
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from _____ to _____

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

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

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

19406
(Zip Code)
(610) 337-1000

(Registrant's telephone number, including area code)

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

At July 31, 2007, there were 106,595,807 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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

	June 30, 2007	September 30, 2006	June 30, 2006
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 170.9	\$ 186.2	\$ 276.3
Restricted cash	21.0	14.2	16.3
Short-term investments (at cost, which approximates fair value)	5.7	0.6	115.0
Accounts receivable (less allowances for doubtful accounts of \$46.0, \$38.0 and \$37.5, respectively)	509.9	387.2	421.6
Accrued utility revenues	21.0	16.6	12.2
Inventories	249.6	340.4	217.2
Deferred income taxes	40.2	55.9	31.4
Prepaid expenses and other current assets	24.5	39.5	42.7
Total current assets	1,042.8	1,040.6	1,132.7
Property, plant and equipment, at cost (less accumulated depreciation and amortization of \$1,344.8, \$1,246.6 and \$1,065.4, respectively)	2,303.6	2,214.7	1,832.2
Goodwill	1,441.3	1,418.2	1,240.9
Intangible assets (less accumulated amortization of \$77.4, \$62.8 and \$59.2, respectively)	163.2	163.3	168.1
Utility regulatory assets	82.6	72.9	61.3
Investments in equity investees	61.2	58.2	57.7
Other assets	128.3	112.6	124.8
Total assets	<u>\$ 5,223.0</u>	<u>\$ 5,080.5</u>	<u>\$ 4,617.7</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 14.3	\$ 31.9	\$ 78.6
UGI Utilities bank loans	108.0	216.0	112.1
Other bank loans	9.0	9.4	15.1
Accounts payable	350.4	373.0	306.4
Deposits and advances	84.0	145.0	77.9
Other current liabilities	240.4	251.3	205.8
Total current liabilities	806.1	1,026.6	795.9
Long-term debt	2,012.6	1,965.0	1,642.7
Deferred income taxes	528.7	491.5	496.3
Deferred investment tax credits	6.5	6.8	6.9
Other noncurrent liabilities	367.6	351.5	332.9
Total liabilities	3,721.5	3,841.4	3,274.7
Commitments and contingencies (note 9)			
Minority interests	201.0	139.5	201.3
Common stockholders' equity:			
Common Stock, without par value (authorized - 300,000,000 shares; issued - 115,152,994 shares)	825.3	807.5	805.1
Retained earnings	506.8	370.0	392.6
Accumulated other comprehensive income (loss)	34.2	(3.8)	18.6
	1,366.3	1,173.7	1,216.3
Treasury stock, at cost	(65.8)	(74.1)	(74.6)
Total common stockholders' equity	1,300.5	1,099.6	1,141.7
Total liabilities and stockholders' equity	<u>\$ 5,223.0</u>	<u>\$ 5,080.5</u>	<u>\$ 4,617.7</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Revenues	\$ 1,076.8	\$ 919.1	\$ 4,542.1	\$ 4,342.5
Costs and expenses:				
Cost of sales	726.8	611.6	3,094.0	3,059.3
Operating and administrative expenses	261.2	236.2	813.0	735.9
Utility taxes other than income taxes	4.2	3.2	13.9	10.2
Depreciation and amortization	42.1	36.5	125.6	108.7
Other income, net	(9.1)	(6.9)	(23.8)	(32.9)
	<u>1,025.2</u>	<u>880.6</u>	<u>4,022.7</u>	<u>3,881.2</u>
Operating income	51.6	38.5	519.4	461.3
Loss from equity investees	(0.9)	—	(2.2)	(1.2)
Interest expense	(33.9)	(29.1)	(105.0)	(92.1)
Loss on early extinguishments of debt	—	—	—	(18.5)
Income before income taxes and minority interests	16.8	9.4	412.2	349.5
Income tax expense	(8.3)	(2.1)	(122.3)	(105.0)
Minority interests, principally in AmeriGas Partners	3.0	11.4	(96.3)	(64.3)
Net income	<u>\$ 11.5</u>	<u>\$ 18.7</u>	<u>\$ 193.6</u>	<u>\$ 180.2</u>
Earnings per common share:				
Basic	<u>\$ 0.11</u>	<u>\$ 0.18</u>	<u>\$ 1.82</u>	<u>\$ 1.71</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.18</u>	<u>\$ 1.80</u>	<u>\$ 1.69</u>
Average common shares outstanding (millions):				
Basic	<u>106.655</u>	<u>105.603</u>	<u>106.304</u>	<u>105.374</u>
Diluted	<u>107.973</u>	<u>106.850</u>	<u>107.704</u>	<u>106.585</u>
Dividends declared per common share	<u>\$ 0.1850</u>	<u>\$ 0.1763</u>	<u>\$ 0.5375</u>	<u>\$ 0.5138</u>

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Millions of dollars)

	Nine Months Ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 193.6	\$ 180.2
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	125.6	108.7
Provision for uncollectible accounts	24.2	21.3
Minority interests	96.3	64.3
Deferred income taxes, net	7.2	6.4
Loss on early extinguishments of debt	—	18.5
Net change in settled accumulated other comprehensive income	27.0	(17.7)
Other, net	11.8	22.7
Net change in:		
Accounts receivable and accrued utility revenues	(137.0)	26.3
Inventories	96.1	24.4
Deferred fuel costs	(4.9)	(18.0)
Accounts payable	(34.3)	(134.3)
Other current assets and liabilities	(48.8)	(110.6)
Net cash provided by operating activities	<u>356.8</u>	<u>192.2</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(153.8)	(132.8)
Net proceeds from disposals of assets	1.8	7.4
Net proceeds from sale of Energy Ventures	—	17.7
Investment in Flaga joint venture	—	(10.1)
Acquisitions, net of cash acquired	(27.8)	(3.5)
PG Energy Acquisition working capital settlement	23.7	—
Short-term investments increase	(5.1)	(45.0)
Increase in restricted cash	(6.8)	(11.4)
Other, net	0.4	0.7
Net cash used by investing activities	<u>(167.6)</u>	<u>(177.0)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends on UGI Common Stock	(57.1)	(54.1)
Distributions on AmeriGas Partners publicly held Common Units	(57.2)	(54.9)
Issuances of debt including bank loans with maturities greater than three months	20.1	863.4
Repayments of debt including bank loans with maturities greater than three months	(25.4)	(897.4)
Other bank loans decrease	(1.1)	(2.1)
(Decrease) increase in Utilities bank loans with maturities of three months or less	(108.0)	80.9
Issuance of UGI Common Stock	14.0	9.3
Other, net	5.1	0.8
Net cash used by financing activities	<u>(209.6)</u>	<u>(54.1)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>5.1</u>	<u>5.1</u>
Cash and cash equivalents decrease	<u>\$ (15.3)</u>	<u>\$ (33.8)</u>
Cash and cash equivalents:		
End of period	\$ 170.9	\$ 276.3
Beginning of period	<u>186.2</u>	<u>310.1</u>
Decrease	<u>\$ (15.3)</u>	<u>\$ (33.8)</u>

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Millions of dollars and euros, except per share amounts)

1. Basis of Presentation

UGI Corporation ("UGI") is a holding company that owns and operates natural gas and electric distribution utilities, electricity generation, retail propane distribution, energy marketing and related businesses in the United States. Through foreign subsidiaries and joint-venture affiliates, UGI also distributes liquefied petroleum gases ("LPG") in France, central and eastern Europe and China.

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 June 30, 2007, the General Partner and its wholly owned subsidiary Petrolane Incorporated ("Petrolane") collectively held a 1% general partner interest and 42.7% limited partner interest in AmeriGas Partners, and an effective 44.3% ownership interest in AmeriGas OLP and Eagle OLP. Our limited partnership interest in AmeriGas Partners comprises 24,525,004 Common Units. The remaining 56.3% limited partner interest in AmeriGas Partners comprises 32,297,493 publicly held Common Units representing limited partner interests.

Our wholly owned subsidiary, UGI Enterprises, Inc. ("Enterprises") (1) conducts an LPG distribution business in France ("Antargaz"); (2) conducts LPG distribution businesses and participates in an LPG joint-venture business in central and eastern Europe (collectively, "Flaga"); and (3) participates in an LPG joint-venture business in China. Enterprises' indirect subsidiary, UGI International Holdings, B.V., holds our interests in Antargaz and Flaga. We refer to our foreign operations collectively as "International Propane." In addition, Enterprises conducts an energy marketing business primarily in the eastern United States through its wholly owned first- and second-tier subsidiaries (collectively "Energy Services"). Energy Services owns and operates liquefied natural gas and propane storage and peak-shaving facilities in eastern Pennsylvania. Energy Services' wholly owned subsidiary UGI Development Company ("UGID") and UGID's subsidiaries (1) own and operate a 48-megawatt coal-fired electric generation station and (2) own a 6% interest in Pennsylvania-based coal-fired electric generation assets. In addition, Energy Services' wholly owned subsidiary UGI Asset Management, Inc., through its subsidiary Atlantic Energy, Inc. (collectively, "Asset Management"), owns a propane storage terminal located in Chesapeake, Virginia. Through other subsidiaries, Enterprises owns and operates a heating, ventilation, air-conditioning, refrigeration and electrical contracting services business in the Middle Atlantic states ("HVAC/R").

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Millions of dollars and euros, except per share amounts)

Our natural gas and electric distribution utility businesses are conducted through our wholly owned subsidiary, UGI Utilities, Inc. and its subsidiary, UGI Penn Natural Gas, Inc. ("UGIPNG"). UGI Utilities, Inc. owns and operates (1) a natural gas distribution utility in eastern Pennsylvania ("UGI Gas"), (2) a natural gas distribution utility in northeastern Pennsylvania ("PNG Gas") which was acquired effective August 24, 2006 (the "PG Energy Acquisition"), and (3) an electric distribution utility in northeastern Pennsylvania ("Electric Utility"). UGI Gas, PNG Gas (collectively, "Gas Utility") and Electric Utility are subject to regulation by the Pennsylvania Public Utility Commission ("PUC"). In addition, both UGI Utilities, Inc. and UGIPNG have wholly-owned subsidiaries that operate heating, ventilation and air-conditioning services businesses principally within their natural gas utilities' service territories. The term "UGI Utilities" is used sometimes as an abbreviated reference to UGI Utilities, Inc. or UGI Utilities, Inc. and its subsidiaries.

Our condensed consolidated financial statements include the accounts of UGI and its controlled subsidiary companies, which, except for the Partnership, are majority owned, and are together referred to as "we" or "the Company." We eliminate all significant intercompany accounts and transactions when we consolidate. We report the public's limited partner interests in the Partnership and the outside ownership interest in a subsidiary of Antargaz as minority interests. Entities in which we own 50 percent or less and in which we exercise significant influence over operating and financial policies are accounted for by the equity method.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2006 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2006 ("Company's 2006 Annual Report"). Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Restricted Cash. Restricted cash representing cash deposited in our natural gas futures accounts to satisfy margin requirements totaled \$21.0, \$14.2 and \$16.3 at June 30, 2007, September 30, 2006 and June 30, 2006, respectively.

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.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Millions of dollars and euros, except per share amounts)

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Denominator (millions of shares):				
Average common shares outstanding for basic computation	106.655	105.603	106.304	105.374
Incremental shares issuable for stock options and awards	1.318	1.247	1.400	1.211
Average common shares outstanding for diluted computation	107.973	106.850	107.704	106.585

Comprehensive Income. The following table presents the components of comprehensive income for the three and nine months ended June 30, 2007 and 2006.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Net income	\$ 11.5	\$ 18.7	\$ 193.6	\$ 180.2
Other comprehensive income	—	24.6	38.0	2.1
Comprehensive income	\$ 11.5	\$ 43.3	\$ 231.6	\$ 182.3

Other comprehensive income principally comprises (1) changes in the fair value of derivative commodity instruments, interest rate protection agreements and foreign currency derivatives qualifying as hedges, net of reclassifications to net income and (2) foreign currency translation adjustments.

Revenue-Related Taxes. In June 2006, the Financial Accounting Standards Board ("FASB") reached a consensus on Emerging Issues Task Force ("EITF") Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" ("EITF 06-3"). EITF 06-3 addresses accounting policies disclosure with respect to revenue-related taxes beginning with financial reports for interim or annual reporting periods beginning after December 15, 2006. The scope of EITF 06-3 includes any tax assessed by a governmental authority that is imposed concurrent with or subsequent to a revenue-producing transaction between a seller and a customer. EITF 06-3 permits entities to adopt a policy of presenting such taxes in the income statement either on a gross basis within revenue or on a net basis. If such taxes are significant, and are presented on the income statement on a gross basis, the amounts of those taxes should also be disclosed. Our prior and current policy is to present such revenue-related taxes within the scope of EITF 06-3 on a net basis.

Reclassifications. We have reclassified certain prior-year period balances to conform to the current-period presentation.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Millions of dollars and euros, except per share amounts)

Income Taxes. Income tax expense is provided on an interim basis using management's estimate of the annual effective rate. Due to the seasonality of our earnings, changes in management's estimates of income taxes made during the third or fourth fiscal quarter can have a significant impact on such quarters' effective tax rates and make the comparisons to effective tax rates in comparable periods not meaningful. The effective income tax rates for the three months ended June 30, 2007 and 2006 were 41.9% and 10.1%, respectively. The effective income tax rates for the nine months ended June 30, 2007 and 2006 were 38.7% and 36.8%, respectively. The differences in our effective tax rates principally reflect the beneficial effects of changes made during the three months ended June 30, 2006 in management's estimate of taxes associated with planned repatriation of foreign earnings.

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.

Recently Issued Accounting Pronouncements. In March 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 156, "Accounting for Servicing of Financial Assets — An Amendment of FASB Statement No. 140" ("SFAS 156"). SFAS 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, unless it is impracticable to do so. SFAS 156 permits, but does not require, the subsequent measurement of servicing assets and servicing liabilities at fair value. Our adoption of SFAS 156 effective October 1, 2006 did not have a material impact on our Condensed Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115" ("SFAS 159") which permits entities to choose to measure certain financial instruments at fair value that are not currently required to be measured at fair value. Upon adoption, a cumulative adjustment will be made to beginning retained earnings for the initial fair value option remeasurement. Subsequent unrealized gains and losses for fair value option items will be reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and should not be applied retrospectively, except as permitted by certain conditions for early adoption. We are currently reviewing the provisions of SFAS 159.

2. PG Energy Acquisition

On August 24, 2006, UGI Utilities acquired certain assets and assumed certain liabilities of Southern Union Company's ("SU's") PG Energy Division, a natural gas distribution utility located in northeastern Pennsylvania, and all of the issued and outstanding stock of SU's wholly-owned subsidiary, PG Energy Services, Inc., pursuant to a Purchase and Sale Agreement, as amended, between SU and UGI dated January 26, 2006 (the "Agreement"). UGI subsequently assigned its rights under the Agreement to UGI Utilities. On August 24, 2006 and in accordance with the terms of the Agreement, UGI Utilities paid SU \$580 in cash. Pursuant to the terms of the Agreement, the initial purchase price was subject to a working capital adjustment equal to the difference between \$68.1 and the actual working capital as of the closing date agreed to by both UGI Utilities and SU. In March 2007, UGI Utilities and SU reached an agreement on the working capital adjustment pursuant to which SU paid UGI Utilities approximately \$23.7 in cash. In addition, in March 2007 UGI Utilities completed its review and determination of the fair value of the assets acquired and liabilities assumed.

UGI CORPORATION AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements**

(unaudited)

(Millions of dollars and euros, except per share amounts)

The purchase price of the PG Energy Acquisition, including transaction fees and expenses of \$11.0, has been allocated to the assets acquired and liabilities assumed, as follows:

Working capital	\$	47.0
Property, plant and equipment		362.3
Goodwill		162.6
Regulatory assets		15.0
Other assets		4.0
Noncurrent liabilities		(23.6)
Total	\$	567.3

3. Utility Regulatory Matters

In an order entered on November 30, 2006, the PUC approved a settlement of the base rate proceeding of PG Energy (PNG Gas). The settlement provided for an increase in natural gas distribution base rates of \$12.5 annually or approximately 4%, effective December 2, 2006.

In accordance with Provider of Last Resort ("POLR") settlements approved by the PUC, Electric Utility may increase its POLR rates up to certain limits through December 31, 2009. In accordance with these settlements, Electric Utility increased its POLR rates by 4.5% on January 1, 2005 and 3% on January 1, 2006 (a total of 7.5% above the total rates in effect December 31, 2004). Electric Utility also increased its POLR rates for all metered customers effective January 1, 2007 which increased the average cost to residential customers by approximately 35% over such costs in effect during calendar year 2006.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Millions of dollars and euros, except per share amounts)

4. 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 LPG equity investment in China ("Other"); (4) Gas Utility; (5) Electric Utility; and (6) Energy Services. We refer to both international segments collectively as "International Propane."

The accounting policies of the six segments disclosed are the same as those described in Note 1, Organization and Significant Accounting Policies, in the Company's 2006 Annual Report. 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 before income taxes.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (continued)

(unaudited)

(Millions of dollars, except per share amounts)

4. Segment Information (continued)

Three Months Ended June 30, 2007:

	Reportable Segments								
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Propane Antargaz	Other (a)	Corporate & Other (b)
Revenues	\$ 1,076.8	\$ (54.5)	\$ 433.9	\$ 185.9	\$ 29.8	\$ 306.8	\$ 138.9	\$ 9.2	\$ 26.8
Cost of sales	\$ 726.8	\$ (53.8)	\$ 272.1	\$ 128.2	\$ 15.2	\$ 282.0	\$ 62.7	\$ 4.7	\$ 15.7
Segment profit:									
Operating income (loss) (c)	\$ 51.6	\$ 0.3	\$ 12.1	\$ 16.0	\$ 7.6	\$ 13.9	\$ 1.7	\$ (0.3)	\$ 0.3
Loss from equity investees	(0.9)	—	—	—	—	—	(0.4)	(0.5)	—
Interest expense	(33.9)	—	(17.8)	(9.0)	(0.6)	—	(5.8)	(0.5)	(0.2)
Minority interests	3.0	(0.1)	3.2	—	—	—	(0.1)	—	—
Income (loss) before income taxes	\$ 19.8	\$ 0.2	\$ (2.5)	\$ 7.0	\$ 7.0	\$ 13.9	\$ (4.6)	\$ (1.3)	\$ 0.1
Depreciation and amortization	\$ 42.1	\$ —	\$ 19.0	\$ 9.1	\$ 0.8	\$ 1.7	\$ 10.5	\$ 0.8	\$ 0.2
Partnership EBITDA (c)			\$ 30.9						
Segment assets (at period end)	\$5,223.0	\$ (346.2)	\$ 1,591.2	\$ 1,465.3	\$ 109.8	\$ 282.0	\$ 1,537.3	\$ 189.3	\$ 394.3
Investments in equity investees (at period end)	\$ 61.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 61.2	\$ —
Goodwill (at period end)	\$1,441.3	\$ (3.9)	\$ 621.8	\$ 162.6	\$ —	\$ 11.8	\$ 598.3	\$ 43.7	\$ 7.0

Three Months Ended June 30, 2006:

			Reportable Segments						Corporate & Other (b)
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Antargaz	Propane Other (a)	
Revenues	\$ 919.1	\$ (44.3)	\$ 379.1	\$ 106.3	\$ 22.9	\$ 268.7	\$ 155.9	\$ 11.5	\$ 19.0
Cost of sales	\$ 611.6	\$ (43.3)	\$ 234.4	\$ 71.6	\$ 11.2	\$ 248.4	\$ 70.8	\$ 6.5	\$ 12.0
Segment profit:									
Operating income (c)	\$ 38.5	\$ —	\$ 2.9	\$ 6.6	\$ 5.2	\$ 10.4	\$ 11.4	\$ 0.2	\$ 1.8
Interest expense	(29.1)	—	(17.9)	(4.7)	(0.6)	(0.1)	(5.1)	(0.3)	(0.4)
Minority interests	11.4	—	8.3	—	—	—	3.1	—	—
Income (loss) before income taxes	\$ 20.8	\$ —	\$ (6.7)	\$ 1.9	\$ 4.6	\$ 10.3	\$ 9.4	\$ (0.1)	\$ 1.4
Depreciation and amortization	\$ 36.5	\$ —	\$ 17.8	\$ 5.6	\$ 0.8	\$ 1.6	\$ 9.6	\$ 0.8	\$ 0.3
Partnership EBITDA (c)			\$ 20.7						
Segment assets (at period end)	\$4,617.7	\$ (345.8)	\$ 1,596.5	\$ 817.5	\$ 106.5	\$ 243.4	\$ 1,494.6	\$ 155.6	\$ 549.4
Investments in equity investees (at period end)	\$ 57.7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.5	\$ 57.2	\$ —
Goodwill (at period end)	\$1,240.9	\$ (4.0)	\$ 618.3	\$ —	\$ —	\$ 11.8	\$ 565.5	\$ 42.9	\$ 6.4

(a) International Propane-Other principally comprises Flaga, including its central and eastern European joint venture, and our joint-venture business in China.

(b) Corporate & Other's results principally comprise UGI Enterprises' HVAC/R, net expenses of UGI's captive general liability insurance company and UGI Corporation's unallocated corporate and general expenses and interest income, and, beginning January 1, 2007, UGI Utilities' HVAC operations. Corporate & Other's assets principally comprise cash, short-term investments and an intercompany loan. The intercompany interest associated with the intercompany loan is removed in the segment presentation.

(c) The following table provides a reconciliation of Partnership EBITDA to AmeriGas Propane operating income:

Three months ended June 30,	2007	2006
Partnership EBITDA	\$ 30.9	\$ 20.7
Depreciation and amortization	(19.0)	(17.8)
Minority interests (i)	0.2	—
Operating income	\$ 12.1	\$ 2.9

(i) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (continued)

(unaudited)

(Millions of dollars, except per share amounts)

4. Segment Information (continued)

Nine Months Ended June 30, 2007:

	Total	Elims.	Reportable Segments						Corporate & Other (b)
			AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Antargaz	Propane Other (a)	
Revenues	\$4,542.1	\$(150.0)	\$ 1,860.3	\$ 919.3	\$ 89.6	\$1,095.9	\$ 625.2	\$ 32.1	\$ 69.7
Cost of sales	\$3,094.0	\$(147.4)	\$ 1,161.1	\$ 656.2	\$ 48.2	\$1,017.1	\$ 300.5	\$ 17.0	\$ 41.3
Segment profit:									
Operating income (c)	\$ 519.4	\$ —	\$ 226.6	\$ 132.2	\$ 20.5	\$ 46.5	\$ 92.9	\$ 0.6	\$ 0.1
Loss from equity investees	(2.2)	—	—	—	—	—	(1.5)	(0.7)	—
Interest expense	(105.0)	—	(53.6)	(30.2)	(1.9)	—	(17.1)	(1.5)	(0.7)
Minority interests	(96.3)	(0.2)	(95.6)	—	—	—	(0.5)	—	—
Income (loss) before income taxes	\$ 315.9	\$ (0.2)	\$ 77.4	\$ 102.0	\$ 18.6	\$ 46.5	\$ 73.8	\$ (1.6)	\$ (0.6)
Depreciation and amortization	\$ 125.6	—	\$ 56.1	\$ 28.0	\$ 2.6	\$ 5.3	\$ 30.5	\$ 2.5	\$ 0.6
Partnership EBITDA (c)			\$ 280.4						
Segment assets (at period end)	\$5,223.0	\$(346.2)	\$ 1,591.2	\$ 1,465.3	\$ 109.8	\$ 282.0	\$ 1,537.3	\$ 189.3	\$ 394.3
Investments in equity investees (at period end)	\$ 61.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 61.2	\$ —
Goodwill (at period end)	\$1,441.3	\$ (3.9)	\$ 621.8	\$ 162.6	\$ —	\$ 11.8	\$ 598.3	\$ 43.7	\$ 7.0

Nine Months Ended June 30, 2006:

	Total	Elims.	Reportable Segments						Corporate & Other (b)
			AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	International Antargaz	Propane Other (a)	
Revenues	\$4,342.5	\$(110.3)	\$ 1,727.5	\$ 622.3	\$ 72.2	\$1,158.9	\$ 763.1	\$ 54.0	\$ 54.8
Cost of sales	\$3,059.3	\$(107.3)	\$ 1,089.5	\$ 454.5	\$ 37.7	\$1,093.5	\$ 422.8	\$ 34.6	\$ 34.0
Segment profit:									
Operating income (c)	\$ 461.3	\$ —	\$ 193.9	\$ 82.2	\$ 15.0	\$ 44.7	\$ 118.6	\$ 3.1	\$ 3.8
Loss from equity investees	(1.2)	—	—	—	—	—	(1.2)	—	—
Loss on extinguishment of debt	(18.5)	—	(17.1)	—	—	—	(1.4)	—	—
Interest expense	(92.1)	—	(56.2)	(14.4)	(1.9)	(0.1)	(18.0)	(1.2)	(0.3)
Minority interests	(64.3)	(0.2)	(67.0)	—	—	—	2.9	—	—
Income before income taxes	\$ 285.2	\$ (0.2)	\$ 53.6	\$ 67.8	\$ 13.1	\$ 44.6	\$ 100.9	\$ 1.9	\$ 3.5
Depreciation and amortization	\$ 108.7	\$ —	\$ 54.0	\$ 16.4	\$ 2.5	\$ 4.8	\$ 27.4	\$ 3.0	\$ 0.6
Partnership EBITDA (c)			\$ 229.1						
Segment assets (at period end)	\$4,617.7	\$(345.8)	\$ 1,596.5	\$ 817.5	\$ 106.5	\$ 243.4	\$ 1,494.6	\$ 155.6	\$ 549.4
Investments in equity investees (at period end)	\$ 57.7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.5	\$ 57.2	\$ —
Goodwill (at period end)	\$1,240.9	\$ (4.0)	\$ 618.3	\$ —	\$ —	\$ 11.8	\$ 565.5	\$ 42.9	\$ 6.4

(a) International Propane-Other principally comprises Flaga, including its central and eastern European joint venture, and our joint-venture business in China.

(b) Corporate & Other's results principally comprise UGI Enterprises' HVAC/R, net expenses of UGI's captive general liability insurance company and UGI Corporation's unallocated corporate and general expenses and interest income, and, beginning January 1, 2007, UGI Utilities' HVAC operations. Corporate & Other's assets principally comprise cash, short-term investments and an intercompany loan. The intercompany interest associated with the intercompany loan is removed in the segment presentation.

(d) The following table provides a reconciliation of Partnership EBITDA to AmeriGas Propane operating income:

Nine months ended June 30,	2007	2006
Partnership EBITDA	\$ 280.4	\$ 229.1
Depreciation and amortization	(56.1)	(54.0)
Minority interests (i)	2.3	1.7
Loss on extinguishments of debt	—	17.1
Operating income	\$ 226.6	\$ 193.9

(i) Principally represents the General Partner's 1.01% interest in AmeriGas OLP.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

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(Millions of dollars and euros, except per share amounts)

5. Intangible Assets

The Company's intangible assets comprise the following:

	June 30, 2007	September 30, 2006
Goodwill (not subject to amortization)	\$ 1,441.3	\$ 1,418.2
Other intangible assets:		
Customer relationships, noncompete agreements and other	\$ 194.6	\$ 183.0
Trademark (not subject to amortization)	46.0	43.1
Gross carrying amount	240.6	226.1
Accumulated amortization	(77.4)	(62.8)
Net carrying amount	\$ 163.2	\$ 163.3

The increase in goodwill during the nine months ended June 30, 2007 reflects the effects of foreign currency translation and, to a much lesser extent, AmeriGas Propane business acquisitions partially offset by the working capital adjustment associated with the PG Energy Acquisition. Changes in intangible assets during the nine months ended June 30, 2007 principally reflect the effects of foreign currency translation. Amortization expense of intangible assets was \$4.2 and \$12.4 for the three and nine months ended June 30, 2007, respectively, and \$3.9 and \$12.1 for the three and nine months ended June 30, 2006, respectively. Our expected aggregate amortization expense of intangible assets for the next five fiscal years is as follows: Fiscal 2007 — \$16.4; Fiscal 2008 — \$16.1; Fiscal 2009 - \$15.4; Fiscal 2010 — \$14.0; Fiscal 2011 — \$13.4.

6. UGI Utilities' Debt

In June 2007, UGI Utilities refinanced \$20 of its maturing 7.17% Medium-Term Notes with proceeds from the issuance of \$20 of 6.17% Medium-Term Notes due June 2017. During the nine months ended June 30, 2007, the termination date of UGI Utilities' \$350 Revolving Credit Agreement was extended to August 2011.

7. Energy Services Accounts Receivable Securitization Facility

Energy Services has a receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in April 2009. The maximum level of funding available at any one time from this facility is \$200. 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 some or all of the receivables to a commercial paper conduit of a major bank. 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. Effective October 1, 2006, we adopted SFAS 156, see Note 1.

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During the nine months ended June 30, 2007 and 2006, Energy Services sold trade receivables totaling \$1,011.0 and \$1,073.4, respectively, to ESFC. During the nine months ended June 30, 2007 and 2006, ESFC sold an aggregate \$433.5 and \$724.5, respectively, of undivided interests in its trade receivables to the commercial paper conduit. At June 30, 2007, the outstanding balance of ESFC trade receivables was \$90.4 which is net of \$5.5 that was sold to the commercial paper conduit and removed from the balance sheet. At June 30, 2006, the outstanding balance of ESFC trade receivables was \$30.2 which is net of \$42.0 that was sold to the commercial paper conduit and removed from the balance sheet.

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") to Energy Services. At June 30, 2007, there were no letters of credit outstanding. Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires in April 2008.

8. Defined Benefit Pension and Other Postretirement Plans

We sponsor two defined benefit pension plans ("Pension Plan") for employees of UGI, UGI Utilities, including employees of UGIPNG, and certain of UGI's other wholly owned subsidiaries. In addition, we provide postretirement health care benefits to certain retirees and postretirement life insurance benefits to nearly all domestic active and retired employees. In addition, Antargaz has retirement obligations and other post employment benefit commitments associated with certain of its retirees and employees.

UGI CORPORATION AND SUBSIDIARIES

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Net periodic pension expense and other postretirement benefit costs include the following components:

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended		Three Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Service cost	\$ 1.6	\$ 1.5	\$ 0.2	\$ 0.1
Interest cost	4.7	3.5	0.3	0.3
Expected return on assets	(5.9)	(4.7)	(0.2)	(0.2)
Amortization of:				
Transition obligation	—	—	0.1	0.1
Prior service cost (benefit)	0.1	0.2	(0.1)	(0.1)
Actuarial loss	0.3	0.4	—	—
Net benefit cost	0.8	0.9	0.3	0.2
Change in regulatory and other assets and liabilities	(0.1)	(0.1)	0.7	0.7
Net expense	\$ 0.7	\$ 0.8	\$ 1.0	\$ 0.9

	Pension Benefits		Other Postretirement Benefits	
	Nine Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Service cost	\$ 4.9	\$ 4.5	\$ 0.4	\$ 0.2
Interest cost	14.1	10.5	1.0	0.9
Expected return on assets	(17.7)	(14.2)	(0.5)	(0.5)
Amortization of:				
Transition obligation	—	—	0.2	0.2
Prior service cost (benefit)	0.2	0.6	(0.2)	(0.2)
Actuarial loss	0.8	1.3	0.1	0.1
Net benefit cost	2.3	2.7	1.0	0.7
Change in regulatory and other assets and liabilities	(0.2)	(0.3)	2.1	2.1
Net expense	\$ 2.1	\$ 2.4	\$ 3.1	\$ 2.8

Pension Plan assets are held in trust and consist principally of equity and fixed income mutual funds. The Company does not believe it will be required to make any contributions to the Pension Plan during the year ending September 30, 2007 for ERISA funding purposes. Pursuant to orders previously issued by the PUC, UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to fund and pay UGI Utilities' postretirement health care and life insurance benefits referred to above by depositing into the VEBA the annual amount of postretirement benefit costs determined under SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The difference between the annual amount calculated and the amount included in UGI Gas' and Electric Utility's rates is deferred for future recovery from, or refund to, ratepayers. Amounts contributed to the VEBA by UGI Utilities were not material during the nine months ended June 30, 2007, nor are they expected to be material for the year ending September 30, 2007.

UGI CORPORATION AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements**

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We also sponsor unfunded and non-qualified supplemental executive retirement income plans. We recorded pre-tax expense for these plans of \$0.6 and \$1.7 for the three and nine months ended June 30, 2007, respectively. We recorded pre-tax expense for these plans of \$0.5 and \$1.5 for the three and nine months ended June 30, 2006, respectively.

9. Commitments and Contingencies

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 June 30, 2007, the potential amount payable under this indemnity by the Company Parties was approximately \$58. 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, resulting from the defendants' alleged failure to install underground propane lines at depths required by applicable safety standards. In 2003, AmeriGas OLP settled the individual personal injury and property damage claims of the Swigers. In 2004, the court granted the plaintiffs' motion to include customers acquired from Columbia Propane in August 2001 as additional potential class members and the plaintiffs amended their complaint to name additional parties pursuant to such ruling. Subsequently, in March 2005, AmeriGas OLP filed a crossclaim against CEG, former owner of Columbia Propane, seeking indemnification for conduct undertaken by Columbia Propane prior to its acquisition by AmeriGas OLP. 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 defend against the remaining claims in this lawsuit.

UGI CORPORATION AND SUBSIDIARIES

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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 UGI Gas 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 UGI Gas is currently permitted to include in rates, through future base rate proceedings, prudently incurred remediation costs associated with such sites.

As a result of the PG Energy Acquisition, UGIPNG became party to a Multi-Site Remediation Consent Order and Agreement between PG Energy and the Pennsylvania Department of Environmental Protection dated March 31, 2004 ("Multi-Site Agreement"). The Multi-Site Agreement requires UGIPNG to perform annually a specified level of activities associated with environmental investigation and remediation work at eleven currently owned properties on which MGP-related facilities were operated ("Properties"). Under the Multi-Site Agreement, UGIPNG is not required to spend more than \$1.1 in any calendar year for such environmental expenditures, including costs to perform work on the Properties. Costs related to investigation and remediation of one property formerly owned by UGIPNG are also included in this cap. The Multi-Site Agreement terminates at the end of fifteen years but may be terminated by either party at the end of any two-year period beginning with the effective date.

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 four 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.

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On September 22, 2006, South Carolina Electric & Gas Company ("SCE&G"), a subsidiary of SCANA Corporation, filed a lawsuit against UGI Utilities in the District Court of South Carolina seeking contribution from UGI Utilities for past and future remediation costs related to the operations of a former MGP located in Charleston, South Carolina. SCE&G asserts that the plant operated from 1855 to 1954 and alleges that UGI Utilities controlled operations of the plant from 1910 to 1926 and is liable for 47% of the costs associated with the site. SCE&G asserts that it has spent approximately \$22 in remediation costs and \$26 in third-party claims relating to the site and estimates that future remediation costs could be as high as \$2.5. SCE&G further asserts that it has received a demand from the United States Justice Department for natural resource damages. UGI Utilities believes that it has good defenses to this claim and is defending the suit.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in the United States District 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. Citizens alleges that UGI Utilities and its predecessors owned and operated the plant from 1901 to 1928. Studies conducted by the City and Citizens suggest that it could cost up to \$18 to clean up the river. Citizens' third-party claims have been stayed pending a resolution of the City's suit against Citizens, which was tried in September 2005. Maine's Department of Environmental Protection ("DEP") informed UGI Utilities in March 2005 that it considers UGI Utilities to be a potentially responsible party for costs incurred by the State of Maine related to gas plant contaminants at this site. On June 27, 2006, the court issued an order finding Citizens responsible for 60% of the cleanup costs. On February 14, 2007, Citizens and the City entered into a settlement agreement, subject to court approval, pursuant to which Citizens agreed to pay \$7.6 in exchange for a release of its liabilities. UGI Utilities is evaluating what effect, if any, the settlement agreement would have on claims against it. UGI Utilities believes that it has good defenses to Citizens' claim and to any claim that the DEP may bring to recover its costs, and is defending the Citizens' suit.

By letter dated March 30, 1992, Atlanta Gas Light Company ("AGL") 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 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.

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The trial court granted UGI Utilities' motion for summary judgment and dismissed ConEd's complaint. The grant of summary judgment was entered April 1, 2004. ConEd appealed and on September 9, 2005 a panel of the Second Circuit Court of Appeals affirmed in part and reversed in part the decision of the trial court. The appellate panel affirmed the trial court's decision dismissing claims that UGI Utilities was liable under CERCLA as an operator of MGPs owned and operated by its former subsidiaries. The appellate panel reversed the trial court's decision that UGI Utilities was released from liability at three sites where UGI Utilities operated MGPs under lease. On October 7, 2005, UGI Utilities filed for reconsideration of the panel's order, which was denied by the Second Circuit Court of Appeals on January 17, 2006. On April 14, 2006, UGI Utilities filed a petition requesting that the United States Supreme Court review the decision of the Second Circuit Court of Appeals. On June 18, 2007, the United States Supreme Court denied UGI Utilities' petition. UGI Utilities is defending the suit.

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. By letter dated June 6, 2006, KeySpan reported that the New York Department of Environmental Conservation has approved a remedy for the site that is estimated to cost approximately \$10. KeySpan believes that the cost could be as high as \$20. UGI Utilities is in the process of reviewing the information provided by KeySpan and is investigating this claim.

On September 11, 2006, UGI Utilities received a complaint filed by Yankee Gas Services Company and Connecticut Light and Power Company, subsidiaries of Northeast Utilities, (together the "Northeast Companies") in the United States District Court for the District of Connecticut seeking 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. The Northeast Companies estimated that remediation costs for all of the sites would total approximately \$215 and asserted that UGI Utilities is responsible for approximately \$103 of this amount. Based on information supplied by the Northeast Companies and UGI Utilities' own investigation, UGI Utilities believes that it may have operated one of the sites, Waterbury North, under lease for a portion of its operating history. UGI Utilities is reviewing the Northeast Companies' estimate that remediation costs at Waterbury North could total \$23. UGI Utilities believes that it has good defenses to this claim and is defending the suit.

The French tax authorities levy taxes on legal entities and individuals regularly operating a business in France which are commonly referred to collectively as "business tax." The amount of business tax charged annually is generally dependent upon the value of certain of the entity's tangible fixed assets. Changes in the French government's interpretation of the tax laws or in the tax laws themselves could either adversely or favorably affect our results of operations.

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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 and result in losses in excess of recorded amounts. We are unable to estimate any such excess losses. 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.

10. AmeriGas Partners' Sale of Arizona Storage Facility

In February 2007, AmeriGas Partners signed a definitive agreement with Plains LPG Services, L.P. to sell its 3.5 million barrel liquefied petroleum gas storage terminal located near Phoenix, Arizona for approximately \$52. The transaction closed in July 2007 and UGI expects to realize an after-tax gain on this sale of approximately \$12 to \$13.

UGI CORPORATION AND SUBSIDIARIES

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

Forward-Looking Statements

Information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Quarterly 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) the impact of pending and future legal proceedings; (5) competitive pressures from the same and alternative energy sources; (6) failure to acquire new customers thereby reducing or limiting any increase in revenues; (7) liability for environmental claims; (8) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (9) adverse labor relations; (10) large customer, counterparty or supplier defaults; (11) 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 other LPG; (12) political, regulatory and economic conditions in the United States and in foreign countries, including foreign currency rate fluctuations, particularly in the euro; (13) reduced access to capital markets and interest rate fluctuations; (14) reduced distributions from subsidiaries; and (15) 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.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare our results of operations for (1) the three months ended June 30, 2007 ("2007 three-month period") with the three months ended June 30, 2006 ("2006 three-month period") and (2) the nine months ended June 30, 2007 ("2007 nine-month period") with the nine months ended June 30, 2006 ("2006 nine-month period"). Our analyses of results of operations should be read in conjunction with the segment information included in Note 4 to the Condensed Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES

Executive Overview

Because most of our businesses sell energy products used in large part for heating purposes, our Company's results are largely seasonal and dependent upon weather conditions, particularly during the peak-heating season months of November through March. As a result, our net income is generally highest in our first and second fiscal quarters. In addition to the effects of weather conditions, our volumes can reflect customers' responses to volatile and increasing commodity prices resulting in customer conservation. Our 2007 results include the operations of PNG Gas, the natural gas utility business that we acquired in late August 2006 (the "PG Energy Acquisition").

During the 2007 nine-month period, temperatures within our domestic business units' service territories were warmer than normal, but were slightly colder than in the prior year. Temperatures during the first half of our domestic heating season were much warmer than in the prior year, but returned to a more normal level for the remainder of the heating season. Our international operations faced temperatures significantly warmer than both normal and the prior year during the 2007 nine-month period. Despite the significant challenges of the warmer heating-season weather on our international businesses, net income during the 2007 nine-month period increased approximately 7% compared to the 2006 nine-month period. The increase in earnings primarily reflects incremental Gas Utility income principally resulting from the PG Energy Acquisition and higher income contributed by AmeriGas Propane and Electric Utility. These increases were partially offset by decreased earnings from International Propane and lower interest income because cash and investments were used to fund a portion of the PG Energy Acquisition in August 2006. Energy Services' results for the prior-year nine-month period include a \$5.3 million after-tax gain from the March 2006 sale of its 50% ownership in Hunlock Creek Energy Ventures ("Energy Ventures"). AmeriGas Propane's results during the 2006 nine-month period include an approximate \$4.6 million after-tax loss on extinguishment of debt related to January 2006 refinancings. The effective tax rate during the 2007 nine-month period was almost 2% higher than in the 2006 nine-month period principally reflecting the beneficial effects on the 2006 tax rate resulting from changes in management's estimates of taxes to be paid associated with the planned repatriation of foreign earnings. The change in estimated rates was made during the 2006 three-month period. The effective tax rate for the 2007 three-month period was 41.9% compared to 10.1% for the 2006 three-month period.

Net income by business unit:

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
	(millions of dollars)		(millions of dollars)	
Net income (loss):				
AmeriGas Propane (a)	\$ (1.6)	\$ (4.1)	\$ 46.1	\$ 32.0
International Propane	(3.3)	13.1	49.8	73.0
Gas Utility	4.3	0.8	61.8	40.7
Electric Utility	4.0	2.7	10.8	7.7
Energy Services	8.2	6.4	27.5	26.7
Corporate & Other	(0.1)	(0.2)	(2.4)	0.1
Total net income	\$ 11.5	\$ 18.7	\$ 193.6	\$ 180.2

(a) Amounts are net of minority interests in AmeriGas Partners, L.P.

UGI CORPORATION AND SUBSIDIARIES

2007 three-month period compared to the 2006 three-month period

AmeriGas Propane:

<i>For the three months ended June 30,</i>	2007	2006	Increase	
(Millions of dollars)				
Revenues	\$ 433.9	\$ 379.1	\$ 54.8	14.5%
Total margin (a)	\$ 161.8	\$ 144.7	\$ 17.1	11.8%
Partnership EBITDA (b)	\$ 30.9	\$ 20.7	\$ 10.2	49.3%
Operating income	\$ 12.1	\$ 2.9	\$ 9.2	317.2%
Retail gallons sold (millions)	182.1	171.1	11.0	6.4%
Degree days — % (warmer) than normal (c)	(6.1)%	(21.9)%	—	—

- (a) Total margin represents total revenues less total cost of sales.
- (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 segment (see Note 4 to the Condensed 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.

Based upon heating degree-day data, temperatures were 6.1% warmer than normal in the 2007 three-month period compared to 21.9% warmer than normal in the prior-year period. Retail propane volumes sold increased approximately 6% principally due to the colder weather and the effects of higher sales in our AmeriGas cylinder exchange program.

Retail propane revenues increased \$47.6 million reflecting a \$27.3 million increase due to higher average selling prices and \$20.3 million due to the higher retail volumes sold. Wholesale propane revenues in the 2007 three-month period increased \$3.4 million largely due to higher wholesale propane volumes sold. Total cost of sales increased to \$272.1 million in the 2007 three-month period from \$234.4 million in the 2006 three-month period, primarily reflecting an increase in propane product costs and the increased volumes sold. Total margin increased \$17.1 million compared to the 2006 three-month period principally due to the higher retail propane gallons sold at higher average retail margins per gallon.

Partnership EBITDA during the 2007 three-month period was \$30.9 million compared to \$20.7 million during the 2006 three-month period. The \$10.2 million increase in Partnership EBITDA reflects the increase in total margin and a \$0.7 million increase in other income partially offset by increases in operating and administrative expenses. Operating and administrative expenses increased \$7.5 million principally reflecting higher employee compensation and benefits expenses, increased vehicle costs and higher repair and maintenance expenses partially offset by a favorable reduction in general insurance expense reflecting continued improvement in claims experience.

Operating income increased \$9.2 million largely reflecting the increase in Partnership EBITDA partially offset by an increase in depreciation expense.

UGI CORPORATION AND SUBSIDIARIES

International Propane:

<i>For the three months ended June 30,</i>	2007	2006	(Decrease)	
(Millions of euros)				
Revenues	€ 109.5	€ 132.9	€ (23.4)	(17.6)%
Total margin (a)	€ 59.6	€ 71.5	€ (11.9)	(16.6)%
Operating income	€ 1.0	€ 9.8	€ (8.8)	(89.8)%
Income (loss) before income taxes	€ (4.2)	€ 8.1	€ (12.3)	(151.9)%
(Millions of dollars)				
Revenues	\$ 148.1	\$ 167.4	\$ (19.3)	(11.5)%
Total margin (a)	\$ 80.7	\$ 90.1	\$ (9.4)	(10.4)%
Operating income	\$ 1.4	\$ 11.6	\$ (10.2)	(87.9)%
Income (loss) before income taxes	\$ (5.9)	\$ 9.3	\$ (15.2)	(163.4)%
Antargaz retail gallons sold	49.6	54.0	(4.4)	(8.1)%

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

Based upon heating degree day data, temperatures in Antargaz' service territory were approximately 44.3% warmer than normal in the 2007 three-month period compared to temperatures that were approximately 21.9% warmer than normal in the 2006 three-month period. Flaga experienced similar weather across its service territories. The monthly average currency translation rate was \$1.35 per euro during the 2007 three-month period versus \$1.26 per euro during the 2006 three-month period. Antargaz' retail LPG volumes sold decreased to 49.6 million gallons in the 2007 three-month period from 54.0 million gallons in the 2006 three-month period. The decrease in Antargaz' retail volumes sold was experienced across all of Antargaz' classes of customers and was due in large part to the significantly warmer than normal weather and, to a much lesser extent, customer conservation. Flaga's volumes also declined reflecting the continued effects of the significantly warmer winter weather resulting in fewer spring fills and customer conservation.

International Propane euro-based revenues decreased during the 2007 three-month period primarily reflecting (1) a decline of approximately €10 million principally due to Antargaz' lower retail volumes sold at slightly lower LPG prices, (2) approximately €9 million in lower revenues from Antargaz' low-margin wholesale sales, and (3) the effects of lower volumes sold in Flaga's Austrian business largely due to the significantly warmer weather. International Propane's total cost of sales decreased to approximately €49.9 million in the 2007 three-month period from €61.4 million in the 2006 three-month period principally reflecting the effects of the lower wholesale sales and, to a lesser extent, the lower retail gallons sold partially offset by slightly higher average LPG product costs. Antargaz' LPG purchases are principally denominated in U.S. dollars.

Total margin decreased €11.9 million in the 2007 three-month period reflecting the lower retail volumes sold at lower average margins per retail gallon of LPG sold. In U.S. dollars, total margin decreased \$9.4 million reflecting the decrease in base-currency total margin which was partially offset by the beneficial effects of the stronger euro versus the dollar.

International Propane operating income declined €8.8 million largely reflecting the lower total margin partially offset by a slight decrease in operating and administrative expenses and a slight increase in other income.

The decrease in income before income taxes largely reflects the decline in operating income and changes in minority interest. During the 2006 three-month period, Antargaz incurred costs associated with the shut-down of one of its majority-owned filling centers a portion of which was shared by minority interests.

UGI CORPORATION AND SUBSIDIARIES

Gas Utility:

<i>For the three months ended June 30,</i>	2007	2006	Increase	
(Millions of dollars)				
Revenues	\$ 185.9	\$ 106.3	\$ 79.6	74.9%
Total margin (a)	\$ 57.7	\$ 34.7	\$ 23.0	66.3%
Operating income	\$ 16.0	\$ 6.6	\$ 9.4	142.4%
Income before income taxes	\$ 7.0	\$ 1.9	\$ 5.1	268.4%
System throughput - billions of cubic feet ("bcf")	25.4	14.3	11.1	77.6%
Degree days — % colder (warmer) than normal (b)	3.8%	(13.5)%	—	—

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

(b) Deviation from average heating degree days based upon weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") at airports located within our service territory.

Temperatures in Gas Utility's service territory based upon heating degree days were 3.8% colder than normal during the 2007 three-month period compared to 13.5% warmer than normal during the prior-year three-month period. Total distribution system throughput increased 11.1 bcf reflecting an 8.6 bcf increase from PNG Gas and a 2.5 bcf increase in UGI Gas distribution system throughput due to the colder weather.

Gas Utility revenues increased \$79.6 million during the 2007 three-month period principally reflecting \$49.8 million in revenues attributable to PNG Gas, a \$19.5 million increase in UGI Gas' revenues from low-margin off-system sales, and greater revenues from sales to UGI Gas' firm- residential, commercial and industrial ("retail core-market") customers. Increases or decreases in retail core-market customer revenues and cost of sales principally result from changes in retail core-market volumes 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 at amounts included in PGC rates. The difference between actual gas costs and the amount included in rates is deferred on the balance sheet as a regulatory asset or liability and represents amounts to be collected from or refunded to customers in a future period. As a result of this PGC recovery mechanism, 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's cost of gas was \$128.2 million in the 2007 three-month period compared to \$71.6 million in the 2006 three-month period largely reflecting PNG Gas' cost of gas and greater costs associated with the higher off-system sales.

Gas Utility total margin in the 2007 three-month period increased \$23.0 million primarily reflecting \$19.3 million of margin from PNG Gas and an increase in UGI Gas margin due to the higher distribution system throughput.

Gas Utility operating income increased to \$16.0 million in the 2007 three-month period from \$6.6 million in the 2006 three-month period principally reflecting the \$23.0 million increase in total margin partially offset by a \$10.6 million increase in operating and administrative expenses and \$3.5 million of higher depreciation and amortization expense. The increase in operating and administrative expenses and depreciation and amortization expense principally reflects incremental PNG Gas expenses.

UGI CORPORATION AND SUBSIDIARIES

The increase in Gas Utility income before income taxes reflects the higher operating income partially offset by a \$4.3 million increase in interest expense. The increase in interest expense is principally due to higher long- and short-term debt outstanding, primarily a result of the PG Energy Acquisition, and higher short-term interest rates.

Electric Utility:

<i>For the three months ended June 30,</i>	<u>2007</u>	<u>2006</u>	<u>Increase</u>	
(Millions of dollars)				
Revenues	\$ 29.8	\$ 22.9	\$ 6.9	30.1%
Total margin (a)	\$ 12.9	\$ 10.5	\$ 2.4	22.9%
Operating income	\$ 7.6	\$ 5.2	\$ 2.4	46.2%
Income before income taxes	\$ 7.0	\$ 4.6	\$ 2.4	52.2%
Distribution sales — millions of kilowatt hours ("gwh")	231.1	222.4	8.7	3.9%

(a) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e. Electric Utility gross receipts taxes, of \$1.7 million and \$1.2 million during the three-month periods ended June 30, 2007 and 2006, respectively. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Condensed Consolidated Statements of Income.

Electric Utility's 2007 three-month period kilowatt-hour sales were approximately 4.0% higher than in the prior-year period which is largely attributable to colder spring weather. Electric Utility revenues increased \$6.9 million in the 2007 three-month period largely reflecting the effects of an increase in its Provider of Last Resort ("POLR") rates effective January 1, 2007 and the increased sales. Electric Utility's cost of sales increased to \$15.2 million in the 2007 three-month period from \$11.2 million in the 2006 three-month period reflecting higher per unit purchased power costs and, to a much lesser extent, the higher kilowatt-hour sales.

Electric Utility total margin in the 2007 three-month period increased \$2.4 million reflecting the effects of the higher POLR rates and the higher sales partially offset by the higher per unit purchased power costs.

The increase in Electric Utility operating income and income before income taxes in the 2007 three-month period principally reflects the increase in total margin.

Energy Services:

<i>For the three months ended June 30,</i>	<u>2007</u>	<u>2006</u>	<u>Increase</u>	
(Millions of dollars)				
Revenues	\$ 306.8	\$ 268.7	\$ 38.1	14.2%
Total margin (a)	\$ 24.8	\$ 20.3	\$ 4.5	22.2%
Operating income	\$ 13.9	\$ 10.4	\$ 3.5	33.7%
Income before income taxes	\$ 13.9	\$ 10.3	\$ 3.6	35.0%

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

Energy Services revenues increased to \$306.8 million in the 2007 three-month period from \$268.7 million in the 2006 three-month period principally reflecting slightly higher natural gas volumes at higher natural gas prices.

Total margin increased \$4.5 million in the 2007 three-month period compared to the prior-year three-month period. The increase in total margin is primarily attributable to increased natural gas margins reflecting higher natural gas unit margins on the greater natural gas volumes.

UGI CORPORATION AND SUBSIDIARIES

The increase in Energy Services operating income and income before income taxes principally reflects the increase in total margin partially offset by a decrease in other income and increased operating expenses associated with electric generation.

2007 nine-month period compared to the 2006 nine-month period

AmeriGas Propane:

<i>For the nine months ended June 30,</i>	2007	2006	Increase	
(Millions of dollars)				
Revenues	\$ 1,860.3	\$ 1,727.5	\$ 132.8	7.7%
Total margin (a)	\$ 699.2	\$ 638.0	\$ 61.2	9.6%
Partnership EBITDA (b)	\$ 280.4	\$ 229.1	\$ 51.3	22.4%
Operating income	\$ 226.6	\$ 193.9	\$ 32.7	16.9%
Retail gallons sold (millions)	835.1	804.4	30.7	3.8%
Degree days — % (warmer) than normal (c)	(5.8)%	(10.3)%	—	—

- (a) Total margin represents total revenues less total cost of sales.
- (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 segment (see Note 4 to the Condensed 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.

Based upon heating degree-day data, temperatures in the 2007 nine-month period were 5.8% warmer than normal and 5.0% colder than in the prior-year nine-month period. Retail propane volumes sold increased approximately 4% primarily reflecting greater demand attributable to the colder weather and the effects of higher sales in our AmeriGas cylinder exchange program.

Retail propane revenues increased \$121.9 million reflecting a \$64.9 million increase due to higher average selling prices and \$57.0 million due to the higher volumes sold. Wholesale propane revenues decreased \$3.0 million principally reflecting the effects of lower wholesale volumes sold. Total cost of sales increased to \$1,161.1 million in the 2007 nine-month period from \$1,089.5 million in the 2006 nine-month period, primarily reflecting an increase in propane product costs and the increased volumes sold. Total margin increased \$61.2 million compared to the 2006 nine-month period principally due to higher average propane margins per gallon, higher volumes sold and, to a lesser extent, higher fees in response to increases in operating and administrative expenses. Our total margin also benefited from higher sales in our AmeriGas cylinder exchange program, resulting from customer growth.

Partnership EBITDA during the 2007 nine-month period was \$280.4 million compared to \$229.1 million during the 2006 nine-month period. The \$51.3 million increase in Partnership EBITDA mainly reflects the increase in total margin and the absence of a \$17.1 million loss on extinguishment of debt partially offset by a \$26.6 million increase in operating and administrative expenses and an increase in depreciation expense. Operating and administrative expenses increased principally due to higher employee compensation and benefits expenses, higher repair and maintenance expenses and increased vehicle costs.

Operating income increased \$32.7 million mainly reflecting the previously mentioned increase in Partnership EBITDA excluding the impact of the absence of the prior period's \$17.1 million loss on extinguishment of debt which is included in Partnership EBITDA but excluded from operating income.

UGI CORPORATION AND SUBSIDIARIES

International Propane:

<u>For the nine months ended June 30,</u>	2007	2006	<u>(Decrease)</u>	
(Millions of euros)				
Revenues	€ 498.2	€ 675.9	€ (177.7)	(26.3)%
Total margin (a)	€ 257.5	€ 296.7	€ (39.2)	(13.2)%
Operating income	€ 72.0	€ 101.8	€ (29.8)	(29.3)%
Income before income taxes	€ 56.6	€ 86.6	€ (30.0)	(34.6)%
(Millions of dollars)				
Revenues	\$ 657.3	\$ 817.1	\$ (159.8)	(19.6)%
Total margin (a)	\$ 339.8	\$ 359.7	\$ (19.9)	(5.5)%
Operating income	\$ 93.5	\$ 121.7	\$ (28.2)	(23.2)%
Income before income taxes	\$ 72.2	\$ 102.8	\$ (30.6)	(29.8)%
Antargaz retail gallons sold	224.8	272.1	(47.3)	(17.4)%

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

Based upon heating degree day data, temperatures in Antargaz' service territory were approximately 23.0% warmer than normal in the 2007 nine-month period compared to temperatures that were approximately 1.3% warmer than normal in the 2006 nine-month period. Flaga experienced similar weather across its service territories. The monthly average currency translation rate was \$1.32 per euro during the 2007 nine-month period versus \$1.22 per euro during the 2006 nine-month period. Antargaz' retail LPG volumes sold decreased to 224.8 million gallons in the 2007 nine-month period from 272.1 million gallons in the 2006 nine-month period. The decrease in Antargaz' retail volumes sold was experienced across all of Antargaz' classes of customers and was due in large part to the significantly warmer weather and, to a much lesser extent, customer conservation. Flaga's volumes declined largely reflecting the absence of volumes from its Czech Republic and Slovakia businesses that it contributed to Zentraleuropa LPG Holding GmbH ("ZLH"), its joint venture with a subsidiary of Progas GmbH & Co. KG, and the effects of the significantly warmer weather. The ZLH joint venture was formed in February 2006 and Flaga's 50% ownership interest in ZLH is accounted for under the equity method.

International Propane euro-based revenues decreased €177.7 million during the 2007 nine-month period primarily reflecting (1) a decline of approximately €92 million principally due to Antargaz' lower retail volumes sold at slightly lower average prices, (2) approximately €51 million in lower revenues from Antargaz' low-margin wholesale sales, (3) the absence of revenues from Flaga's Czech Republic and Slovakia businesses that were contributed to ZLH and lower revenues from its Austrian business, and (4) lower ancillary sales and services. International Propane's total cost of sales decreased to €240.7 million in the 2007 nine-month period from €379.2 million in the 2006 nine-month period largely reflecting the effects of the lower retail volumes sold coupled with lower LPG product costs and the decline in low-margin wholesale sales.

Total margin decreased €39.2 million in the 2007 nine-month period largely reflecting (1) the lower retail volumes sold partially offset by higher average margins per retail gallon of LPG sold and (2) lower margin on ancillary sales and services. In U.S. dollars, total margin declined \$19.9 million reflecting the beneficial effects of the stronger euro versus the dollar.

International Propane operating income declined €29.8 million principally reflecting the lower total margin partially offset by a €9.2 million decrease in operating and administrative expenses. The decrease in operating and administrative expenses is largely the result of decreases in Antargaz' employee compensation and benefits expenses and vehicle costs and decreases in Flaga's expenses due in part to the absence of expenses from the businesses contributed to ZLH.

UGI CORPORATION AND SUBSIDIARIES

The decrease in income before income taxes principally reflects the decrease in operating income as lower interest expense and the absence of a loss on extinguishment of debt related to Antargaz' refinancing of its High Yield Bonds in January 2006 were largely offset by changes in minority interest.

Gas Utility:

<i>For the nine months ended June 30,</i>	<u>2007</u>	<u>2006</u>	<u>Increase</u>	
(Millions of dollars)				
Revenues	\$ 919.3	\$ 622.3	\$ 297.0	47.7%
Total margin (a)	\$ 263.1	\$ 167.8	\$ 95.3	56.8%
Operating income	\$ 132.2	\$ 82.2	\$ 50.0	60.8%
Income before income taxes	\$ 102.0	\$ 67.8	\$ 34.2	50.4%
System throughput - billions of cubic feet ("bcf")	108.6	64.4	44.2	68.6%
Degree days — % (warmer) than normal (b)	(4.3)%	(8.8)%	—	—

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

(b) Deviation from average heating degree days based upon weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") at airports located within our service territory.

Temperatures in Gas Utility's service territory based upon heating degree days were 4.3% warmer than normal during the 2007 nine-month period compared to 8.8% warmer than normal during the prior-year nine-month period. Total distribution system throughput increased 44.2 bcf reflecting 39.5 bcf from PNG Gas and greater UGI Gas distribution system throughput. UGI Gas' greater distribution system throughput reflects (1) increased sales to retail core-market customers, largely reflecting the colder weather and year-over-year growth in the number of our customers partially offset by customer conservation, and (2) greater delivery service throughput.

Gas Utility revenues increased \$297.0 million during the 2007 nine-month period principally reflecting \$282.0 million in revenues attributable to PNG Gas and a \$37.5 million increase in revenues from low-margin off-system sales. These increases were partially offset by lower revenues from UGI Gas retail core-market customers as a result of lower average PGC rates. Gas Utility's cost of gas was \$656.2 million in the 2007 nine-month period compared to \$454.5 million in the 2006 nine-month period largely reflecting the effects of the PG Energy Acquisition and greater costs associated with the higher off-system sales partially offset by the lower average PGC rates.

Gas Utility total margin in the 2007 nine-month period increased \$95.3 million primarily reflecting \$84.9 million of margin from PNG Gas and an increase in UGI Gas margin.

Gas Utility operating income increased to \$132.2 million in the 2007 nine-month period from \$82.2 million in the 2006 nine-month period principally reflecting the \$95.3 million increase in total margin partially offset by a \$36.2 million increase in operating and administrative expenses and \$11.6 million higher depreciation and amortization expense. The increase in total operating and administrative expenses and depreciation and amortization expense principally reflects incremental PNG Gas expenses.

The increase in Gas Utility income before income taxes reflects the higher operating income partially offset by an increase of \$15.8 million in interest expense. The increase in interest expense is principally due to higher long- and short-term debt outstanding, primarily as a result of the PG Energy Acquisition, and higher short-term interest rates.

UGI CORPORATION AND SUBSIDIARIES

Electric Utility:

<i>For the nine months ended June 30,</i>	2007	2006	Increase	
(Millions of dollars)				
Revenues	\$ 89.6	\$ 72.2	\$ 17.4	24.1%
Total margin (a)	\$ 36.4	\$ 30.5	\$ 5.9	19.3%
Operating income	\$ 20.5	\$ 15.0	\$ 5.5	36.7%
Income before income taxes	\$ 18.6	\$ 13.1	\$ 5.5	42.0%
Distribution sales — millions of kilowatt hours ("gwh")	762.0	748.8	13.2	1.8%

(a) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e. Electric Utility gross receipts taxes, of \$5.0 million and \$4.0 million during the nine-month periods ended June 30, 2007 and 2006, respectively. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Condensed Consolidated Statements of Income.

Electric Utility's 2007 nine-month period kilowatt-hour sales increased approximately 2% compared to the 2006 nine-month period primarily from colder heating-season weather. Electric Utility revenues increased \$17.4 million in the 2007 nine-month period largely reflecting the effects of the increased POLR rates effective January 1, 2007 and, to a lesser extent, the increased sales. Electric Utility's cost of sales increased to \$48.2 million in the 2007 nine-month period from \$37.7 million in the 2006 nine-month period principally reflecting higher per unit purchased power costs.

Electric Utility total margin increased \$5.9 million during the 2007 nine-month period reflecting the effects of the higher POLR rates and, to a lesser extent, the increased sales partially offset by the higher per unit purchased power costs.

Electric Utility operating income and income before income taxes increased in the 2007 nine-month period principally reflecting the increase in total margin partially offset by a slight increase in operating and administrative expenses.

Energy Services:

<i>For the nine months ended June 30,</i>	2007	2006	Increase (Decrease)	
(Millions of dollars)				
Revenues	\$ 1,095.9	\$ 1,158.9	\$ (63.0)	(5.4)%
Total margin (a)	\$ 78.8	\$ 65.4	\$ 13.4	20.5%
Operating income	\$ 46.5	\$ 44.7	\$ 1.8	4.0%
Income before income taxes	\$ 46.5	\$ 44.6	\$ 1.9	4.3%

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

Notwithstanding the effects of a 5% increase in natural gas volumes sold and a 5% increase in electric generation kilowatt hour sales, Energy Services revenues decreased to \$1,095.9 million in the 2007 nine-month period from \$1,158.9 million in the 2006 nine-month period principally reflecting a more than 19% decline in natural gas prices.

Total margin increased \$13.4 million in the 2007 nine-month period compared to the prior-year nine-month period. The increase in total margin is primarily attributable to higher natural gas unit margins on the higher natural gas volumes sold and improved results from storage management and peaking supply services.

The increase in Energy Services operating income and income before income taxes principally reflects the increase in margin largely offset by the absence of a \$9.1 million gain on the sale of Energy Ventures that was recorded in the prior-year nine-month period and increased operating and administrative expenses associated with electric generation.

UGI CORPORATION AND SUBSIDIARIES

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

Our cash, cash equivalents and short-term investments totaled \$197.6 million at June 30, 2007 compared with \$201.0 million at September 30, 2006. Excluding cash, cash equivalents and short-term investments that reside at UGI's operating subsidiaries at June 30, 2007 and September 30, 2006, we had \$77.9 million and \$16.6 million, respectively, of cash, cash equivalents and short-term investments.

The Company's long-term debt outstanding at June 30, 2007 totaled \$2,026.9 million (including current maturities of \$14.3 million) compared to \$1,996.9 million of long-term debt (including current maturities of \$31.9 million) at September 30, 2006.

AmeriGas OLP's Credit Agreement expires in October 2011 and consists of (1) a \$125 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. 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. At June 30, 2007, there were no borrowings outstanding under the Credit Agreement. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled \$58.0 million at June 30, 2007 and was approximately the same amount outstanding during the entire nine-month period. Issued and outstanding letters of credit under the Revolving Credit Facility totaled \$58.9 million at June 30, 2006 and was approximately the same amount outstanding during the entire nine-month period. The average daily and peak bank loan borrowings outstanding under the Credit Agreement were \$2.0 million and \$92.0 million, respectively, during the 2007 nine-month period. There were no significant borrowings under the Credit Agreement during the 2006 nine-month period. AmeriGas Partners has an effective unallocated debt and equity shelf registration statement with the U.S. Securities and Exchange Commission ("SEC") under which it may issue Common Units or Senior Notes due 2016 in underwritten public offerings.

UGI Utilities has a \$350 million Revolving Credit Agreement which expires in August 2011. At June 30, 2007, UGI Utilities had \$108.0 million in borrowings outstanding under its Revolving Credit Agreement. From time to time, UGI Utilities has entered into short-term borrowings under uncommitted arrangements with major banks in order to meet liquidity needs. Short-term borrowings, including borrowings under its Revolving Credit Agreement, are classified as bank loans on the Condensed Consolidated Balance Sheets. During the 2007 and 2006 nine-month periods, average daily bank loan borrowings were \$173.4 million and \$111.8 million, respectively, and peak bank loan borrowings totaled \$259.0 million and \$175.9 million, respectively. Peak borrowings typically occur during the peak heating season months of December and January. The increase in average and peak bank loan borrowings during the 2007 nine-month period principally reflects borrowings to fund the working capital of PNG Gas. In June 2007, UGI Utilities refinanced \$20 million of its maturing 7.17% Medium-Term Notes with proceeds from the issuance of \$20 million of 6.17% Medium-Term Notes due June 2017. UGI Utilities also has an effective shelf registration statement with the SEC under which it may issue up to an additional \$55 million of Medium-Term Notes or other debt securities.

UGI CORPORATION AND SUBSIDIARIES

Energy Services has a receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in April 2009. The maximum level of funding available at any one time from this facility is \$200 million. 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 some or all of the receivables to a commercial paper conduit of a major bank. 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 Statement of Financial Accounting Standards ("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 the nine months ended June 30, 2007 and 2006, Energy Services sold trade receivables totaling \$1,011.0 million and \$1,073.4 million, respectively, to ESFC. During the nine months ended June 30, 2007 and 2006, ESFC sold an aggregate \$433.5 million and \$724.5 million, respectively, of undivided interests in its trade receivables to the commercial paper conduit. At June 30, 2007, the outstanding balance of ESFC receivables was \$90.4 million which is net of \$5.5 million that was sold to the commercial paper conduit. At June 30, 2006, the outstanding balance of ESFC receivables was \$30.2 million which is net of \$42.0 million that was sold to the commercial paper conduit.

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") to Energy Services. At June 30, 2007, there were no letters of credit outstanding. Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires in April 2008.

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, LPG, electricity and other energy products 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 accounts receivable and/or inventories, is generally greatest. AmeriGas Propane and UGI Utilities primarily use bank loans to satisfy their seasonal operating cash flow needs. Energy Services uses its Receivables Facility to satisfy its operating cash flow needs. Antargaz has historically been successful funding its operating cash flow needs without the use of its revolver.

Cash flow provided by operating activities was \$356.8 million in the 2007 nine-month period compared with \$192.2 million in the 2006 nine-month period. Cash flow from operating activities before changes in operating working capital was \$485.7 million in the 2007 nine-month period compared with \$404.4 million in the prior-year nine-month period largely reflecting greater non-cash charges and, to a lesser extent, the higher income. Changes in operating working capital used \$128.9 million in the 2007 nine-month period and \$212.2 million in the 2006 nine-month period largely reflecting the effects of changes in accounts receivable, inventories, accounts payable and customer deposits and advances.

Investing Activities. Investing activity cash flow is principally affected by capital expenditures and investments in property, plant and equipment, cash paid for acquisitions of businesses, changes in short-term investments and proceeds from sales of assets. Net cash used in investing activities was \$167.6 million in the 2007 nine-month period compared to \$177.0 million in the prior-year period. During the 2007 nine-month period, AmeriGas Propane acquired retail propane distribution and cylinder refurbishment businesses totaling approximately \$27.8 million. Also during the 2007 nine-month period, UGI Utilities received cash as a result of the PG Energy Acquisition working capital settlement.

UGI CORPORATION AND SUBSIDIARIES

Financing Activities. Cash flow used by financing activities was \$209.6 million in the 2007 nine-month period compared with \$54.1 million in the prior-year nine-month period. Financing activity cash flow changes are primarily due to issuances and repayments of long-term debt, net bank loan borrowings, dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units, and proceeds from issuances of AmeriGas Partners Common Units and UGI Common Stock. As previously mentioned, UGI Utilities refinanced \$20 million of its maturing 7.17% Medium-Term Notes with proceeds from the issuance of \$20 million of 6.17% Medium-Term Notes due 2017.

We paid cash dividends on UGI Common Stock of \$57.1 million and \$54.1 million during the 2007 and 2006 nine-month periods, respectively. During the 2007 nine-month period, the Partnership declared and paid quarterly distributions on its limited partner units for the quarters ended March 31, 2007, December 31, 2006 and September 30, 2006.

UGI Common Dividends and AmeriGas Partners Distributions

On April 24, 2007, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to \$0.185 per common share or \$0.74 per common share on an annual basis. The new quarterly dividend rate was effective with the dividend payable on July 1, 2007 to shareholders of record on June 15, 2007. On July 31, 2007, UGI's Board of Directors declared a quarterly dividend on UGI Common Stock of \$0.185 per common share payable on October 1, 2007 to shareholders of record on September 15, 2007.

On April 23, 2007, AmeriGas Propane's Board of Directors approved an increase in its quarterly distribution rate on AmeriGas Partners Common Units to \$0.61 per Common Unit or \$2.44 per Common Unit on an annual basis. The new quarterly distribution rate was effective with the distribution paid on May 18, 2007 to unitholders of record on May 10, 2007. In addition, on July 30, 2007, AmeriGas Propane's Board of Directors approved a distribution of \$0.86 per Common Unit payable on August 18, 2007 to unitholders of record on August 10, 2007. This distribution includes the regular quarterly distribution of \$0.61 per Common Unit and \$0.25 per Common Unit reflecting a distribution of a portion of the proceeds from the Partnership's July 2007 sale of its Arizona storage facility.

Generally, the percentage of AmeriGas Partners' cash distributions to the General Partner increases when the amount of any distribution to the limited partners exceeds \$0.605 per Common Unit. Accordingly, beginning with the partnership distribution of \$0.61 per Common Unit paid on May 18, 2007, the General Partner received a greater percentage of the total partnership distribution than its general partner ownership interest of 1%, but only with respect to the total amount distributed by which the distribution per Common Unit to limited partners exceeded \$0.605.

PG Energy Acquisition

On August 24, 2006, UGI Utilities acquired certain assets and assumed certain liabilities of Southern Union Company's ("SU's") PG Energy Division, a natural gas distribution utility located in northeastern Pennsylvania, and all of the issued and outstanding stock of SU's wholly-owned subsidiary, PG Energy Services, Inc., pursuant to a Purchase and Sale Agreement, as amended, between SU and UGI dated January 26, 2006 (the "Agreement"). On August 24, 2006 and in accordance with the terms of the Agreement, UGI Utilities paid SU \$580 million in cash. Pursuant to the terms of the Agreement, the purchase price was subject to a working capital adjustment equal to the difference between \$68.1 million and the actual working capital as of the closing date agreed to by both UGI Utilities and SU. In March 2007, UGI Utilities and SU reached an agreement on the working capital adjustment pursuant to which SU paid UGI Utilities \$23.7 million in cash. See Note 2 to Condensed Consolidated Financial Statements.

UGI CORPORATION AND SUBSIDIARIES

Utility Regulatory Matters

In an order entered on November 30, 2006, the PUC approved a settlement of the base rate proceeding of PG Energy (PNG Gas). The settlement provided for an increase in natural gas distribution base rates of \$12.5 million annually or approximately 4%, effective December 2, 2006.

In accordance with POLR settlements approved by the PUC, Electric Utility may increase its POLR rates up to certain limits through December 31, 2009. In accordance with these settlements, Electric Utility increased its POLR rates by 4.5% on January 1, 2005 and 3% on January 1, 2006 (a total of 7.5% above the total rates in effect on December 31, 2004). Electric Utility also increased its POLR rates for all metered customers effective January 1, 2007 which increased the average cost to residential customers by approximately 35% over such costs in effect during calendar year 2006.

Antargaz Tax Matter

The French tax authorities levy taxes on legal entities and individuals regularly operating a business in France which are commonly referred to collectively as "business tax." The amount of business tax charged annually is generally dependent upon the value of certain of the entity's tangible fixed assets. Changes in the French government's interpretation of the tax laws or in the tax laws themselves could adversely or favorably affect our results of operations.

AmeriGas Partners' Sale of Arizona Storage Facility

In February 2007, AmeriGas Partners signed a definitive agreement with Plains LPG Services, L.P. to sell its 3.5 million barrel liquefied petroleum gas storage terminal located near Phoenix, AZ for approximately \$52 million. The transaction closed in July 2007 and UGI expects to realize an after-tax gain on this sale of approximately \$12 million to \$13 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and 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 volatility of LPG market price risk, the Partnership uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts and Antargaz hedges a portion of its future U.S. dollar denominated LPG product purchases through the use of forward foreign exchange contracts. Antargaz may also enter into other contracts, similar to those used by the Partnership. Flaga has and may use derivative commodity instruments to reduce market risk associated with a portion of its propane purchases. Currently, Flaga's hedging activities are not material to the Company's financial position or results of operations. Over-the-counter derivative commodity instruments utilized 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.

UGI CORPORATION AND SUBSIDIARIES

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 periodic adjustments 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 Gas Utility.

Electric Utility purchases power from wholesale 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. 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, 2009. With respect to its existing fixed-price power and capacity contracts, should any of the counterparties fail to provide electric power or capacity under the terms of such contracts, any increases in the cost of replacement power or capacity could negatively impact Electric Utility results. In order to reduce this nonperformance risk, Electric Utility has diversified its purchases across several suppliers and entered into bilateral collateral arrangements with certain of them. From time to time, Electric Utility enters into electric price swap agreements to reduce the volatility in the cost of a portion of its anticipated electricity requirements.

In order to manage market price risk relating to substantially all of Energy Services' fixed-price sales contracts for natural gas, Energy Services purchases exchange-traded and over-the-counter natural gas futures contracts or enters into fixed-price supply arrangements. Energy Services' 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. At June 30, 2007, Energy Services had \$16.6 million of restricted cash on deposit in such margin accounts. 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 electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, 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.

Asset Management has entered and may continue to enter into fixed-price sales agreements for a portion of its propane sales. In order to manage the market price risk relating to substantially all of its fixed-price sales contracts for propane, Asset Management enters into price swap and option contracts.

UGI CORPORATION AND SUBSIDIARIES

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 and borrowings under UGI Utilities' Revolving Credit Agreement 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 its variable-rate long-term debt through June 2011 through the use of interest rate swaps. Flaga has effectively fixed a substantial portion of its long-term debt through September 2011 through the use of an interest rate swap. At June 30, 2007, combined borrowings outstanding under these agreements, excluding Antargaz' and Flaga's effectively fixed-rate debt, totaled approximately \$117.2 million. 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 near to medium term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at June 30, 2007. 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 June 30, 2007. 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; (4) the three-month LIBOR and the three- and six-month Euribor and; (5) value of the euro versus the U.S. dollar. Gas Utility's exchange-traded natural gas call option and futures contracts are excluded from the table below because any associated net gains are included in Gas Utility's PGC recovery mechanism.

(Millions of dollars)	<u>Fair Value</u>	<u>Change in Fair Value</u>
June 30, 2007:		
Propane commodity price risk	\$ 3.2	\$ (17.7)
Natural gas commodity price risk	(7.6)	(12.1)
Electricity commodity price risk	2.6	(0.6)
Interest rate risk	28.2	(13.2)
Foreign currency exchange rate risk	(5.5)	(16.9)

Because our derivative instruments generally qualify as hedges under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("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.

Our primary exchange rate risk is associated with 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. We use derivative instruments to hedge portions of our net investments in foreign subsidiaries ("net investment hedges"). Realized gains or losses remain in other comprehensive income until such foreign operations are liquidated. At June 30, 2007, the fair value of unsettled net investment hedges was a loss of \$2.6 million, which is included in foreign currency exchange rate risk in the table above. With respect to our net investments in Flaga and Antargaz, a 10% decline in the value of the euro versus the U.S. dollar, excluding the effects of any net investment hedges, would reduce their aggregate net book value by approximately \$53.6 million, which amount would be reflected in other comprehensive income.

UGI CORPORATION AND SUBSIDIARIES

ITEM 4. 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 Principal 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 Principal 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 (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding disclosure.

(b) Change in Internal Control over Financial Reporting

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

UGI CORPORATION AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the information presented below and the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006, which could materially affect our business, financial condition or future results. The risks described below and in our Annual Report on Form 10-K are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

The expansion of our international business means that we will face increased risks, which may negatively affect our business results.

Our acquisition of Antargaz in March of 2004 significantly increased our international presence. As we continue to add new subsidiaries and enter into new joint ventures in countries around the world, we face risks in doing business abroad that we do not face domestically. Certain aspects inherent in transacting business internationally could negatively impact our operating results, including:

- costs and difficulties in staffing and managing international operations;
- tariffs and other trade barriers;
- difficulties in enforcing contractual rights;
- longer payment cycles;
- local political and economic conditions;
- potentially adverse tax consequences, including restrictions on repatriating earnings and the threat of "double taxation;"
- fluctuations in currency exchange rates, which can affect demand and increase our costs; and
- regulatory requirements and changes in regulatory requirements, including French and EU competition laws that may adversely affect the terms of contracts with customers, and strict regulations applicable to the storage and handling of LPG.

In June 2005, officials from France's General Division of Competition, Consumption and Fraud Punishment ("DGCCRF") conducted an unannounced inspection of, and obtained documents from, Antargaz' headquarters building. Management believes that the DGCCRF performed similar unannounced inspections and document seizures at the locations of other distributors of LPG in France, as well as the industry association, Comité Français du Butane et du Propane ("CFBP"). The DGCCRF apparently sought evidence of unlawful anticompetitive activities affecting the packaged LPG (i.e., cylinder) business in northern France.

UGI CORPORATION AND SUBSIDIARIES

Antargaz did not have any further contact with the DGCCRF regarding this matter until February 2007, when it received a letter from the DGCCRF requesting documents and information relating to Antargaz' pricing policies and practices. In March 2007, the DGCCRF requested additional information from Antargaz and three joint ventures in which it participates. Based on these requests, it appears that the DGCCRF has expanded the scope of its investigation to include both bulk and cylinder markets throughout France. The Company believes Antargaz is not in violation of France's competition laws.

Based on a March 2007 newspaper article, we believe that France's Conseil de la Concurrence ("Competition Council") is conducting a related investigation regarding alleged concerted behavior among certain distributors of LPG in France. The article stated that one of the companies under investigation had applied for leniency, pursuant to the French law that allows a company to offer evidence of anti-competitive behavior in exchange for partial or total amnesty from financial sanctions. The company seeking leniency may present testimony or other evidence of anti-competitive activities that are adverse to Antargaz' interests. As a part of any investigation, the Competition Council and the DGCCRF may uncover information from other sources, including customers, suppliers or employees of Antargaz and other LPG companies, that may be adverse to Antargaz' interests.

Management intends to continue to cooperate with the DGCCRF investigation and any investigation that may be initiated. At this time, the French authorities have not made any claim against Antargaz. However, in the event a claim is made against Antargaz and it is found to have violated the competition laws in France, it would be subject to civil penalties up to a maximum of 10% of the total annual revenues of UGI.

ITEM 6. EXHIBITS

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

<u>EXHIBIT NO.</u>	<u>EXHIBIT</u>	<u>REGISTRANT</u>	<u>FILING</u>	<u>EXHIBIT</u>
10.1	Multi-Currency Facility Offer dated May 21, 2007 between Zentraleuropa LPG Holding GmbH and Raiffeisen Zentralbank Österreich Aktiengesellschaft.			
10.2	Guarantee Agreement, dated May 21, 2007, between UGI Corporation, as Guarantor, and Raiffeisen Zentralbank Österreich Aktiengesellschaft, as Beneficiary, relating to the Multi Currency Working Capital Facility dated May 21, 2007 between Zentraleuropa LPG Holding GmbH and RZB.			
10.3	Extension of Guarantee Agreement dated July 26, 2006, between UGI Corporation, as Guarantor, and Raiffeisen Zentralbank Österreich Aktiengesellschaft ("RZB"), as Beneficiary, relating to the extension of the Working Capital Facility Agreement dated July 26, 2006, between RZB and Flaga GmbH.	UGI Corporation	Form 8-K (7/31/07)	

UGI CORPORATION AND SUBSIDIARIES

<u>EXHIBIT NO.</u>	<u>EXHIBIT</u>	<u>REGISTRANT</u>	<u>FILING</u>	<u>EXHIBIT</u>
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2007, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2	Certification by the Principal Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2007, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32	Certification by the Chief Executive Officer and the Principal Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2007, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			

UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

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

UGI Corporation
(Registrant)

Date: August 9, 2007

By: /s/ John L. Walsh
John L. Walsh
President and Chief Operating
Officer
(Principal Financial Officer)

Date: August 9, 2007

By: /s/ Michael J. Cuzzolina
Michael J. Cuzzolina
Vice President-Accounting and
Financial Control and Chief Risk
Officer

UGI CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

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31.2	Certification by the Principal Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2007, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification by the Chief Executive Officer and the Principal Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2007, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Zentraleuropa LPG Holding GmbH
Flaga Straße 1
2100 Leobendorf
Austria

Raiffeisen Zentralbank Österreich
Aktiengesellschaft
Am Stadtpark 9
1030 Vienna
Austria

Bratislava, May 21, 2007

Re: Multi Currency Facility Offer

Dear Sirs,

We, Zentraleuropa LPG Holding GmbH, an Austrian company registered under FN 276576 f in the commercial register (Firmenbuch) of the Landesgericht Korneuburg with its seat at Leobendorf and its business address at Flaga Strasse 1, 2100 Leobendorf, herewith offer Raiffeisen Zentralbank Österreich Aktiengesellschaft to enter with us into the following Multi Currency Facility Agreement (for the sake of clarification it is hereby stated that up to now such Multi Currency Facility Agreement has not been entered into in whatever form):

Quote

Facility Agreement

entered into by and between

Zentraleuropa LPG Holding GmbH, Flaga Straße 1, 2100 Leobendorf, Austria (attention: Managing Director (Josef F. Weinzierl); email: weinzierl@flaga.at) (the "**Borrower**"),

and

Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, 1030 Vienna, Austria (attention: Peter Straubinger; email: peter.straubinger@rzb.at) (the "**Lender**").

Loan Offer

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1. FACILITY

- 1.1 The Bank shall make available to the Borrower a credit facility (" **Facility**") in an aggregate maximum amount of EUR 8,000,000 (eight million Euro) ("**Facility Amount**"), which amount may be, at the Borrower's option, reduced to EURO 7,000,000 (seven million Euro) upon five Business days prior written notice delivered by the Borrower to the Lender (The "**Maximum Facility Amount**").
- 1.2 The facility can be utilised as follows:
- (i) As an overdraft facility ("**Overdraft Facility**") available on the account of the Borrower with the Lender account no. 1-04.065.108/EUR ("**EUR-Current Account**" or "**Overdraft Account**").
 - (ii) As a revolving facility ("**Revolving Facility**") for Advances made available to the Borrower for the Term selected by the Borrower in the Request Form. **Advance** means each part of the Facility Amount made available to the Borrower under the Revolving Facility agreed in this Agreement or (as the context requires) the principal amount thereof for the time being outstanding. The Revolving Facility can be utilized in the form of fixed term advances as multi-currency credit facility in EURO (EUR), Polish Zloty (PLN), Czech Koruna (CZK), Slovak Koruna (SKK), Hungarian Forint (HUF) and Romanian Lei (RON) (each a "**Permitted Currency**"), including with regard to foreign currency accounts of the Borrower with the Lender account no. PLN 36-54.065.107, SKK: 38-54.065.1107, CZK: 88-54.065.107, RON: 95-54.065.107 and HUF 98-54.065.107 (together "**Foreign Currency Current Accounts**"; the EUR-Current Account and the Foreign Currency Current Accounts together "**Current Accounts**").
 - (iii) As a guarantee facility ("**Guarantee Facility**") under which the Lender agrees to issue guarantees in EUR or foreign currency upon request of the Borrower.

PROVIDED that the aggregate of the amounts outstanding under the Overdraft Facility together with the amounts outstanding under the Revolving Facility and the Guarantee Facility must not exceed the Maximum Facility Amount.

2. PURPOSE

- 2.1 The Advances and the Overdraft Facility shall be used to fund the general financing requirements of the Borrower.

- 2.2 Except as provided in clause 2.1, the Borrower shall use all amounts borrowed under this Agreement for providing working capital to its subsidiaries.
- 2.3 Except for its undertakings in clause 4.4, the Lender is not bound to monitor or verify the application of any amount borrowed under this Agreement.

3. CONDITIONS OF UTILIZATION

- 3.1 The Borrower may not utilize the Facility unless the following conditions precedent have been fulfilled:
- (i) This Agreement has been duly executed and come into full force and effect; and
 - (ii) the guarantee agreement referred to in clause 11.1 (i) (the "**Guarantee Agreement**") has been duly signed and come into full force and effect; and
 - (iii) the rights and interests of the Lender under the Guarantee Agreement (together with this Agreement the "**Finance Documents**") have been created in a valid, binding and enforceable manner; and
 - (iv) the representations and warranties set forth in clause 9.1 are true and correct; and
 - (v) no event or circumstance as specified in clause 12.1 (a "**Default**"), which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an event of default as defined in clause 12.1 (an "**Event of Default**"), has occurred or threatens to occur.
 - (vi) the Lender has received the documents and other evidence listed in Schedule 1, and it has found such documents in form and substance acceptable and satisfactory to it.

4. UTILIZATION, REQUESTS FOR GUARANTEES

Overdraft Facility

- 4.1 The Borrower may utilize the Overdraft Facility by giving the Lender payment orders or debit instructions in respect of the Overdraft Account exclusively in EURO. Notwithstanding the aforementioned all possible present and future amounts outstanding on the Foreign Currency Current Accounts shall be considered as outstanding under the Overdraft Facility. Each amount of the respective payment order or debit instruction, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount. Each payment order and debit instruction shall be irrevocable.

- 4.2 Subject to the terms of this Agreement, the Lender shall comply with the payment orders and debit instructions referred to in clause 4.1 and debit the EUR-Current Account accordingly.

Revolving Facility

- 4.3 The Borrower may utilize the Facility on a revolving basis by delivery to the Lender of a duly completed Request Form in the form of Schedule 2 (a "**Request Form**") to be received by the Lender no later than 11 a.m. CET on the day falling three (3) Business Days before the proposed disbursement date, provided always that:

- (i) the Request Form shall specify the requested Permitted Currency of the Advance; and
- (ii) [intentionally left blank]; and
- (iii) the amount of the requested Advance shall be at least EURO 100,000 or its equivalent in a Permitted Currency; and
- (iv) the term of the requested Advance (the "**Term**") shall be one (1), two (2), three (3) or six (6) months. **Term** means the period of 1, 2, 3 or 6 months from the Request Form Date until the Repayment Date of an Advance, but no Repayment shall be later than the Final Maturity Date; and
- (v) the terms of the requested Advance shall not extend beyond 364 days after the acceptance of this offer (the "**Final Maturity Date**"); and
- (vi) the amount of the requested Advance, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

Each Request Form shall be irrevocable.

- 4.4 Subject to the terms of this Agreement, the Lender shall disburse to the Borrower the amount of the requested Advance on the disbursement date as proposed by the Borrower in its Request Form by transfer to the following Foreign Currency Current Accounts held by the Borrower with the Lender depending on the currency in which the Advance is utilized:

- EUR 1-04.065.108
- - PLN 36-54.065.107
- - SKK 38-54.065.107
- - CZK 88-54.065.107
- - RON 95-54.065.107
- - HUF 98-54.065.107

Guarantee Facility

- 4.5 The Borrower may utilize the Guarantee Facility by giving the Lender instructions to issue payment or performance guarantees (each a "Guarantee"), provided always that:
- (i) each instruction shall (a) specify the beneficiary, the amount, the date of issue and the date of expiry of the requested Guarantee, and (b) have the wording of the requested Guarantee attached to it; and
 - (ii) the term of the requested Guarantee is not more than 24 months from issuing of the Guarantee; and
 - (iii) the wording of the requested guarantee is acceptable to the lender in form and substance; and
 - (iv) the amount of the requested guarantee, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

Each instruction to issue a Guarantee shall be irrevocable.

- 4.6 Subject to the terms of this Agreement, the Lender shall issue the requested Guarantees.
- 4.7 Should Guarantees issued by the Lender according to this Agreement under the Guarantee Facility be drawn in a foreign currency and if there does not exist a Foreign Currency Current Account of the Borrower with the Lender for the relevant foreign currency in which said Guarantee is so drawn, the Lender shall inform the Borrower and shall debit the amounts so drawn to the EUR-Current Account unless the Borrower provides the amounts in the relevant foreign currency within two (2) Business Days. The Lender will convert amounts paid under a Guarantee into EURO on the basis of the daily exchange rate as of the date of the instruction to issue the Guarantee. Insofar as there is no cover for these amounts in the EUR-Current Account, the Borrower shall immediately pay these amounts to the Lender for credit and deposit on the EUR-Current Account.
- 4.8 Under this Agreement, a Business Day means a day on which banks in Vienna, or (for the purpose of payments in currencies other than EUR) at the principal financial centre of the relevant currency, are open for the transaction of general business, or (for the purpose of payments in EUR) which is a TARGET Day. TARGET Day means a day on which TARGET is open for the settlement of payments in EUR ("TARGET" meaning Trans-European Automated Real-time Gross Settlement Express Transfer payment system).

5 REPAYMENT

Overdraft Facility

- 5.1 The Borrower shall repay all amounts outstanding under the Overdraft Facility at latest 364 days after the acceptance of this offer (the "**Final Maturity Date**").

Revolving Facility

- 5.2 The Borrower shall repay each Advance on the last day of its Term together with accrued interest. All amounts outstanding shall be repaid on the Final Maturity Date.
- 5.3 The Borrower may at any time, if it gives the Lender not less than five (5) Business Days prior notice, prepay the whole or any part of an Advance plus Break Costs. For the purpose of this Agreement "**Break Costs**" means the amount (if any) by which the interest which the Lender should have received for the period from the date of receipt of an Advance to the last day of the Term of the relevant Advance had the Advance received been paid on the last day of that Term exceeds the amount which the Lender would be able to obtain by placing an amount equal to that Advance received by it on deposit with a leading bank in the relevant interbank market for a period starting on the Business Day following receipt or recovery of the prepayment and ending on the last day of the current Term.
- 5.4 Subject to clause 4.3, the Borrower may re-borrow any amount repaid or pre-paid under this Agreement.

Guarantee Facility

- 5.5 In case a payment demand is made by the beneficiary under a Guarantee, the Lender will send a notice to the Borrower informing the Borrower of such payment demand, and specifying (a) the amount to be made, and (b) the account to which the reimbursement amount is to be transferred. The Borrower shall make each reimbursement in accordance with the respective notice of the Lender.
- 5.6 From date a payment demand is made by a beneficiary under a Guarantee until the date the Lender has been fully reimbursed by the Borrower in accordance with clause 5.5 the Lender shall not be obliged to issue any further Guarantee.
- 5.7 The Borrower shall pay the Lender all amounts outstanding under the Guarantee Facility at the latest on the day falling 364 days after the acceptance of this offer (the "**Expiry Date**")

5.8 In case that a Guarantee issued extends beyond the Expiry Date for whatever reason (e.g. an extend or pay request is made by the beneficiary), the Borrower shall either provide the Lender with a cash deposit in an amount equal to the aggregate commitment of the Lender under that Guarantee then outstanding as security for all reimbursement claims of the Lender against the Borrower that may arise in connection with these Guarantees or return the Guarantee together with a waiver by the beneficiary of all rights under the Guarantee.

6. INTEREST

Overdraft Facility

6.1 The rate of interest on the amounts outstanding under the Overdraft Facility shall be the percentage rate per annum which is the aggregate of:

- (i) the EONIA (as defined in clause 6.2) or regarding outstanding permitted currencies the relevant Refinancing Rate (as defined in clause 6.11 below); and
- (ii) a margin of 50.00 (fifty point zero) basis points; and
- (iii) the applicable Mandatory Cost, if any, being the percentage rate per annum calculated by the Lender in accordance with Schedule 4.

6.2 EONIA (EURO OVERNIGHT INDEX AVERAGE) means

- (i) the rate for overnight deposits in EURO calculated by the European Central Bank and appearing on the Reuters EONIA page (or the relevant page of the TELERATE or Bloomberg system, or any successor to any of the aforementioned pages) at about 7 p.m. Central European Time, or
- (ii) if no such page is then available, the rate being the arithmetic mean (rounded up to three decimal places) of rates quoted to the Lender by three reference banks taking part in the daily EURIBOR-fixing procedure (to be selected by the Lender at its sole discretion) for EURO overnight moneys, or
- (iii) if no such quotes are then available, the rate equal to the actual costs of funding incurred by the Lender.

EONIA will be determined by the Lender on a daily basis.

- 6.3 Interest under the Overdraft Facility shall be calculated for the amount outstanding from time to time on the Overdraft Account on the basis of the actual number of days elapsed in a year of 360 days. Such calculation shall be made by the Lender on a daily basis.
- 6.4 Interest on the amounts outstanding under Overdraft Facility shall be paid by the Borrower to the Lender on the last Business Day of each quarter of a Calendar year.

Revolving Facility

- 6.5 The interest period for an Advance shall be the period from the date of its utilization until the last day of its Term or, as the case may be, the effective date of the prepayment of the entire amount of such Advance pursuant to clause 5.3.
- 6.6 The rate of interest on an Advance outstanding shall be the percentage rate per annum which is the aggregate of:
- (i) The applicable Indicator (as defined in clause 6.7); and
 - (ii) a margin of 50.00 (fifty point zero) basis points; and
 - (iii) the applicable Mandatory Cost, if any, being the percentage rate per annum calculated by the Lender in accordance with Schedule 4.

6.7 "Indicator" means

a) In case of an Advance in EURO the applicable EURIBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in EURO for a term comparable to the relevant interest period which appears on the Reuters page "EURIBOR 01" (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in EURO offered by three major banks on the European interbank market selected by the Lender, at or about 11 a.m. (Vienna time) on the second TARGET Day before the commencement of the respective interest period.

b) in case of an Advance in Polish Zloty the applicable WIBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in Polish Zloty for a term comparable to the relevant interest period which appears on the Reuters Screen Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Polish Zloty offered by three major banks on the Warsaw interbank market selected by the Lender, at or about 11 a.m. (Warsaw time) on the second Business Day before the commencement of the respective interest period.

c) In case of an Advance made in Czech Koruna the applicable PRIBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in Czech Koruna for a term comparable to the relevant interest period which appears on the Reuters Screen PRBO Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Czech Koruna offered by three major banks on the Prague interbank market selected by the Lender, at or about 11 a.m. (Prague time) on the second Business Day before the commencement of the respective interest period.

d) In case of an Advance made in Slovak Koruna the applicable BRIBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in Slovak Koruna for a term comparable to the relevant interest period which appears on the Reuters Screen BRBO Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Slovak Koruna offered by three major banks on the Bratislava interbank market selected by the Lender, at or about 11 a.m. (Bratislava time) on the second Business Day before the commencement of the respective interest period.

e) In case of an Advance made in Hungarian Forint the applicable BUBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in Hungarian Forint for a term comparable to the relevant interest period which appears on the Reuters Screen BUBOR Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Hungarian Forint offered by three major banks on the Budapest interbank market selected by the Lender, at or about 11 a.m. (Budapest time) on the second Business Day before the commencement of the respective interest period.

f) In case of an Advance made in Romanian Lei the applicable RONIBOR:

- (i) the rate per annum (rounded up to three decimal places) for deposits in Romanian Lei for a term comparable to the relevant interest period which appears on the Reuters Screen ROBOR Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or

- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Romanian Lei offered by three major banks on the Bucharest interbank market selected by the Lender, at or about 11 a.m. (Bucharest time) on the second Business Day before the commencement of the respective interest period.

6.8 Interest shall be calculated for each interest period of an Advance on the basis of actual number of days elapsed in a year of 360 days.

6.9 Interest for each Advance shall be paid by the Borrower to the Lender on the last day of its Term.

6.10 **Mandatory Cost Rate** means the costs determined by the Lender, and expressed as a percentage rate, of the Lender's compliance with the minimum reserve requirements of the European Central Bank or any other competent central bank or banking supervisory authority.

6.11 **Refinancing Rate** means the rate determined by RZB to be its actual costs for the refinancing of the aggregate amount outstanding on the relevant Foreign Currency Current Account from time to time in the relevant interbank market on a daily basis.

7. FEES, COSTS AND EXPENSES, INDEMNITIES

7.1 The Borrower shall pay the Lender a commitment fee of 12.50 (twelve point fifty) basis points per annum on the balance from time to time between the Maximum Facility Amount on the one hand and the aggregate outstanding amounts under the Facility (including under the Overdraft Facility and all issued Guarantees under the Guarantee Facility) on the other hand. The commitment fee shall be calculated for each calendar quarter on the basis of the actual number of days elapsed in a year of 360 days, and it shall be paid in arrears on the last Business Day of the calendar quarter for which it is calculated.

7.2 For each Guarantee issued under the Guarantee Facility, the Borrower shall pay the Lender:

- (i) on the relevant issuance date an issuance fee in the amount of EURO 53.00; and
- (ii) a guarantee fee of 25.00 (twenty-five point zero) basis points per annum on the maximum Guarantee amount. The guarantee fee shall be calculated during the validity of the Guarantee, and it shall be payable in respect of a certain Guarantee for each calendar quarter in advance on the relevant issuance date and, thereafter, on the last Business Day before the calendar quarter for which it is payable.

- 7.3 The Borrower shall bear and pay all costs of the legal opinions mentioned in Schedule 1. Furthermore, the Borrower shall bear, and it shall pay the Lender within seven (7) Business Days of demand by the Lender, all reasonable out of pocket costs and expenses of whatever nature incurred by the Lender, after the acceptance by the Lender of the present offer to enter into this Agreement, in connection with the implementation of this Agreement including, without limitation, costs and expenses arising in connection with the preservation, protection or enforcement of the Lender's rights under this Agreement. Moreover, the Borrower shall bear, and it shall pay the Lender within seven (7) Business Days of demand by the Lender, any taxes or duties of whatever nature incurred by the Lender in connection with any of the Finance Documents including, without limitation, taxes or duties arising under the Austrian Duties Act (österreichisches Geb✓hrengesetz).
- 7.4 The Borrower shall, within seven (7) Business days of demand by the Lender, reimburse the Lender for any incremental costs incurred by the Lender, after the acceptance by the Lender of the present offer to enter into this Agreement, in connection with the making or maintaining of, or the commitment to make, the Facility available to the Borrower which result from the introduction of, or any change in, any applicable law or other legal regulation, or any change in the interpretation or application thereof by any governmental or regulatory authority charged with the administration thereof. The Borrower shall not be required to reimburse the Lender for increased costs attributable to any change in the rate of tax on the general income of Lender, or amounts the Lender has been compensated for pursuant to clause 8.2.
- 7.5 Notwithstanding, and without prejudice to, any other rights and claims of the Lender, the Borrower shall, within seven (7) Business Days of demand by the Lender, indemnify the Lender against any cost, loss or liability reasonably incurred by the Lender as a result of:
- (i) the occurrence of any Event of Default; and/or
 - (ii) a failure by the Borrower to comply with any of its obligations under or in connection with this Agreement; and/or
 - (iii) funding, or making arrangements to fund, any Advance requested by the Borrower but not made by reason of the operation of any provisions of this Agreement (other than by reason of default or negligence by that Lender alone); and/or

- (iv) the Advance (or part of the Advance) not being prepaid in accordance with a notice of Prepayment given by the Borrower.

8. PAYMENTS

8.1 All payments due from the Borrower under this Agreement shall be

- (i) debited by the Lender with value of the relevant due date to the following Current Accounts, held by the Borrower with the Lender depending on the currency in which the payments are due:

- EUR 1-04.065.108
- PLN 36-54.065.107
- SKK 38-54.065.107
- CZK 88-54.065.107
- RON 95-54.065.107
- HUF 98-54.065.107

Any amount debited according to (i) above, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

In case of any payments due according to (i) above would result in exceeding the Maximum Facility Amount the Borrower shall no later than 11:00 a.m. (Vienna time) on the relevant due date transfer such amount to the relevant Current Account.

Payment shall be made in the relevant Permitted Currency for value on the relevant due date, and it shall be made in full without any withholding or other deduction of any kind or nature (whether in respect of set-off, counterclaim, taxes, duties, charges or otherwise whatsoever).

- 8.2 If the Borrower is required by law or otherwise to make any withholding or other deduction whatsoever in respect of any amount due under this Agreement, and the Borrower makes such deduction, the Borrower shall increase the sum payable to the Lender in respect of which such deduction was made to the extent necessary to ensure that, after making such deduction, the Lender receives and retains (free from any liability in respect of any such deduction) a net sum equal to the sum which it would have received and so retained had no such deduction been made by the Borrower.

- 8.3 If, as a result of a payment made by the Borrower under clause 8.2, the Lender has received or been granted a credit against or remission for or deduction or relief from or in respect of any tax payable by it, which is both identifiable and quantifiable by the Lender without requiring it to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, a "**Saving**"), the Lender shall, to the extent it can do so without prejudice to the retention of the relevant Saving and subject to the Borrower's obligation to repay promptly on demand by the Lender the amount to the Lender if the relevant Saving is subsequently disallowed or cancelled, reimburse the Borrower promptly after receipt of such Saving by the Lender with such amount.
- 8.4 Any sum due to be paid under this Agreement on a day which is not a Business Day shall be paid on the last preceding Business Day.
- 8.5 If the Borrower fails to pay any amount payable by it under this Agreement on its due date, the Borrower shall pay default interest on such overdue amount from (and including) the due date up to (and including) the date of actual payment at a rate of three (3) per cent per annum. Default interest shall be paid in addition to interest payable under clause 6. Default interest shall be immediately payable by the Borrower on demand by the Lender. Default interest (if unpaid) arising on an overdue amount will be compounded with such overdue amount at the end of each interest period applicable to that overdue amount but will remain immediately due and payable. Default interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.
- 9. REPRESENTATIONS AND WARRANTIES**
- 9.1 The Borrower represents and warrants to the Lender that:
- (i) The Borrower is a company duly established and validly existing under the laws of Austria having its corporate seat and head office in Austria;
 - (ii) The Borrower has the corporate power to own its assets and to carry on its business as it is being conducted;
 - (iii) the Borrower has the corporate power to enter into this Agreement and to perform its obligations hereunder, and all necessary action to authorize its entry into this Agreement and its performance hereof has been duly taken;
 - (iv) each of the Finance Documents is a legal, valid and binding agreement enforceable in accordance with its terms;

- (v) the Borrower has taken no corporate action, and no other steps or legal proceedings have been started or, to the best of the Borrower's knowledge, threatened against it, for its winding-up, dissolution, administration or re-organization or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of all or any material part of its assets or revenues;
- (vi) no Default has occurred or will occur as a result of making an Advance or/and drawing on the Overdraft Facility, and the Borrower is not in breach or in default under any agreement or other instrument to which it is a party or which is binding on it (or any of its assets) to an extent or in a manner which would be reasonably likely to have a Material Adverse Effect on it; "**Material Adverse Effect**" means something having a material adverse effect on the Borrower's financial position or prospects or on the Borrower's ability to perform and comply with its obligations under this Agreement;
- (vii) no litigation, arbitration or administrative proceeding of or before any court, arbitral body or agency has been started or, to the best of the Borrower's knowledge, threatened against the Borrower which, if adversely determined, would be reasonably likely to have a Material Adverse Effect on the Borrower;
- (viii) to the best of the Borrower's knowledge, all information supplied by the Borrower to the Lender in connection with this Agreement is true, complete and accurate in all material respects;
- (ix) the Borrower's entering into this Agreement and its exercise of its rights and performance of its obligations hereunder do not and will not conflict with any material agreement or material obligation to which the Borrower is a party or which is binding upon it or any of its assets, or conflict with its constitutive documents and internal rules and regulations;
- (x) the Borrower is not and will not be insolvent in terms of the Austrian Insolvency Codes (Ausgleichs- und Konkursordnung);
- (xi) the Borrower is and will remain a company at least 50% owned and controlled, either directly or indirectly, by UGI Corporation, 460 North Gulph Road, King of Prussia, PA 19406, USA ("UGI Corporation"); and
- (xii) the payment obligations of the Borrower under this Agreement rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors.

9.2 The representations and warranties set out in clause 9.1 are deemed to be repeated by the Borrower (by reference to the facts and circumstances then existing) on each day from the entry into this Agreement to and including the day on which the Finance Documents are terminated and all rights and claims of the Lender under or in connection with the Finance Documents are duly fulfilled.

10. COVENANTS AND UNDERTAKINGS

10.1 The Borrower covenants and undertakes, from the entry into this Agreement to and including the day on which the Finance Documents are terminated and all rights and claims of the Lender under or in connection with the Finance Documents are duly fulfilled, that:

- (i) the Borrower shall provide to the Lender such information in relation to its business, operations and financial position as the Lender may reasonably require;
- (ii) the Borrower shall provide, or cause UGI Corporation to provide, the Lender with copies of the audited consolidated financial statements of UGI Corporation within ninety (90) days after the end of the period for which they have been prepared, and copies of the unaudited quarterly consolidated financial statements of UGI Corporation within forty-five (45) days after the end of the period for which they have been prepared;
- (iii) the Borrower shall notify the Lender of the occurrence of any Default and/or Event of Default;
- (iv) the Borrower shall take out and maintain, or ensure that any of its affiliates takes out and maintains, insurance cover over the Borrower's assets and other appropriate insurance cover including, but not limited to insurance cover for interruption of business and general liability, of a type and in an amount which is consistent with good business practice;
- (v) the Borrower shall ensure that its obligations under this Agreement do and will always rank at least pari passu with its other secured and unsecured obligations, other than obligations to creditors having preference as a matter of mandatory law and other than obligations which already exist and have preference when this Agreement is concluded; as regards the latter obligations, the Borrower shall use reasonable best efforts to provide promptly that such obligations having a material adverse impact on its ability to comply with the terms of this Agreement will have no preference in respect of its obligations under this Agreement;

- (vi) the Borrower shall not create or permit to exist any collateral or security interest in favor of one or more third parties on the whole or any part of its present or future property, assets or revenues, without the prior written consent of the Lender which shall not be unreasonably withheld. The provision in the first sentence of this clause 10.1(vi) shall not apply in respect of collateral or security interest created in the ordinary course of business, provided that such collateral or security interest has no material negative impact on the Borrower's ability to perform under this Agreement;
- (vii) the Borrower shall not, without the prior written consent of the Lender which shall not be unreasonably withheld, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily, sell, transfer, lease or otherwise dispose of all or a substantial part of its property or assets. The provision in the first sentence of this clause 10.1(vii) shall not apply in respect of dispositions in the ordinary course of business, provided that such dispositions have no negative impact on the Borrower's ability to perform under this Agreement; and
- (viii) other than intercompany loans in favor of the Borrower's subsidiaries the Borrower shall not make any loans or grant any credit or other financing of any kind to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of the obligations of any other person, except within the ordinary course of business, or with the prior written consent of the Lender not to be unreasonably withheld, provided always that such loans, credits, other financings or liabilities have no material negative impact on the Borrower's ability to perform under this Agreement.

11. SECURITY

- 11.1 As security for all present and future rights and claims of the Lender under or in connection with this Agreement the following shall apply:
 - (i) Under a separate guarantee agreement in form and substance satisfactory to the Lender (the "**Guarantee Agreement**"), UGI Corporation issues a guarantee in favor of the Lender according to Section 1357 of the Austrian Civil Code (§ 1357 ABGB).

12. DEFAULT

12.1 In the event that:

- (i) the Borrower defaults in the payment on the due date of any amount due and payable to the Lender under this Agreement and/or under any other present or future agreement for more than five days; or
- (ii) the Borrower is in material breach of any of the terms and conditions of this Agreement and/or any other present or future agreement with the Lender (other than those referred to in clause 12.1(i)) and, in the case of a breach that is capable of remedy, such breach is not remedied within thirty days after the occurrence of such breach; or
- (iii) any of the representations or warranties of the Borrower under this Agreement, or any of the opinions expressed in the legal opinion mentioned in Schedule 1, proves to be or becomes incorrect, or any certificate, statement or notice issued to the Lender in connection with this Agreement proves to be or becomes incorrect in a material respect; or
- (iv) a material adverse change in the economic situation of the Borrower occurs or threatens to occur; or
- (v) any of the following Ratios (as defined in and calculated according to Schedule 5) is achieved:
 - (a) the Return on Assets is lower than 6.50% (six point five percent), or
 - (b) the Debt Amortization Period is equal to or longer than 6.75 (six point seventy five) years, or
 - (c) the Equity Ratio is lower than 15.00% (fifteen percent).

(each an Event of Default), the Lender shall at any time be entitled to terminate this Agreement (whereupon this Agreement shall be terminated with immediate effect), and/or to declare, in whole or in part, any amount(s) outstanding to it under or in connection with this Agreement due and payable (whereupon the respective amounts shall become due and payable with immediate effect), and/or to request that the Borrower provides the Lender with, and grants the Lender a first priority pledge over, a cash deposit in an amount equal to the aggregate commitment of Lender under all Guarantees then outstanding as security for all reimbursement claims of the Lender against the Borrower that may arise in connection with these Guarantees (whereupon the Borrower shall promptly provide such cash deposit and grant such pledge).

12.2 If, as a result of any change in GAAP (as defined in the last paragraph of this clause 12.2) after the entry into this Agreement, any deterioration of any of the Ratios (as defined in Schedule 5) shall have occurred or in the opinion of UGI Corporation would be likely to occur, which change would not have occurred or would not have been likely to occur had no change in GAAP taken place:

- (i) such a change in any of the Ratios shall not be considered to constitute an Event of Default or potential Event of Default, and
- (ii) in the event of such a change in any of the Ratios, the Borrower shall provide the Lender with a detailed calculation based upon (a) GAAP prior to the change and (b) GAAP after the change, with a reasonable explanation for the differences, and
- (iii) the parties to the Finance Documents shall negotiate in good faith an amendment to this Agreement which shall approximate to the extent possible the economic effect of the original Ratios taking into account such a change in GAAP.

If said parties do not agree on such amendment within sixty (60) days from the date on which the Borrower first notifies the Lender of such a change in GAAP, the Borrower shall have the option of (i) prepaying in full all amounts outstanding under this Agreement, or (ii) for purposes of this Agreement, continuing to apply GAAP as in effect prior to such change in GAAP.

"GAAP" means generally accepted accounting principles in the United States of America as in effect at the time of any particular computation or determination or as of the date of the relevant financial statements, as the case may be.

12.3 The Ordinary Income (as defined in Schedule 5) for any period shall be adjusted by the addition of the Ordinary Income of any acquisition made during that period as if such acquisition had occurred on the first day of the period. At the request of the Lender, the Borrower shall provide supporting documents reasonably satisfactory to the Lender relating to the Ordinary Income of the acquisition.

12.4 Should the Equity Ratio fall below 15.00% as a result of an acquisition financed with debt,

- (i) the Borrower shall have sixty (60) days from the date of the acquisition to cure the cause (or have UGI Corporation cure the cause) of such a change, and
- (ii) the Borrower shall immediately provide (or have UGI Corporation provide) reasonable evidence that a cure is possible within the 60 day period, and

- (iii) within thirty (30) days of completing an acquisition that would, in its opinion, cause such a change in the Equity Ratio, the Borrower shall provide (or have UGI Corporation provide) a reasonable explanation of the acquisition and a detailed calculation of the Equity Ratio as of the date of the acquisition, and,
- (iv) upon curing the cause of such a change of the Equity Ratio, the Borrower shall provide (or have UGI Corporation provide) a reasonable explanation of the cure and a detailed calculation of the Equity Ratio that reflects the cure.

13. MISCELLANEOUS

- 13.1 If any of the provisions of this Agreement are or become invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired.
- 13.2 Any notice or communication under or in connection with this Agreement shall be in writing and shall be delivered by mail, fax, courier or email to the addresses given in this Agreement or at such other address as the recipient may have notified to the other party in writing.
- 13.3 The Borrower may not assign, pledge or dispose otherwise of any of its rights or claims under or in connection with this Agreement without the prior written consent of the Lender.
- 13.4 The Lender may grant participations, and/or assign or transfer any or all of its rights or claims under or in connection with this Agreement to other financial institutions with the prior written consent of the Borrower only, which consent shall not be unreasonably withheld. Such consent, however, shall not be required for the granting of participations, nor for any assignment or transfer, to any members of the Raiffeisen Banking Group.
- 13.5 No failure by the Lender to exercise, nor any delay by the Lender in exercising, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies provided by law.

- 13.6 The Borrower hereby irrevocably agrees to the electronic processing of all information and data concerning the Borrower and/or any of its affiliated companies which become known to the Lender in the course of the business relationship with the Borrower or any of its affiliated companies, and to the disclosure and forwarding of such information and data (except information and data regarding confidential know-how of the Borrower or any of its affiliates as well as confidential business or financial information explicitly identified by the Borrower in writing as being confidential as required by any law or legal regulation applicable to the Borrower or to any of its affiliates) within the internal organization of the Lender as well as to any domestic or foreign member companies of the Raiffeisen Banking Group and any (potential) parties of syndication or risk participation or security agreements. Prior to releasing any information or data to other parties (including companies of the Raiffeisen Banking Group) provided by the Borrower, the Lender shall enter into a written confidentiality agreement with the recipient of such information or data requiring it to maintain the confidentiality of the information or data, whereby such recipient shall be entitled to electronically process the information or data for internal use.
- 13.7 All present and future obligations under or in connection with this Agreement have to be fulfilled at the Lender's premises at Am Stadtpark 9, 1030 Vienna.
- 13.8 In addition to the terms of this Agreement, the General Terms and Conditions (Version 2001) of the Lender shall apply subsidiarily.
- 13.9 This Agreement shall be governed by and construed in accordance with the Austrian law.
- 13.10 Any dispute, controversy or claim arising out of or in connection with this Agreement shall non exclusively be settled by the competent commercial court of Vienna.

UNQUOTE

The present offer shall be irrevocably valid and binding until June 15, 2007. If you accept this offer, we shall pay you an up-front fee of EURO 4,000 flat. You can accept this offer by debiting our account no. 1-04.065.108 with such up-front fee. You are hereby irrevocably authorized to make such debit entry. Upon such debit entry only, the present offer shall be validly accepted irrespective of whether and when we will be informed of your acceptance.

If, any possible agreements have arisen from any offer submitted by us between 01.January 2006 until 01.April 2007 to you concerning the conclusion of any credit facility agreement, all these agreements are considered to be terminated by this present offer and your implied acceptance.

Kind regards,

Zentraleuropa LPG Holding GmbH

Schedule 1 List of Condition Precedent Documents

Schedule 2 Form of Request Form

Schedule 3 Form of Request for the Issue of a Guarantee

Schedule 4 Mandatory Cost Formulae

Schedule 5 Ratios; Manner of Calculation

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SCHEDULE 1

Condition Precedent Documents

1. A duly executed original of each Finance Document.
2. A copy of the constitutional documents of the Borrower and the Guarantor (individually also an "Obligor").
3. An extract of the commercial (or equivalent) register of each Obligor.
4. A copy of a resolution of the directors, the board of directors or any other relevant board, body or person of each Obligor:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which an Obligor is a party and resolving to execute the Finance Documents to which it is a party;
 - (ii) authorizing a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) authorizing a specified person or persons, on its behalf, to sign and/or dispatch all documents, notices and other communication (including, without limitation, any Request Form) to be signed and/or dispatched by it under or in connection with the Finance Documents to which it is a party.
5. A specimen of the signature of each person authorized by the resolution referred to in point 4 (iii) above.
6. A certificate provided by an authorized signatory of the relevant Obligor certifying that each copy document relating to it specified in this Schedule 1 is true and correct, complete and in full force and effect as at a date no earlier than the entry into this Agreement.

7. A duly executed original of a letter from the process agent referred to in clause 13 of the Guarantee Agreement confirming that it has been appointed by the relevant Obligor and that it has accepted such appointment.
8. A duly executed original of a legal opinion by Morgan Lewis & Bockius LLP, Philadelphia, USA, in respect of the Guarantee Agreement
9. Any other document or evidence the Lender may reasonably require.

**SCHEDULE 2
REQUEST FORM**

From: Zentraleuropa LPG Holding GmbH
Flaga Straße 1
2100 Leobendorf
Austria

To: Raiffeisen Zentralbank Österreich Aktiengesellschaft
Am Stadtpark 9
1030 Vienna
Austria

Date:

Ladies and Gentlemen,

1. We hereby request you to make the following transfer:

From our account No.: []

To our account No: []

Amount:

On (value date): []

Interest period: [1/2/3/6] months

2. We hereby confirm all conditions precedent in connection with such transfer are satisfied as of the date of this request.
3. This request is irrevocable.

Best regards

Zentraleuropa LPG Holding GmbH

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SCHEDULE 3 Form of Request for the Issue of a Guarantee

RAIFFEISEN ZENTRALBANK
ÖSTERREICH AKTIENGESELLSCHAFT

**ORDER FOR THE ISSUE OF
A GUARANTEE**

Am Stadtpark 9
A-1030 Wien

Applicant:

I/We herewith instruct you to issue on my/our behalf the
following irrevocable guarantee by:

☐ letter /airmail
☐ telex

Account no. of applicant:

Tel.no.:

Beneficiary:

Currency/amount:

Ref. and date of order:
contract:
invoice:

Valid until:

Type of guarantee:

☐ ☐

☐ ☐

☐ ☐

Subject (contract number/description of goods as per contract/invoice):

Total order value:

Delivery terms:

Wording of guarantee:

☐ use wording as per attached text

Guarantee to be issued as direct guarantee, to be sent to:

☐ beneficiary directly

☐ to be advised by following bank, without commitment on
the bank's side:

Remarks (e.g. bid bonds: what guarantees are to be opened in case of adjudication; down payment or bank guarantee
covering a credit: indicate whether guarantee amount includes interests and charges or not; documentary payment
guarantee: indicate documents etc.):

This order is governed by Austrian law.

_____ date

_____ stamp and authorized signature of applicant

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Schedule 4
Mandatory Cost Formulae

1. The Mandatory Cost is an addition to the interest rate to compensate the Lender for the cost of compliance with (a) the new requirements of any national bank (b) in either case, new requirements of any other authority which replaces all or any of its functions, (c) the new requirements of the European Central Bank (in this clause 1, "**new requirements**" means requirements introduced and coming into force after the Date of this Agreement).
2. On the first day of each Interest Period (or as soon as possible thereafter) the Lender shall calculate, as a percentage rate, a rate (hereinafter referred to as the "**Additional Cost Rate**") in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Lender as a weighted average of the Lender's Additional Cost Rates and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for the Lender will be the percentage notified by the Lender as the cost of complying with the minimum reserve requirements of the Austrian National Bank and/or any other authorities referred to in clause 1 above.
4. Any determination by the Lender pursuant to this Schedule 4 in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to the Lender shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.
5. The Lender may from time to time, after consultation with the Borrower, determine and notify to the Borrower any amendments which are required to be made to this Schedule 4 in order to comply with any change in law, regulation or any requirements from time to time imposed by the Austrian National Bank and/or any other authorities referred to in clause 1 above, and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.

Schedule 5
Ratios; Manner of Calculation

1. Ratios.

Certain financial ratios of UGI Corporation (on a consolidated basis) (individually a "Ratio" and collectively the "Ratios") are defined as follows:

Equity Ratio as % of total assets means Total Equity divided by Average Adjusted Total Assets.

Return on Assets means Ordinary Income divided by Average Adjusted Total Assets.

Debt Amortization Period means Net Debt divided by EBTDA.

whereas the meaning of capitalized terms shall be as follows:

TOTAL EQUITY means Total Stockholders' Equity according to quarterly/annual report plus Minority Interests.

AVERAGE ADJUSTED TOTAL ASSETS means the sum of Total Assets according to quarterly/annual report for each of the past four (4) financial quarters divided by four (4).

ORDINARY INCOME means operating income according to quarterly/annual reports.

EBTDA means Ordinary Income plus Depreciation and Amortization minus Interest Expense.

NET DEBT means Current Maturities of Long Term Debt plus Bank Loans plus Long Term Debt (altogether "INTEREST-BEARING LIABILITIES") minus Cash and cash equivalents minus Short-term investments.

2. Manner of Calculating Ratios:

The Ratios shall be calculated by the Lender in accordance with the terms set forth in this Schedule 5 on the basis of the consolidated financial statements of UGI Corporation to be provided pursuant to clause 10.1 (ii), beginning with the consolidated quarterly financial statements of UGI Corporation for the first calendar quarter of 2006. UGI Corporation may, at its discretion, provide its calculation of such Ratios together with the submission of the financial statements that are required to be submitted pursuant to clause 10.1(ii). For the sake of clarification, however, it is hereby stated that only the calculation by the Lender is relevant for the purpose of this Agreement.

The taking of the original of this document or any certified copy thereof including written confirmations or references thereto, into the Republic of Austria may cause Austrian stamp duty to be assessed by the Austrian tax authorities. Keep the original document, as well as all certified copies thereof including written confirmations or references thereto, outside of the Republic of Austria.

GUARANTEE AGREEMENT
(subject to Section 1357 of the Austrian Civil Code)

entered into by and between

UGI Corporation, 460 North Gulph Road, King of Prussia, PA 19406, USA, fax number 001-610-992-3258 ("UGI"), as guarantor

and

Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, 1030 Vienna, Austria, fax number +43-1-71707-1086 ("RZB"), as beneficiary.

WHEREAS:

- (A) Zentraleuropa LPG Holding GmbH, an Austrian company registered under FN 276576 f in the companies book (Firmenbuch) of the Landesgericht Korneuburg, with its seat at Leobendorf and its business address at Flaga StraBe 1, 2100 Leobendorf (the "Borrower") intends to extend to RZB a written offer (the "Offer") to enter into a facility agreement in the amount of EURO 8,000,000 (the "Loan Agreement") as attached to this Guarantee Agreement as Annex I.
- (B) The Offer has not been extended, and the Loan Agreement has not been concluded to date.
- (C) The Offer provides that UGI guarantees the payment of all amounts payable by the Borrower under or in connection with the Loan Agreement when due.
- (D) UGI is willing to issue, and RZB is willing to accept such guarantee subject to the terms of this Guarantee Agreement.

NOW, THEREFORE, it is hereby agreed as follows:

1. UGI hereby confirms that it has taken notice of all terms of the Offer .
2. UGI hereby irrevocably agrees that the Loan Agreement be entered into in accordance with the terms of the Offer.

3. As a guarantor according to Section 1357 of the Austrian Civil Code ("Burge and Zahler" gemab § 1357 ABGB), UGI hereby irrevocably guarantees in favor of RZB that the Borrower will duly fulfill all its present and future obligations under or in connection with the Loan Agreement (hereinafter collectively referred to as the "Secured Obligations") including, without limitation, all obligations to repay principal, to pay interest and fees and, further, all payment obligations to RZB in the event that the Loan Agreement or any part thereof is or becomes invalid for any reason whatsoever. Whenever RZB does not receive full payment in respect of any of the Secured Obligations when due, UGI shall make such payment(s) under this Guarantee Agreement within 15 (fifteen) calendar days from receipt of a respective payment request by RZB. Such payment request shall be in writing and shall be delivered by registered mail, by express mail service or by personal delivery to the address of UGI (to the attention of the Corporate Secretary) given in this Guarantee Agreement. Each payment request sent by registered mail or by express mail service shall be deemed duly received by UGI on the fifth calendar day after the date of its dispatch by RZB, provided that RZB has, on the day of such dispatch, either dispatched by registered mail or by express mail service, or delivered by personal delivery, a copy of the same payment request to the process agent mentioned in Clause 14.
4. In addition, UGI hereby irrevocably covenants, undertakes and, further, guarantees in favor of RZB according to Section 880a second case of the Austrian Civil Code ("Erfolgsgarantie" gemaf3 § 880a zweiter Fall ABGB) that, from the signing of this Guarantee Agreement until the date on which the Loan Agreement will be terminated and RZB will have duly received payment in respect of all Secured Obligations:
- (a) UGI is a corporation duly organized and validly existing under the laws of any State of the USA; and
 - (b) UGI has corporate power to enter into this Guarantee Agreement and to perform its obligations hereunder, and all necessary actions required to authorize its execution of this Guarantee Agreement and its performance of its obligations hereunder have been duly taken; and
 - (c) no government or other consents or exemptions are required to be obtained by UGI with respect to this Guarantee Agreement in order to give it validity or make it enforceable or, if any such consents or exemptions are required to be obtained in order to give it validity or make it enforceable, they have been or will be obtained in a timely manner, and such consents or exemptions are or will be in full force and effect, and all terms and conditions of any such consents or exemptions are and will be fully complied with in order to give it validity or make it enforceable; and
 - (d) in order to give it validity or make it enforceable, (i) this Guarantee Agreement is not required to be registered by, or sent to, any court or other authority, and (ii) no registration dues, taxes or similar charges are required to be paid in relation to this Guarantee Agreement; and

- (e) UGI's obligations under this Guarantee Agreement are legal, valid and binding and enforceable in accordance with their terms, and such obligations will rank at least *pari passu* with all its other obligations, except obligations to creditors having preference as a matter of mandatory law; and
 - (f) UGI's execution and delivery of this Guarantee Agreement and the exercise of its rights and performance of its obligations hereunder do not:
 - (i) conflict with any agreement or obligation to which UGI is a party or which is binding upon it or any of its assets; or
 - (ii) conflict with UGI's constitutive documents and internal rules and regulations; or
 - (iii) conflict with any law, regulation, judicial order or the like;
 to an extent or in a manner having a material adverse effect on UGI; and
 - (g) UGI is not in breach or in default under any agreement to which it is a party or which is binding on it (or any of its assets) to an extent or in a manner which might have a material adverse effect on it; and
 - (h) to the best of UGI's knowledge, all information supplied by UGI to RZB in connection with this Guarantee Agreement and the Loan Agreement is true, complete and accurate in all material respects; and
 - (i) UGI shall provide RZB with copies of its quarterly unaudited consolidated financial statements for each calendar quarter within forty-five (45) days after the end of the calendar quarter for which they have to be prepared, and with copies of its audited consolidated financial statements within ninety (90) days after the end of the financial period for which they have been or have to be prepared; and
 - (j) the Borrower is and will remain a company owned and controlled, either directly or indirectly, at least 50% by UGI Corporation, 460 North Gulph Road, King of Prussia, PA 19406, USA ("UGI Corporation"); and
 - (k) the Borrower is not insolvent in terms of the Austrian Insolvency Codes (Ausgleichsund Konkursordnung).
5. All payments made or to be made by UGI under this Guarantee Agreement shall be effected in the same currency, in which the respective Secured Obligations are denominated, by transfer to any account indicated in the respective payment request of RZB free from and clear of, and without any deduction for or on account of any present or future taxes, imposts, levies, duties, charges, fees, withholdings or other deductions of any kind or nature whatsoever. Should any payments by UGI under this Guarantee Agreement be subject to any deductions whatsoever, UGI shall pay additional amounts equal to all amounts deducted with the effect that RZB receives and retains all amounts it would have received and retained if no deductions were made.
6. If, as a result of a payment made by UGI under Clauses 3 and 5, RZB will receive or be granted a credit against or remission for or deduction or relief from or in respect of any tax payable by it, which is both identifiable and quantifiable by RZB without requiring it to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, being referred to as a "Saving"), RZB shall, to the extent it can do so without prejudice to the retention of the relevant Saving and subject to UGI's obligation to repay promptly on demand by RZB the amount to RZB if the relevant Saving is subsequently disallowed or cancelled, reimburse UGI promptly after receipt of such Saving by RZB with such amount.

7. Any costs and expenses, taxes and duties arising in connection with this Guarantee Agreement — including, without limitation, any duties under the Austrian Duties Act (oGebG) — shall in any event be borne and paid by UGI.
 8. This Guarantee Agreement shall immediately enter into full force and effect. It shall expire when the Loan Agreement is terminated and all Secured Obligations are duly fulfilled.
 9. UGI shall not acquire any rights or claims in connection with the Loan Agreement, nor shall UGI claim or accept payment or security in respect of its obligations arising from, or any payment(s) made under this Guarantee Agreement, until the Loan Agreement is terminated and RZB has duly received payment in respect of all Secured Obligations.
 10. As regards the rights of RZB as set forth in clause 12.1 of the Loan Agreement (collectively the “Rights”), the following shall apply: RZB shall not exercise the Rights, provided that and as long as UGI duly complies with the provisions of this Guarantee Agreement. Under the terms of this Guarantee Agreement, UGI is deemed to duly comply with the provisions of this Guarantee Agreement, provided that UGI duly fulfills all present and future payment or other obligations under this Guarantee Agreement, and provided further that everything guaranteed by UGI pursuant to Clauses 3 and 4 above is and remains true and correct.
 11. Upon request of UGI, the parties hereto shall enter into negotiations for a reduction of the amounts secured under this Guarantee Agreement, subject to the amounts outstanding under the Loan Agreement, the overall credit standing of the Borrower and the equity ratio of the Borrower.
 12. This Guarantee Agreement is governed by and construed in accordance with Austrian law.
 13. Any disputes arising in connection with this Guarantee Agreement (hereinafter referred to as the “Disputes”) — including, without limitation, Disputes regarding the existence or validity of this Guarantee Agreement or any part hereof, and Disputes arising in the event that this Guarantee Agreement or any part hereof is or becomes inexistent or invalid — the following shall apply:
 - (a) All Disputes shall be finally settled under the Rules of Arbitration and Conciliation of the International Arbitral Centre of the Austrian Federal Economic Chamber (Vienna Rules) by one or more arbitrators appointed in accordance with such Rules. The arbitral proceeding shall take place, and the arbitral award shall be rendered in Vienna, Austria. The language of arbitration shall be English.
 - (b) Notwithstanding the provision in Clause 13(a), RZB shall have the exclusive right to instigate any legal proceedings regarding Disputes in the Commercial Court of Vienna, Austria (Handelsgericht Wien), or in any other court — in Austria, in the United States of America or in any third country — that has or may have or accepts jurisdiction (either by virtue of any law or legal regulation, or by virtue of any agreement, or on any other grounds).
 - (c) In any arbitral or court proceeding, the substantive law of Austria shall be applicable .
-

14. The Pledgor hereby appoints Wilhelm Schneider, a notary whose principal address is Alser Strasse 23/16, 1080 Vienna, Austria, and his associate Markus Benn Ibier, or such other person the Pledgor may notify to the Pledgee after the entry into this Guarantee Agreement, as its agent for service of process in Austria, and service upon the Pledgor shall be deemed completed upon service to such agent for service of process, whether or not forwarded to or received by the Pledgor.

Valley Forge, Pennsylvania (USA)

May 21, 2007

/s/ Robert W. Krick
UGI Corporation

Bratislava,

Raiffeisen Zentralbank Österreich Aktiengesellschaft

Zentraleuropa LPG Holding GmbH

Flaga Straße 1
2100 Leobendorf
Austria

Raiffeisen Zentralbank Österreich
Aktiengesellschaft
Am Stadtpark 9
1030 Vienna
Austria

Bratislava, May 21, 2007

Re: Multi Currency Facility Offer

Dear Sirs,

We, Zentraleuropa LPG Holding GmbH, an Austrian company registered under FN 276576 f in the commercial register (Firmenbuch) of the Landesgericht Korneuburg with its seat at Leobendorf and its business address at Flaga Strasse 1, 2100 Leobendorf, herewith offer Raiffeisen Zentralbank Österreich Aktiengesellschaft to enter with us into the following Multi Currency Facility Agreement (for the sake of clarification it is hereby stated that up to now such Multi Currency Facility Agreement has not been entered into in whatever form):

Quote

Facility Agreement

entered into by and between

Zentraleuropa LPG Holding GmbH, Flaga Straße 1, 2100 Leobendorf, Austria (attention: Managing Director (Josef F. Weinzierl); email: weinzierl@flaga.at) (the "**Borrower**"),

and

Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, 1030 Vienna, Austria (attention: Peter Straubinger; email: peter.straubinger@rzb.at) (the "**Lender**").

1. FACILITY

- 1.1 The Lender shall make available to the Borrower a credit facility ("**Facility**") in an aggregate maximum amount of EUR 8,000,000 (eight million Euro) ("**Facility Amount**"), which amount may be, at the Borrower's option, reduced to EURO 7,000,000 (seven million Euro) upon five Business days prior written notice delivered by the Borrower to the Lender (The "**Maximum Facility Amount**").
- 1.2 The facility can be utilized as follows:
- (i) As an overdraft facility ("**Overdraft Facility**") available on the account of the Borrower with the Lender account no. 1-04.065.108/EUR ("EUR-Current Account" or "**Overdraft Account**").
 - (ii) As a revolving facility ("**Revolving Facility**") for Advances made available to the Borrower for the Term selected by the Borrower in the Request Form. **Advance** means each part of the Facility Amount made available to the Borrower under the Revolving Facility agreed in this Agreement or (as the context requires) the principal amount thereof for the time being outstanding. The Revolving Facility can be utilized in the form of fixed term advances as multi-currency credit facility in EURO (EUR), Polish Zloty (PLN), Czech Koruna (CZK), Slovak Koruna (SKK), Hungarian Forint (HUF) and Romanian Lei (RON) (each a "**Permitted Currency**"), including with regard to foreign currency accounts of the Borrower with the Lender account no. PLN: 36-54.065.107, SKK: 38-54.065.107, CZK: 88-54.065.107, RON: 95-54.065.107 and HUF: 9854.065.107 (together "**Foreign Currency Current Accounts**"; the EUR-Current Account and the Foreign Currency Current Accounts together "**Current Accounts**").
 - (iii) As a guarantee facility ("**Guarantee Facility**") under which the Lender agrees to issue guarantees in EUR or foreign currency upon request of the Borrower.

PROVIDED that the aggregate of the amounts outstanding under the Overdraft Facility together with the amounts outstanding under the Revolving Facility and the Guarantee Facility must not exceed the Maximum Facility Amount.

2. PURPOSE

- 2.1 The Overdraft Facility shall be used to fund the general financing requirements of the Borrower.
- 2.2 Except as provided in clause 2.1, the Borrower shall use all amounts borrowed under this Agreement for providing working capital to its subsidiaries.
- 2.3 Except for its undertakings in clause 4.4, the Lender is not bound to monitor or verify the application of any amount borrowed under this Agreement.

3. CONDITIONS OF UTILIZATION

3.1 The Borrower may not utilize the Facility unless the following conditions precedent have been fulfilled:

- (i) This Agreement has been duly executed and come into full force and effect; and
- (ii) the guarantee agreement referred to in clause 11.1 (i) (the **"Guarantee Agreement"**) has been duly signed and come into full force and effect; and
- (iii) the rights and interests of the Lender under the Guarantee Agreement (together with this Agreement the **"Finance Documents"**) have been created in a valid, binding and enforceable manner; and
- (iv) the representations and warranties set forth in clause 9.1 are true and correct; and
- (v) no event or circumstance as specified in clause 12.1 (a **"Default"**), which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an event of default as defined in clause 12.1 (an **"Event of Default"**), has occurred or threatens to occur.
- (vi) the Lender has received the documents and other evidence listed in Schedule 1, and it has found such documents in form and substance acceptable and satisfactory to it.

4. UTILIZATION, REQUESTS FOR GUARANTEES

Overdraft Facility

- 4.1 The Borrower may utilize the Overdraft Facility by giving the Lender payment orders or debit instructions in respect of the Overdraft Account exclusively in EURO. Notwithstanding the aforementioned all possible present and future amounts outstanding on the Foreign Currency Current Accounts shall be considered as outstanding under the Overdraft Facility. Each amount of the respective payment order or debit instruction, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount. Each payment order and debit instruction shall be irrevocable.
- 4.2 Subject to the terms of this Agreement, the Lender shall comply with the payment orders and debit instructions referred to in clause 4.1 and debit the EUR-Current Account accordingly.

Revolving Facility

- 4.3 The Borrower may utilize the Facility on a revolving basis by delivery to the Lender of a duly completed Request Form in the form of Schedule 2 (a **"Request Form"**) to be received by the Lender no later than 11 a.m. CET on the day falling three (3) Business Days before the proposed disbursement date, provided always that:

- (i) the Request Form shall specify the requested Permitted Currency of the Advance; and
- (ii) *[intentionally left blank]*; and
- (iii) the amount of the requested Advance shall be at least EURO 100,000 or its equivalent in a Permitted Currency; and
- (iv) the term of the requested Advance (the **"Term"**) shall be one (1), two (2), three (3) or six (6) months. **Term** means the period of 1, 2, 3 or 6 months from the Request Form Date until the Repayment Date of an Advance, but no Repayment shall be later than the Final Maturity Date; and
- (v) the terms of the requested Advance shall not extend beyond 364 days after the acceptance of this offer (the **"Final Maturity Date"**); and
- (vi) the amount of the requested Advance, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

Each Request Form shall be irrevocable.

- 4.4 Subject to the terms of this Agreement, the Lender shall disburse to the Borrower the amount of the requested Advance on the disbursement date as proposed by the Borrower in its Request Form by transfer to the following Foreign Currency Current Accounts held by the Borrower with the Lender depending on the currency in which the Advance is utilized:

EUR	1-04.065.108
PLN	36-54.065.107
SKK	38-54.065.107
CZK	88-54.065.107
RON	95-54.065.107
HUF	98-54.065.107

Guarantee Facility

- 4.5 The Borrower may utilize the Guarantee Facility by giving the Lender instructions to issue payment or performance guarantees (each a **"Guarantee"**), provided always that:
- (i) each instruction shall (a) specify the beneficiary, the amount, the date of issue and the date of expiry of the requested Guarantee, and (b) have the wording of the requested Guarantee attached to it; and
 - (ii) the term of the requested Guarantee is not more than 24 months from issuing of the Guarantee; and
 - (iii) the wording of the requested Guarantee is acceptable to the Lender in form and substance; and
 - (iv) the amount of the requested Guarantee, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

Each instruction to issue a Guarantee shall be irrevocable.

- 4.6 Subject to the terms of this Agreement, the Lender shall issue the requested Guarantees.
- 4.7 Should Guarantees issued by the Lender according to this Agreement under the Guarantee Facility be drawn in a foreign currency and if there does not exist a Foreign Currency Current Account of the Borrower with the Lender for the relevant foreign currency in which said Guarantee is so drawn, the Lender shall inform the Borrower and shall debit the amounts so drawn to the EUR-Current Account unless the Borrower provides the amounts in the relevant foreign currency within two (2) Business Days. The Lender will convert amounts paid under a Guarantee into EURO on the basis of the daily exchange rate as of the date of the instruction to issue the Guarantee. Insofar as there is no cover for these amounts in the EUR-Current Account, the Borrower shall immediately pay these amounts to the Lender for credit and deposit on the EUR-Current Account.
- 4.8 Under this Agreement, a Business Day means a day on which banks in Vienna, or (for the purpose of payments in currencies other than EUR) at the principal financial centre of the relevant currency, are open for the transaction of general business, or (for the purpose of payments in EUR) which is a TARGET Day. TARGET Day means a day on which TARGET is open for the settlement of payments in EUR ("TARGET" meaning Trans-European Automated Real-time Gross Settlement Express Transfer payment system).

5. REPAYMENT

Overdraft Facility

- 5.1 The Borrower shall repay all amounts outstanding under the Overdraft Facility at latest 364 days after the acceptance of this offer (the "**Final Maturity Date**").

Revolving Facility

- 5.2 The Borrower shall repay each Advance on the last day of its Term together with accrued interest. All amounts outstanding shall be repaid on the Final Maturity Date.
- 5.3 The Borrower may at any time, if it gives the Lender not less than five (5) Business Days prior notice, prepay the whole or any part of an Advance plus Break Costs. For the purpose of this Agreement "**Break Costs**" means the amount (if any) by which the interest which the Lender should have received for the period from the date of receipt of an Advance to the last day of the Term of the relevant Advance had the Advance received been paid on the last day of that Term exceeds the amount which the Lender would be able to obtain by placing an amount equal to that Advance received by it on deposit with a leading bank in the relevant interbank market for a period starting on the Business Day following receipt or recovery of the prepayment and ending on the last day of the current Term.
- 5.4 Subject to clause 4.3, the Borrower may re-borrow any amount repaid or prepaid under this Agreement.

Guarantee Facility

- 5.5 In case a payment demand is made by the beneficiary under a Guarantee, the Lender will send a notice to the Borrower informing the Borrower of such payment demand, and specifying (a) the amount to be made, and (b) the account to which the reimbursement amount is to be transferred. The Borrower shall make each reimbursement in accordance with the respective notice of the Lender.
- 5.6 From date a payment demand is made by a beneficiary under a Guarantee until the date the Lender has been fully reimbursed by the Borrower in accordance with clause 5.5 the Lender shall not be obliged to issue any further Guarantee.
- 5.7 The Borrower shall pay the Lender all amounts outstanding under the Guarantee Facility at the latest on the day falling 364 days after the acceptance of this offer (the **"Expiry Date"**)
- 5.8 In case that a Guarantee issued extends beyond the Expiry Date for whatever reason (e.g. an extend or pay request is made by the beneficiary), the Borrower shall either provide the Lender with a cash deposit in an amount equal to the aggregate commitment of the Lender under that Guarantee then outstanding as security for all reimbursement claims of the Lender against the Borrower that may arise in connection with these Guarantees or return the Guarantee together with a waiver by the beneficiary of all rights under the Guarantee.

6. INTEREST

Overdraft Facility

- 6.1 The rate of interest on the amounts outstanding under the Overdraft Facility shall be the percentage rate per annum which is the aggregate of:
- (i) the EONIA (as defined in clause 6.2) or regarding outstanding permitted currencies the relevant Refinancing Rate (as defined in clause 6.11 below); and
 - (ii) a margin of 50.00 (fifty point zero) basis points; and
 - (iii) the applicable Mandatory Cost, if any, being the percentage rate per annum calculated by the Lender in accordance with Schedule 4.
- 6.2 EON IA (EURO OVERNIGHT INDEX AVERAGE) means
- (i) the rate for overnight deposits in EURO calculated by the European Central Bank and appearing on the Reuters EONIA page (or the relevant page of the TELERATE or Bloomberg system, or any successor to any of the aforementioned pages) at about 7 p.m. Central European Time, or
 - (ii) if no such page is then available, the rate being the arithmetic mean (rounded up to three decimal places) of rates quoted to the Lender by three reference banks taking part in the daily EURIBOR-fixing procedure (to be selected by the Lender at its sole discretion) for EURO overnight moneys, or
 - (iii) if no such quotes are then available, the rate equal to the actual costs of funding incurred by the Lender.

EONIA will be determined by the Lender on a daily basis.

- 6.3 Interest under the Overdraft Facility shall be calculated for the amount outstanding from time to time on the Overdraft Account on the basis of the actual number of days elapsed in a year of 360 days. Such calculation shall be made by the Lender on a daily basis.
- 6.4 Interest on the amounts outstanding under Overdraft Facility shall be paid by the Borrower to the Lender on the last Business Day of each quarter of a calendar year.

Revolving Facility

- 6.5 The interest period for an Advance shall be the period from the date of its utilization until the last day of its Term or, as the case may be, the effective date of the prepayment of the entire amount of such Advance pursuant to clause 5.3.
- 6.6 The rate of interest on an Advance outstanding shall be the percentage rate per annum which is the aggregate of:
- (i) The applicable Indicator (as defined in clause 6.7); and
 - (ii) a margin of 50.00 (fifty point zero) basis points; and
 - (iii) the applicable Mandatory Cost, if any, being the percentage rate per annum calculated by the Lender in accordance with Schedule 4.
- 6.7 "Indicator" means
- a) In case of an Advance in EURO the applicable EURIBOR:
 - (i) the rate per annum (rounded up to three decimal places) for deposits in EURO for a term comparable to the relevant interest period which appears on the Reuters page "EURIBOR 01" (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
 - (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in EURO offered by three major banks on the European interbank market selected by the Lender, at or about 11 a.m. (Vienna time) on the second TARGET Day before the commencement of the respective interest period.
 - b) in case of an Advance in Polish Zloty the applicable WIBOR:
 - (i) the rate per annum (rounded up to three decimal places) for deposits in Polish Zloty for a term comparable to the relevant interest period which appears on the Reuters Screen Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or

- (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Polish Zloty offered by three major banks on the Warsaw interbank market selected by the Lender, at or about 11 a.m. (Warsaw time) on the second Business Day before the commencement of the respective interest period.
 - c) In case of an Advance made in Czech Koruna the applicable PRIBOR:
 - (i) the rate per annum (rounded up to three decimal places) for deposits in Czech Koruna for a term comparable to the relevant interest period which appears on the Reuters Screen PRBO Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
 - (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Czech Koruna offered by three major banks on the Prague interbank market selected by the Lender, at or about 11 a.m. (Prague time) on the second Business Day before the commencement of the respective interest period,
 - d) In case of an Advance made in Slovak Koruna the applicable BRIBOR:
 - (i) the rate per annum (rounded up to three decimal places) for deposits in Slovak Koruna for a term comparable to the relevant interest period which appears on the Reuters Screen BRBO Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
 - (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Slovak Koruna offered by three major banks on the Bratislava interbank market selected by the Lender, at or about 11 a.m. (Bratislava time) on the second Business Day before the commencement of the respective interest period.
 - e) In case of an Advance made in Hungarian Forint the applicable BUBOR:
 - (i) the rate per annum (rounded up to three decimal places) for deposits in Hungarian Forint for a term comparable to the relevant interest period which appears on the Reuters Screen BUBOR Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
 - (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Hungarian Forint offered by three major banks on the Budapest interbank market selected by the Lender, at or about 11 a.m. (Budapest time) on the second Business Day before the commencement of the respective interest period.
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- f) In case of an Advance made in Romanian Lei the applicable RONIBOR:
- (i) the rate per annum (rounded up to three decimal places) for deposits in Romanian Lei for a term comparable to the relevant interest period which appears on the Reuters Screen ROBOR Page (or any successor to such page) published or reported by REUTERS or such other electronic information service as selected by the Lender; or
 - (ii) if no such rate is then available, the rate which is determined by the Lender to be the arithmetic mean (rounded up to three decimal places) of the rates per annum for such deposits in Romanian Lei offered by three major banks on the Bucharest interbank market selected by the Lender, at or about 11 a.m. (Bucharest time) on the second Business Day before the commencement of the respective interest period.

6.8 Interest shall be calculated for each interest period of an Advance on the basis of actual number of days elapsed in a year of 360 days.

6.9 Interest for each Advance shall be paid by the Borrower to the Lender on the last day of its Term.

6.10 Mandatory Cost Rate means the costs determined by the Lender, and expressed as a percentage rate, of the Lender's compliance with the minimum reserve requirements of the European Central Bank or any other competent central bank or banking supervisory authority.

6.11 **Refinancing Rate** means the rate determined by RZB to be its actual costs for the refinancing of the aggregate amount outstanding on the relevant Foreign Currency Current Account from time to time in the relevant interbank market on a daily basis.

7. FEES, COSTS AND EXPENSES, INDEMNITIES

7.1 The Borrower shall pay the Lender a commitment fee of 12.50 (twelve point fifty) basis points per annum on the balance from time to time between the Maximum Facility Amount on the one hand and the aggregate outstanding amounts under the Facility (including under the Overdraft Facility and all issued Guarantees under the Guarantee Facility) on the other hand. The commitment fee shall be calculated for each calendar quarter on the basis of the actual number of days elapsed in a year of 360 days, and it shall be paid in arrears on the last Business Day of the calendar quarter for which it is calculated.

7.2 For each Guarantee issued under the Guarantee Facility, the Borrower shall pay the Lender:

- (i) on the relevant issuance date an issuance fee in the amount of EURO 53.00; and
- (ii) a guarantee fee of 25.00 (twenty-five point zero) basis points per annum on the maximum Guarantee amount. The guarantee fee shall be calculated during the validity of the Guarantee, and it shall be payable in respect of a certain Guarantee for each calendar quarter in advance on the relevant issuance date and, thereafter, on the last Business Day before the calendar quarter for which it is payable.

- 7.3 The Borrower shall bear and pay all costs of the legal opinions mentioned in Schedule 1. Furthermore, the Borrower shall bear, and it shall pay the Lender within seven (7) Business Days of demand by the Lender, all reasonable out of pocket costs and expenses of whatever nature incurred by the Lender, after the acceptance by the Lender of the present offer to enter into this Agreement, in connection with the implementation of this Agreement including, without limitation, costs and expenses arising in connection with the preservation, protection or enforcement of the Lender's rights under this Agreement. Moreover, the Borrower shall bear, and it shall pay the Lender within seven (7) Business Days of demand by the Lender, any taxes or duties of whatever nature incurred by the Lender in connection with any of the Finance Documents including, without limitation, taxes or duties arising under the Austrian Duties Act (österreichisches Gebührengesetz).
- 7.4 The Borrower shall, within seven (7) Business days of demand by the Lender, reimburse the Lender for any incremental costs incurred by the Lender, after the acceptance by the Lender of the present offer to enter into this Agreement, in connection with the making or maintaining of, or the commitment to make, the Facility available to the Borrower which result from the introduction of, or any change in, any applicable law or other legal regulation, or any change in the interpretation or application thereof by any governmental or regulatory authority charged with the administration thereof. The Borrower shall not be required to reimburse the Lender for increased costs attributable to any change in the rate of tax on the general income of Lender, or amounts the Lender has been compensated for pursuant to clause 8.2.
- 7.5 Notwithstanding, and without prejudice to, any other rights and claims of the Lender, the Borrower shall, within seven (7) Business Days of demand by the Lender, indemnify the Lender against any cost, loss or liability reasonably incurred by the Lender as a result of:
- (i) the occurrence of any Event of Default; and/or
 - (ii) a failure by the Borrower to comply with any of its obligations under or in connection with this Agreement; and/or
 - (iii) funding, or making arrangements to fund, any Advance requested by the Borrower but not made by reason of the operation of any provisions of this Agreement (other than by reason of default or negligence by that Lender alone); and/or
 - (iv) the Advance (or part of the Advance) not being prepaid in accordance with a notice of Prepayment given by the Borrower.

8. PAYMENTS

8.1 All payments due from the Borrower under this Agreement shall be

- (i) debited by the Lender with value of the relevant due date to the following Current Accounts, held by the Borrower with the Lender depending on the currency in which the payments are due:

EUR	1-04.065.108
PLN	36-54.065.107
SKK	38-54.065.107
CZK	88-54.065.107
RON	95-54.065.107
HUF	98-54.065.107

Any amount debited according to (i) above, together with all amounts then outstanding under the Overdraft Facility, the Revolving Facility and the Guarantee Facility, shall not exceed the Maximum Facility Amount.

In case of any payments due according to (i) above would result in exceeding the Maximum Facility Amount the Borrower shall no later than 11:00 a.m. (Vienna time) on the relevant due date transfer such amount to the relevant Current Account.

Payment shall be made in the relevant Permitted Currency for value on the relevant due date, and it shall be made in full without any withholding or other deduction of any kind or nature (whether in respect of set-off, counterclaim, taxes, duties, charges or otherwise whatsoever).

- 8.2 If the Borrower is required by law or otherwise to make any withholding or other deduction whatsoever in respect of any amount due under this Agreement, and the Borrower makes such deduction, the Borrower shall increase the sum payable to the Lender in respect of which such deduction was made to the extent necessary to ensure that, after making such deduction, the Lender receives and retains (free from any liability in respect of any such deduction) a net sum equal to the sum which it would have received and so retained had no such deduction been made by the Borrower.
- 8.3 If, as a result of a payment made by the Borrower under clause 8.2, the Lender has received or been granted a credit against or remission for or deduction or relief from or in respect of any tax payable by it, which is both identifiable and quantifiable by the Lender without requiring it to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, a “**Saving**”), the Lender shall, to the extent it can do so without prejudice to the retention of the relevant Saving and subject to the Borrower's obligation to repay promptly on demand by the Lender the amount to the Lender if the relevant Saving is subsequently disallowed or cancelled, reimburse the Borrower promptly after receipt of such Saving by the Lender with such amount.
- 8.4 Any sum due to be paid under this Agreement on a day which is not a Business Day shall be paid on the last preceding Business Day.
- 8.5 If the Borrower fails to pay any amount payable by it under this Agreement on its due date, the Borrower shall pay default interest on such overdue amount from (and including) the due date up to (and including) the date of actual payment at a rate of three (3) per cent per annum. Default interest shall be paid in addition to interest payable under clause 6. Default interest shall be immediately payable by the Borrower on demand by the Lender. Default interest (if unpaid) arising on an overdue amount will be compounded with such overdue amount at the end of each interest period applicable to that overdue amount but will remain immediately due and payable. Default interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

9. REPRESENTATIONS AND WARRANTIES

9.1 The Borrower represents and warrants to the Lender that:

- (i) The Borrower is a company duly established and validly existing under the laws of Austria having its corporate seat and head office in Austria;
- (ii) The Borrower has the corporate power to own its assets and to carry on its business as it is being conducted;
- (iii) the Borrower has the corporate power to enter into this Agreement and to perform its obligations hereunder, and all necessary action to authorize its entry into this Agreement and its performance hereof has been duly taken;
- (iv) each of the Finance Documents is a legal, valid and binding agreement enforceable in accordance with its terms;
- (v) the Borrower has taken no corporate action, and no other steps or legal proceedings have been started or, to the best of the Borrower's knowledge, threatened against it, for its winding-up, dissolution, administration or re-organization or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of all or any material part of its assets or revenues;
- (vi) no Default has occurred or will occur as a result of making an Advance or/and drawing on the Overdraft Facility, and the Borrower is not in breach or in default under any agreement or other instrument to which it is a party or which is binding on it (or any of its assets) to an extent or in a manner which would be reasonably likely to have a Material Adverse Effect on it; "**Material Adverse Effect**" means something having a material adverse effect on the Borrower's financial position or on the Borrower's ability to perform and comply with its obligations under this Agreement;
- (vii) no litigation, arbitration or administrative proceeding of or before any court, arbitral body or agency has been started or, to the best of the Borrower's knowledge, threatened against the Borrower which, if adversely determined, would be reasonably likely to have a Material Adverse Effect on the Borrower;
- (viii) to the best of the Borrower's knowledge, all information supplied by the Borrower to the Lender in connection with this Agreement is true, complete and accurate in all material respects;
- (ix) the Borrower's entering into this Agreement and its exercise of its rights and performance of its obligations hereunder do not and will not conflict with any material agreement or material obligation to which the Borrower is a party or which is binding upon it or any of its assets, or conflict with its constitutive documents and internal rules and regulations;
- (x) the Borrower is not and will not be insolvent in terms of the Austrian Insolvency Codes (Ausgleichs- and Konkursordnung);
- (xi) the Borrower is and will remain a company at least 50% owned and controlled, either directly or indirectly, by UGI Corporation, 460 North Gulph Road, King of Prussia, PA 19406, USA ("UGI Corporation"); and
- (xii) the payment obligations of the Borrower under this Agreement rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors.

9.2 The representations and warranties set out in clause 9.1 are deemed to be repeated by the Borrower (by reference to the facts and circumstances then existing) on each day from the entry into this Agreement to and including the day on which the Finance Documents are terminated and all rights and claims of the Lender under or in connection with the Finance Documents are duly fulfilled.

10. COVENANTS AND UNDERTAKINGS

10.1 The Borrower covenants and undertakes, from the entry into this Agreement to and including the day on which the Finance Documents are terminated and all rights and claims of the Lender under or in connection with the Finance Documents are duly fulfilled, that:

- (i) the Borrower shall provide to the Lender such information in relation to its business, operations and financial position as the Lender may reasonably require;
- (ii) the Borrower shall provide, or cause UGI Corporation to provide, the Lender with copies of the audited consolidated financial statements of UGI Corporation within ninety (90) days after the end of the period for which they have been prepared, and copies of the unaudited quarterly consolidated financial statements of UGI Corporation within forty-five (45) days after the end of the period for which they have been prepared;
- (iii) the Borrower shall notify the Lender of the occurrence of any Default and/or Event of Default;
- (iv) the Borrower shall take out and maintain, or ensure that any of its affiliates takes out and maintains, insurance cover over the Borrower's assets and other appropriate insurance cover including, but not limited to insurance cover for interruption of business and general liability, of a type and in an amount which is consistent with good business practice;
- (v) the Borrower shall ensure that its obligations under this Agreement do and will always rank at least *pari passu* with its other secured and unsecured obligations, other than obligations to creditors having preference as a matter of mandatory law and other than obligations which already exist and have preference when this Agreement is concluded; as regards the latter obligations, the Borrower shall use reasonable best efforts to provide promptly that such obligations having a material adverse impact on its ability to comply with the terms of this Agreement will have no preference in respect of its obligations under this Agreement;
- (vi) the Borrower shall not create or permit to exist any collateral or security interest in favor of one or more third parties on the whole or any part of its present or future property, assets or revenues, without the prior written consent of the Lender which shall not be unreasonably withheld. The provision in the first sentence of this clause 10.1(vi) shall not apply in respect of collateral or security interest created in the ordinary course of business, provided that such collateral or security interest has no material negative impact on the Borrower's ability to perform under this Agreement;
- (vii) the Borrower shall not, without the prior written consent of the Lender which shall not be unreasonably withheld, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily, sell, transfer, lease or otherwise dispose of all or a substantial part of its property or assets. The provision in the first sentence of this clause 10.1 (vii) shall not apply in respect of dispositions in the ordinary course of business, provided that such dispositions have no negative impact on the Borrower's ability to perform under this Agreement; and
- (viii) other than intercompany loans in favor of the Borrower's subsidiaries the Borrower shall not make any loans or grant any credit or other financing of any kind to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of the obligations of any other person, except within the ordinary course of business, or with the prior written consent of the Lender not to be unreasonably withheld, provided always that such loans, credits, other financings or liabilities have no material negative impact on the Borrower's ability to perform under this Agreement.

11. SECURITY

11.1 As security for all present and future rights and claims of the Lender under or in connection with this Agreement the following shall apply:

- (i) Under a separate guarantee agreement in form and substance satisfactory to the Lender (the "Guarantee Agreement"), UGI Corporation issues a guarantee in favor of the Lender according to Section 1357 of the Austrian Civil Code (§ 1357 ABGB).

12. DEFAULT

12.1 In the event that:

- (i) the Borrower defaults in the payment on the due date of any amount due and payable to the Lender under this Agreement and/or under any other present or future agreement for more than five days; or
- (ii) the Borrower is in material breach of any of the terms and conditions of this Agreement and/or any other present or future agreement with the Lender (other than those referred to in clause 12.1(i)) and, in the case of a breach that is capable of remedy, such breach is not remedied within thirty days after the occurrence of such breach; or
- (iii) any of the representations or warranties of the Borrower under this Agreement, or any of the opinions expressed in the legal opinion mentioned in Schedule 1, proves to be or becomes incorrect, or any certificate, statement or notice issued to the Lender in connection with this Agreement proves to be or becomes incorrect in a material respect; or
- (iv) a material adverse change in the economic situation of the Borrower occurs or threatens to occur; or
- (iii) any of the following Ratios (as defined in and calculated according to Schedule 5) is achieved:
 - (a) the Return on Assets is lower than 6.50% (six point five percent), or
 - (b) the Debt Amortization Period is equal to or longer than 6.75 (six point seventy five) years, or
 - (c) the Equity Ratio is lower than 15.00% (fifteen percent).

(each an Event of Default), the Lender shall at any time be entitled to terminate this Agreement (whereupon this Agreement shall be terminated with immediate effect), and/or to declare, in whole or in part, any amount(s) outstanding to it under or in connection with this Agreement due and payable (whereupon the respective amounts shall become due and payable with immediate effect), and/or to request that the Borrower provides the Lender with, and grants the Lender a first priority pledge over, a cash deposit in an amount equal to the aggregate commitment of Lender under all Guarantees then outstanding as security for all reimbursement claims of the Lender against the Borrower that may arise in connection with these Guarantees (whereupon the Borrower shall promptly provide such cash deposit and grant such pledge).

12.2 If, as a result of any change in GAAP (as defined in the last paragraph of this clause 12.2) after the entry into this Agreement, any deterioration of any of the Ratios (as defined in Schedule 5) shall have occurred or in the opinion of UGI Corporation would be likely to occur, which change would not have occurred or would not have been likely to occur had no change in GAAP taken place:

- (i) such a change in any of the Ratios shall not be considered to constitute an Event of Default or potential Event of Default, and
- (ii) in the event of such a change in any of the Ratios, the Borrower shall provide the Lender with a detailed calculation based upon (a) GAAP prior to the change and (b) GAAP after the change, with a reasonable explanation for the differences, and
- (iii) the parties to the Finance Documents shall negotiate in good faith an amendment to this Agreement which shall approximate to the extent possible the economic effect of the original Ratios taking into account such a change in GAAP.

If said parties do not agree on such amendment within sixty (60) days from the date on which the Borrower first notifies the Lender of such a change in GAAP, the Borrower shall have the option of (i) prepaying in full all amounts outstanding under this Agreement, or (ii) for purposes of this Agreement, continuing to apply GAAP as in effect prior to such change in GAAP.

"GAAP" means generally accepted accounting principles in the United States of America as in effect at the time of any particular computation or determination or as of the date of the relevant financial statements, as the case may be.

12.3 The Ordinary Income (as defined in Schedule 5) for any period shall be adjusted by the addition of the Ordinary Income of any acquisition made during that period as if such acquisition had occurred on the first day of the period. At the request of the Lender, the Borrower shall provide supporting documents reasonably satisfactory to the Lender relating to the Ordinary Income of the acquisition.

12.4 Should the Equity Ratio fall below 15.0% as a result of an acquisition financed with debt,

- (i) the Borrower shall have sixty (60) days from the date of the acquisition to cure the cause (or have UGI Corporation cure the cause) of such a change, and
- (ii) the Borrower shall immediately provide (or have UGI Corporation provide) reasonable evidence that a cure is possible within the 60 day period, and
- (iii) within thirty (30) days of completing an acquisition that would, in its opinion, cause such a change in the Equity Ratio, the Borrower shall provide (or have UGI Corporation provide) a reasonable explanation of the acquisition and a detailed calculation of the Equity Ratio as of the date of the acquisition, and,
- (iv) upon curing the cause of such a change of the Equity Ratio, the Borrower shall provide (or have UGI Corporation provide) a reasonable explanation of the cure and a detailed calculation of the Equity Ratio that reflects the cure.

13. MISCELLANEOUS

- 13.1 If any of the provisions of this Agreement are or become invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired.
- 13.2 Any notice or communication under or in connection with this Agreement shall be in writing and shall be delivered by mail, fax, courier or email to the addresses given in this Agreement or at such other address as the recipient may have notified to the other party in writing.
- 13.3 The Borrower may not assign, pledge or dispose otherwise of any of its rights or claims under or in connection with this Agreement without the prior written consent of the Lender.
- 13.4 The Lender may grant participations, and/or assign or transfer any or all of its rights or claims under or in connection with this Agreement to other financial institutions with the prior written consent of the Borrower only, which consent shall not be unreasonably withheld. Such consent, however, shall not be required for the granting of participations, nor for any assignment or transfer, to any members of the Raiffeisen Banking Group.
- 13.5 No failure by the Lender to exercise, nor any delay by the Lender in exercising, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies provided by law.

- 13.6 The Borrower hereby irrevocably agrees to the electronic processing of all information and data concerning the Borrower and/or any of its affiliated companies which become known to the Lender in the course of the business relationship with the Borrower or any of its affiliated companies, and to the disclosure and forwarding of such information and data (except information and data regarding confidential know-how of the Borrower or any of its affiliates as well as confidential business or financial information explicitly identified by the Borrower in writing as being confidential as required by any law or legal regulation applicable to the Borrower or to any of its affiliates) within the internal organization of the Lender as well as to any domestic or foreign member companies of the Raiffeisen Banking Group and any (potential) parties of syndication or risk participation or security agreements. Prior to releasing any information or data to other parties (including companies of the Raiffeisen Banking Group) provided by the Borrower, the Lender shall enter into a written confidentiality agreement with the recipient of such information or data requiring it to maintain the confidentiality of the information or data, whereby such recipient shall be entitled to electronically process the information or data for internal use.
- 13.7 All present and future obligations under or in connection with this Agreement have to be fulfilled at the Lender's premises at Am Stadtpark 9, 1030 Vienna.
- 13.8 In addition to the terms of this Agreement, the General Terms and Conditions (Version 2001) of the Lender shall apply subsidiarily.
- 13.9 This Agreement shall be governed by and construed in accordance with the Austrian law.
- 13.10 Any dispute, controversy or claim arising out of or in connection with this Agreement shall non exclusively be settled by the competent commercial court of Vienna.

UNQUOTE

The present offer shall be irrevocably valid and binding until June 15, 2007. If you accept this offer, we shall pay you an up-front fee of EURO 4.000 flat. You can accept this offer by debiting our account no. 1-04.065.108 with such up-front fee. You are hereby irrevocably authorized to make such debit entry. Upon such debit entry only, the present offer shall be validly accepted irrespective of whether and when we will be informed of your acceptance.

If, any possible agreements have arisen from any offer submitted by us between 01.January 2006 until 01.April 2007 to you concerning the conclusion of any credit facility agreement, all these agreements are considered to be terminated by this present offer and your implied acceptance.

Kind regards,

Zentraleuropa LPG Holding GmbH

Schedule 1 List of Condition Precedent Documents

Schedule 2 Form of Request Form

Schedule 3 Form of Request for the Issue of a Guarantee

Schedule 4 Mandatory Cost Formulae

Schedule 5 Ratios; Manner of Calculation

SCHEDULE 1

Condition Precedent Documents

1. A duly executed original of each Finance Document.
2. A copy of the constitutional documents of the Borrower and the Guarantor (individually also an "Obligor").
3. An extract of the commercial (or equivalent) register of each Obligor.
4. A copy of a resolution of the directors, the board of directors or any other relevant board, body or person of each Obligor:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which an Obligor is a party and resolving to execute the Finance Documents to which it is a party;
 - (ii) authorizing a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) authorizing a specified person or persons, on its behalf, to sign and/or dispatch all documents, notices and other communication (including, without limitation, any Request Form) to be signed and/or dispatched by it under or in connection with the Finance Documents to which it is a party.
5. A specimen of the signature of each person authorized by the resolution referred to in point 4 (iii) above.
6. A certificate provided by an authorized signatory of the relevant Obligor certifying that each copy document relating to it specified in this Schedule 1 is true and correct, complete and in full force and effect as at a date no earlier than the entry into this Agreement.
7. A duly executed original of a letter from the process agent referred to in clause 13 of the Guarantee Agreement confirming that it has been appointed by the relevant Obligor and that it has accepted such appointment.
8. A duly executed original of a legal opinion by Morgan Lewis & Bockius LLP, Philadelphia, USA, in respect of the Guarantee Agreement
9. Any other document or evidence the Lender may reasonably require.

SCHEDULE 2
REQUEST FORM

From: Zentraleuropa LPG Holding GmbH
Flaga Straße 1
2100 Leobendorf
Austria

To: Raiffeisen Zentralbank Österreich Aktiengesellschaft Am
Stadtpark 9
1030 Vienna
Austria

Date:

Ladies and Gentlemen,

1. We hereby request you to make the following transfer:

From our account No.:	<input type="text"/>
To our account No:	<input type="text"/>
Amount:	<input type="text"/>
On (value date):	<input type="text"/>
Interest period:	[1/2/3/6] months

2. We hereby confirm all conditions precedent in connection with such transfer are satisfied as of the date of this request.
3. This request is irrevocable.

Best regards

Zentraleuropa LPG Holding GmbH

SCHEDULE 3
Form of Request for the Issue of a Guarantee

RAIFFEISEN ZENTRAL BANK
OSTERREICH
AKTIENGESELLSCHAFT

ORDER FOR THE ISSUE OF
A GUARANTEE

Am Stadtpark 9
A-1030 Wien

Applicant: I/We herewith instruct you to issue on my/our behalf the following
irrevocable guarantee by:

Account no. of applicant:

Tel.no.:

- letter /airmail
- telex

Beneficiary:

Currency/amount: Ref. and date of order:
contract:
invoice:

Valid until:

Type of guarantee:

- | | |
|---|---|
| • | • |
| • | • |
| • | • |

Subject (contract number/description of goods as per contract/invoice):

Total order value: Delivery terms:

Wording of guarantee:

- use wording as per attached text

Guarantee to be issued as direct guarantee, to be sent to:

- | | |
|------------------------|---|
| • beneficiary directly | • to be advised by following bank, without commitment on the bank's side: |
|------------------------|---|

Remarks (e.g. bid bonds: what guarantees are to be opened in case of adjudication; down payment or bank guarantee covering a credit: indicate whether guarantee amount includes interests and charges or not; documentary payment guarantee: indicate documents etc.):

This order is governed by Austrian law.

date

stamp and authorized signature of applicant

Schedule 4
Mandatory Cost Formulae

1. The Mandatory Cost is an addition to the interest rate to compensate the Lender for the cost of compliance with (a) the new requirements of any national bank (b) in either case, new requirements of any other authority which replaces all or any of its functions, (c) the new requirements of the European Central Bank (in this clause 1, "**new requirements**" means requirements introduced and coming into force after the Date of this Agreement).
2. On the first day of each interest Period (or as soon as possible thereafter) the Lender shall calculate, as a percentage rate, a rate (hereinafter referred to as the "**Additional Cost Rate**") in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Lender as a weighted average of the Lender's Additional Cost Rates and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for the Lender will be the percentage notified by the Lender as the cost of complying with the minimum reserve requirements of the Austrian National Bank and/or any other authorities referred to in clause 1 above.
4. Any determination by the Lender pursuant to this Schedule 4 in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to the Lender shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.
5. The Lender may from time to time, after consultation with the Borrower, determine and notify to the Borrower any amendments which are required to be made to this Schedule 4 in order to comply with any change in law, regulation or any requirements from time to time imposed by the Austrian National Bank and/or any other authorities referred to in clause 1 above, and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.

Schedule 5
Ratios; Manner of Calculation

1. Ratios.

Certain financial ratios of UGI Corporation (on a consolidated basis) (individually a "Ratio" and collectively the "Ratios") are defined as follows:

Equity Ratio as % of total assets means Total Equity divided by Average Adjusted Total Assets.

Return on Assets means Ordinary Income divided by Average Adjusted Total Assets.

Debt Amortization Period means Net Debt divided by EBTDA whereas the meaning of capitalized terms shall be as follows:

TOTAL EQUITY means Total Stockholders' Equity according to quarterly/annual report plus Minority Interests.

AVERAGE ADJUSTED TOTAL ASSETS means the sum of Total Assets according to quarterly/annual report for each of the past four (4) financial quarters divided by four (4).

ORDINARY INCOME means operating income according to quarterly/annual reports.

EBTDA means Ordinary income plus Depreciation and Amortization minus Interest Expense.

NET DEBT means Current Maturities of Long Term Debt plus Bank Loans plus Long Term Debt (altogether "INTEREST-BEARING LIABILITIES") minus Cash and cash equivalents minus Short-term investments.

2. Manner of Calculating Ratios:

The Ratios shall be calculated by the Lender in accordance with the terms set forth in this Schedule 5 on the basis of the consolidated financial statements of UGI Corporation to be provided pursuant to clause 10.1 (ii), beginning with the consolidated quarterly financial statements of UGI Corporation for the first calendar quarter of 2006. UGI Corporation may, at its discretion, provide its calculation of such Ratios together with the submission of the financial statements that are required to be submitted pursuant to clause 10.1 (ii). For the sake of clarification, however, it is hereby stated that only the calculation by the Lender is relevant for the purpose of this Agreement.

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lon R. Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

/s/ Lon R. Greenberg
Lon R. Greenberg
Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John L. Walsh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

/s/ John L. Walsh

John L. Walsh
President and Chief Operating Officer
(Principal Financial Officer)

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

I, Lon R. Greenberg, Chief Executive Officer, and I, John L. Walsh, Principal Financial Officer, of UGI Corporation, a Pennsylvania corporation (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-Q for the period ended June 30, 2007 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER

/s/ Lon R. Greenberg
Chairman and Chief Executive Officer
(Principal Executive Officer)
Lon R. Greenberg

Date: August 9, 2007

PRINCIPAL FINANCIAL OFFICER

/s/ John L. Walsh
President and Chief Operating Officer
(Principal Financial Officer)
John L. Walsh

Date: August 9, 2007