

UGI
CORPORATION

UGI

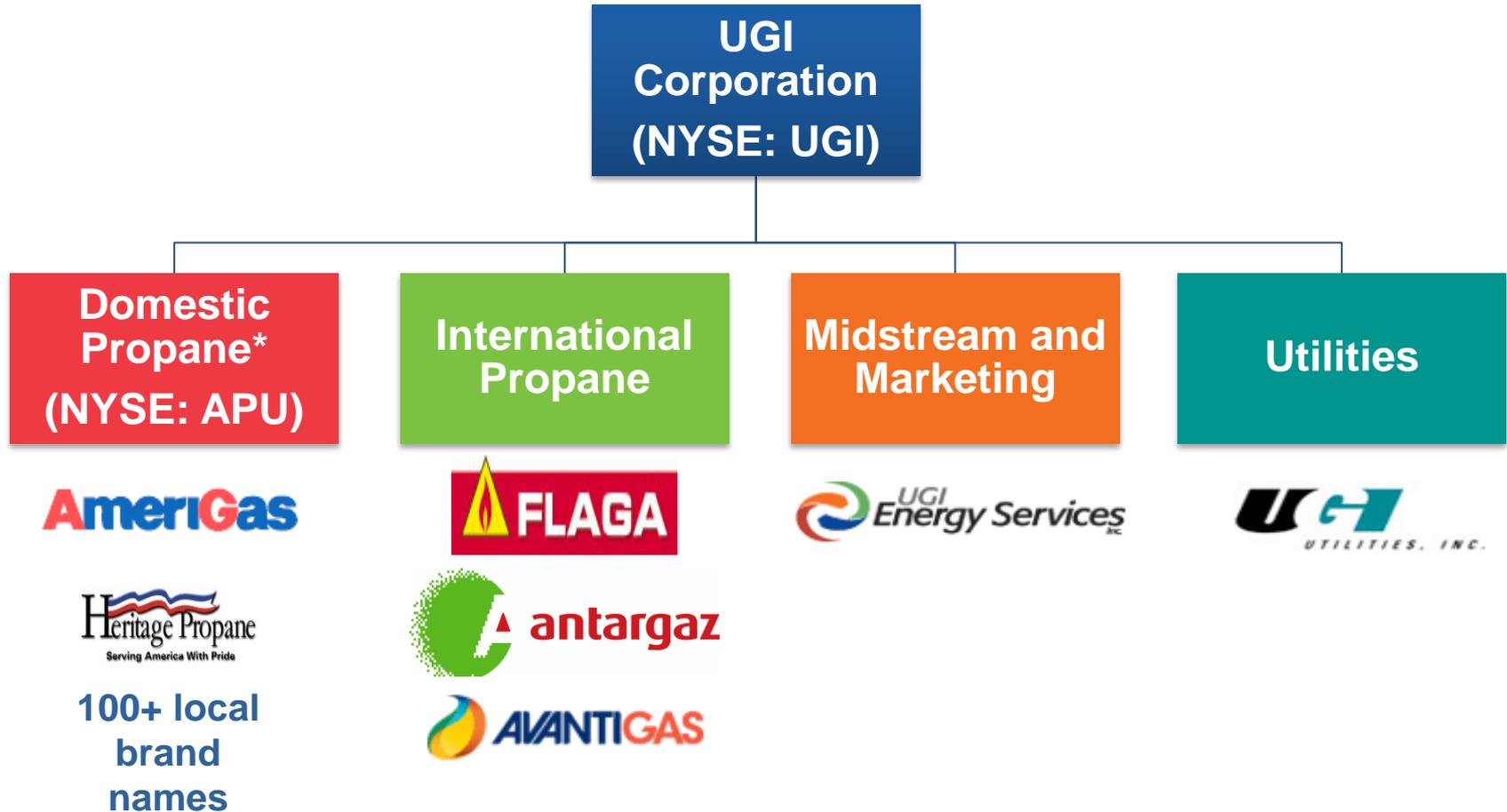
BALANCED
DIVERSIFIED
DISCIPLINED
INNOVATIVE
STRATEGIC

London
March 5, 2013

John Walsh	President and COO (assuming CEO role - spring 2013)
Kirk Oliver	CFO
Hugh Gallagher	Treasurer

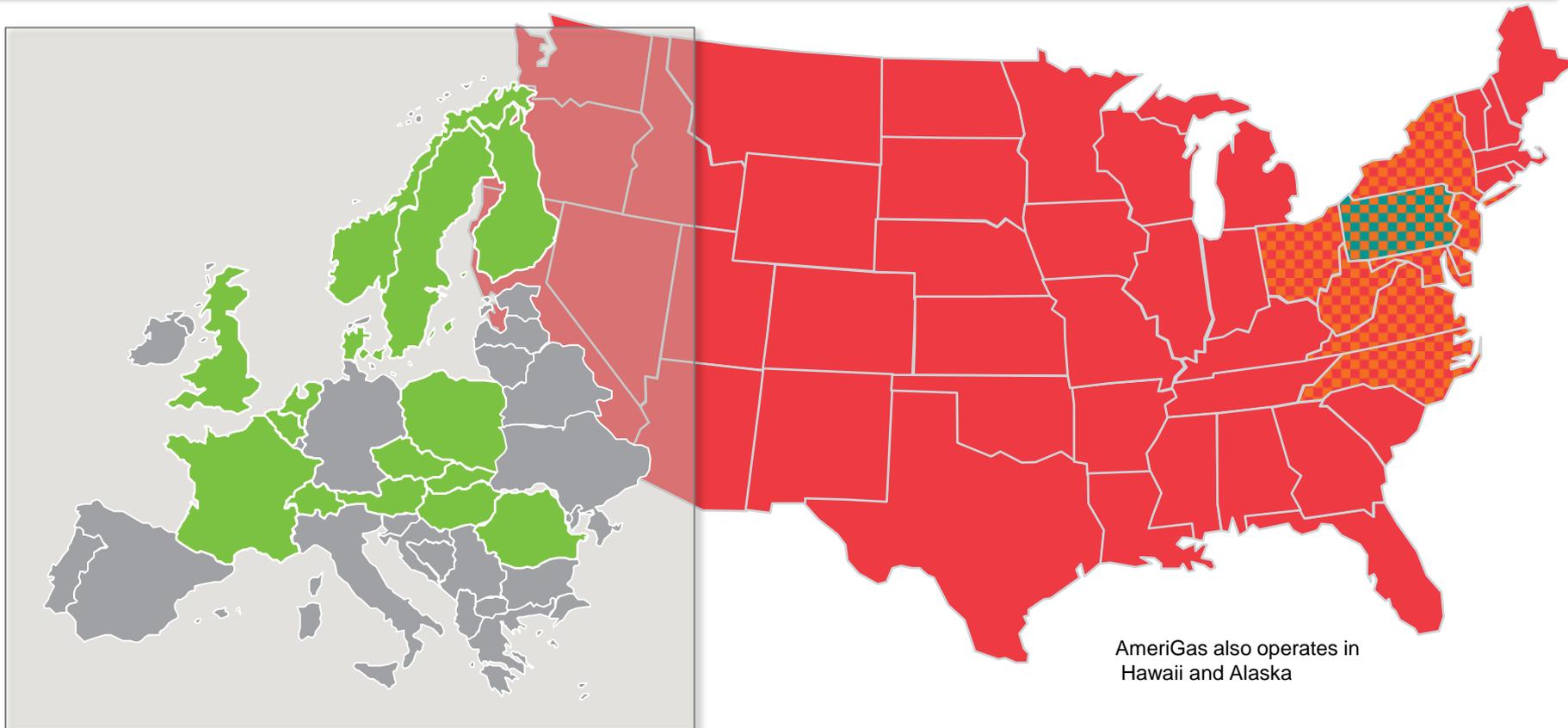
This presentation contains certain forward-looking statements that management believes to be reasonable as of today's date only. Actual results may differ significantly because of risks and uncertainties that are difficult to predict and many of which are beyond management's control. You should read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

UGI Corporation is a distributor and marketer of energy products and services including natural gas, propane, butane, and electricity.



*100% GP interest and 25% of outstanding LP units

UGI operates in 50 states and 16 European countries



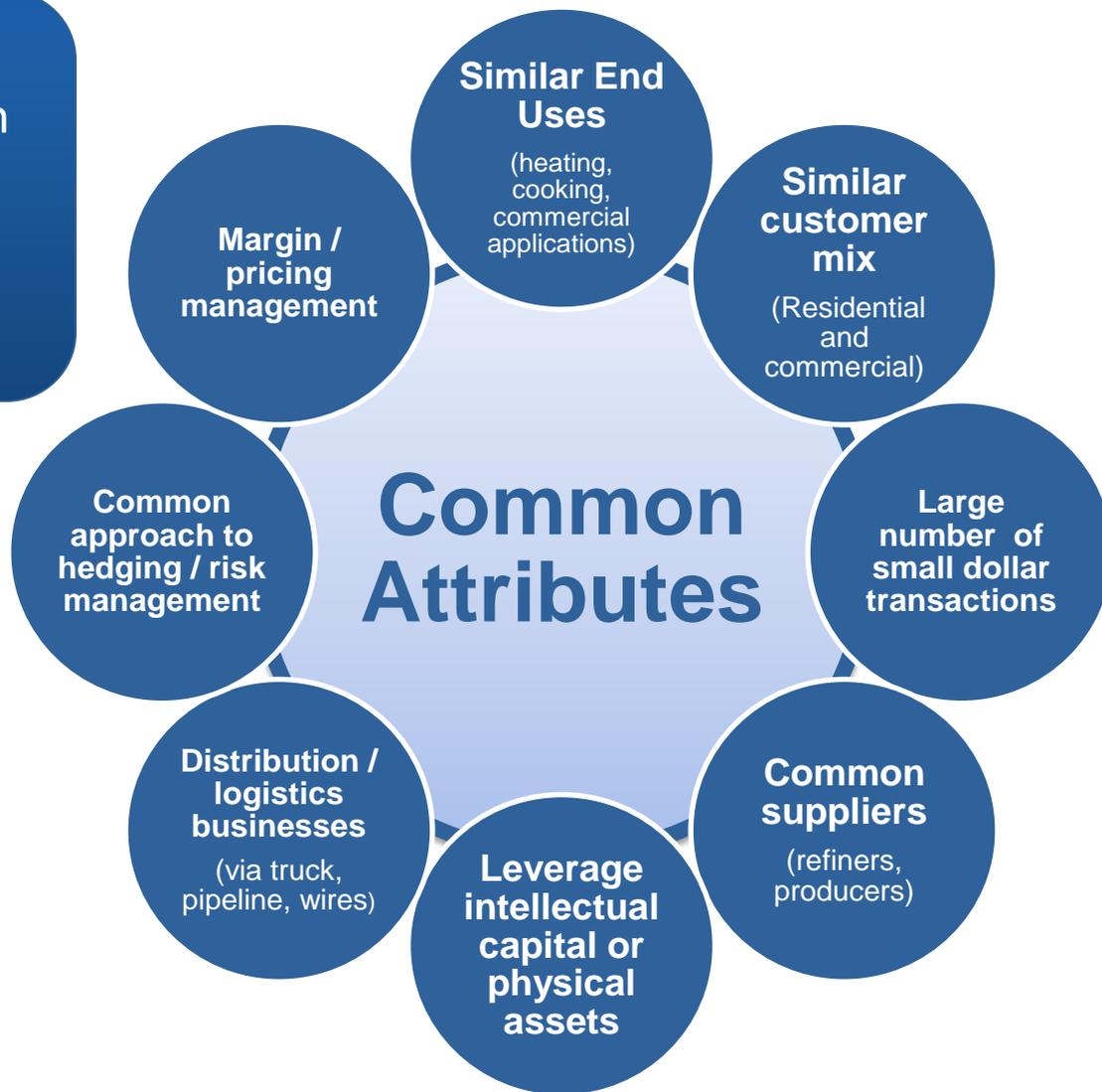
**Domestic
Propane**

**International
Propane**

**Midstream &
Marketing**

UGI Utilities

Functionally **related** with numerous **common attributes**



Diversification through:

Geographies

- Operations across the United States and 16 European countries

Value chain

- Operations range from generation, gathering, storage, transportation, and sale to the end user

Customer segments

- Retail end-users
- Commercial/Industrial users
- Wholesale

Commodities

- Natural gas
- Propane/Butane
- Electricity

This **Diversification** = **less risk**, diversified income, **cash flows**, & unique **growth opportunities**

Goals:

4%

Dividend
growth target

6-10%

EPS growth
target

Capital
investment and
M&A to
strengthen our
position across
units

Generate **cash
flow** to pay for
both growth
projects and
dividend

Accomplishments:

7.0% ✓

Dividend
growth (10-
year CAGR*)

13.7% ✓

EPS growth
(10-year
CAGR*)

Heritage
acquisition ✓
Shell LPG
acquisition
LNG storage
expansion

\$125+ MM ✓
of investable
cash generated
annually

4%

Dividend
growth target

7.0% ✓

Dividend
growth (10-
year CAGR*)

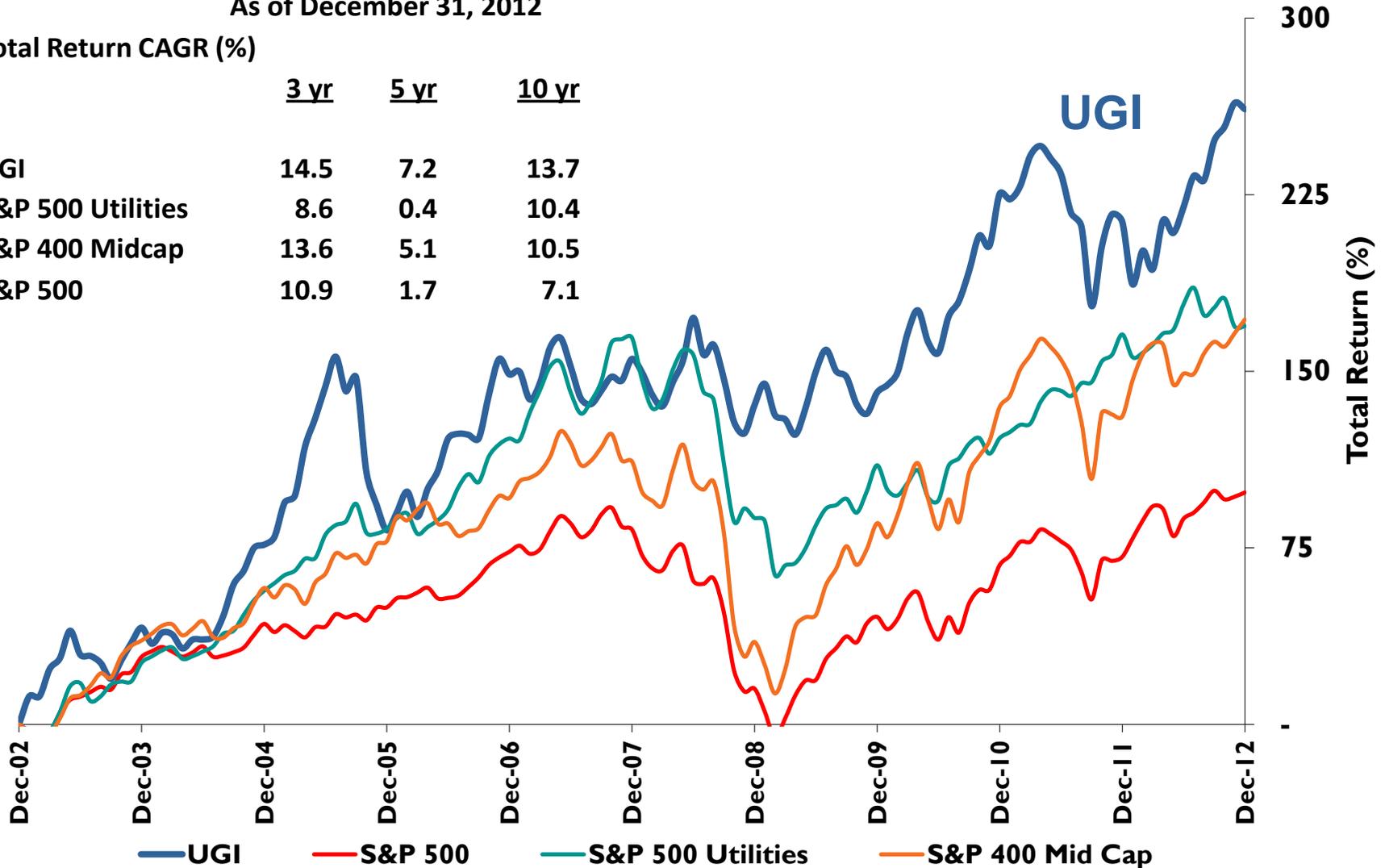
UGI has paid uninterrupted dividends for 128 years and increased its dividend for the past 25 consecutive years

... President
... Sec'y and Treas.
... Ass't Sec'y and Treas.
... June 1, 19...
... STREET
...
... to the Stockholders of
... United Gas Improvement Company.
... Company has made satisfactory progress during the past year and have
... been enabled to commence the payment of dividends which they have
... every reason to believe can be continued. All the leased Works are
... returning a fair profit, and new leases are being made whenever they
... promise a good return.
... The Capital Stock Account has not been
... changed since the last Annual meeting.
... Respectfully Submitted,
... By the Board of Directors
... G. Philler, President.

As of December 31, 2012

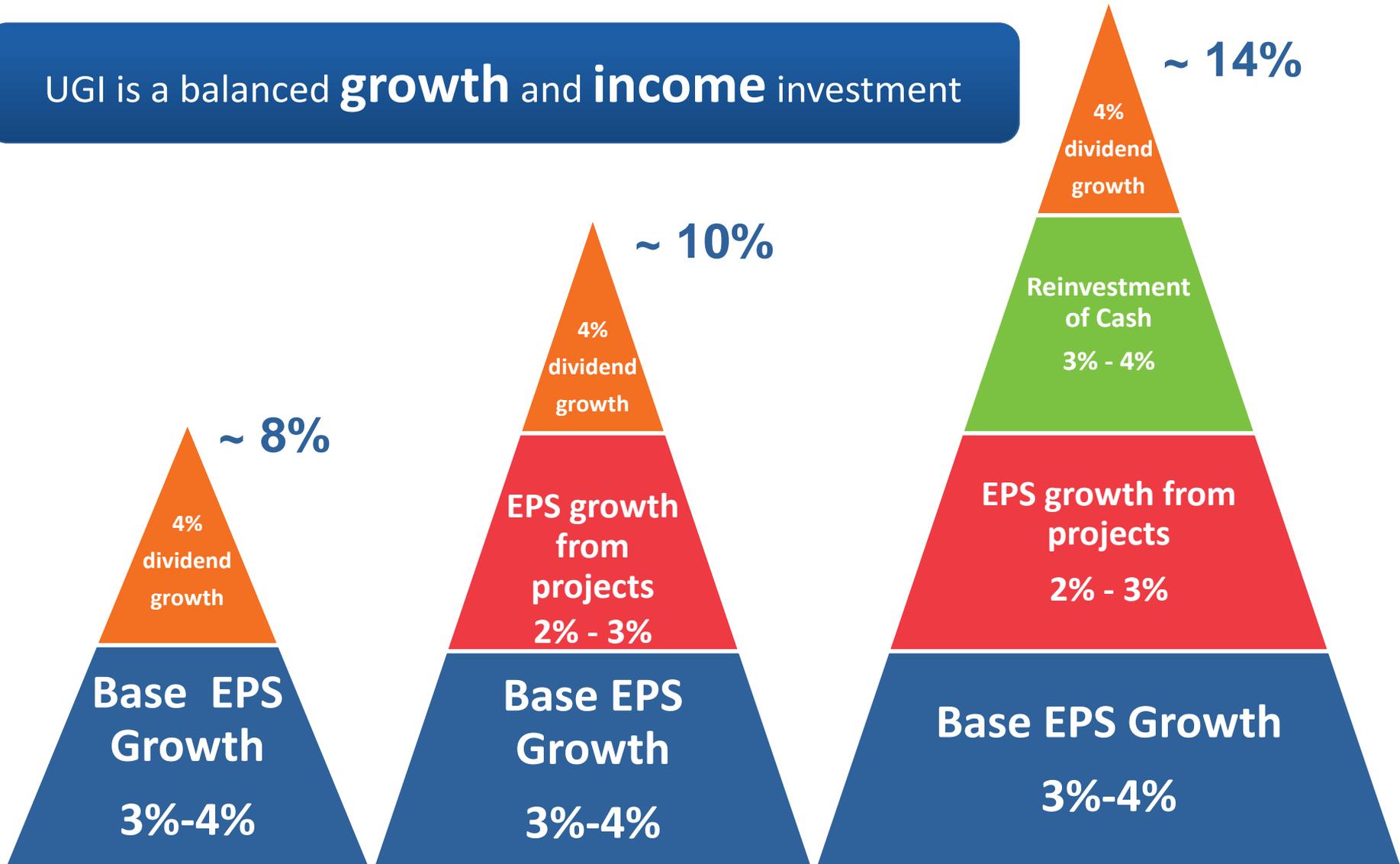
Total Return CAGR (%)

	<u>3 yr</u>	<u>5 yr</u>	<u>10 yr</u>
UGI	14.5	7.2	13.7
S&P 500 Utilities	8.6	0.4	10.4
S&P 400 Midcap	13.6	5.1	10.5
S&P 500	10.9	1.7	7.1

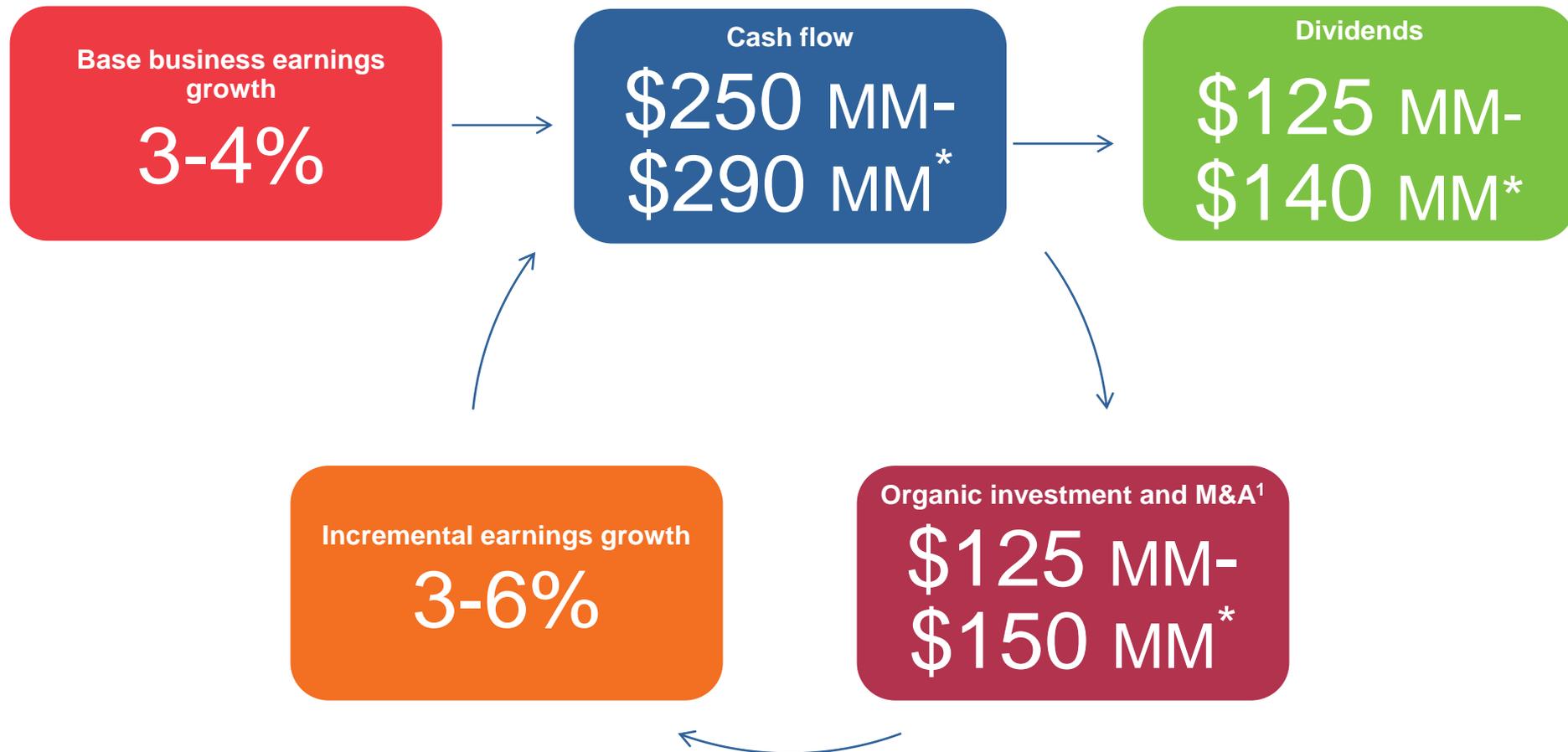


Total Shareholder Return Proposition

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

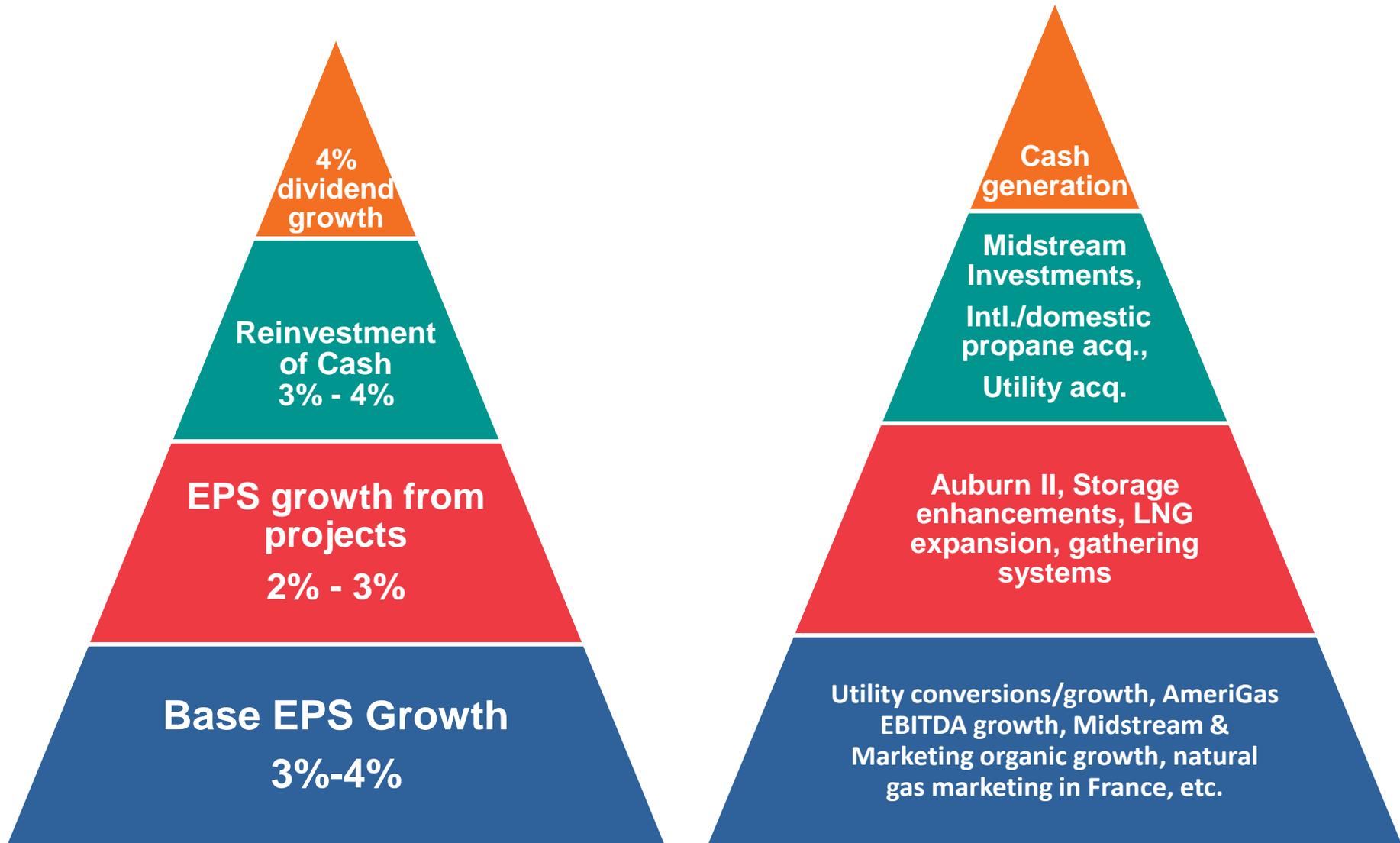


Income-producing businesses generate cash for growth opportunities and dividends

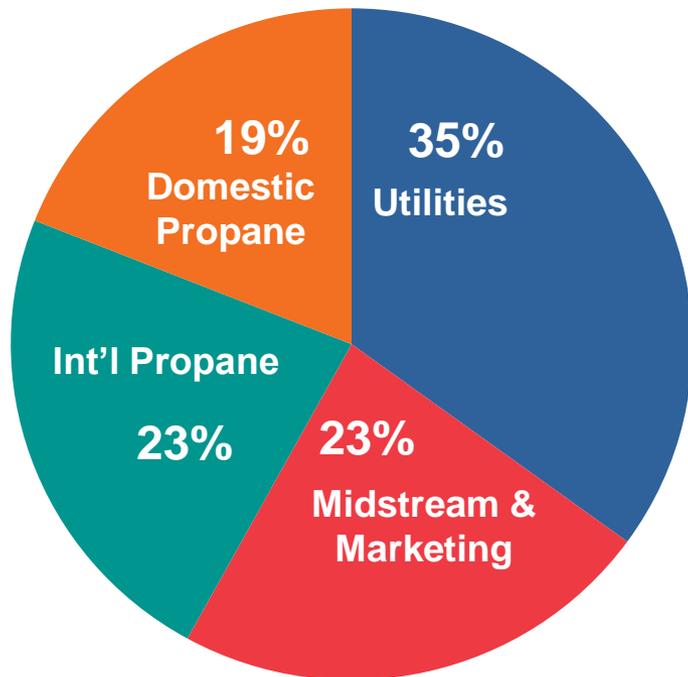


*multi-year average forecast

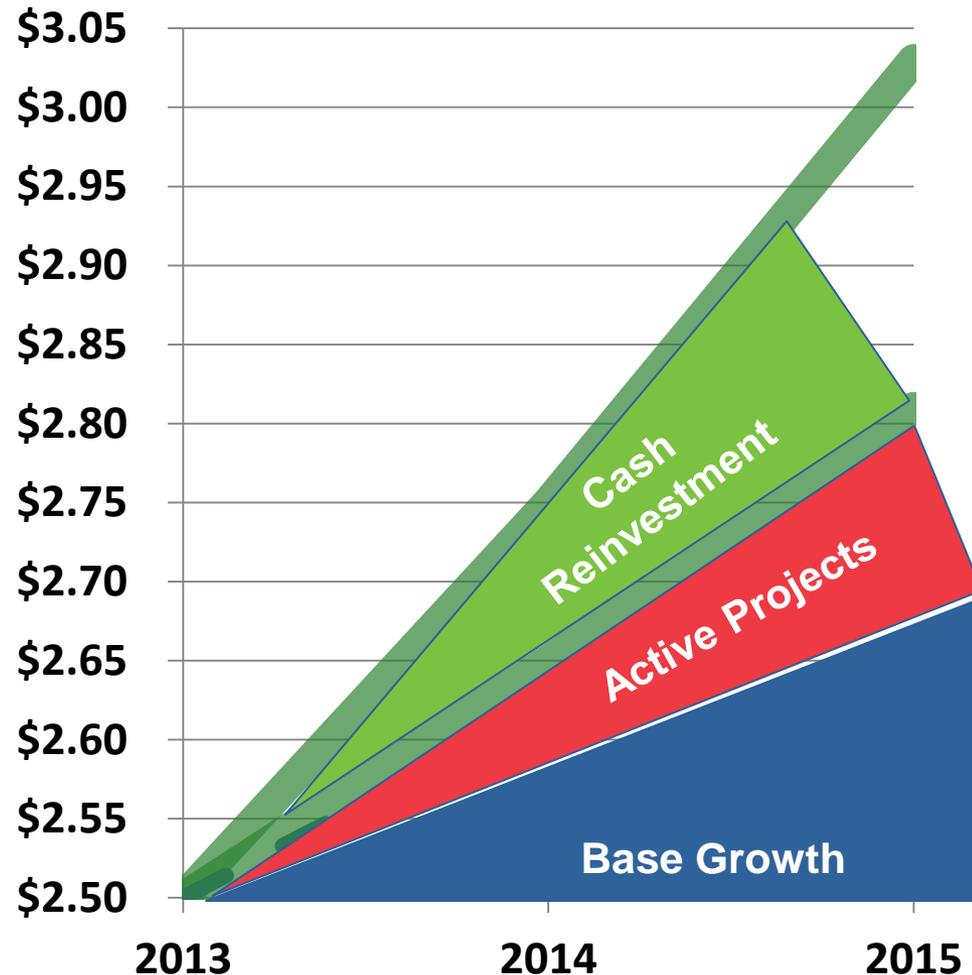
¹ after business unit CAPEX



Expected EPS Contribution by business unit (forecasted multi-year average)



6% to 10% growth targets



Business Unit Overview



Pennsylvania's largest gas utility

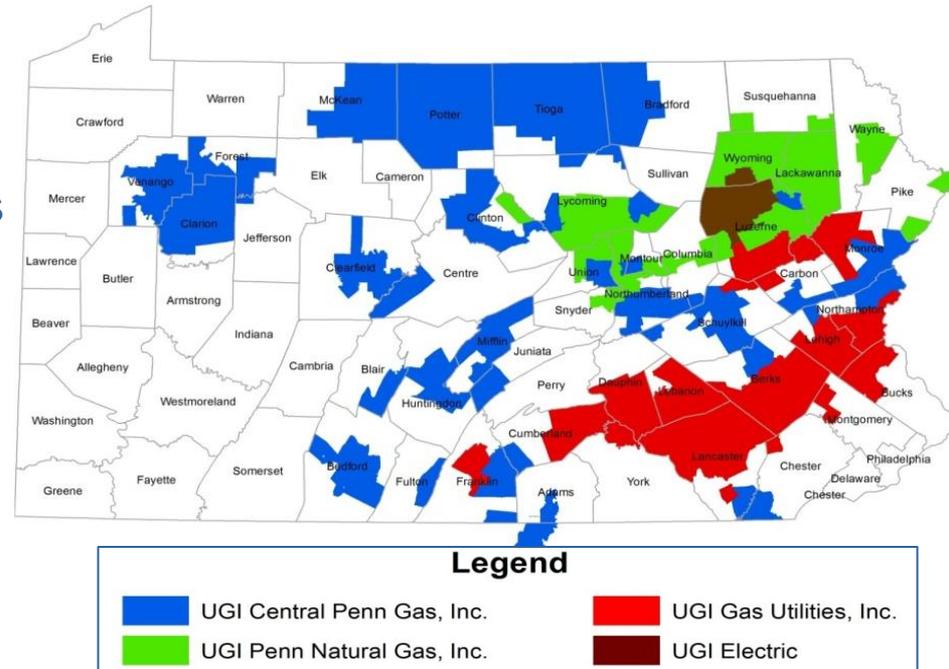
- 45 of the 67 PA counties served
- Service provided in 709 PA municipalities

Wide range of customer opportunities

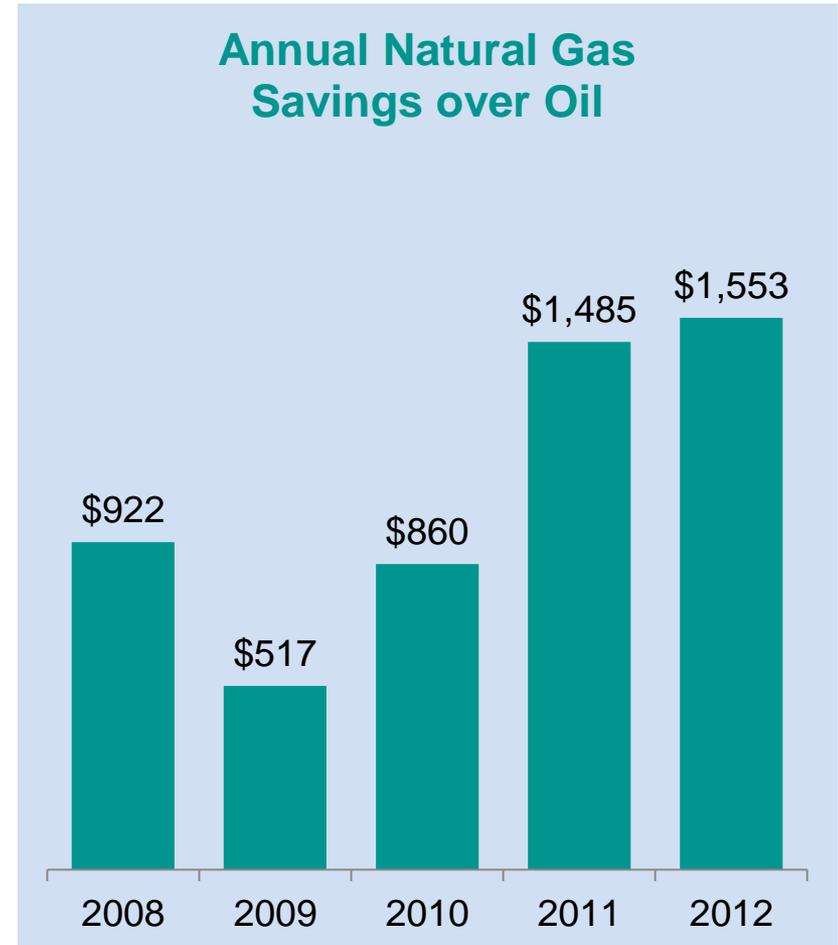
- ~600,000 gas customers
- ~60,000 electric customers

Attractive and growing service areas

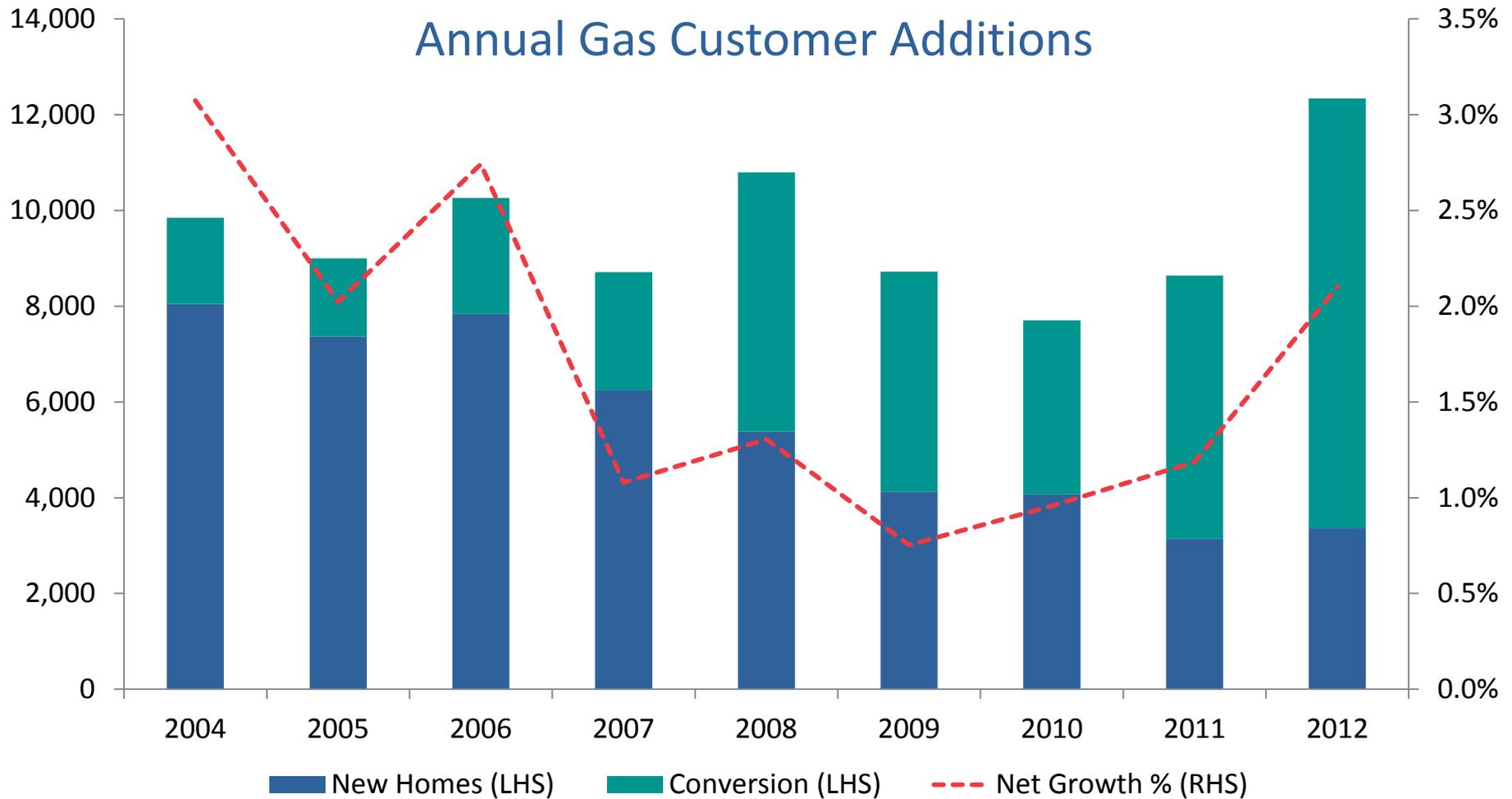
- Gas Utility customer growth of ~2% in 2012
- UGI System covers 28% of the total square miles in PA
- Approximately 12,000 miles of main



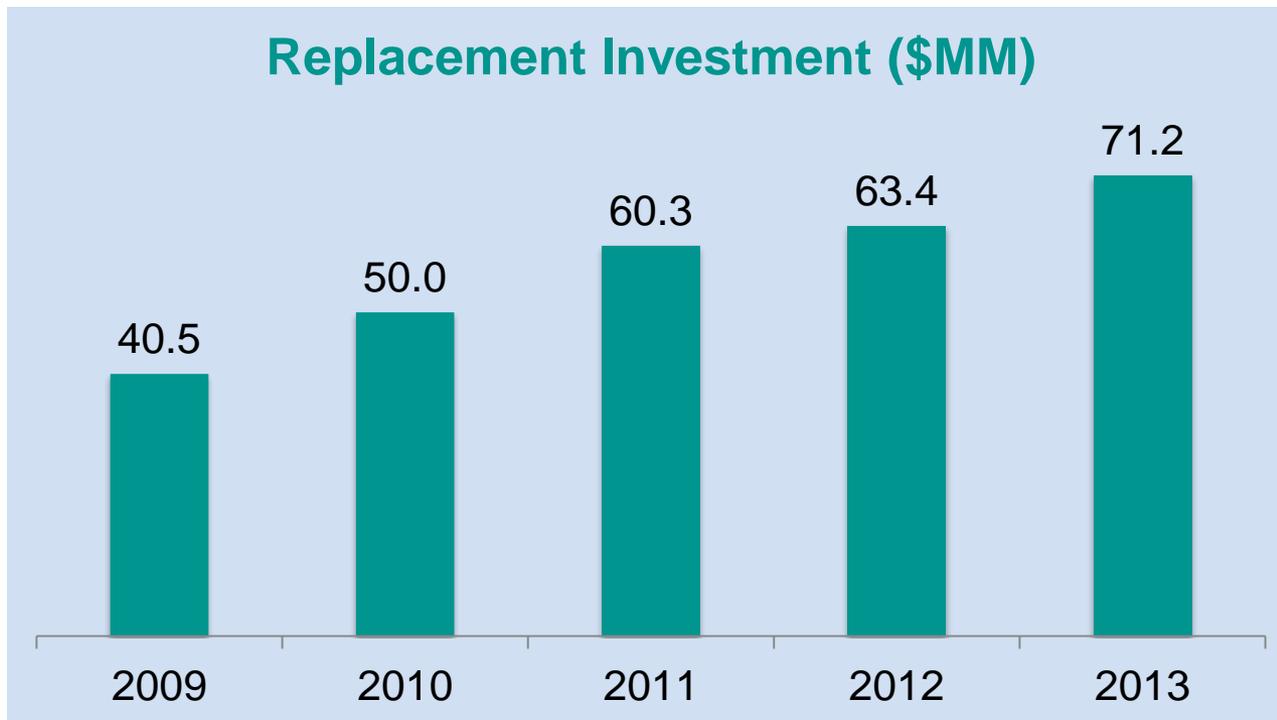
- In 2012 UGI Gas achieved **+2% net customer growth**
- Focused on **customer conversions** from oil and other fuels
- Historical growth was from new housing market
- Estimate that **~500,000 potential customers** in proximity to UGI's mains
- The vast majority of conversions are oil **customers within 75 to 100 feet** of our mains



Annual Gas Customer Additions



- UGI Utilities is in the process of **replacing of all cast iron main** within 14 years and all bare steel main within 30 years
- We have **accelerated our spending** and rate of replacement in infrastructure over the last 5 years

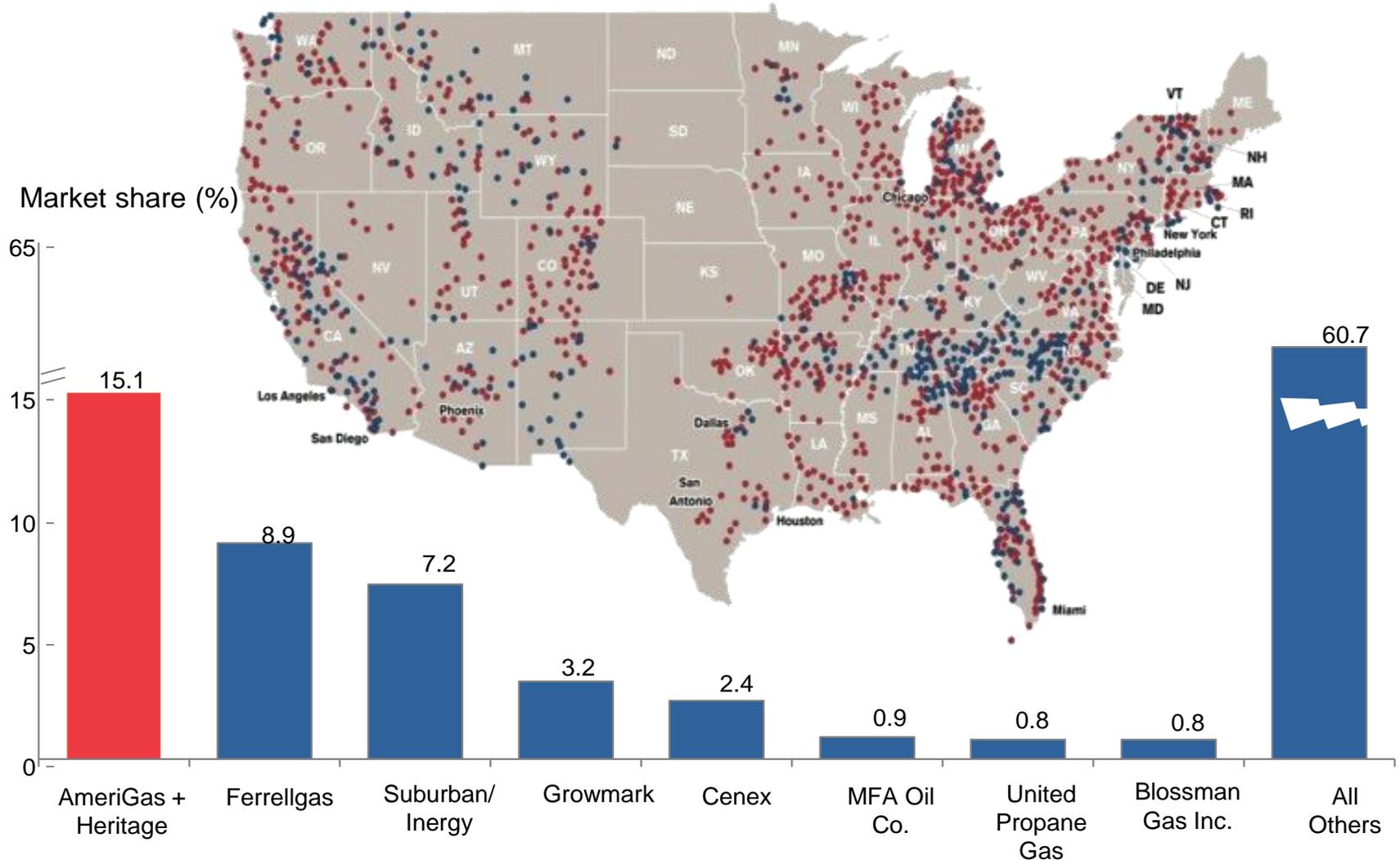


AmeriGas provides service to all 50 states

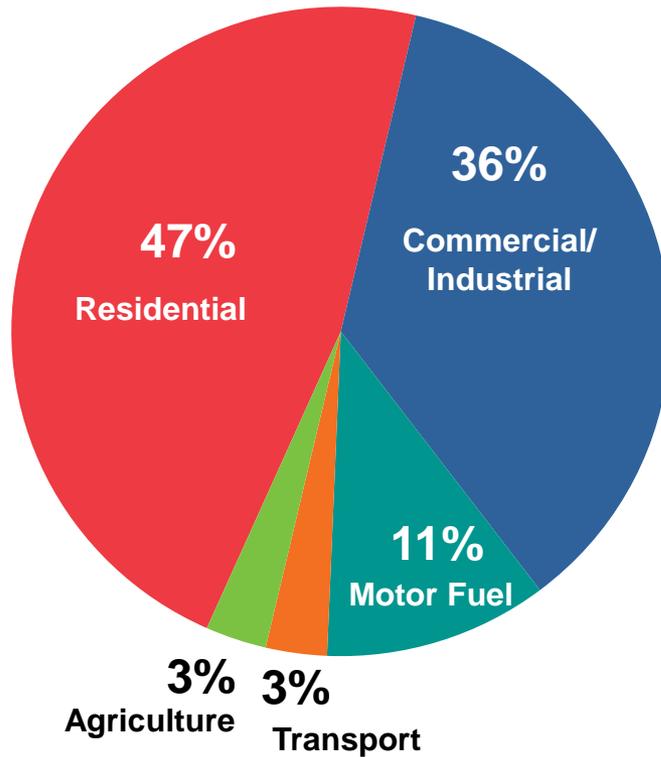


8,500+ Employees
2,000 Locations
2+ million Customers
1.2+ billion Propane gallons sold annually
160 Brands

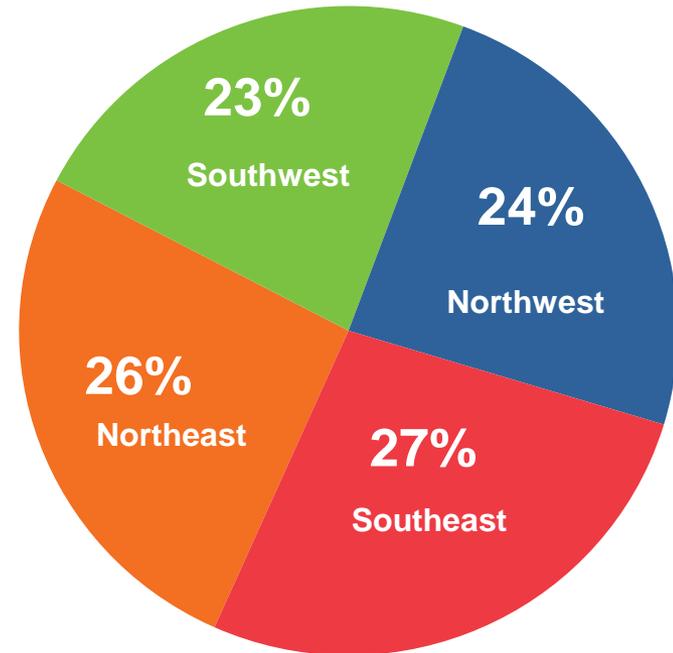
Largest player in a fragmented industry with **15% market share**



Customer Base



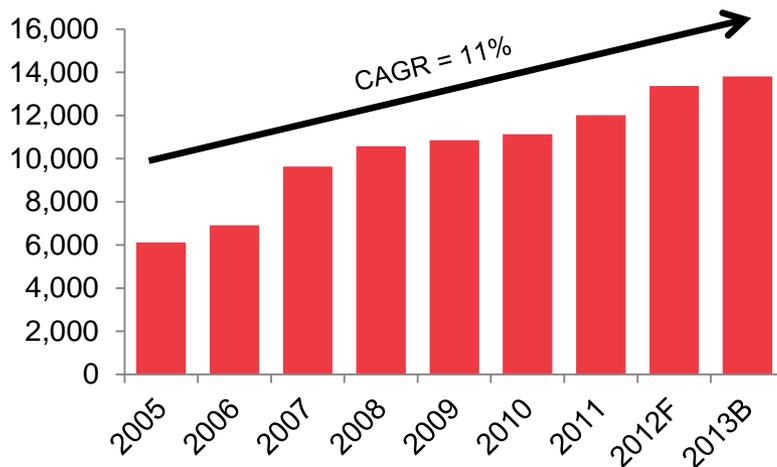
Geography



- **Unmatched geographic coverage**
 - Customer density = efficiency
 - Advantage in acquisitions, serving multi-state customers
- Geographic and end-use **diversity**
- Size provides **purchasing advantage**
- Counter-seasonal business (ACE) and non-volumetric revenue streams (AmeriGuard, fuel surcharges) **reduce reliance** on heating degree days
- Track record of **acquisitions** & delivering pro forma results
- **Strong balance sheet** - supports continued growth

AmeriGas Cylinder Exchange

- Counter-seasonal to heating season
- Significant scale - 44,000 distribution points
- 13 million cylinders per year
- Expected to grow EBITDA 3%-4% annually



National Accounts

- Leverages national footprint
- Service multiple locations – one bill
- Centralized account management
- Expected to grow EBITDA 3%-5% annually

✓ Over 200 customers
✓ Serves 31,000 locations

International Propane



	Domestic	International
Brand	 100+ local brand names	
Countries of operation	U.S.	France, Belgium, Netherlands, Luxembourg, Austria, Poland, Czech Republic, Hungary, Slovakia, Romania, Switzerland, Norway, Sweden, Denmark, Finland, U.K.
Approx volume (gallons)	>1.2 billion (retail) >100 million (wholesale)	>600 million (retail) > 80 million (wholesale)
Forecasted EBITDA (in USD)	\$630-\$660 million	~ \$200 million
Major Competitors	Ferrellgas, Suburban, 3,500 independent marketers	Total, SHV, DCC, MOL, Flogas, Calor, Vitogaz, Independent marketers
Volume segments	Cylinder ~ 18% Bulk ~ 74% Autogas – na Wholesale ~ 8%	Cylinder ~18% Bulk ~62% Autogas ~8% Wholesale ~12%

Customer segments:	U.S.	Europe
Bulk delivery business (250 – 1,000 gallons)	√	√
Cylinder exchange	√	√
Motor fuel – forklifts	√	√
Motor fuel – over the road autogas		√
Competitive Landscape	U.S.	Europe
Fragmented market	√	
Larger share / fewer independent marketers		√
Pricing/Margin Management:	U.S.	Europe
Frequent changes (daily/weekly)	√	
Less frequent (evolving to US model)		√
Competitive Advantages:	U.S.	Europe
Scale	√	√
“Hub and spoke” truck-based delivery logistics	√	√
Risk management – credit and supply	√	√
Safety	√	√
Customer service	√	√

ORGANIC GROWTH:

- Heating Oil to LPG conversions in select countries
- Penetration of new LPG markets in U.K.
- Residential customer growth in Poland
- Composite cylinder for specific channels
- Commercial bulk business in Poland and Scandinavia
- Expand natural gas marketing segment
- Piped network development in France and Poland

ACQUISITION GROWTH:

- Pursue opportunities to enhance position in current markets (BP Poland)
- Potential to build-out position in Northern and Central Europe



Lines of Business

Marketing

Natural Gas

- >100 Bcf
- > 30,000 locations
- 33 LDCs

Power

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

Generation

Generation

- Hunlock: 125 MWs combined cycle
- Conemaugh: 102 MWs coal-fired
- Renewable energy: ~ 17 MWs

Midstream

Pipelines and Gathering

Storage – 15 Bcf

Peaking

- 1.25 Bcf LNG Storage Capacity
- 0.40 Bcf capacity in 6 Propane Air plants

We supply over 100 bcf of gas and over 2 MM MWhrs of power to 40,000 commercial and industrial facilities throughout the Mid-Atlantic region

Strategy

Target small and medium-size businesses that value our services (hedging, management of energy requirements); **we are not a wholesaler**

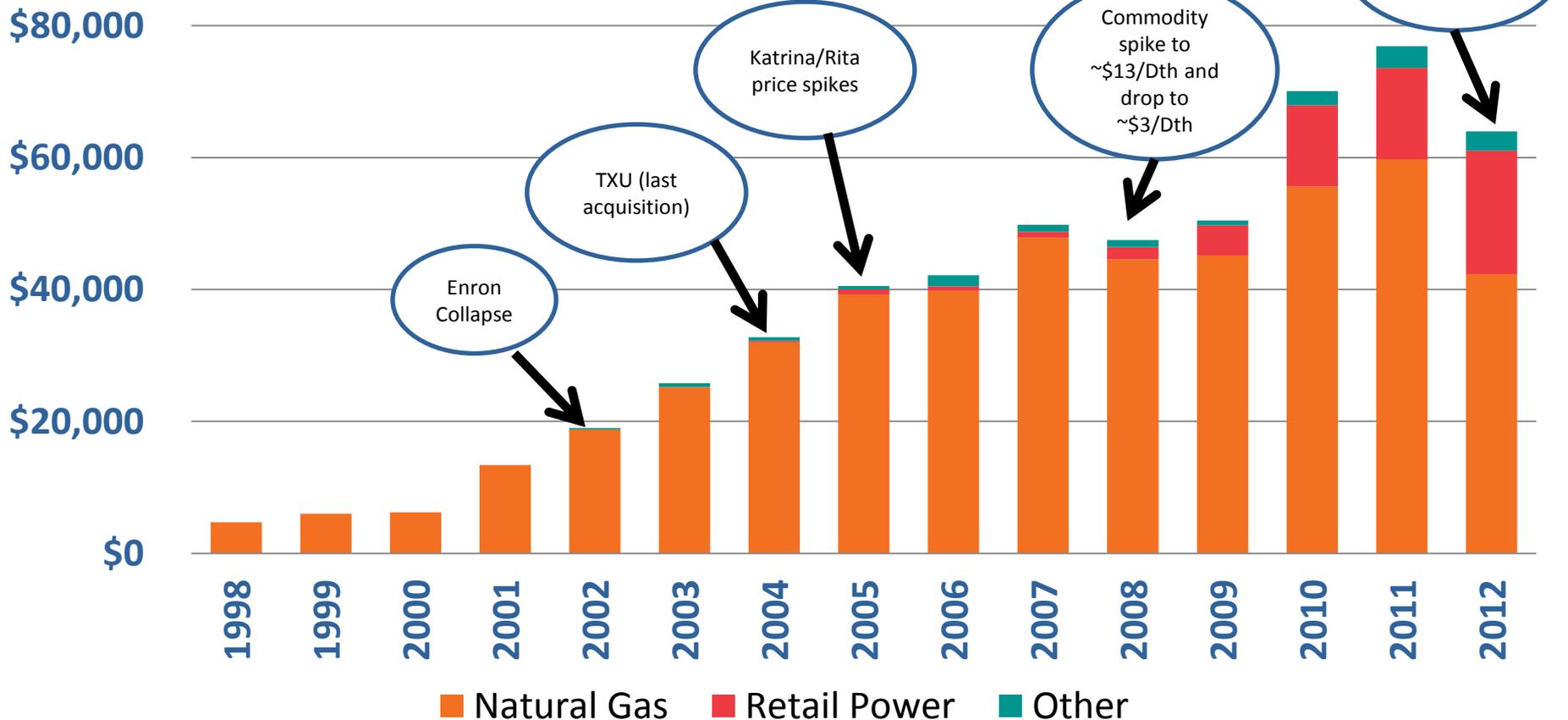
Characteristics

- Little commodity exposure - back-to-back fulfillment
- No trading or speculation
- Excellent sales team
- Very high customer retention rates
- Customer diversification
- Strong back office and IT to support the business
- Supplier diversification
- Very low bad debts rate
- Credit insurance on large accounts



Consistent, **disciplined approach** results in **steady earnings growth** through numerous disruptive events

Commodity Marketing Margin

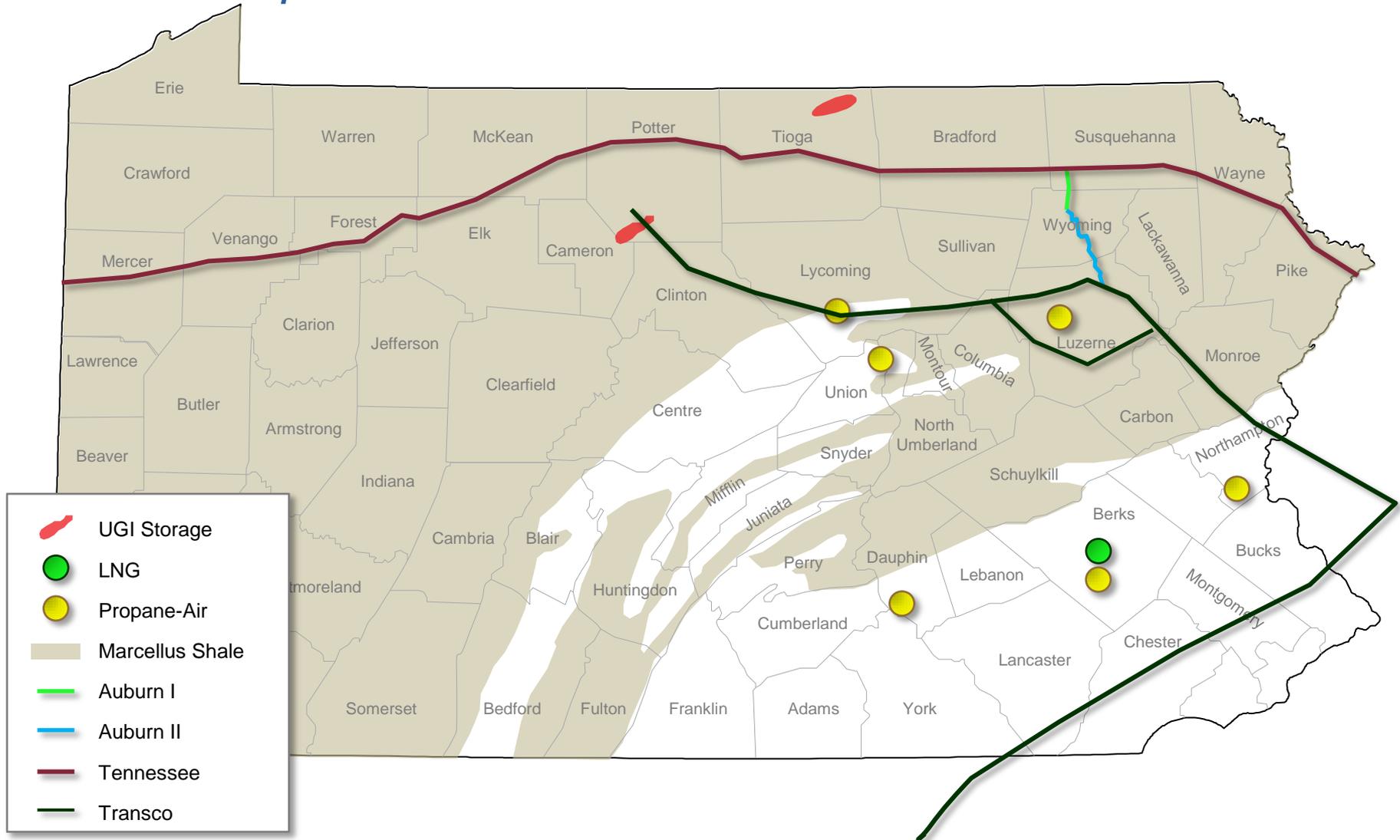


Electric generation strategy:

- Our assets are former utility rate plants that have been modestly expanded in recent years
- Our generation portfolio:
 - provides balancing support for our growing retail power marketing business
 - reduces supplier credit
- **Electric generation assets include:**
 - **Conemaugh:** 6% ownership in Conemaugh, a coal-fired station with a net heat rate of ~ 9,700 btu/kwh (~102 MW)
 - **Hunlock:** 100% ownership of natural gas combined cycle plant with a net heat rate of ~7,700 btu/kwh (~125 MW)
 - Renewables (landfill gas and solar)
- **Modest earnings contributor going forward**
 - FY08: ~ \$15MM, FY10: ~ \$7MM, FY12: ~ (\$1MM)
 - Future: ~ \$4MM-\$8MM – about \$.03 to \$.06 per share net income contribution



UGI footprint and the Marcellus Shale



Leverage UGI's geographic position/demand, assets, and intellectual capital to build a significant midstream business in the Marcellus

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

Tenaska

- Jointly developing gas resources with Tenaska Resources, LLC in the Marcellus Shale region in north-central PA
- UGI will construct and operate 20 miles of new gathering pipelines
- UGI also acquired a 19% interest in acreage that Tenaska operates
- Both projects are located close to UGI's midstream and distribution assets

LNG as a fuel

- UGI agreed to supply LNG to fuel a major producer's drilling rigs in the Marcellus
- LNG displaces diesel in field compressors
- Very low cost liquefaction creates a competitive advantage
- Other opportunities include LNG for transportation, and LNG for large commercial facilities that are beyond the reach of gas mains
- Currently in discussions with producers representing over 1 Bcf/yr of potential demand

In Conclusion

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

AmeriGas

- Significant scale drives 3% to 4% EBITDA growth
- Diversified by end use and geography
- Diversification mitigates reliance on weather

Utilities

- Strong service territory
- Organic customer growth through conversions
- Low risk, A-rated Utility business

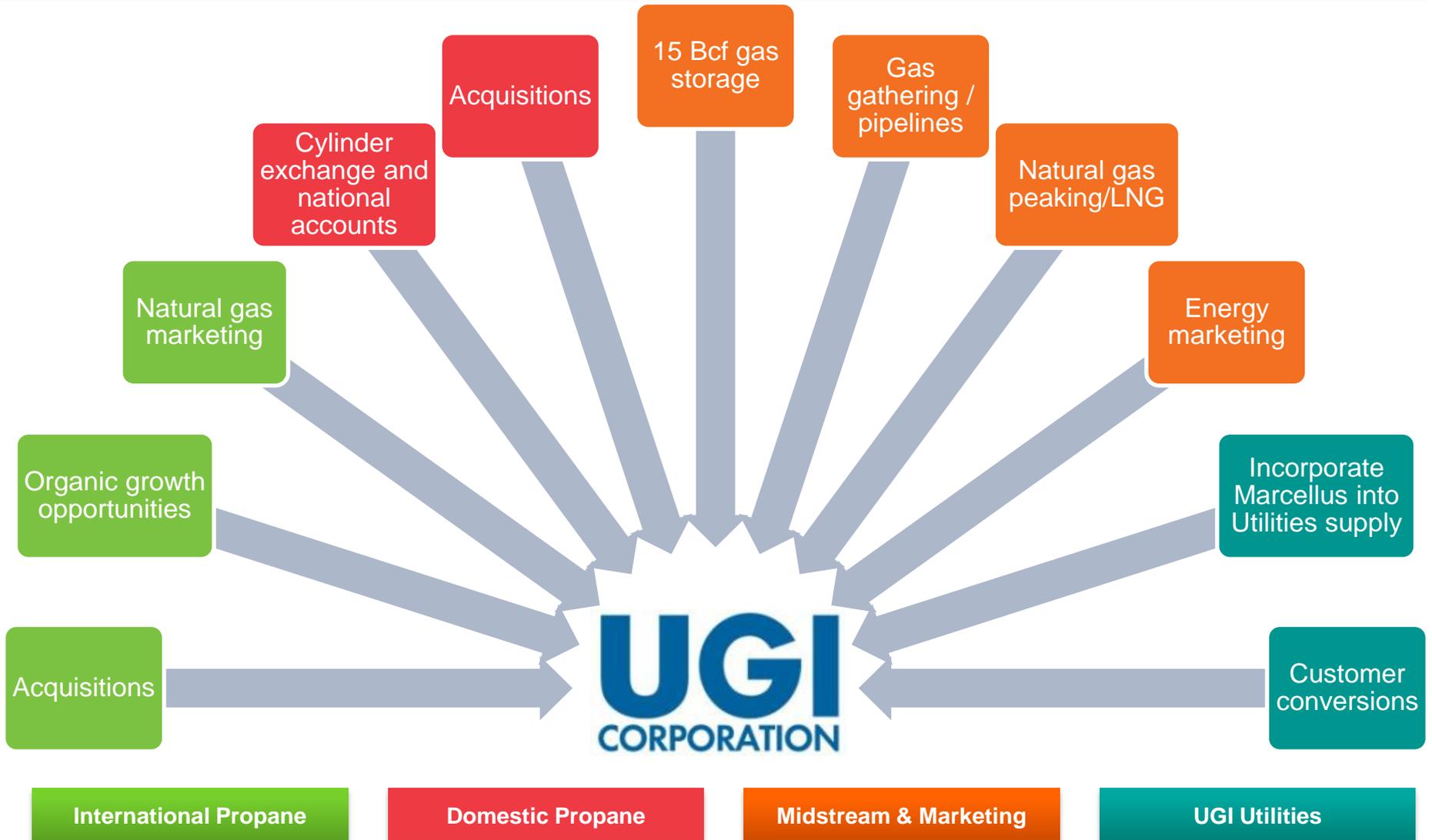
International

- Innovation (cylinders, nat gas marketing)
- Scale increases bolt-on acquisition opportunities
- A nascent brand to develop in the UK

Midstream and Marketing

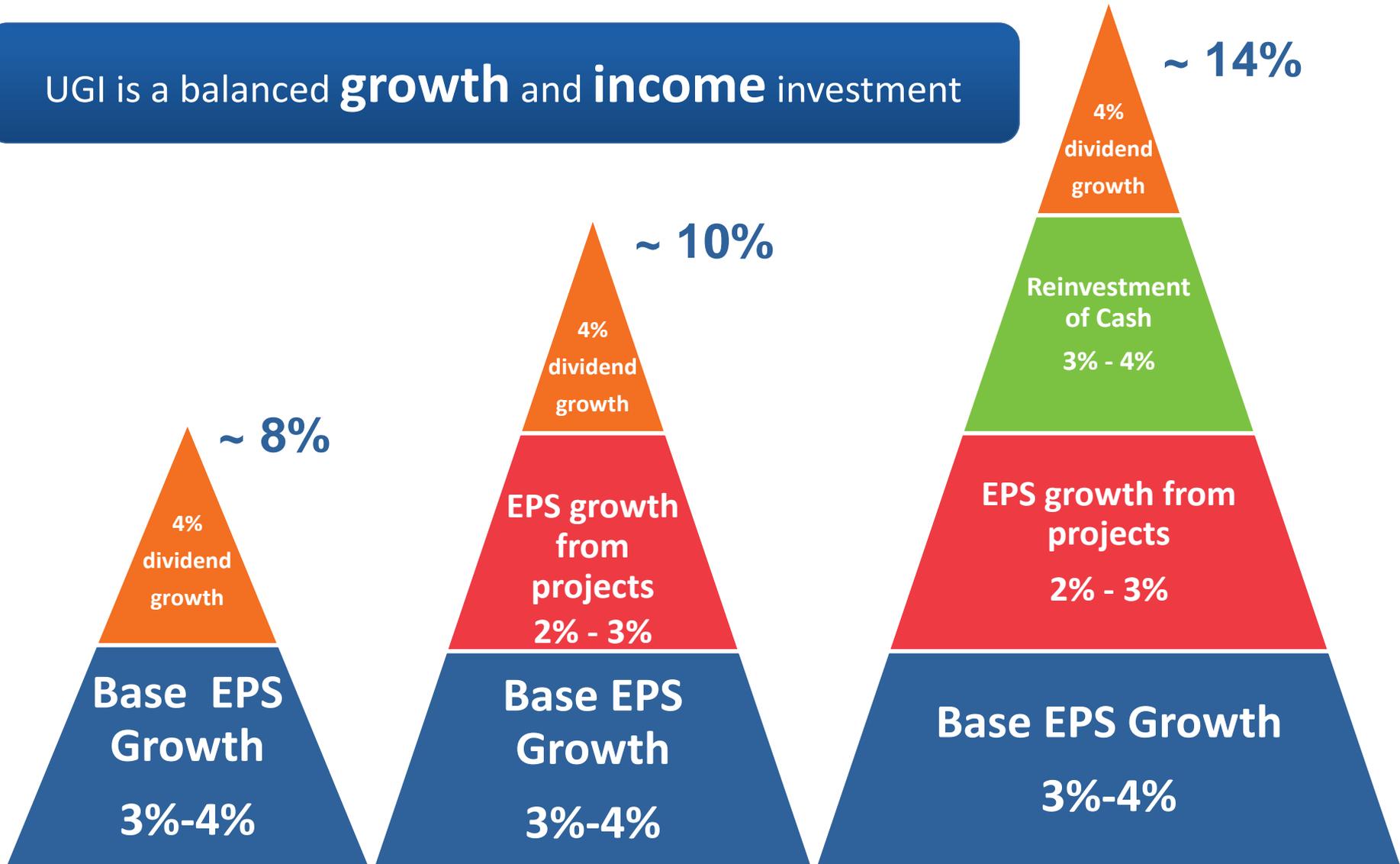
- Focus on projects to build additional scale as a Midstream business within the Marcellus
- Organic growth in energy marketing
- Development of ancillary LNG opportunities

UGI has a variety of initiatives in place to drive growth in all its businesses



Total Shareholder Return Proposition

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



Appendix

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(millions of dollars)	Year Ended September 30,				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Income Statement					
Revenues	\$ 6,519.2	\$ 6,091.3	\$ 5,591.4	\$ 5,737.8	\$ 6,648.2
Cost of sales	(4,111.2)	(4,010.9)	(3,584.0)	(3,670.6)	(4,744.6)
Total Margin	2,408.0	2,080.4	2,007.4	2,067.2	1,903.6
Operating expenses	(1,591.7)	(1,266.4)	(1,177.4)	(1,220.0)	(1,157.3)
Taxes other than income taxes	(17.3)	(16.6)	(18.6)	(16.9)	(18.3)
Depreciation and amortization	(316.0)	(227.9)	(210.2)	(200.9)	(184.4)
Other income, net	38.3	46.5	58.0	55.9	41.6
Operating income	521.3	616.0	659.2	685.3	585.2
Loss from equity investees	(0.3)	(0.9)	(2.1)	(3.1)	(2.9)
Loss on extinguishment of debt	(13.3)	(38.1)	-	-	-
Interest expense	(221.5)	(138.0)	(133.8)	(141.1)	(142.5)
Income before income taxes	286.2	439.0	523.3	541.1	439.8
Income taxes	(99.6)	(130.8)	(167.6)	(159.1)	(134.5)
Net income	\$ 186.6	\$ 308.2	\$ 355.7	\$ 382.0	\$ 305.3
Less: net income attributable to noncontrolling interests, principally AmeriGas Partners	12.8	(75.3)	(94.7)	(123.5)	(89.8)
Net income attributable to UGI	\$ 199.4	\$ 232.9	\$ 261.0	\$ 258.5	\$ 215.5
Average diluted shares outstanding (MM)	113.4	112.9	110.5	109.3	108.5
GAAP diluted EPS	\$ 1.76	\$ 2.06	\$ 2.36	\$ 2.36	\$ 1.99

(millions of dollars, except where otherwise indicated)	<u>Year Ended September 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
GAAP Net Income	\$ 199.4	\$ 232.9	\$ 261.0	\$ 258.5	\$ 215.5
Adjustments:					
Acquisition and transition expenses	\$ (13.3)				
Loss on early extinguishment of debt at AmeriGas	\$ (2.2)	\$ (10.3)			
Loss from discontinuance of cash flow hedge accounting at AmeriGas		\$ (3.9)			
Gains from sale of AmeriGas storage terminals				\$ 10.4	
Gain from sale of Atlantic Energy LLC - UGI Energy Services			\$ 17.2		
Adjusted Net Income	\$ 214.9	\$ 247.1	\$ 243.8	\$ 248.1	\$ 215.5
GAAP EPS	\$ 1.76	\$ 2.06	\$ 2.36	\$ 2.36	\$ 1.99
Adjusted EPS	\$ 1.90	\$ 2.19	\$ 2.21	\$ 2.27	\$ 1.99
Diluted Shares Outstanding	113.4	112.9	110.5	109.3	108.5

(millions of dollars, except where otherwise indicated)

	<u>Year Ended September 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Income Statement - AmeriGas Propane					
Revenues	\$ 2,921.6	\$ 2,538.0	\$ 2,320.3	\$ 2,260.1	\$ 2,815.2
Cost of sales	(1,719.7)	(1,605.3)	(1,395.1)	(1,316.5)	(1,908.3)
Total Margin	1,201.9	932.7	925.2	943.6	906.9
Operating expenses	(888.7)	(620.6)	(609.7)	(615.1)	(610.5)
Depreciation and amortization	(169.1)	(94.7)	(87.4)	(83.9)	(80.4)
Gain on sale of storage facility	-	-	-	39.9	-
Other income, net	26.5	25.6	7.7	16.0	18.9
Operating income	170.6	242.9	235.8	300.5	234.9
Interest expense	(142.6)	(63.5)	(65.1)	(70.3)	(72.9)
Loss on extinguishment of debt	(13.3)	(38.1)	-	-	-
Income before income taxes	14.7	141.3	170.7	230.2	162.0
Income taxes - AmeriGas Propane, Inc. and Subsidiaries (1)	(11.6)	(26.4)	(32.3)	(41.6)	(29.7)
Noncontrolling interests (2)	12.8	(75.0)	(91.1)	(123.6)	(88.4)
Net income attributable to UGI	\$ 15.9	\$ 39.9	\$ 47.3	\$ 65.0	\$ 43.9

(1) Primarily taxes related to the general partner's ownership interests in the Partnership.

(2) The general public's interests in AmeriGas Partners, L.P.

- ❖ The enclosed supplemental information contains a reconciliation of Earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA to Net Income and Distributable Cash Flow to Cash Flow from Operations.
- ❖ EBITDA, Adjusted EBITDA and Distributable Cash Flow are not measures of performance or financial condition under accounting principles generally accepted in the United States ("GAAP"). Management believes EBITDA, Adjusted EBITDA and Distributable Cash Flow are meaningful non-GAAP financial measures used by investors to (1) compare the Partnership's operating performance with that of other companies within the propane industry and (2) assess the Partnership's ability to pay distributions and meet its loan covenants. The Partnership's definitions of EBITDA, Adjusted EBITDA and Distributable Cash Flow may be different from those used by other companies.
- ❖ EBITDA and Adjusted EBITDA should not be considered as alternatives to net income (loss) attributable to AmeriGas Partners, L.P. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. Management uses Adjusted EBITDA to exclude from AmeriGas Partners' EBITDA gains and losses that competitors do not necessarily have to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA and Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners, L.P. for the relevant years. Management also uses EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's EBITDA to assess the profitability of the Partnership, which is one of UGI Corporation's industry segments. UGI Corporation discloses the Partnership's EBITDA in its disclosures about its industry segments as the profitability measure for its domestic propane segment.
- ❖ Distributable cash flow as defined herein should not be considered an alternative to cash flows from operating activities or any other measure of financial performance calculated in accordance with generally accepted accounting principles as those items are used to measure operating performance, liquidity, or the ability to service debt obligations. Management believes that distributable cash flow provides additional information for evaluating our ability to declare and pay distributions to unitholders.

AmeriGas Propane EBITDA Reconciliation

(millions of dollars)	<u>Year Ended September 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net income attributable to AmeriGas Partners, L.P.	\$ 11.0	\$ 138.5	\$ 165.3	\$ 224.6	\$ 158.0
Income tax expense	1.9	0.4	3.2	2.6	1.7
Interest expense	142.6	63.5	65.1	70.4	72.9
Depreciation and amortization	169.2	94.7	87.4	83.8	80.4
EBITDA	324.7	297.1	321.0	381.4	313.0
Add back: Loss on extinguishment of debt	13.3	38.1			
Add back: Heritage Propane acquisition and transition expense	46.2				
Exclude: Gain on sale of storage facility				(39.9)	
Add back: Litigation reserve adjustment			12.2		
Exclude: Cumulative effect of accounting changes			7.0		
Adjusted EBITDA	\$ 384.2	\$ 335.2	\$ 340.2	\$ 341.5	\$ 313.0

Year Ended September 30,

(millions of dollars, except where otherwise indicated)

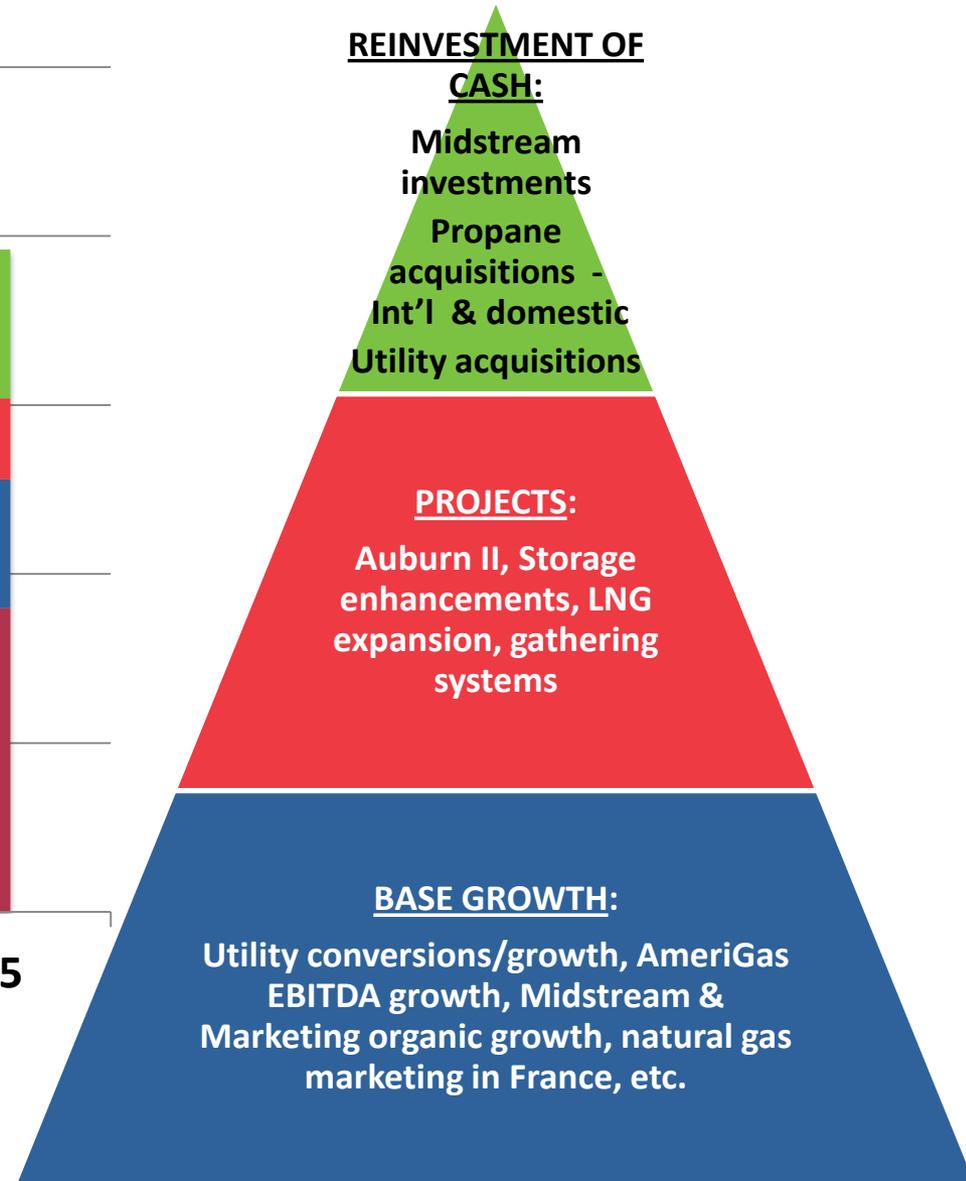
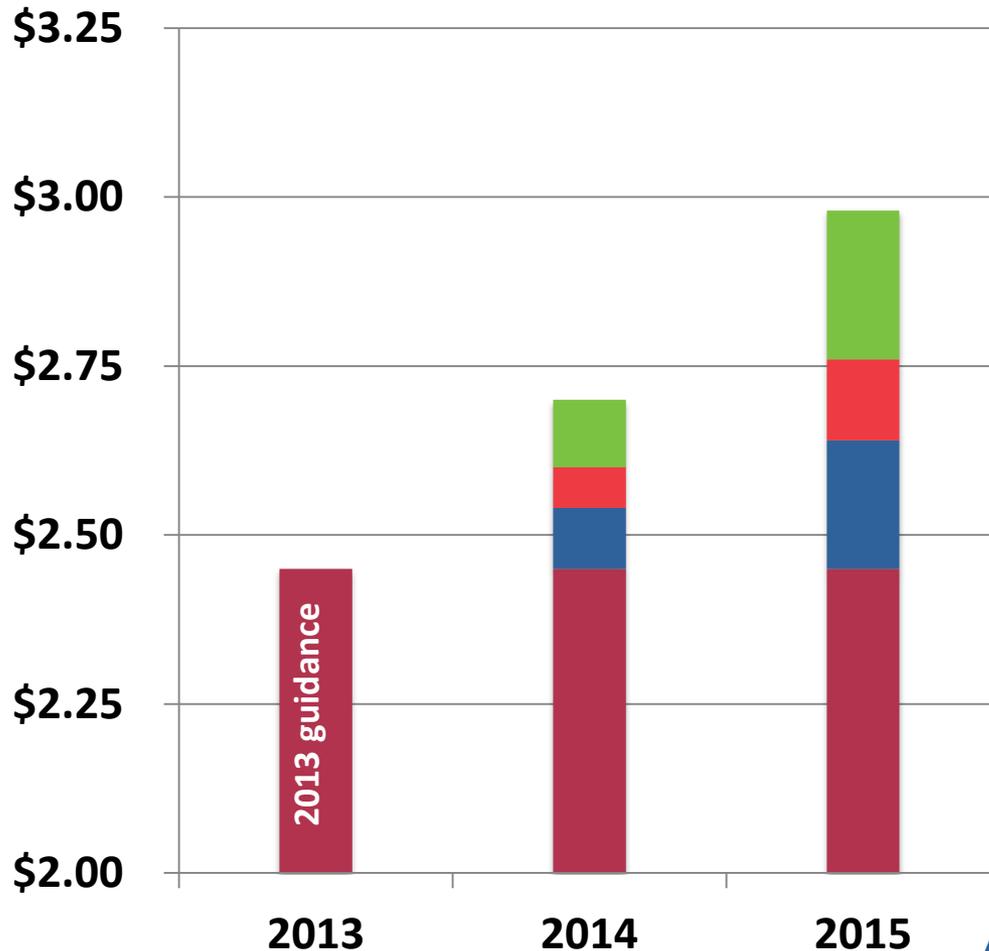
Income Statement - International Propane

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

(millions of dollars)	Year Ended September 30,				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Income Statement - UGI Utilities					
Revenues	\$ 884.3	\$ 1,137.4	\$ 1,169.5	\$ 1,381.3	\$ 1,289.1
Cost of sales	(459.1)	(678.5)	(730.5)	(944.8)	(920.4)
Total Margin	425.2	458.9	439.0	436.5	368.7
Operating expenses	(174.8)	(189.0)	(183.7)	(206.2)	(158.9)
Taxes other than income taxes	(17.2)	(16.6)	(18.6)	(16.9)	(18.3)
Depreciation and amortization	(52.8)	(52.5)	(53.5)	(51.1)	(41.4)
Other income, net	5.0	10.8	6.3	7.2	12.9
Operating income	185.4	211.4	189.5	169.5	163.0
Interest expense	(42.4)	(42.7)	(42.3)	(43.9)	(39.1)
Income before income taxes	143.0	168.7	147.2	125.6	123.9
Income taxes	(62.5)	(69.4)	(64.1)	(46.9)	(49.9)
Net income attributable to UGI	\$ 80.5	\$ 99.3	\$ 83.1	\$ 78.7	\$ 74.0

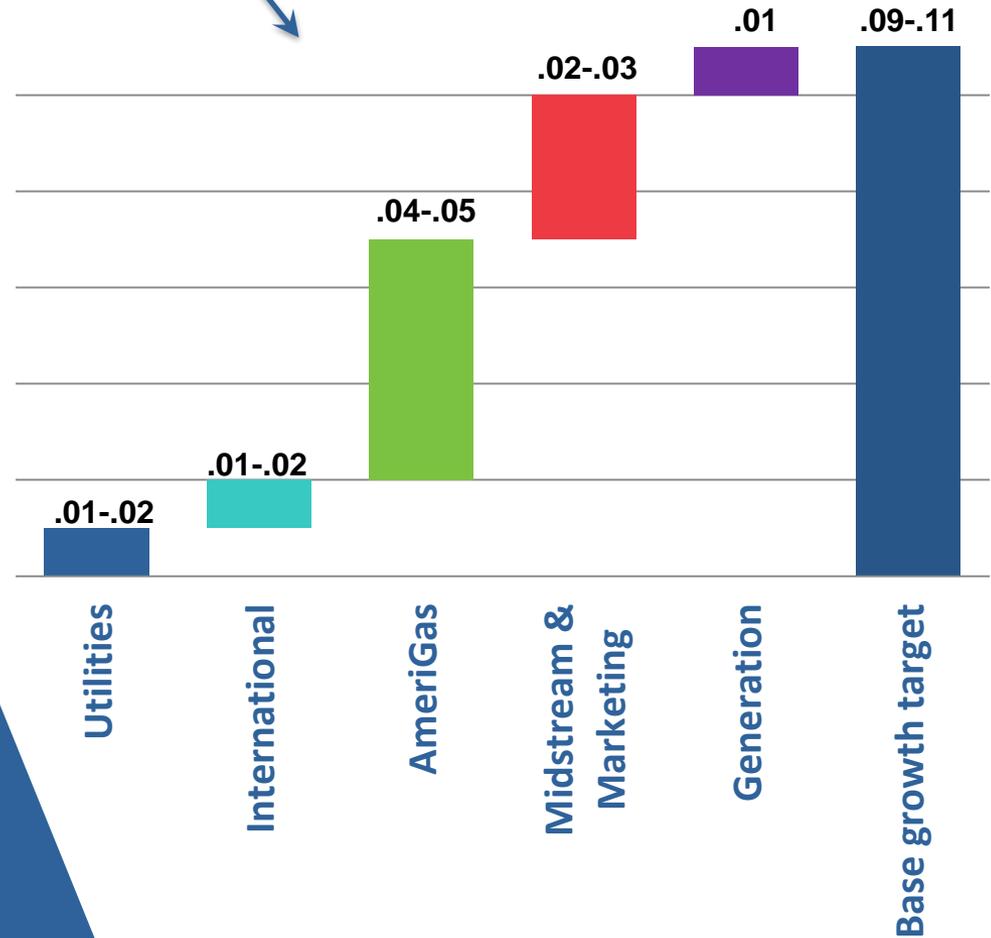
(millions of dollars)	<u>Year Ended September 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Income Statement - Energy Services					
Revenues	\$ 859.4	\$ 1,059.7	\$ 1,145.9	\$ 1,224.7	\$ 1,619.5
Cost of sales	(730.9)	(920.0)	(1,010.7)	(1,098.5)	(1,495.4)
Total Margin	128.5	139.7	135.2	126.2	124.1
Operating expenses, net of other income	(53.4)	(48.8)	(7.5)	(52.9)	(39.8)
Depreciation and amortization	(12.7)	(8.0)	(7.7)	(8.5)	(7.0)
Operating income	62.4	82.9	120.0	64.8	77.3
Interest expense	(4.8)	(2.7)	(0.2)	-	-
Income before income taxes	57.6	80.2	119.8	64.8	77.3
Income taxes	(21.2)	(27.7)	(51.6)	(26.7)	(32.0)
Net income attributable to UGI (*)	\$ 36.4	\$ 52.5	\$ 68.2	\$ 38.1	\$ 45.3

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

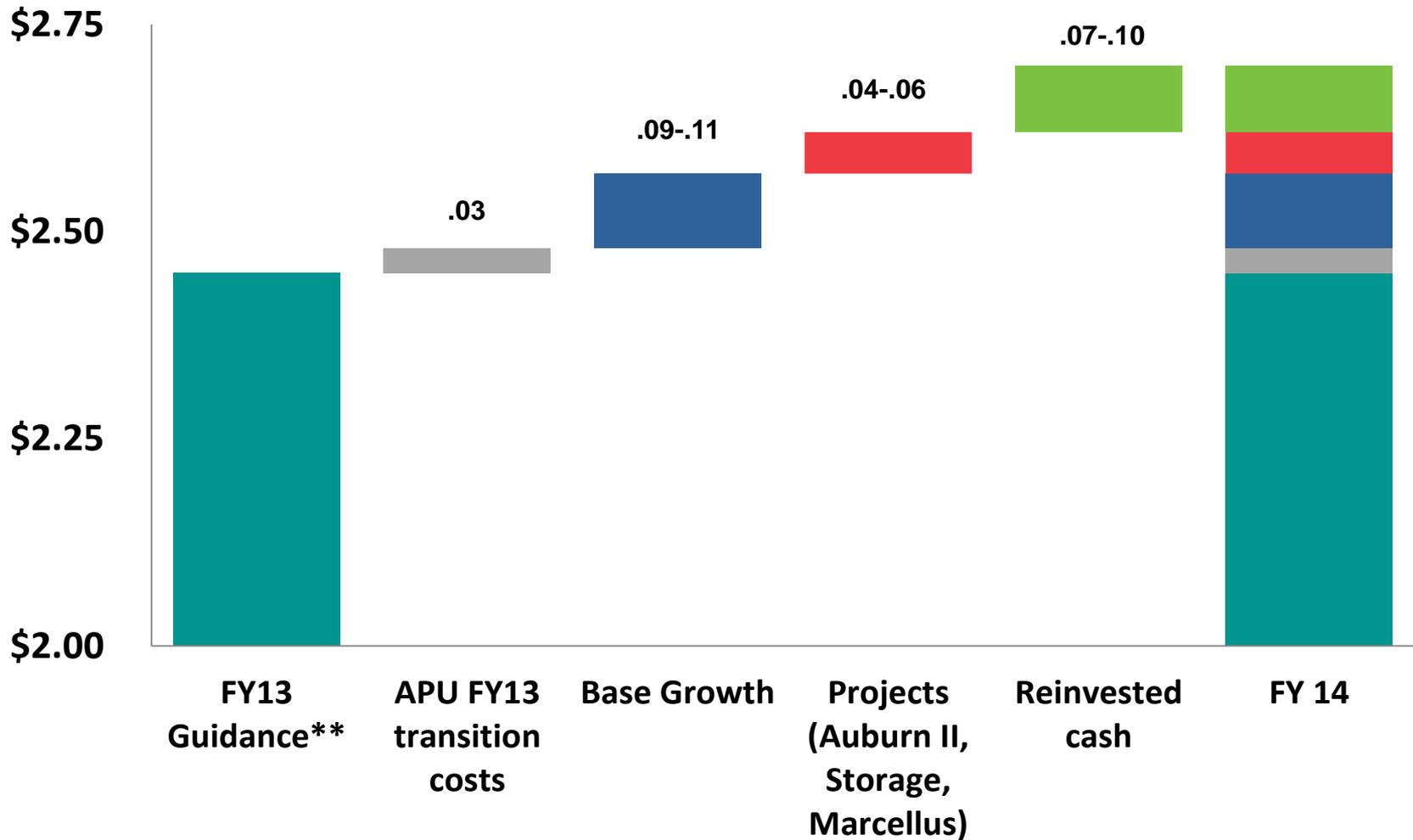


Composition of Base Growth*

BASE GROWTH of 3% to 4%:
 Utility conversions/growth,
 AmeriGas EBITDA growth,
 Midstream & Marketing organic
 growth, natural gas marketing in
 France, etc.



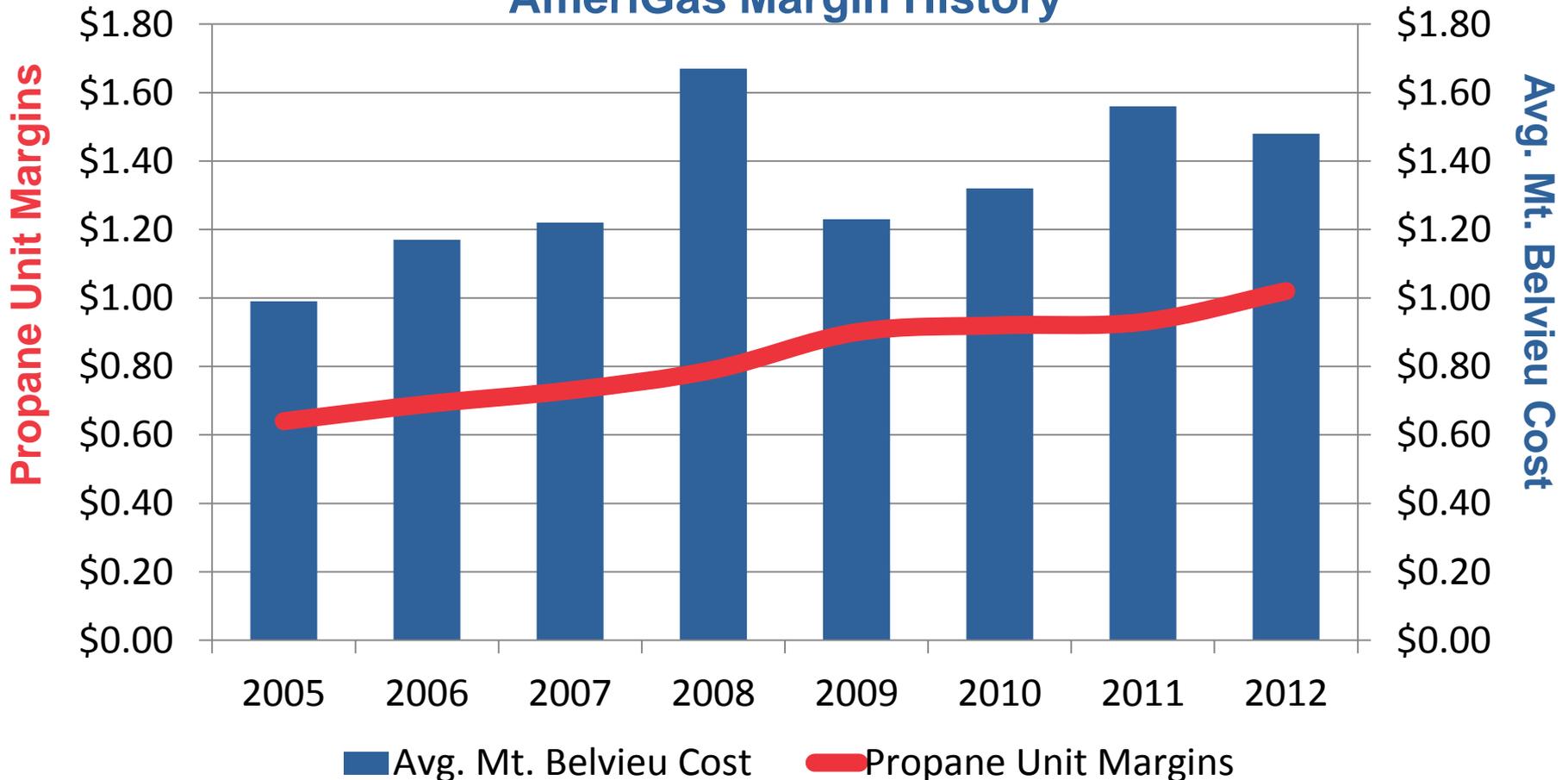
Looking Forward: Growth beyond FY13



**As disclosed in the press release dated January 31, 2013

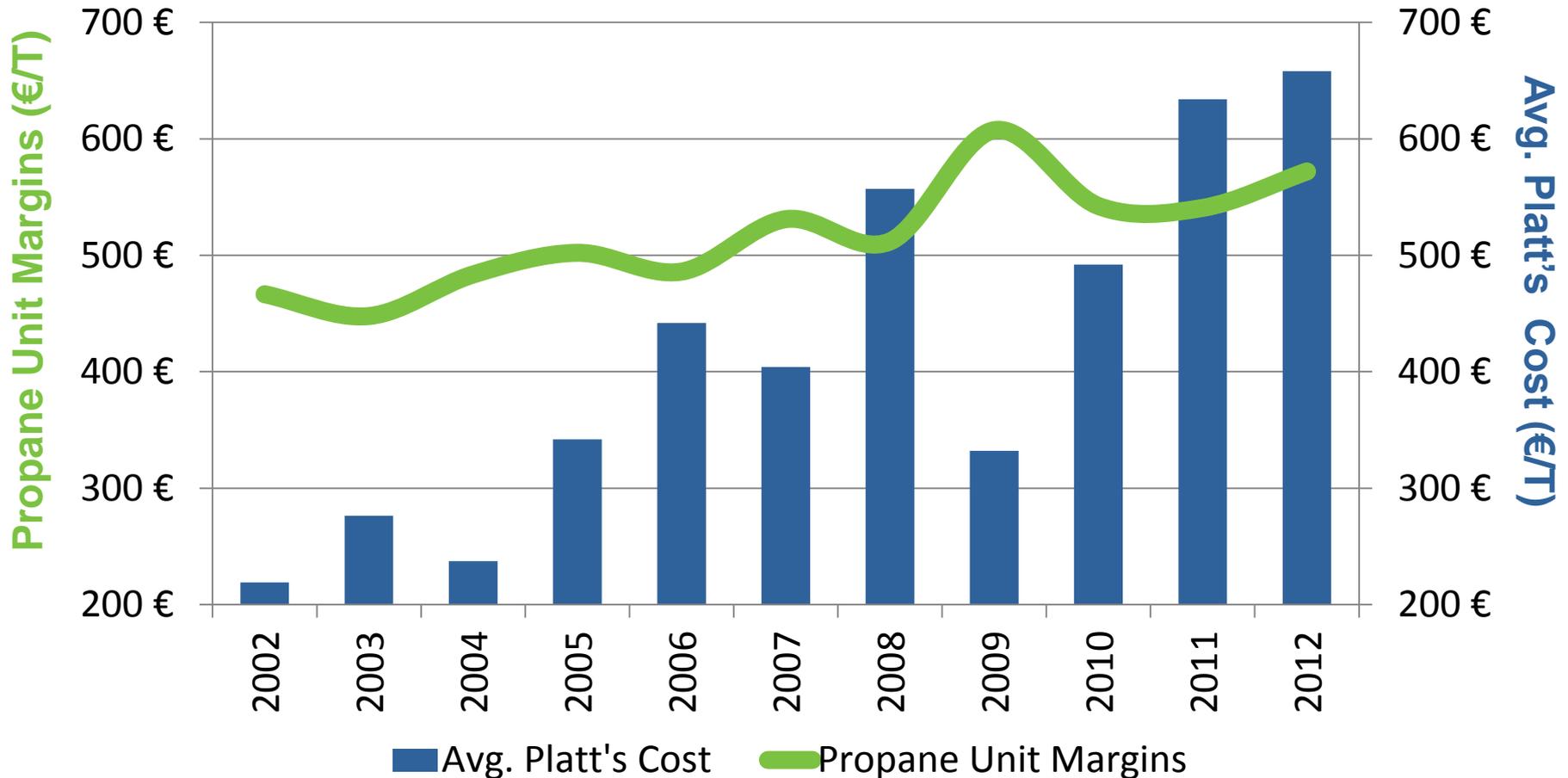
A long track record of **exceptional margin management** through volatile propane cost environments

AmeriGas Margin History



Intl. Propane has demonstrated the ability to manage margins in various cost environments – this is a core strength of all of UGI's Propane businesses

Antargaz Margin History



Frequently Asked Questions

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

- **Yes. Natural gas is less expensive and more convenient for consumers**
 - Most conversions take place within 75-100 feet from the main
 - A significant number of heating oil customers remain “resident” along these mains and are prime candidates for conversion
 - In FY2012, UGI Utilities converted over 12,000 residential customers to natural gas and the vast majority of these were converted from heating oil

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

- **No. Natural gas conversions typically extend only 75-100 feet from the main – most propane users are outside of this reach**
 - AmeriGas estimates that it loses less than 3,000 customers annually to natural gas (out of a customer base of 2 million)
 - In FY11, UGI Utilities converted over 12,000 residential customers to natural gas and less than 200 of these were converted from propane
 - Most propane customers reside in less densely-populated areas well off the gas grid, making conversions less attractive to gas utility companies

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

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

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