5.8%	6.0%
Rate of increase in salary levels	4.0%	4.0%	4.0%	4.0%
	-----	-----	-----	-----

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 6 continued

Net pension expense (income) is determined using assumptions as of the beginning of each fiscal year. Funded status is determined using assumptions as of the end of each fiscal year. The expected rate of return on assets assumption is based on the rates of return for certain asset classes and the allocation of plan assets among those asset classes as well as actual historic long-term rates of return on our plan assets.

Net periodic pension expense (income) and other postretirement benefit costs include the following components:

	Pension Benefits			Other Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
Service cost	\$ 5.0	\$ 4.5	\$ 3.6	\$ 0.2	\$ 0.2	\$ 0.1
Interest cost	13.0	13.0	12.5	1.8	1.8	1.7
Expected return on assets	(17.3)	(17.9)	(19.1)	(0.5)	(0.4)	(0.3)
Amortization of:						
Transition (asset) obligation	(1.4)	(1.6)	(1.6)	0.9	0.9	0.9
Prior service cost	0.7	0.6	0.6	-	-	-
Actuarial (gain) loss	1.2	0.3	-	0.3	0.1	(0.1)
Antargaz Aquisition	0.3	-	-	0.2	-	-
Net benefit cost (income)	1.5	(1.1)	(4.0)	2.9	2.6	2.3
Change in regulatory assets and liabilities	-	-	-	0.9	1.0	1.2
Net expense (income)	\$ 1.5	\$ (1.1)	\$ (4.0)	\$ 3.8	\$ 3.6	\$ 3.5

UGI Utilities Pension Plan assets are held in trust. Although the UGI Utilities Pension Plan projected benefit obligations exceeded plan assets at September 30, 2004 and 2003, plan assets exceeded accumulated benefit obligations by \$9.2 and \$7.3, respectively. The Company did not make any contributions in 2004 nor does it believe it will be required to make any contributions to the UGI Utilities Pension Plan during the year ending September 30, 2005. At September 30, 2004, the accumulated benefit obligation of AGZ benefits exceeded the plan assets by \$6.5. However, the accrual recorded in our Consolidated Balance Sheet at September 30, 2004 exceeds the minimum pension liability. Antargaz does not expect to make any contributions to fund AGZ benefits during the year ending September 30, 2005.

Pursuant to orders issued by the PUC, UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs determined under SFAS No. 106, "Employers Accounting for Postretirement Benefits Other than Pensions." The difference between such amounts and amounts included in UGI Utilities' rates is deferred for future recovery from, or refund to, ratepayers. VEBA investments consist principally of equity and fixed income mutual funds. UGI Utilities contributed \$2.5 million to the VEBA during the year ended September 30, 2004 and expects to contribute approximately \$2.5 million during the year ending September 30, 2005.

Expected payments for pension benefits and for other postretirement welfare benefits are as follows:

	Pension Benefits	Other Postretirement Benefits
Fiscal 2005	\$ 10.6	\$ 2.4
Fiscal 2006	10.6	2.5
Fiscal 2007	10.9	2.6
Fiscal 2008	11.0	2.7
Fiscal 2009	11.6	2.7
Fiscal 2010-2014	67.8	13.3

In accordance with our investment strategy to obtain long-term growth, our target allocations are to maintain a mix of 60% equities and the remainder in fixed income funds or cash equivalents. The targets and actual allocations for the UGI Utilities Pension Plan assets and VEBA trust assets at September 30 are as follows:

Target	Pension Plan	VEBA
Pension Plan	2004	2003
VEBA	2004	2003

Equities	60%	60%	63%	60%	58%	57%
Fixed income funds	40%	30%	37%	40%	27%	29%
Cash equivalents	N/A	10%	N/A	N/A	15%	14%
	---	--	---	---	--	--

UGI Common Stock comprised approximately 8% and 7% of UGI Utilities Pension Plan assets at September 30, 2004 and 2003, respectively.

The assumed health care cost trend rates are 10.0% for fiscal 2005, decreasing to 5.5% in fiscal 2010. A one percentage point change in the assumed health care cost trend rate would change the 2004 postretirement benefit cost and obligation as follows:

	1% Increase	1% Decrease
	-----	-----
Effect on total service and interest costs	\$ 0.1	\$ (0.1)
Effect on postretirement benefit obligation	\$ 1.7	\$ (1.5)
	-----	-----

We also sponsor unfunded and non-qualified supplemental executive retirement plans. At September 30, 2004 and 2003, the projected benefit obligations of these plans were \$12.4 and \$11.9, respectively. We recorded net benefit costs for these plans of \$1.9 in 2004, \$1.9 in 2003 and \$1.4 in 2002. We also recorded a settlement loss of \$1.5 in 2004 associated with these plans.

DEFINED CONTRIBUTION PLANS. We sponsor 401(k) savings plans for eligible employees of UGI, UGI Utilities, AmeriGas Propane, HVAC/R and certain of UGI's other wholly owned domestic subsidiaries. Generally, participants in these plans may contribute a portion of their compensation on either a before-tax basis, or on both a before-tax and after-tax basis. These plans also provide for either mandatory or discretionary employer matching contributions at various rates. The cost of benefits under the savings plans totaled \$8.2 in 2004, \$7.3 in 2003 and \$4.5 in 2002.

NOTE 7 - INVENTORIES

Inventories comprise the following at September 30:

	2004	2003
	----	----
Propane and other LPG	\$ 92.1	\$ 53.8
Utility fuel and gases	69.8	54.6
Materials, supplies and other	36.5	28.2
	-----	-----
Total inventories	\$ 198.4	\$ 136.6
	-----	-----

NOTE 8 - SERIES PREFERRED STOCK

UGI has 5,000,000 shares of UGI Series Preferred Stock, including both series subject to and series not subject to mandatory redemption, authorized for issuance. We had no shares of UGI Series Preferred Stock outstanding at September 30, 2004 or 2003.

UGI Utilities has 2,000,000 shares of UGI Utilities Series Preferred Stock, including both series subject to and series not subject to mandatory redemption, authorized for issuance. The holders of shares of UGI Utilities Series Preferred Stock have the right to elect a majority of UGI Utilities' Board of Directors (without cumulative voting) if dividend payments on any series are in arrears in an amount equal to four quarterly dividends. This election right continues until the arrearage has been cured. We have paid cash dividends at the specified annual rates on all outstanding UGI Utilities Series Preferred Stock.

At September 30, 2004 and 2003, UGI Utilities had outstanding 200,000 shares of \$7.75 Series Cumulative Preferred Stock. UGI Utilities' redeemed all 200,000 shares of the \$7.75 UGI Utilities Series Cumulative Preferred Stock on October 1, 2004 at a price of \$100 per share together with full cumulative dividends. The redemption was funded with proceeds from the October 2004 issuance of \$20 of 6.13% Medium-Term Notes due October 2034.

NOTE 9 - COMMON STOCK AND INCENTIVE STOCK AWARD PLANS

In March 2004, UGI Corporation sold 7.5 million shares of common stock in an underwritten public offering at a public offering price of \$32.10 per share. During April 2004, the underwriters exercised a portion of their overallotment option for the purchase of an additional 0.3 million shares. As mentioned in Note 3, the proceeds of the public offering of approximately \$239 were used primarily to fund a portion of the purchase price of the remaining ownership interests in AGZ.

Common Stock share activity for 2002, 2003, and 2004 follows:

	Issued -----	Treasury -----	Outstanding -----
Balance September 30, 2001	49,798,097	(8,853,501)	40,944,596
Issued:			
Employee and director plans	-	482,794	482,794
Dividend reinvestment plan	-	130,593	130,593
Reacquired	-	(5,388)	(5,388)
Balance September 30, 2002	49,798,097	(8,245,502)	41,552,595
Issued:			
Employee and director plans	-	1,050,921	1,050,921
Dividend reinvestment plan	-	97,665	97,665
Reacquired	-	(1,823)	(1,823)
Balance September 30, 2003	49,798,097	(7,098,739)	42,699,358
Issued:			
Public offering	7,778,400	-	7,778,400
Employee and director plans	-	653,250	653,250
Dividend reinvestment plan	-	80,190	80,190
Balance September 30, 2004	57,576,497	(6,365,299)	51,211,198

STOCK OPTION AND INCENTIVE PLANS. Under UGI's current equity compensation plans, we may grant options to acquire shares of Common Stock, or issue stock-based awards ("Units") to key employees and non-employee directors. The exercise price for options may not be less than the fair market value on the grant date. Grants of stock options or Units may vest immediately or ratably over a period of years, and stock options generally can be exercised no later than ten years from the grant date.

Under the 2004 Omnibus Equity Compensation Plan ("OECF"), awards representing up to 3,500,000 shares of Common Stock may be granted. The maximum number of shares that may be issued pursuant to grants other than stock options or dividend equivalents is 800,000 shares. In addition, the OECF provides that both option grants and Units may provide for the crediting of Common Stock dividend equivalents to participants' accounts. Dividend equivalents on employee awards will be paid in cash, and such payments may, at the participants' request, be deferred. Dividend equivalents on non-employee director awards are paid in additional Common Stock Units. Stock-based awards may be settled, at the option of the Company, in shares of Common Stock, cash, or a combination of Common Stock and cash. The actual number of shares (or their cash equivalent) ultimately issued, and the actual amount of dividend equivalents paid, is generally dependent upon the achievement of objective performance goals. During 2004, 2003 and 2002, the Company made stock-based awards other than stock options and dividend equivalents representing 134,300, 81,750, and 254,250 shares, respectively. At September 30, 2004, awards representing 447,100 shares of Common Stock were outstanding under our equity compensation plans. There are outstanding stock-based awards and stock options under a number of plans, however, no further awards will be made under any plan other than the OECF.

Stock option transactions under all of our plans for 2002, 2003, and 2004 follow:

	Shares -----	Average Option Price -----
Shares under option - September 30, 2001	2,553,357	14.214
Granted	714,375	20.470
Exercised	(437,967)	14.019
	-----	-----
Shares under option - September 30, 2002	2,829,765	15.857
	-----	-----
Granted	694,500	25.179
Exercised	(997,526)	14.681
Forfeited	(44,250)	22.725
	-----	-----
Shares under option - September 30, 2003	2,482,489	18.818
	-----	-----
Granted	747,250	33.637
Exercised	(521,026)	15.783
Forfeited	(44,250)	25.707
	-----	-----
Shares under option - September 30, 2004	2,664,463	23.414
	-----	-----
Options exercisable 2002	1,706,889	14.515
Options exercisable 2003	1,428,987	15.454
Options exercisable 2004	1,359,335	18.020
	-----	-----

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 9 continued

The following table presents additional information relating to stock options outstanding and exercisable at September 30, 2004:

	Range of exercise prices	
	\$13.58-20.40	\$20.41-36.45
	=====	=====
Options outstanding at September 30, 2004:		
Number of options	1,274,338	1,390,125
Weighted average remaining contractual life (in years)	5.85	8.74
Weighted average exercise price	\$ 16.74	\$ 29.53
Options exercisable at September 30, 2004:		
Number of options	1,091,585	267,750
Weighted average exercise price	\$ 16.13	\$ 25.70
	-----	-----

At September 30, 2004, 2,508,796 shares of Common Stock were available for future grants under the OECP, of which up to 547,546 may be issued pursuant to grants other than stock options or dividend equivalents.

OTHER EQUITY-BASED COMPENSATION PLANS AND AWARDS. Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Propane Plan"), the General Partner may grant to key employees the right to receive a total of 500,000 AmeriGas Partners Common Units, or cash equivalent to the fair market value of such Common Units, upon the achievement of performance goals. In addition, the 2000 Propane Plan may provide for the crediting of Partnership Common Unit distribution equivalents to participants' accounts. Distribution equivalents will be paid in cash and such payments may, at the participants' request, be deferred. The actual number of Common Units (or their cash equivalent) ultimately issued, and the actual amount of distribution equivalents paid, is dependent upon the achievement of performance goals. Generally, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. We also have a nonexecutive Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units to key employees who do not participate in the 2000 Propane Plan. Generally, awards under the nonexecutive plan vest at the end of a three-year period and will be paid in Common Units and cash. The General Partner made awards under the 2000 Propane Plan and the nonexecutive plan representing 51,200, 112,500 and 43,250 Common Units in 2004, 2003 and 2002, respectively. At September 30, 2004 and 2003, awards representing 142,786 and 209,336 Common Units, respectively, were outstanding.

FAIR VALUE INFORMATION. The per share weighted-average fair value of stock options granted under our option plans was \$3.77 in 2004, \$2.60 in 2003 and \$3.27 in 2002. These amounts were determined using the Black-Scholes option pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments, and the risk-free interest rate over the expected life of the option.

The assumptions we used for option grants during 2004, 2003 and 2002 are as follows:

	2004	2003	2002
	----	----	----
Expected life of option	6 years	6 years	6 years
Expected volatility	18.2%	21.6%	28.8%
Expected dividend yield	4.9%	6.1%	6.7%
Risk free interest rate	3.7%	3.1%	4.7%
	-----	-----	-----

STOCK OWNERSHIP POLICY. Under the terms of our Stock Ownership Policy, executives and certain key employees are required to own UGI Common Stock in amounts ranging from 3,000 to 150,000 shares. Prior to the enactment of the Sarbanes-Oxley Act of 2002, we offered full recourse, interest-bearing loans to employees in order to assist them in meeting the ownership requirements. Each loan may not exceed ten years and is collateralized by the Common Stock purchased. At September 30, 2004 and 2003, loans outstanding totaled \$0.2 and \$0.4, respectively. The Company is not currently offering loans under this program.

NOTE 10 - PREFERENCE STOCK PURCHASE RIGHTS

Holders of our Common Stock own one-third of one right (as described below) for each outstanding share of Common Stock. The rights expire in 2006. Each right entitles the holder to purchase one one-hundredth of a share of First Series Preference Stock, without par value, at an exercise price of \$120 per one one-hundredth of a share or, under the circumstances summarized below, to purchase the Common Stock described in the following paragraph. The rights are exercisable only if a person or group, other than certain underwriters:

1. acquires 20% or more of our Common Stock ("Acquiring Person") or
2. announces or commences a tender offer for 30% or more of our Common Stock.

We are entitled to redeem the rights at five cents per right at any time before the earlier of:

1. the expiration of the rights in April 2006 or
2. ten days after a person or group has acquired 20% of our Common Stock if a majority of continuing Directors concur and, in certain circumstances, thereafter.

Each holder of a right, other than an Acquiring Person, is entitled to purchase, at the exercise price of the right, Common Stock having a market value of twice the exercise price of the right if:

1. an Acquiring Person merges with UGI or engages in certain other transactions with us or
2. a person acquires 40% or more of our Common Stock.

In addition, if, after UGI (or an Acquiring Person) publicly announces that an Acquiring Person has become such, UGI engages in a merger or other business combination transaction in which:

1. we are not the surviving corporation, or
2. we are the surviving corporation, but our Common Stock is changed or exchanged, or

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3. 50% or more of our assets or earning power is sold or transferred, then each holder of a right is entitled to purchase, at the exercise price of the right, common stock of the acquiring company having a market value of twice the exercise price of the right.

The rights have no voting or dividend rights and, until exercisable, have no dilutive effect on our earnings.

NOTE 11 - PARTNERSHIP DISTRIBUTIONS

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash for such quarter. Available Cash generally means:

1. all cash on hand at the end of such quarter,
2. plus all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter,
3. less the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, certain of the Partnership's debt agreements require reserves be established for the payment of debt principal and interest.

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner. The Partnership may pay an incentive distribution to the General Partner if Available Cash exceeds the Minimum Quarterly Distribution of \$0.55 ("MQD") on all units.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

We lease various buildings and other facilities and transportation, computer, and office equipment under operating leases. Certain of our leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was \$50.4 in 2004, \$47.4 in 2003 and \$46.5 in 2002.

Minimum future payments under operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

	2005	2006	2007	2008	2009	After 2009
	----	----	----	----	----	----
AmeriGas Propane	\$39.3	\$33.2	\$28.2	\$23.9	\$19.6	\$45.1
UGI Utilities	3.5	3.1	2.6	1.8	0.9	2.9
International Propane and other	3.7	3.4	3.2	3.0	2.2	2.2
	-----	-----	-----	-----	-----	-----
Total	\$46.5	\$39.7	\$34.0	\$28.7	\$22.7	\$50.2
	-----	-----	-----	-----	-----	-----

Gas Utility has gas supply agreements with producers and marketers with terms not exceeding one year. Gas Utility also has agreements for firm pipeline transportation and natural gas storage services, which Gas Utility may terminate at various dates through 2016. Gas Utility's costs associated with transportation and storage capacity agreements are included in its annual PGC filing with the PUC and are recoverable through PGC rates. In addition, Gas Utility has short-term gas supply agreements which permit it to purchase certain of its gas supply needs on a firm or interruptible basis at spot-market prices.

Electric Utility purchases its capacity requirements and electric energy needs under contracts with various suppliers and on the spot market. Contracts with producers for capacity and energy needs expire at various dates through fiscal 2008.

Energy Services enters into fixed price contracts with suppliers to purchase natural gas to meet its sales commitments. Generally, these contracts have terms of less than two years.

The Partnership enters into fixed price contracts to purchase a portion of its supply requirements. These contracts generally have terms of less than one year.

The following table presents contractual obligations under Gas Utility, Electric Utility, Energy Services, AmeriGas Propane and International Propane supply, storage and service contracts existing at September 30, 2004:

	2005	2006	2007	2008	2009	After 2009
	----	----	----	----	----	----
Gas Utility and Electric Utility supply, storage and						

transportation contracts	\$188.5	\$100.6	\$ 80.7	\$60.6	\$51.7	\$116.3
Energy Services supply contracts	449.4	59.6	1.6	-	-	-
AmeriGas Propane supply contracts	12.8	-	-	-	-	-
International Propane supply contracts	109.4	109.4	52.2	-	-	-
	-----	-----	-----	-----	-----	-----
Total	\$760.1	\$269.6	\$134.5	\$60.6	\$51.7	\$116.3
	-----	-----	-----	-----	-----	-----

The Partnership also enters into contracts to purchase propane to meet additional supply requirements. Generally, these contracts are one- to three-year agreements subject to annual review and call for payment based on either market prices at date of delivery or fixed prices.

The Partnership has succeeded to certain lease guarantee obligations of Petrolane relating to Petrolane's divestiture of non-propane operations before its 1989 acquisition by QFB Partners. Future lease payments under these leases total approximately \$12 at September 30, 2004. The leases expire through 2010 and some of them are currently in default. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Note 12 continued

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. In December 1999, Texas Eastern filed for dissolution under the Delaware General Corporation Law. PanEnergy Corporation ("PanEnergy"), Texas Eastern's sole stockholder, assumed all of Texas Eastern's liabilities as of December 20, 2002, to the extent of the value of Texas Eastern's assets transferred to PanEnergy as of that date (which was estimated to exceed \$94), and to the extent that such liabilities arise within ten years from Texas Eastern's date of dissolution. Notwithstanding the dissolution proceeding, and based on Texas Eastern previously having satisfied directly defaulted lease obligations without the Partnership's having to honor its guarantee, we believe that the probability that the Partnership will be required to directly satisfy the lease obligations subject to the indemnification agreement is remote.

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the "2001 Acquisition") pursuant to the terms of a purchase agreement (the "2001 Acquisition Agreement") by and among Columbia Energy Group ("CEG"), Columbia Propane Corporation ("Columbia Propane"), Columbia Propane, L.P. ("CPLP"), CP Holdings, Inc. ("CPH," and together with Columbia Propane and CPLP, the "Company Parties"), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the "Buyer Parties"). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of Columbia Propane and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the "1999 Acquisition Agreement"), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, "National General Partners") against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National Propane Partners, L.P. (the "1999 Acquisition") or the operation of the business after the 1999 Acquisition ("National Claims"). At September 30, 2004, the potential amount payable under this indemnity by the Company Parties was approximately \$60. These indemnity obligations will expire on the date that CPH acquires the remaining outstanding partnership interest of CPLP, which is expected to occur on or after July 19, 2009.

Under the terms of the 2001 Acquisition Agreement, CEG agreed to indemnify the Buyer Parties and the Company Parties against any losses that they sustain under the 1999 Acquisition Agreement and related agreements ("Losses"), including National Claims, to the extent such claims are based on acts or omissions of CEG or the Company Parties prior to the 2001 Acquisition. The Buyer Parties agreed to indemnify CEG against Losses, including National Claims, to the extent such claims are based on acts or omissions of the Buyer Parties or the Company Parties after the 2001 Acquisition. CEG and the Buyer Parties have agreed to apportion certain losses resulting from National Claims to the extent such losses result from the 2001 Acquisition itself.

Samuel and Brenda Swiger and their son (the "Swigers") sustained personal injuries and property damage as a result of a fire that occurred when propane that leaked from an underground line ignited. In July 1998, the Swigers filed a class action lawsuit against AmeriGas Propane, L.P. (named incorrectly as "UGI/AmeriGas, Inc."), in the Circuit Court of Monongalia County, West Virginia, in which they sought to recover an unspecified amount of compensatory and punitive damages and attorney's fees, for themselves and on behalf of persons in West Virginia for whom the defendants had installed propane gas lines, allegedly resulting from the defendants' failure to install underground propane lines at depths required by applicable safety standards. The court recently granted the plaintiffs' motion to include customers acquired from Columbia Propane in August 2001 as additional potential class members and to amend their complaint to name additional parties consistent with such ruling. In 2003, we settled the individual personal injury and property damage claims of the Swigers. Class counsel has indicated that the class is seeking compensatory damages in excess of \$12 plus punitive damages, civil penalties and attorneys' fees. We believe we have good defenses to the claims of the class members and intend to vigorously defend against the remaining claims in this lawsuit.

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, UGI Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility.

UGI Utilities does not expect its costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to its results of operations because Gas Utility is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites. UGI Utilities has been notified of several sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by it or owned or operated by its former subsidiaries. Such parties are

investigating the extent of environmental contamination or performing environmental remediation. UGI Utilities is currently litigating three claims against it relating to out-of-state sites. We accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated.

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant

future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined UGI Utilities and ten other third party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. The City believes that it could cost as much as \$50 to clean up the river. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served UGI Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that UGI Utilities is responsible for 20% of approximately \$8 incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. UGI Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

AGL previously informed UGI Utilities that it was investigating contamination that appeared to be related to MGP operations at a site owned by AGL in Savannah, Georgia. A former subsidiary of UGI Utilities operated the MGP in the early 1900s. AGL has recently informed UGI Utilities that it has begun remediation of MGP wastes at the site and believes that the total cost of remediation could be as high as \$55. AGL has not filed suit against UGI Utilities for a share of these costs. UGI Utilities believes that it will have good defenses to any action that may arise out of this site.

On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against UGI Utilities in the United States District Court for the Southern District of New York, seeking contribution from UGI Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that UGI Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that UGI Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed \$70. By orders issued in November 2003 and March 2004, the court granted UGI Utilities' motion for summary judgment and dismissed ConEd's complaint. ConEd has appealed.

By letter dated June 24, 2004, KeySpan Energy ("KeySpan") informed UGI Utilities that KeySpan has spent \$2.3 and expects to spend another \$11 to clean up an MGP site it owns in Sag Harbor, New York. KeySpan believes that UGI Utilities is responsible for approximately 50% of these costs as a result of UGI Utilities' alleged direct ownership and operation of the plant from 1885 to 1902. UGI Utilities is in the process of reviewing the information provided by KeySpan and is investigating this claim.

By letter dated August 5, 2004, Yankee Gas Services Company and Connecticut Light and Power Company, subsidiaries of Northeast Utilities, (together, the "Northeast Companies"), demanded contribution from UGI Utilities for past and future remediation costs related to MGP operations on thirteen sites owned by the Northeast Companies in nine cities in the State of Connecticut. The Northeast Companies allege that UGI Utilities controlled operations of the plants from 1883 to 1941. According to the letter, investigation and remedial costs at the sites to date total approximately \$10 and complete remediation costs for all sites could total \$182. The Northeast Companies seek an unspecified fair and equitable allocation of these costs to UGI Utilities. UGI Utilities is in the process of reviewing the information provided by Northeast Utilities and is investigating this claim.

Antargaz has filed suit against the French tax authorities in connection with the assessment of business tax related to the tax treatment of Antargaz owned tanks at customer locations used to store LPG. Antargaz has recorded a liability for the business tax relating to tanks for the period from January 1, 1997 through September 30, 2004 of approximately E 28.4 (\$35.3). Elf Antar France, now Total France, and Elf Aquitaine, former owners of Antargaz, agreed to indemnify Antargaz for all payments which would have been due from Antargaz in respect of the business tax related to its tanks for the period from January 1, 1997 through December 31, 2000. In March 2004, the local court rendered a decision against Antargaz which resulted in a E 1.7 (\$2.1) assessment by the tax assessor relating to the business tax at certain sites in the pending suit. Antargaz paid this assessment and was fully reimbursed in April 2004 for this assessment pursuant to the indemnity agreement. Antargaz is appealing the assessment. As of September 30, 2004, the indemnity from the former owners represents approximately E 9.4 (\$11.7) of the business tax liability.

In addition to these matters, there are other pending claims and legal actions arising in the normal course of our businesses. We cannot predict with certainty the final results of environmental and other matters. However, it is reasonably possible that some of them could be resolved unfavorably to us.

Although we currently believe, 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 our financial position, damages or settlements could be material to our 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 CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 13 - FINANCIAL INSTRUMENTS

In accordance with its commodity hedging policy, the Partnership uses derivative instruments, including price swap and option contracts and contracts for the forward sale of propane, to manage the cost of a portion of its forecasted purchases of propane and to manage market risk associated with propane storage inventories. These derivative instruments have been designated by the Partnership as cash flow or fair value hedges under SFAS 133. The fair values of these derivative instruments are affected by changes in propane product prices. In addition to these derivative instruments, the Partnership may also enter into contracts for the forward purchase of propane as well as fixed-price supply agreements to manage propane market price risk. These contracts generally qualify for the normal purchases and normal sales exception of SFAS 133 and therefore are not adjusted to fair value.

FLAGA also uses derivative instruments, principally price swap contracts, to reduce market risk associated with purchases of LPG. These contracts may or may not qualify for hedge accounting under SFAS 133.

In future periods Antargaz may use derivative instruments, including forward foreign exchange contracts and other instruments similar to those used by the Partnership, to manage the cost of a portion of its forecasted purchases of LPG.

Energy Services uses exchange-traded natural gas futures contracts to manage market risk associated with forecasted purchases of natural gas it sells under firm commitments. These derivative instruments are designated as cash flow hedges. The fair values of these futures contracts are affected by changes in natural gas prices.

In accordance with its commodity hedging policy, Gas Utility may enter into natural gas call option contracts to reduce volatility in the cost of gas it purchases for its firm-residential, commercial and industrial ("retail core-market") customers and the Electric Utility may enter into electric swap agreements in order to reduce the volatility in the cost of anticipated electricity requirements. Because the cost of the natural gas option contracts and any associated gains will be included in Gas Utility's PGC recovery mechanism, as these contracts are marked to fair value in accordance with SFAS 133, any gains are deferred for future recovery from or refund to Gas Utility's ratepayers.

UGI Utilities is a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts which provide for the purchase and delivery of natural gas and electricity, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments. Although many of these contracts have the requisite elements of a derivative instrument, these contracts are not subject to the accounting requirements of SFAS 133 because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business or the value of the contract is directly associated with the price or value of a service.

We enter into interest rate protection agreements ("IRPAs") designed to manage interest rate risk associated with planned issuances of fixed-rate long-term debt. We designate these IRPAs as cash flow hedges. Gains or losses on IRPAs are included in other comprehensive income and are reclassified to interest expense as the interest expense on the associated debt issue affects earnings.

Antargaz has entered into interest rate swap agreements to fix the variable interest rates on a portion of the Senior Facilities term loan through June 2005. Antargaz may enter into additional interest rate swap agreements in order to fix interest rates over additional periods.

During the year ended September 30, 2004, 2003 and 2002, the net pre-tax loss recognized in earnings representing cash flow hedge ineffectiveness was \$1.5, \$3.1 and \$2.1, respectively.

Gains and losses included in accumulated other comprehensive income at September 30, 2004 relating to cash flow hedges will be reclassified into (1) cost of sales when the forecasted purchase of propane, natural gas or electricity subject to the hedges impacts net income and (2) interest expense when interest on anticipated issuances of fixed-rate long-term debt is reflected in net income. Included in accumulated other comprehensive income at September 30, 2004 are net after-tax losses of approximately \$3.9 from IRPAs associated with forecasted issuances of debt generally anticipated to occur during the next two years and settled IRPAs. The amount of this net loss which is expected to be reclassified into net income during the next twelve months is not material. Also included in accumulated other comprehensive income at September 30, 2004 are net after-tax gains of approximately \$10.7 principally associated with future purchases of natural gas and propane generally anticipated to occur during the next twelve months and net after-tax gains of approximately \$1.1 associated with future electric supply purchases expected to occur in fiscal 2007. The actual amount of gains or losses on unsettled derivative instruments that ultimately is reclassified into net income will depend upon the value of such derivative contracts when settled. The fair value of derivative instruments is included in other current assets, other assets, other current liabilities and other noncurrent liabilities in the Consolidated Balance Sheets.

The primary currency for which the Company has exchange rate risk is the

U.S. dollar versus the euro. The U.S. dollar value of our foreign-denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, the Company may use derivative instruments to hedge portions of its net investments in foreign subsidiaries. If a derivative is designated as a hedge of an investment in a foreign subsidiary and qualifies for hedge accounting, any realized gains or losses remain in other comprehensive income until such foreign operations have been liquidated. At September 30, 2004, a net after-tax loss of \$0.6 is included in accumulated other comprehensive income associated with a settled net investment hedge.

The carrying amounts of financial instruments included in current assets and current liabilities (excluding unsettled derivative instruments and current maturities of long-term debt)

approximate their fair values because of their short-term nature. The carrying amounts and estimated fair values of our remaining financial instruments (including unsettled derivative instruments) at September 30 are as follows:

	Carrying Amount -----	Estimated Fair Value -----
2004:		
Natural gas futures and options contracts	\$ 4.8	\$ 4.8
Electric supply swap	2.0	2.0
Propane swap and option contracts	13.1	13.1
Interest rate protection agreements	(2.8)	(2.8)
Long-term debt	1,670.1	1,817.1
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.0
2003:		
Natural gas futures and options contracts	\$ 1.1	\$ 1.1
Propane swap and option contracts	(0.6)	(0.6)
Interest rate protection agreements	0.2	0.2
Long-term debt	1,223.5	1,337.7
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.9
	-----	-----

We estimate the fair value of long-term debt by using current market prices and by discounting future cash flows using rates available for similar type debt. The estimated fair value of UGI Utilities preferred shares subject to mandatory redemption is based on the fair value of redeemable preferred stock with similar credit ratings and redemption features. On October 1, 2004 all 200,000 shares of UGI Utilities' \$7.75 preferred shares subject to mandatory redemption were redeemed at a price of \$100 per share together with full cumulative dividends. Fair values of derivative instruments reflect the estimated amounts that we would receive or pay to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts at September 30, 2004 and 2003.

We have financial instruments such as short-term investments and trade accounts receivable, which could expose us to concentrations of credit risk. We limit our credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds and securities guaranteed by the U.S. Government or its agencies. The credit risk from trade accounts receivable is limited because we have a large customer base, which extends across many different U.S. markets and several foreign countries. We attempt to minimize our credit risk associated with our derivative financial instruments through the application of credit policies.

NOTE 14 - ENERGY SERVICES ACCOUNTS RECEIVABLE SECURITIZATION FACILITY

Energy Services has a \$150 receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in August 2007, although the Receivables Facility may terminate prior to such date due to the termination of the commitments of the Receivables Facility's back-up purchasers. Under the Receivables Facility, Energy Services transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The maximum level of funding available at any one time from this facility is \$150. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of Energy Services and its affiliates, including UGI. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Energy Services continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC.

During 2004 and 2003, Energy Services sold trade receivables totaling \$949.6 and \$651.3, respectively, to ESFC. During 2004 and 2003, ESFC sold an aggregate \$246.0 and \$196.0, respectively, of undivided interests in its trade receivables to the commercial paper conduit. At September 30, 2004, the outstanding balance of ESFC trade receivables was \$63.4 of which no amount was sold to the commercial paper conduit. At September 30, 2003, there were \$38.5 of ESFC trade receivables outstanding which amount was net of \$17 in trade receivables sold to the commercial paper conduit. Losses on sales of receivables to the commercial paper conduit that occurred during the years ended September 30, 2004 and 2003, which losses are included in other income, net, were \$0.4 and \$0.3, respectively.

In addition, a major bank has committed to issue up to \$50 of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires April 2005.

NOTE 15 - OTHER INCOME, NET Other income, net, comprises the following:

	2004	2003	2002
	----	----	----
Interest and interest-related income	\$ (3.2)	\$ (6.6)	\$ (5.3)
Utility non-tariff service income	(2.0)	(5.7)	(5.7)
Gain on sales of fixed assets	(0.1)	(1.6)	(1.6)
Pension income	-	(1.1)	(4.0)
Foreign currency hedge loss	9.1	-	-
Finance charges	(6.5)	(3.9)	(2.2)
Other	(6.1)	(0.9)	0.7
	-----	-----	-----
Total other income, net	\$ (8.8)	\$ (19.8)	\$ (18.1)
	-----	-----	-----

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 16 - CONVERSION OF AMERIGAS PARTNERS SUBORDINATED UNITS AND COMMON UNIT ISSUANCE

In December 2002, the General Partner determined that the cash-based performance and distribution requirements for the conversion of the then-remaining 9,891,072 Subordinated Units of AmeriGas Partners, all of which were held by the General Partner, had been met in respect of the quarter ended September 30, 2002. As a result, in accordance with the Second Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., the Subordinated Units were converted to an equivalent number of Common Units effective November 18, 2002. Concurrent with the Subordinated Unit conversion, the Company recorded a \$157.0 increase in common stockholders' equity, and a corresponding decrease in minority interests in AmeriGas Partners, associated with gains from sales of Common Units by AmeriGas Partners in conjunction with, and subsequent to, the Partnership's April 19, 1995 initial public offering. These gains were determined in accordance with the guidance in SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary" ("SAB 51"). The gains resulted because the public offering prices of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the dates of their sale. Due to the preference nature of the Common Units, the Company was precluded from recording these gains until the Subordinated Units converted to Common Units. The changes to the Company's balance sheet resulting from the Subordinated Unit conversion had no effect on the Company's net income or cash flow and did not result in an increase in the number of AmeriGas Partners limited partner units outstanding. On June 17, 2003, AmeriGas Partners sold 2,900,000 Common Units in an underwritten public offering at a public offering price of \$27.12 per unit. The net proceeds of the public offering totaling \$75.0 and associated capital contributions from the General Partner totaling \$1.5, were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes. The underwriters' overallotment option expired unexercised. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of \$22.6 which is reflected in the Company's balance sheet as an increase in common stockholders' equity in accordance with the guidance in SAB 51. The gain had no effect on the Company's net income or cash flow. Total deferred income tax liabilities of \$70.7 associated with these gains were recorded with a corresponding decrease in common stockholders' equity and reflected in the restated Consolidated Balance Sheet at September 30, 2003.

On May 26, 2004, AmeriGas Partners sold 2,000,000 Common Units in an underwritten public offering at a public offering price of \$25.61 per unit. On June 10, 2004, the underwriters partially exercised their overallotment option in the amount of 100,000 Common Units. The net proceeds of the public offering totaling \$51.2 and associated capital contributions from the General Partner totaling \$1.0 were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes.

Concurrent with this sale of Common Units, the Company recorded a gain in the amount of \$12.2 which is reflected in the Company's balance sheet as an increase in common stockholders' equity in accordance with the guidance in SAB 51. Deferred income tax liabilities of \$6.6 associated with this gain with a corresponding decrease in common stockholders' equity were recorded and reflected in the Consolidated Balance Sheet. The gain had no effect on the Company's net income or cash flow.

NOTE 17 - INVESTMENTS IN EQUITY INVESTEES

Our principal investments accounted for using the equity method and our approximate percentage ownership interest in each at September 30, 2004 and 2003 are as follows:

Company	2004	2003
- - - - -	----	----
Atlantic Energy	50.0%(a)	50.0%
AGZ	100.0%(b)	19.5%
China Gas Partners	50.0%	50.0%
Hunlock Creek Energy Ventures	50.0%	50.0%
Geovexin	44.9%	N/A

(a) In November 2004, a subsidiary of Energy Services acquired 100% of Atlantic Energy, (see Note 3).

(b) Prior to the Antargaz Acquisition on March 31, 2004, we accounted for our 19.5% ownership interest in AGZ under the equity method. Effective with our 100% ownership, we discontinued the equity method and began reflecting all of AGZ's operations on a consolidated basis beginning April 1, 2004.

Income from our equity investees comprises the following:

	2004	2003	2002
	----	----	----
Equity in income of equity investees	\$ 11.3	\$ 5.3	\$ 6.0

Interest income on AGZ Bonds	-	-	0.9
Currency gain from redemption of AGZ Bonds	-	-	1.6
	-----	-----	-----
Total	\$ 11.3	\$ 5.3	\$ 8.5
	-----	-----	-----

Undistributed net earnings of our equity investees included in consolidated retained earnings were \$0.5 and \$3.3 at September 30, 2004 and 2003, respectively.

On March 27, 2001, UGI France, a wholly owned indirect subsidiary of Enterprises, together with Paribas Affaires Industrielles ("PAI") and Medit acquired, through AGZ, the stock and certain related

assets of Antargaz, formerly Elf Antargaz. Under the terms of the Shareholders' Funding Agreement among UGI France, PAI and Medit, we acquired an approximate 19.5% equity interest in AGZ; PAI an approximate 68.1% interest; Medit an approximate 9.7% interest; and certain members of management of AGZ an approximate 2.7% interest. PAI is a leading private equity fund manager in Europe and an affiliate of BNP Paribas, one of Europe's largest commercial and investment banks. Medit is a supplier of logistics services to the liquefied petroleum gas industry in Europe, primarily Italy.

Pursuant to the Shareholders' Funding Agreement, on March 27, 2001, UGI France made a E29.8 (\$26.6) investment comprising a E9.8 investment in shares of AGZ and a E20.0 investment in redeemable bonds of AGZ ("AGZ Bonds"). In July 2003, the Company received a dividend of E5.0 (\$5.6) from AGZ. In July 2002, the Company received \$19.3 in cash from AGZ in repayment of E18 face value (\$17.7) of AGZ Bonds, representing 90% of such bonds held by the Company, plus accrued interest. This repayment was funded from the proceeds of the High Yield Bonds. Concurrent with the repayment, the remaining E2.0 (10%) investment in AGZ Bonds was redeemed in the form of additional shares of AGZ. After these transactions, the Company continued to hold an approximate 19.5% equity investment in shares of AGZ. As a result of the redemption of AGZ Bonds, we recorded a pretax currency transaction gain of \$1.6 which is included in income from equity investees in the 2002 Consolidated Statement of Income. Because we believed we had significant influence over operating and financial policies of AGZ due, in part, to our membership on its Board of Directors, our investment in AGZ was accounted for by the equity method prior to our acquisition of the remaining 80.5% ownership interests in AGZ.

Summarized financial information for AGZ, prior to the Antargaz Acquisition, follows:

	2003	2002
	----	----
STATEMENT OF INCOME DATA:		
Revenues	\$ 698.4	\$ 534.8
	-----	-----
Operating income	\$ 96.7	\$ 79.4
Interest, net	(37.7)	(27.9)
	-----	-----
Income before income taxes	\$ 59.0	\$ 51.5
Income taxes	\$ (24.4)	\$ (20.7)
Net income	\$ 32.7	\$ 29.9
	-----	-----
BALANCE SHEET DATA (AT SEPTEMBER 30):		
Current assets	\$ 196.8	
Property, plant and equipment, net	321.6	
Goodwill	443.8	
Other assets	106.2	

Total assets	\$ 1,068.4	

Current liabilities	\$ 136.2	
Long-term debt	453.9	
Other liabilities	354.8	

Total liabilities	\$ 944.9	

Equity	\$ 123.5	

Summarized financial information for our other equity investments are not presented because they are not material to our Consolidated Balance Sheets or Consolidated Statements of Income.

NOTE 18 - QUARTERLY DATA (UNAUDITED)

The following unaudited quarterly data includes adjustments (consisting only of normal recurring adjustments) which we consider necessary for a fair presentation. Our quarterly results fluctuate because of the seasonal nature of our businesses.

	December 31,		March 31,		June 30,		September 30,	
	2003	2002	2004	2003	2004	2003	2004	2003
	----	----	----	----	----	----	----	----
Revenues	\$ 893.7	\$ 739.9	\$ 1,316.6	\$ 1,135.9	\$ 823.4	\$ 623.1	\$ 751.0	\$ 527.2
Operating income	\$ 108.3	\$ 107.4	\$ 181.6	\$ 184.4	\$ 33.9	\$ 8.4	\$ 7.5	\$ 2.1
Income (loss) from equity investees	\$ 4.2	\$ 1.9	\$ 8.4	\$ 5.0	\$ (0.6)	\$ 0.2	\$ (0.7)	\$ (1.8)
Net income (loss)	\$ 38.8	\$ 36.7	\$ 67.1	\$ 69.8	\$ 8.3	\$ (2.0)	\$ (2.6)	\$ (5.6)
Earnings (loss) per share:								
Basic	\$ 0.91	\$ 0.88	\$ 1.51	\$ 1.66	\$ 0.16	\$ (0.05)	\$ (0.05)	\$ (0.13)
Diluted	\$ 0.88	\$ 0.86	\$ 1.48	\$ 1.62	\$ 0.16	\$ (0.05)	\$ (0.05)	\$ (0.13)
	-----	-----	-----	-----	-----	-----	-----	-----

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 19 - SEGMENT INFORMATION

We have organized our business units into six reportable segments generally based upon products sold, geographic location (domestic or international) or regulatory environment. Our reportable segments are: (1) AmeriGas Propane; (2) an international LPG segment comprising Antargaz; (3) an international LPG segment comprising FLAGA and our international propane equity investment ("Other"); (4) Gas Utility; (5) Electric Utility; and (6) Energy Services (comprising Energy Services' gas marketing business and UGID's electricity generation business). We refer to both international segments collectively as "International Propane."

Effective October 1, 2003, we realigned our business units in order to expand the energy management services available to our customers and to strengthen our focus on power marketing. As a result of this realignment, the operating results of UGID have been combined with those of Energy Services rather than with Electric Utility as previously reported. We restated our prior-year segment data to be consistent with the current period presentation.

AmeriGas Propane derives its revenues principally from the sale of propane and related equipment and supplies to retail customers from locations in 46 states. Our International Propane segments' revenues are derived principally from the distribution of LPG to retail customers in France, Austria, the Czech Republic and Slovakia. Gas Utility's revenues are derived principally from the sale and distribution of natural gas to customers in eastern and southeastern Pennsylvania. Electric Utility derives its revenues principally from the distribution of electricity in two northeastern Pennsylvania counties. Energy Services revenues are derived from the sale of natural gas and, to a lesser extent, electricity and fuel oil and LPG to customers located primarily in the Eastern region of the United States.

The accounting policies of our reportable segments are the same as those described in Note 1. We evaluate AmeriGas Propane's performance principally based upon the Partnership's earnings before interest expense, income taxes, depreciation and amortization ("Partnership EBITDA"). Although we use Partnership EBITDA to evaluate AmeriGas Propane's profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. The Company's definition of Partnership EBITDA may be different from that used by other companies. We evaluate the performance of our International Propane, Gas Utility, Electric Utility and Energy Services segments principally based upon their income (loss) before income taxes.

No single customer represents more than ten percent of our consolidated revenues and there are no significant intersegment transactions. In addition, all of our reportable segments' revenues, other than those of our International Propane segments, are derived from sources within the United States, and all of our reportable segments' long-lived assets, other than those of our International Propane segments, are located in the United States.

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Financial information by our six reportable business segments follows:

	Reportable Segments								
	Total	Eliminations	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane		Corporate & Other (c)
							Antargaz	Other (b)	
2004									
Revenues	\$3,784.7	\$ -	\$1,775.9	\$ 560.4	\$ 89.7	\$ 967.2	\$ 270.8	\$ 62.6	\$ 58.1
Cost of sales	\$2,526.9	\$ -	\$1,029.2	\$ 368.9	\$ 43.3	\$ 912.2	\$ 106.0	\$ 32.0	\$ 35.3
Operating income	\$ 331.3	\$ -	\$ 176.0	\$ 80.1	\$ 20.9	\$ 31.1	\$ 15.1	\$ 5.4	\$ 2.7
Income (loss) from equity investees	11.3	-	0.7	-	-	-	10.8	(0.2)	-
Interest expense	(119.1)	-	(83.1)	(15.9)	(2.0)	-	(14.0)	(3.6)	(0.5)
Minority interests	(47.5)	-	(47.7)	-	-	-	0.1	0.1	-
Income before income taxes	\$ 176.0	-	\$ 45.9	\$ 64.2	\$ 18.9	\$ 31.1	\$ 12.0	\$ 1.7	\$ 2.2
Depreciation and amortization	\$ 132.3	-	\$ 80.7	\$ 19.5	\$ 3.0	\$ 4.0	\$ 18.5	\$ 5.5	\$ 1.1
Partnership EBITDA (a)			\$ 255.9						
Total assets	\$4,235.4	\$ (322.1)	\$1,567.9	\$ 766.0	\$ 89.8	\$ 182.8	\$1,344.5	\$ 156.2	\$ 450.3
Capital expenditures	\$ 133.7	\$ -	\$ 61.7	\$ 35.5	\$ 5.3	\$ 2.9	\$ 23.6	\$ 4.0	\$ 0.7
Investments in equity investees	\$ 17.2	\$ -	\$ 3.5	\$ -	\$ -	\$ 9.6	\$ 4.1	\$ -	\$ -
Goodwill and excess reorganization value	\$1,245.9	\$ -	\$ 608.2	\$ -	\$ -	\$ 2.8	\$ 561.6	\$ 68.2	\$ 5.1
2003									
Revenues	\$3,026.1	\$ (2.4)	\$1,628.4	\$ 539.9	\$ 88.8	\$ 668.0	\$ -	\$ 54.5	\$ 48.9
Cost of sales	\$1,984.3	\$ -	\$ 910.3	\$ 343.0	\$ 43.7	\$ 632.4	\$ -	\$ 27.4	\$ 27.5
Operating income	\$ 302.3	\$ -	\$ 164.5	\$ 96.1	\$ 20.3	\$ 19.2	\$ (0.9)	\$ 1.6	\$ 1.5
Income (loss) from equity investees	5.3	-	(0.6)	-	-	-	6.4	(0.5)	-
Loss on extinguishments of debt	(3.0)	-	(3.0)	-	-	-	-	-	-
Interest expense	(109.2)	-	(87.1)	(15.4)	(2.3)	-	-	(4.1)	(0.3)
Minority interests	(34.6)	-	(34.6)	-	-	-	-	-	-
Income before income taxes	\$ 160.8	\$ -	\$ 39.2	\$ 80.7	\$ 18.0	\$ 19.2	\$ 5.5	\$ (3.0)	\$ 1.2
Depreciation and amortization	\$ 103.0	\$ -	\$ 74.8	\$ 18.1	\$ 3.0	\$ 2.2	\$ -	\$ 3.9	\$ 1.0
Partnership EBITDA (a)			\$ 234.4						
Total assets	\$2,795.2	\$ (39.6)	\$1,518.5	\$ 725.1	\$ 84.0	\$ 164.2	\$ -	\$ 165.0	\$ 178.0
Capital expenditures	\$ 101.4	\$ -	\$ 53.4(d)	\$ 37.2	\$ 4.1	\$ 1.0	\$ -	\$ 4.5	\$ 1.2
Acquisition of additional interest in Conemaugh Station	\$ 51.3	\$ -	\$ -	\$ -	\$ -	\$ 51.3	\$ -	\$ -	\$ -
Investments in equity investees	\$ 39.9	\$ -	\$ 2.8	\$ -	\$ -	\$ 10.3	\$ 26.8	\$ -	\$ -
Goodwill and excess reorganization value	\$ 671.5	\$ -	\$ 601.6	\$ -	\$ -	\$ 2.8	\$ -	\$ 62.8	\$ 4.3
2002									
Revenues	\$2,213.7	\$ (12.0)	\$1,307.9	\$ 404.5	\$ 83.5	\$ 344.8	\$ -	\$ 46.7	\$ 38.3
Cost of sales	\$1,296.6	\$ (10.0)	\$ 653.1	\$ 241.7	\$ 48.7	\$ 320.8	\$ -	\$ 22.6	\$ 19.7
Operating income	\$ 253.3	\$ -	\$ 145.0	\$ 77.1	\$ 11.7	\$ 12.6	\$ -	\$ 3.9	\$ 3.0
Income (loss) from equity investees	8.5	-	0.3	-	-	-	9.1(e)	(0.8)	(0.1)
Loss on extinguishments of debt	(0.7)	-	(0.7)	-	-	-	-	-	-
Interest expense	(109.1)	-	(87.8)	(14.2)	(2.4)	-	-	(4.2)	(0.5)
Minority interests	(28.0)	-	(28.0)	-	-	-	-	-	-
Income before income taxes	\$ 124.0	\$ -	\$ 28.8	\$ 62.9	\$ 9.3	\$ 12.6	\$ 9.1	\$ (1.1)	\$ 2.4
Depreciation and amortization	\$ 93.5	\$ -	\$ 66.4	\$ 19.0	\$ 3.0	\$ 1.0	\$ -	\$ 3.2	\$ 0.9
Partnership EBITDA (a)			\$ 209.6						
Total assets	\$2,624.5	\$ (34.1)	\$1,505.8	\$ 689.1	\$ 89.1	\$ 77.1	\$ -	\$ 141.1	\$ 156.4
Capital expenditures	\$ 94.7	\$ -	\$ 53.5(d)	\$ 31.0	\$ 4.6	\$ 1.2	\$ -	\$ 3.9	\$ 0.5
Investments in equity investees	\$ 35.5	\$ -	\$ 3.4	\$ -	\$ -	\$ 10.0	\$ 22.1	\$ -	\$ -
Goodwill and excess reorganization value	\$ 644.9	\$ -	\$ 589.1	\$ -	\$ -	\$ -	\$ -	\$ 53.1	\$ 2.7

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

Year ended September 30,	2004	2003	2002
- - - - -	- - -	- - -	- - -
Partnership EBITDA	\$255.9	\$234.4	\$209.6
Depreciation and amortization (i)	(80.6)	(74.6)	(66.1)
Minority interests (ii)	1.4	1.1	1.1
Income (loss) from equity investees	(0.7)	0.6	(0.3)
Loss on extinguishments of debt	-	3.0	0.7
Operating income	\$176.0	\$164.5	\$145.0
	=====	=====	=====

(i) Excludes General Partner depreciation and amortization of \$0.1, \$0.2, and \$0.3 in 2004, 2003 and 2002, respectively.

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

- (b) International Other principally comprises FLAGA and our joint-venture business in China.
- (c) Corporate & Other results of operations principally comprise UGI Enterprises' HVAC/R operations, net expenses of UGI's captive general liability insurance company and UGI Corporation's unallocated corporate and general expenses, and interest income. Corporate & Other assets principally comprise cash and short-term investments and an intercompany loan. The intercompany interest associated with the intercompany loan is eliminated in the segment presentation.
- (d) Includes capital leases of \$0.5 in 2003.
- (e) In addition to equity income (loss) of international propane equity investees, 2002 includes a currency transaction gain of \$1.6 from the redemption of AGZ Bonds and \$0.9 of interest income on AGZ Bonds.

SUBSIDIARIES OF UGI CORPORATION

SUBSIDIARY OWNERSHIP
STATE OF
INCORPORATION - -----

AMERIGAS, INC. 100%
PA AMERIGAS PROPANE,
INC. * 100% PA
AmeriGas Partners,
L.P. (1) DE AmeriGas
Finance Corp. 100% DE
AmeriGas Eagle
Finance Corp. 100% DE
AP Eagle Finance Corp
100% DE AmeriGas
Propane L.P. 98.9899%
DE AmeriGas Propane
Parts & Service, Inc.
100% PA AmeriGas
Eagle Propane, L.P.
99% DE AmeriGas Eagle
Parts & Service, Inc.
100% PA AmeriGas
Eagle Propane, Inc
100% DE AmerE
Holdings, Inc. 100%
DE AmeriGas Eagle
Holdings, Inc. **
100% DE Active
Propane of Wisconsin,
LLC 100% DE AmeriGas
Technology Group,
Inc. 100% PA
Petrolane
Incorporated 100% PA
FOUR FLAGS DRILLING
COMPANY, INC. 100% PA
ASHTOLA PRODUCTION
COMPANY 100% PA UGI
ETHANOL DEVELOPMENT
CORPORATION 100% PA
NEWBURY HOLDING
COMPANY 100% DE UGI
ENTERPRISES, INC.
100% PA CFN
ENTERPRISES, INC.
100% DE CF Networks
LLC 60% DE EASTFIELD
INTERNATIONAL
HOLDINGS, INC. 100%
DE FLAGA GmbH 100%
AUSTRIA FLAGA
Energieversorgung
GmbH 100% GERMANY
FLAGA Plyn, spol.
s.r.o. 100% CZECH
REPUBLIC LPG Technik
s.r.o. 100% CZECH
REPUBLIC FLAGA
Slovplyn, spol. s
r.o. 100% SLOVAKIA
FLAGA Suisse GmbH
100% SWITZERLAND GTP
Gas Trans Praha spol.
s r.o. 60% CZECH
REPUBLIC GTB Gas
Trans Bratislava,
s.r.o. 100% SLOVAKIA
TSG - Transport- und
Speditionsgesellschaft
m.b.H. 50% AUSTRIA
GTE - Gastrans-
Erfurt-GmbH 90%
GERMANY EUROGAS
HOLDINGS, INC. 100%
DE UGI ASSET
MANAGEMENT, INC. 100%
DE MCHUGH SERVICE
COMPANY 100% PA UGI
ENERGY SERVICES, INC.
100% PA Energy
Services Funding
Corporation 100% DE
Hellertown Pipeline
Company 100% PA
Homestead Holding
Company 100% DE UGI
DEVELOPMENT COMPANY
100% PA UGID Holding
Company 100% DE UGI

Hunlock Development
Company 100% PA UGI
POWER SUPPLY, INC.
100% PA UGI HVAC
ENTERPRISES, INC.
100% DE

SUBSIDIARY
 OWNERSHIP
 STATE OF
 INCORPORATION
 - - - - -
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 ----- UGI
 INTERNATIONAL
 ENTERPRISES,
 INC. 100% PA
 UGI France,
 Inc. 100% DE
 UGI Bordeaux
 Holding 100%
 FRANCE AGZ
 Holding 100%
 FRANCE AGZ
 Finance 100%
 FRANCE
 Antargaz
 100% FRANCE
 Wogegal 100%
 FRANCE
 Aquitaine
 Pyrenees
 100% FRANCE
 Gaz Est
 Distribution
 100% FRANCE
 Nord GPL
 100% FRANCE
 Rhone
 Mediterranee
 Gaz 85%
 FRANCE Rhone
 Gaz 50.62%
 FRANCE Sigap
 Quest 66%
 FRANCE
 Sobegal 72%
 FRANCE
 Norgal
 52.66%
 FRANCE UGI
 Finance, LLC
 100% DE UGI
 BLACK SEA
 ENTERPRISES,
 INC. 100% PA
 UGI
 INTERNATIONAL
 (ROMANIA),
 INC. 100% PA
 UGI ROMANIA,
 INC. 100% PA
 UGI
 INTERNATIONAL
 (CHINA),
 INC. 100% DE
 UGI CHINA,
 INC. 100% DE
 UGI
 SOUTHWEST
 CHINA
 DEVELOPMENT
 COMPANY, LLC
 100% DE UGI
 PROPERTIES,
 INC. 100% PA
 UGI
 UTILITIES,
 INC. 100% PA
 UNITED
 VALLEY
 INSURANCE
 COMPANY 100%
 VT

(1) AmeriGas Propane, Inc. and its subsidiary, Petrolane Incorporated, hold
 a combined 46% (approx.) interest in AmeriGas Partners, L.P.

*Sole General Partner of each of AmeriGas Partners, L.P. and AmeriGas
 Propane, L.P.

** Sole General Partner of AmeriGas Eagle Propane, L.P.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 33-78776 and 333-42296) and Form S-8 (Nos. 33-47319, 33-61722, 333-22305, 333-49080, 333-104938 and 333-118147) of UGI Corporation of our report dated December 6, 2004 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated December 6, 2004 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
December 14, 2004

CERTIFICATIONS

I, Lon R. Greenberg, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(d)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: December 14, 2004

/s/ Lon R. Greenberg

Lon R. Greenberg
Chairman, President and
Chief Executive Officer of
UGI Corporation

I, Anthony J. Mendicino, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(d)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: December 14, 2004

/s/ Anthony J. Mendicino

Anthony J. Mendicino
Senior Vice President - Finance and
Chief Financial Officer of
UGI Corporation

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
RELATING TO A PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

I, Lon R. Greenberg, Chief Executive Officer, and I, Anthony J. Mendicino, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-K for the period ended September 30, 2004 (the "Form 10-K") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER

/s/ Lon R. Greenberg

Lon R. Greenberg

Date: December 14, 2004

CHIEF FINANCIAL OFFICER

/s/ Anthony J. Mendicino

Anthony J. Mendicino

Date: December 14, 2004

A signed original of this written statement required by Section 906 has been provided to UGI Corporation and will be retained by UGI Corporation and furnished to the Securities and Exchange Commission or its staff upon request.