SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

Commission file number 1-11071

UGI CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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

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

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

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

TITLE OF CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, without par value	New York Stock Exchange, Inc. Philadelphia Stock Exchange, Inc.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ].

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X].

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 [X] No [ ].

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [ ] No [X].

The aggregate market value of UGI Corporation Common Stock held by nonaffiliates of the registrant on March 31, 2005 was $2,312,028,386.

At November 1, 2005 there were 104,886,693 shares of UGI Corporation Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Annual Report to Shareholders for the year ended September 30, 2005 are incorporated by reference into Parts I and II of this Form 10-K. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on February 22, 2006 are incorporated by reference into Part III of this Form 10-K.

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PART I:

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

CORPORATE OVERVIEW

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

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

The AmeriGas Propane segment consists of the propane distribution business of AmeriGas Partners, L.P. ("AmeriGas Partners" or the "Partnership"), which is the nation's largest retail propane distributor. The Partnership's sole general partner is our subsidiary, AmeriGas Propane, Inc. ("AmeriGas Propane" or the "General Partner"). The common units of AmeriGas Partners represent limited partner interests in a Delaware limited partnership; they trade on the New York Stock Exchange under the symbol "APU." We have an effective 44% ownership interest in the Partnership; the remaining interest is publicly held. See Note 1 to the Company's Consolidated Financial Statements.

The International Propane segment consists of the LPG distribution businesses of our subsidiaries Antargaz, a French societe anonyme ("Antargaz"), and Flaga GmbH, an Austrian limited liability company ("Flaga"), and our joint venture in China. Antargaz is one of the largest retail distributors of LPG in France. Flaga is the largest retail LPG distributor in Austria and one of the largest retail distributors in the Czech Republic and Slovakia. In China, we participate in an LPG joint venture business in the Nantong region.

The Gas Utility segment consists of the regulated natural gas distribution business ("Gas Utility") of our subsidiary UGI Utilities, Inc. ("Utilities"), serving approximately 307,000 customers in eastern Pennsylvania. The Electric Utility segment consists of the regulated electric distribution business ("Electric Utility") of Utilities, serving approximately 62,000 customers in northeastern Pennsylvania. Gas Utility and Electric Utility are regulated by the Pennsylvania Public Utility Commission ("PUC").

The Energy Services segment consists of energy-related businesses conducted by a number of subsidiaries. These businesses include (i) energy marketing in the eastern region of the United States under the trade names GASMARK(R) and POWERMARK(R), (ii) operating electric generation assets in

Pennsylvania, and (iii) operating liquefied natural gas and propane storage and peak-shaving facilities in eastern Pennsylvania. Energy Services also operates a propane import and storage facility in Chesapeake, Virginia.

UGI also owns and operates a heating, ventilation, air conditioning and refrigeration service business serving customers in the Mid-Atlantic region.

BUSINESS STRATEGY

Since 1999, our strategic goals have been to grow earnings per share and dividends by focusing on the Company's core competencies as a marketer and distributor of energy products and services. We are employing our core competencies from our existing businesses, as well as using our national scope, international experience, extensive asset base and access to customers, to accelerate growth in our existing businesses, as well as related and complementary businesses.

CORPORATE INFORMATION

UGI was incorporated in Pennsylvania in 1991. UGI Corporation is not subject to regulation by the PUC. It is also exempt from registration as a holding company and not otherwise subject to the Public Utility Holding Company Act of 1935 ("PUHCA 1935"), except for Section 9(a)(2), which regulates the acquisition of voting securities of an electric or gas utility company. The Energy Policy Act of 2005 ("EPAct 2005") repealed PUHCA 1935 effective February 8, 2006, and enacted the Public Utility Holding Company Act of 2005 ("PUHCA 2005") effective February 8, 2006. UGI Corporation will be a "holding company" under PUHCA 2005 subject to certain obligations to maintain books and records relevant to the rates charged by Utilities and its other subsidiaries engaged in wholesale electric marketing, and to disclose those books and records at the request of the Federal Energy Regulatory Commission ("FERC") and the PUC. UGI expects that its obligations under PUHCA 2005 will not be materially different from its current books and records obligations under federal and state law.

Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-1000. In this report, the terms "Company" and "UGI," as well as the terms "our," "we," and "its," are sometimes used as abbreviated references to UGI Corporation or, collectively, UGI Corporation and its consolidated subsidiaries. Similarly, the terms "AmeriGas Partners" and the "Partnership" are sometimes used as abbreviated references to AmeriGas Partners, L.P. or, collectively, AmeriGas Partners, L.P. and its subsidiaries.

The Company's corporate website can be found at www.ugicorp.com. The Company makes available free of charge at this website (under the "Investor Relations and Corporate Governance-SEC filings" caption) copies of its reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. The Company's Principles of Corporate Governance, Code of Ethics for the Chief Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics for Directors, Officers and Employees, and charters of the Corporate Governance, Audit and Compensation and Management Development Committees of the Board of Directors are also available on the Company's website, under the caption "Investor Relations and Corporate Governance-Corporate Governance." All of these documents are also available free of charge by writing to Robert W. Krick, Vice President and Treasurer, UGI Corporation, P.O. Box 858, Valley Forge, PA 19482.

FORWARD-LOOKING STATEMENTS

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

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

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

AMERIGAS PROPANE

Our domestic propane distribution business is conducted through AmeriGas Partners. As of September 30, 2005, the Partnership operated from approximately 650 district locations in 46 states. AmeriGas Propane manages the Partnership. Although our consolidated financial statements include 100% of the Partnership's revenues, assets and liabilities, our net income reflects only our 44% effective interest in the income or loss of the Partnership, due to the outstanding publicly-owned limited partnership interests. See Note 1 to the Company's Consolidated Financial Statements.

GENERAL INDUSTRY INFORMATION

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

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

PRODUCTS, SERVICES AND MARKETING

As of September 30, 2005, the Partnership served approximately 1.3 million customers from district locations in 46 states. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems. In certain markets, the Partnership also installs and services propane fuel systems for motor vehicles. Typically, district locations are found in suburban and rural areas where natural gas is not available. Districts generally consist of an office, appliance showroom, warehouse and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier in 47 states throughout the United States. It is also licensed as a carrier in Canada.

The Partnership sells propane primarily to five markets: residential, commercial/industrial, motor fuel, agricultural and wholesale. Approximately 87% of the Partnership's fiscal year 2005 sales (based on gallons sold) were to retail accounts and approximately 13% were to wholesale customers. Sales to residential customers in fiscal 2005 represented approximately 41% of retail gallons sold; commercial/industrial customers 34%; motor fuel customers 14%; and agricultural customers 6%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 5% of 2005 retail gallons. No single customer represents, or is anticipated to represent, more than 5% of the Partnership's consolidated revenues.

The Partnership continues to expand its PPX Prefilled Propane Xchange program ("PPX(R)"). At September 30, 2005, PPX was available at approximately 21,800 retail locations throughout the United States. Sales of our PPX grill cylinders to retailers are included in the commercial/industrial market. The PPX program enables consumers to exchange their empty 20-pound propane grill cylinders for filled cylinders or to purchase filled cylinders at various retail locations such as home centers, mass merchandisers and grocery and convenience stores.

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

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

PROPANE SUPPLY AND STORAGE

The Partnership has over 200 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. During the year ended September 30, 2005, over 90% of the Partnership's propane supply was purchased under supply agreements with terms of 1 to 3 years. The availability of propane supply is dependent upon, among other things, the severity of winter weather, the price and availability of competing fuels such as natural gas and crude oil, and the availability of imported supply. Although no assurance can be given that supplies of propane will be readily available in the future, management currently expects to be able to secure adequate supplies during fiscal year 2006. If supply from major sources were interrupted, however, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, margins could be affected. Aside from BP Products North America Inc. and BP Canada Energy Marketing Corp. (collectively), Enterprise Products Operating LP and Targa Midstream Services LP (formerly, Dynegy Liquids Marketing and Trade), no single supplier provided more than 10% of the Partnership's total propane supply in fiscal year 2005. In certain market areas, however, some suppliers provide more than 50% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

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

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

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

AVERAGE PROPANE SPOT MARKET PRICES

	Mont Belvieu	Conway
Oct-00	61.82	64.05
Nov-00	60.71	60.45
Dec-00	77.63	79.75
Jan-01	77.27	83.03
Feb-01	59.39	63.03
Mar-01	54.94	57.12
Apr-01	54.37	60.26
May-01	51.20	56.90
Jun-01	43.17	47.70
Jul-01	38.87	43.27
Aug-01	41.54	45.71
Sep-01	41.67	46.53
Oct-01	39.48	44.19
Nov-01	33.04	35.19
Dec-01	30.43	30.34
Jan-02	29.05	26.60
Feb-02	31.20	27.92
Mar-02	37.95	35.93
Apr-02	41.52	40.07
May-02	40.69	38.09
Jun-02	37.51	35.25
Jul-02	37.19	35.47
Aug-02	41.49	41.53
Sep-02	47.17	45.93
Oct-02	47.95	47.12
Nov-02	47.26	48.01
Dec-02	52.40	52.32
Jan-03	60.38	57.70
Feb-03	77.30	73.03
Mar-03	62.77	57.09
Apr-03	50.42	50.28
May-03	54.09	55.41
Jun-03	55.98	59.71
Jul-03	53.01	58.90
Aug-03	54.84	63.63
Sep-03	52.00	59.44
Oct-03	55.44	65.21
Nov-03	54.66	58.12
Dec-03	62.87	64.15
Jan-04	74.35	67.56
Feb-04	69.98	61.99
Mar-04	58.64	56.35
Apr-04	60.62	58.55
May-04	67.65	64.37
Jun-04	67.12	64.27
Jul-04	74.21	71.65
Aug-04	83.84	86.44
Sep-04	80.18	81.98
Oct-04	90.48	93.75
Nov-04	86.27	92.24
Dec-04	77.88	81.95
Jan-05	73.56	73.86
Feb-05	75.77	73.30
Mar-05	87.61	85.07
Apr-05	85.44	84.14
May-05	79.55	81.47
Jun-05	81.87	85.77
Jul-05	84.55	89.00
Aug-05	94.16	96.07
Sep-05	112.57	111.96

[PROPANE SPOT PRICES GRAPH]

COMPETITION

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

gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many regions of the country where propane is sold for heating and cooking purposes.

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

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

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

Based on the most recent annual survey by the American Petroleum Institute, 2003 domestic retail propane sales (annual sales for other than chemical uses) totaled approximately 11.8 billion gallons and, based on LP-GAS magazine rankings, 2004 sales volume of the ten largest propane companies (including AmeriGas Partners) represented approximately 36% of domestic retail sales. Based upon 2003 sales data, management believes the Partnership's 2005 retail volume represents approximately 9% of domestic retail sales.

PROPERTIES

As of September 30, 2005, the Partnership owned approximately 79% of its district locations. The Partnership subleases three one-million barrel underground storage caverns in Arizona to store propane and butane for itself and third parties, and it leases a 1.3 million gallon storage terminal in Pennsylvania. In addition, the Partnership also owns a 600,000 barrel refrigerated, above-ground storage facility located on leased property in California. The California facility, which the Partnership operates, is currently leased to several refiners for the storage of butane.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 30, 2005, the Partnership operated a transportation fleet with the following assets:

APPROXIMATE QUANTITY	EQUIPMENT TYPE	% OWNED	% LEASED
520	Trailers	94	6
260	Tractors	35	65
180	Railroad tank cars	0	100
2,600	Bobtail trucks	13	87
300	Rack trucks	10	90
2,150	Service and delivery trucks	16	84

Other assets owned at September 30, 2005 included approximately 840,000 stationary storage tanks with typical capacities of 121 to 2,000 gallons and approximately 2.3 million portable propane cylinders with typical capacities of 1 to 120 gallons. The Partnership also owned approximately 5,300 large volume tanks which are used for its own storage requirements. The Partnership's subsidiary, AmeriGas Propane, L.P. ("AmeriGas OLP") has debt secured by liens and mortgages on its real and personal property. AmeriGas OLP owns approximately 68% of the Partnership's property, plant and equipment.

TRADE NAMES, TRADE AND SERVICE MARKS

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

SEASONALITY

Because many customers use propane for heating purposes, the Partnership's retail sales volume is seasonal, with approximately 58% of the Partnership's fiscal year 2005 retail sales volume occurring during the five-month peak heating season from November through March. As a result of this seasonality, sales are higher in the Partnership's first and second fiscal quarters (October 1 through March 31). Cash receipts are greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

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

GOVERNMENT REGULATION

The Partnership is subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage LPG terminals. These laws include, among others, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or, the "Superfund Law"), the Clean Air Act, the Occupational Safety and Health Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA imposes joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a "hazardous substance" into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of federal and state environmental laws. However, the Partnership owns and operates real property where such hazardous substances may exist. See Notes 1 and 11 to the Company's Consolidated Financial Statements.

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

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act and the Homeland Security Act of 2002. These regulations cover the security and transportation of hazardous materials and are administered by the United States Department of Transportation ("DOT"). The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety code applies to, among other things, a propane gas system which supplies 10 or more customers from a single source and a propane gas system any portion of which is located in a public place. The code requires operators of all gas systems to provide training and written instructions for employees, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and keep records of inspections and testing. Operators are subject to the Pipeline Safety Improvement Act of 2002, which, among other things, protects from adverse employment actions employees who provide information to their employers or to the federal government as to pipeline safety.

EMPLOYEES

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 2005, the General Partner had approximately 6,000 employees, including approximately 465 part-time, seasonal and temporary employees, working on behalf of the Partnership. UGI also performs certain financial and administrative services for the General Partner on behalf of the Partnership and is reimbursed by the Partnership.

INTERNATIONAL PROPANE

We conduct our international LPG distribution business principally in Europe through our wholly owned subsidiaries, Antargaz and Flaga. Antargaz operates in France; Flaga operates in Austria, the Czech Republic and Slovakia. During fiscal year 2005, Antargaz and Flaga sold approximately 338 million and 37 million gallons of LPG, respectively. Our joint venture in China sold approximately 18 million gallons of LPG during fiscal year 2005.

ANTARGAZ

PRODUCTS, SERVICES AND MARKETING

Antargaz' customer base consists of residential, commercial, agricultural and motor fuel customer accounts that use LPG for space heating, cooking, water heating, process heat and transportation. Antargaz sells LPG in cylinders, and in small, medium and large bulk volumes stored in tanks. Sales of LPG are also made to service stations to accommodate vehicles that run on LPG. Antargaz sells LPG in cylinders to approximately 24,000 retail outlets, such as supermarkets, individually owned stores and gas stations. At September 30, 2005, Antargaz had approximately 215,000 bulk customers and approximately 5 million cylinders in circulation. Approximately 64% of Antargaz' fiscal year 2005 sales (based on volumes) were cylinder and small bulk, 13% medium bulk, 21% large bulk, and 2% to service stations for automobiles. Antargaz also engages in wholesale sales of LPG and provides logistic, storage and other services to third-party LPG distributors. No single customer represents, or is anticipated to represent, more than 5% of total revenues for Antargaz.

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

The principal end-users of cylinders are residential customers who use LPG supplied in this form for domestic applications such as cooking and heating. Butane-filled cylinders accounted for approximately 61% of LPG cylinders for fiscal year 2005, with propane-filled cylinders accounting for the remainder. Propane-filled cylinders are also used to supply fuel for forklift trucks. The demand for filled cylinders has been declining, due to customers gradually changing to other household energy sources for heating and cooking, such as natural gas. Antargaz is seeking to increase demand for butane and propane-filled cylinders through marketing and product innovations.

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

LPG SUPPLY AND STORAGE

Antargaz has an agreement with Totalgaz for the supply of butane and propane, with pricing based on internationally quoted market prices. Under this agreement, 80% of Antargaz' requirements for butane are guaranteed until June 2006 and 50% of its requirements for propane are guaranteed until June 2007. Requirements are fixed annually, and Antargaz is free to develop other sources of supply. For the 2005 fiscal year, Antargaz purchased approximately 97% of its butane needs and 19% of its propane needs from Totalgaz. Antargaz also purchases propane on the international market and, to a lesser degree, purchases butane on the domestic market, under term agreements with international oil and gas trading companies such as SHV Gas Supply and Trading, Shell International Trading and Shipping Company Ltd. ("Stasco") and Vitol S.A. In addition, purchases are made on the spot market from international oil and gas companies such as Den Norske Stats Oldeselshap ("Statoil") and Sonatrach BV, and to a lesser extent from domestic refineries, including those operated by BP France and Esso SAF.

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

COMPETITION

The LPG market in France is mature, with limited future growth expected. Sales volumes are affected principally by the severity of the weather and customer migration to alternative energy forms, including natural gas and electricity. Antargaz competes in all product markets on a national level principally with three LPG distribution companies, Totalgaz (owned by Total France), Butagaz (owned by Societe des Petroles Shell, "Shell") and Compagnie des Gaz de Petrole Primagaz (an independent supplier owned by SHV Holding NV), as well as with a smaller competitor, Vitogaz. Competitive conditions in the French LPG market are undergoing change. Shell has announced that it is selling its worldwide LPG business, including Butagaz. In addition, some supermarket chain stores have begun competing in the cylinder market. As a result of these changes, we expect a greater level of competition in the French LPG market. On a regional level, Antargaz competes with Repsol France S.A. in markets other than auto gas. Antargaz' competitors are generally affiliates of its LPG suppliers. As a result, its competitors may obtain product at more competitive prices.

SEASONALITY

Because a significant amount of LPG is used for heating, demand is typically higher during the colder months of the year. Approximately 68% of retail sales volume for fiscal year 2005 occurred during the six months of October through March.

GOVERNMENT REGULATION

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

PROPERTIES

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

	Ownership %	Antargaz Storage Capacity - Propane (m3)(1)	Antargaz Storage Capacity - Butane (m3)(1)
Norgal	52.7%	22,600	8,900
Geogaz Lavera	16.7	17,400	32,500
Donges	50.0(2)	30,000	0
Geovexin	44.9	54,000	0
Cobogal	15.0	1,300	900

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(1) Cubic meters.

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

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

EMPLOYEES

At September 30, 2005, Antargaz had approximately 1,200 employees.

FLAGA GMBH

Flaga distributes LPG principally in Austria, and through its subsidiaries, in the Czech Republic and Slovakia, for residential, commercial, industrial and auto gas applications. During fiscal year 2005, Flaga distributed approximately 37 million gallons of LPG. Flaga operates from 4 distribution locations in Austria, 2 in the Czech Republic and 2 in Slovakia. In addition, Flaga has 3 sales offices in the Czech Republic. As of September 30, 2005, Flaga had approximately 350 employees.

Flaga is the largest distributor of LPG in Austria with an estimated 22% overall market share, serving residential, commercial and industrial customers. The retail propane industry in Austria is mature, with slight declines in overall demand in recent years, due primarily to the expansion of natural gas. Competition for renewals and for new customer installations is based on contract terms as well as on product prices. Much of Flaga's Austrian cylinder business is conducted through approximately 530 neighborhood resellers with whom Flaga has a long business relationship. Flaga competes with other propane marketers, including competitors located in other eastern European countries. Flaga also competes with providers of other sources of energy, principally natural gas, electricity and wood.

Flaga is also the largest distributor of LPG in the Czech Republic with an estimated 14% market share. The Czech market represents approximately 40% of Flaga's total volume. Flaga entered the Czech market in 1994 when it purchased a portion of the formerly state-run LPG company from the Czech government as part of its privatization plan. Flaga's main facility in the Czech Republic is its bulk storage and cylinder filling and repair plant in Hustopece, located in the southeast quadrant of the Czech Republic. Flaga estimates that it is the second largest distributor of LPG in Slovakia with an estimated 21% market share.

GAS UTILITY

SERVICE AREA; REVENUE ANALYSIS

Gas Utility distributes natural gas to approximately 307,000 customers in portions of 15 eastern and southeastern Pennsylvania counties through its distribution system of approximately 5,000 miles of gas mains. The service area consists of approximately 3,000 square miles and includes the cities of Allentown, Bethlehem, Easton, Harrisburg, Hazleton, Lancaster, Lebanon and Reading, Pennsylvania. Located in Gas Utility's service area are major production centers for basic industries such as specialty metals, aluminum and glass.

System throughput (the total volume of gas sold to or transported for customers within Gas Utility's distribution system) for the 2005 fiscal year was approximately 84.7 billion cubic feet ("bcf"). System sales of gas accounted for approximately 41% of system throughput, while gas transported for residential, commercial and industrial customers (who bought their gas from others) accounted for approximately 59% of system throughput.

SOURCES OF SUPPLY AND PIPELINE CAPACITY

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

GAS SUPPLY CONTRACTS

During fiscal year 2005, Gas Utility purchased approximately 40 bcf of natural gas for sale to retail core market and off-system sales customers. Approximately 80% of the volumes purchased were supplied under agreements with ten suppliers. The remaining 20% of gas purchased was supplied by approximately 20 producers and marketers. Gas supply contracts are generally no longer than one year.

SEASONAL VARIATION

Because many of its customers use gas for heating purposes, Gas Utility sales are seasonal. Approximately 57% of fiscal year 2005 throughput occurred during the winter season from November through March.

COMPETITION

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

In substantially all of its service territory, Utilities is the only regulated gas distribution utility having the right, granted by the PUC or by law, to provide gas distribution services. Since the 1980s, larger commercial and industrial customers have been able to purchase gas supplies from entities other than Gas Utility. As a result of Pennsylvania's Natural Gas Choice and Competition Act ("Gas Competition Act"), effective July 1, 1999 all of Gas Utility's customers, including residential and smaller commercial and industrial customers ("Core Market Customers"), have been afforded this opportunity. Under the Gas Competition Act, retail customers may purchase their natural gas from a supplier other than Gas Utility. As of October 2005, one marketer provides gas supplies to approximately 3,800 Core Market Customers. Gas Utility provides transportation services for its customers who purchase natural gas from others.

A number of Gas Utility's commercial and industrial customers have the ability to switch to an alternate fuel at any time and, therefore, are served on an interruptible basis under rates which are competitively priced with respect to the alternate fuel. Margin from these customers, therefore, is affected by the difference or "spread" between the customers' delivered cost of gas and the customers' delivered cost of the alternate fuel, as well as the frequency and duration of interruptions. See "Gas Utility and Electric Utility Regulation and Rates - Gas Utility Rates." In accordance with the PUC's June 29, 2000 Gas Restructuring Order, margin from certain of these customers (who use pipeline capacity contracted by Gas Utility to serve retail customers) is used to reduce purchased gas cost rates for retail customers. Approximately 27% of Gas Utility's commercial and industrial customers, including certain customers served under interruptible rates, have locations which afford them the opportunity, although none have exercised it, of seeking transportation service directly from interstate pipelines, thereby bypassing Gas Utility. The majority of customers in this group are served under transportation contracts having three-year to twenty-year terms. Included in these two customer groups are Gas Utility's ten largest customers in terms of annual volumes. All of these customers have contracts, seven of which extend beyond Fiscal 2006. No single customer represents, or is anticipated to represent, more than 5% of Gas Utility's total revenues.

OUTLOOK FOR GAS SERVICE AND SUPPLY

Gas Utility anticipates having adequate pipeline capacity and sources of supply available to it to meet the full requirements of all firm customers on its system through fiscal year 2006. Supply mix is diversified, market priced, and delivered pursuant to a number of long-term and short-term firm transportation and storage arrangements, including transportation contracts held by some of Gas Utility's larger customers. Hurricane activity during late fiscal year 2005 caused temporary losses of gas supply and temporary pipeline force majeure declarations. We do not expect these disruptions to adversely affect Gas Utility's ability to obtain adequate supply.

During fiscal year 2005, Gas Utility supplied transportation service to two major co-generation installations and one electric generation facility. Gas Utility continues to pursue opportunities to supply natural gas to electric generation projects located in its service territory. Gas Utility also continues to seek new residential, commercial and industrial customers for both firm and interruptible service. In the residential market sector, Gas Utility connected approximately 9,900 residential heating customers during fiscal year 2005. Of those new customers, new home construction accounted for over 7,300 heating customers. Customers converting from other energy sources, primarily oil and electricity, and existing non-heating gas customers who have added gas heating systems to replace other energy sources, accounted for the balance of the additions. The number of new commercial and industrial customers was approximately 1,400.

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

Gas Utility's objective in negotiations with interstate pipeline and natural gas suppliers, and in proceedings before regulatory agencies, is to assure availability of supply, transportation and storage alternatives to serve market requirements at the lowest cost possible, taking into account the need for security of supply. Consistent with that objective, Gas Utility negotiates the terms of firm transportation capacity on all pipelines serving it, arranges for appropriate storage and peak-shaving resources, negotiates with producers for competitively priced gas purchases and aggressively participates in regulatory proceedings related to transportation rights and costs of service.

ELECTRIC UTILITY

SERVICE AREA; SALES ANALYSIS

Electric Utility supplies electric service to approximately 62,000 customers in portions of Luzerne and Wyoming Counties in northeastern Pennsylvania through a system consisting of approximately 2,100 miles of transmission and distribution lines and 14 transmission substations. For fiscal year 2005, about 53% of sales volume came from residential customers, 35% from commercial customers and 12% from industrial customers. Electricity transported for customers who purchased their power from other suppliers represented less than 1% of fiscal year 2005 sales volume.

SOURCES OF SUPPLY

Electric Utility has third-party generation supply contracts in place for substantially all of its expected energy requirements for fiscal year 2006. Electric Utility distributes both electricity that it purchases from others and electricity that customers purchase from other suppliers. At September 30, 2005, alternate suppliers served customers representing less than 1% of system load. Electric Utility expects to continue to provide energy to the great majority of its distribution customers for the foreseeable future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures" for a discussion of risks related to Electric Utility's supply contracts.

COMPETITION

As a result of the Electricity Generation Customer Choice and Competition Act ("ECC Act") that became effective in 1997, all Pennsylvania retail electric customers have the ability to choose their electric generation supplier. Under the ECC Act, Electric Utility remains the provider of last resort ("POLR") for its customers who do not choose an alternate electric generation supplier. The terms and conditions under which Electric Utility provides POLR service, and rules governing the rates that may be charged for such service, have been established in a series of PUC-approved settlements, the most recent of which became effective in June 2004 (collectively, the "POLR Settlement"). Consistent with the terms of the POLR Settlement, Electric Utility's POLR rates were increased beginning January 2005 and Electric Utility is permitted, but not required, to further increase its POLR rates in January 2006. Electric Utility is the only regulated electric utility having the right, granted by the PUC or by law, to distribute electricity in its service territory. Sales of electricity for residential heating purposes accounted for approximately 19% of total sales of electricity during the 2005 fiscal year. Electricity competes with natural gas, oil, propane and other heating fuels for this use.

GAS UTILITY AND ELECTRIC UTILITY REGULATION AND RATES

PENNSYLVANIA PUBLIC UTILITY COMMISSION JURISDICTION

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

ELECTRIC TRANSMISSION AND WHOLESALE POWER SALE RATES

FERC has jurisdiction over the rates and terms and conditions of service of electric transmission facilities used for wholesale or retail choice transactions. Electric Utility owns electric transmission facilities that are within the control area of the PJM Interconnection, LLC ("PJM") and are dispatched in accordance with a FERC-approved open access tariff and associated agreements administered by PJM. Electric Utility receives certain revenues collected by PJM when its transmission facilities are used by third parties.

In addition, FERC has jurisdiction over the rates and terms and conditions of service of wholesale sales of electric capacity and energy. Electric Utility has a tariff on file with FERC pursuant to which it may make power sales to wholesale customers at market-based rates.

GAS UTILITY RATES

The most recent general base rate increase for Gas Utility became effective in 1995. A rate increase for firm-residential, commercial and industrial customers ("retail core-market") became effective October 1, 2000. Effective December 1, 2001, Gas Utility was required to reduce its Purchased Gas Cost ("PGC") rates to retail core-market customers by an amount equal to the margin it receives from customers served under interruptible rates to the extent interruptible customers use capacity contracted for by Gas Utility for retail core-market customers.

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

ELECTRIC UTILITY RATES

The most recent general base rate increase for Electric Utility became effective in 1996. Electric Utility's POLR rates were increased beginning January 2005, and Electric Utility is permitted, but not required, to further increase its POLR rates in January 2006. Pursuant to the requirements of the ECC Act, the PUC is currently developing POLR regulations that are expected to further define POLR service obligations and pricing. As of September 30, 2005, fewer than 1% of Electric Utility's customers have an alternative electricity generation supplier.

FERC MARKET MANIPULATION RULES AND OTHER FERC ENFORCEMENT AND REGULATORY POWERS

Both Gas Utility and Electric Utility are subject to FERC regulations governing the manner in which certain jurisdictional sales or transportation are conducted. Section 315 of EPAct 2005 became effective on August 8, 2005 and prohibits any manipulative or deceptive devices or contrivances in connection with the purchase or sale of natural gas, electric energy or transportation or transmission services subject to the jurisdiction of FERC. FERC is in the process of adopting regulations to implement this statute, which would apply to interstate transportation and sales by the Electric Utility, and to a much more limited extent, to certain sales and transportation by the Gas Utility that are subject to FERC. Gas Utility and Electric Utility are subject to certain other regulations and obligations for FERC-regulated activities and EPAct 2005 also conferred upon FERC substantially expanded authority to impose civil penalties for the violation of any regulations, orders or provisions under the Federal Power Act and Natural Gas Act.

In addition, EPAct 2005 amended Section 203 of the Federal Power Act to expressly require utility holding companies like UGI to obtain prior FERC approval for utility or holding company mergers or acquisitions of utilities or utility property valued at $10 million or more.

STATE TAX SURCHARGE CLAUSES

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

UTILITY FRANCHISES

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

OTHER GOVERNMENT REGULATION

In addition to regulation by the PUC and FERC, the gas and electric utility operations of Utilities are subject to various federal, state and local laws governing environmental matters, occupational health and safety, pipeline safety and other matters. Utilities is subject to the requirements of the federal Resource Conservation and Recovery Act, CERCLA and comparable state statutes with respect to the release of hazardous substances on property owned or operated by Utilities. See ITEM 3. "LEGAL PROCEEDINGS - Environmental Matters-Manufactured Gas Plants."

EMPLOYEES

At September 30, 2005, Utilities had approximately 1,000 employees.

ENERGY SERVICES

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

NATURAL GAS AND ELECTRICITY MARKETING

UGI Energy Services, Inc. ("ESI") conducts our energy marketing business under the trade names GASMARK(R) and POWERMARK(R). GASMARK(R) sells natural gas directly to approximately 7,100 commercial and industrial customers in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, New York, Ohio, North Carolina and the District of Columbia through the use of the transportation systems of 30 utility systems. ESI also sells fuel oil, electricity and LPG to commercial and industrial customers in Pennsylvania, New Jersey and Maryland.

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

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

PEAKING AND ASSET MANAGEMENT SERVICES

ESI operates a natural gas liquefaction, storage and vaporization facility in Temple, Pennsylvania, and propane storage and propane-air mixing stations in Bethlehem, Reading, and Steelton, Pennsylvania. It also operates a propane storage and rail trans-shipment terminal in Steelton, Pennsylvania. These assets are used in ESI's energy peaking business that provides supplemental energy, primarily LNG and propane-air mixtures, to gas utilities at times of peak demand. ESI also manages natural gas pipeline and storage assets for Gas Utility.

In November 2004, ESI acquired a propane import and trans-shipment facility located in Chesapeake, Virginia. ESI sells propane from this facility to large multi-state retailers including AmeriGas Partners, and to smaller local dealers throughout Virginia and northeast North Carolina.

ELECTRIC GENERATION

In June 2003, we increased our ownership interest in the Conemaugh generating station ("Conemaugh") from 1.11% to approximately 6% (102 megawatts). Conemaugh is a 1,711 megawatt, coal-fired generation station located near Johnstown, Pennsylvania. It is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. In addition, we are a 50% owner of Hunlock Creek Energy Ventures ("Energy Ventures"). The generation assets of Energy Ventures consist of the 48 megawatt, coal-fired Hunlock generating station, located near Kingston, Pennsylvania, and a 44 megawatt, gas-fired turbine generator at the same site. We operate these generation assets. A subsidiary of Allegheny Energy, Inc. is the other general partner in Energy Ventures. Under the joint venture agreement, we have the right to purchase one-half the output of Energy Ventures' generation at cost. The output from these generation assets is sold by our subsidiary UGI Development Company ("UGID") on the spot market and under fixed-term contracts. UGID has FERC authority to sell power at market-based rates. We also have the right to require an affiliate of Allegheny Energy, Inc. ("Allegheny") to purchase our ownership interest in Energy Ventures. Allegheny has a corresponding call right on our interest in Energy Ventures. These put/call rights are effective for a 90-day period commencing January 23, 2006. The exercise of these rights, if any, is not expected to have a material effect on our financial position or results of operations.

GOVERNMENT REGULATION

FERC has jurisdiction over the rates and terms and conditions of service of wholesale sales of electric capacity and energy. As stated above, UGID has a tariff on file with FERC pursuant to which it may make power sales to wholesale customers at market-based rates. UGID is also subject to FERC market manipulation rules and enforcement and regulatory powers. See "GAS UTILITY AND ELECTRIC UTILITY REGULATION AND RATES- FERC Market Manipulation Rules and Other FERC Enforcement and Regulatory Powers."

The operation of Hunlock Station complies with the air quality standards of the Pennsylvania Department of Environmental Protection ("DEP") with respect to stack emissions. Under the Federal Water Pollution Control Act, Hunlock station has a permit from the DEP to discharge water into the North Branch of the Susquehanna River. A renewal application for this permit was filed in 2005. The Federal Clean Air Act Amendments of 1990 (the "Clean Air Act Amendments") impose emissions limitations for certain compounds, including sulfur dioxide and nitrous oxides. Both the Conemaugh Station and the Hunlock Station are in material compliance with these emission standards.

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

HVAC/R

We conduct a heating, ventilation, air-conditioning, refrigeration and electrical contracting service business ("HVAC/R") serving portions of Utilities' gas service area and adjacent Mid-Atlantic region market areas, including the Philadelphia suburbs and portions of New Jersey and northern Delaware. This business serves more than 150,000 customers in residential, commercial, industrial and new construction markets. During fiscal year 2005, HVAC/R generated approximately $65 million in revenues and employed approximately 450 people.

BUSINESS SEGMENT INFORMATION

The table stating the amounts of revenues, operating income (loss) and identifiable assets attributable to each of UGI's reportable business segments, and to the geographic areas in which we operate, for the 2005, 2004 and 2003 fiscal years appears in Note 18 to the Consolidated Financial Statements contained in our 2005 Annual Report to Shareholders and is incorporated in this Report by reference.

EMPLOYEES

At September 30, 2005, UGI and its subsidiaries had approximately 9,300 employees.

ITEM 1A. RISK FACTORS

DECREASES IN THE DEMAND FOR OUR ENERGY PRODUCTS AND SERVICES BECAUSE OF WARMER-THAN-NORMAL HEATING SEASON WEATHER ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

Because many of our customers rely on our energy products and services to heat their homes and businesses, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for our energy products and services for both heating and agricultural purposes. Accordingly, the volume of our energy products sold is at its highest during the five-month peak heating season of November through March and is directly affected by the severity of the winter weather. For example, historically, approximately 55% to 60% of AmeriGas Partners' annual retail propane volume has been sold during these months and approximately 60% of our natural gas throughput (the total volume of gas sold to or transported for customers within our distribution system) occurs during these months. Antargaz' sales volume is similarly seasonal. There can be no assurance that normal winter weather in our market areas will occur in the future.

OUR HOLDING COMPANY STRUCTURE COULD LIMIT OUR ABILITY TO PAY DIVIDENDS OR DEBT SERVICE.

We are a holding company whose material assets are the stock of our subsidiaries and interests in joint ventures. Accordingly, we conduct all of our operations through our subsidiaries and joint venture affiliates. Our ability to pay dividends on our common stock and to pay principal and accrued interest on our debt, if any, depends on the payment of dividends to us by our principal subsidiaries, AmeriGas, Inc., UGI Utilities, Inc. and UGI Enterprises, Inc. (including Antargaz). Payments to us by those subsidiaries, in turn, depend upon their consolidated results of operations and cash flows and, in the case of AmeriGas Partners, the provisions of its partnership agreement. The operations of our subsidiaries are affected by conditions beyond our control, including weather, competition in national and international markets we serve, the costs and availability of propane, butane, natural gas, electricity and other energy sources and changes in capital market conditions. The ability of our subsidiaries to make payments to us is also affected by the level of indebtedness of our subsidiaries, which is substantial, and the restrictions on payments to us imposed under the terms of such indebtedness.

OUR PROFITABILITY IS SUBJECT TO PROPANE PRICING AND INVENTORY RISK.

The retail propane business is a "margin-based" business in which gross profits are dependent upon the excess of the sales price over the propane supply costs. Propane is a commodity, and, as such, its unit price is subject to volatile fluctuations in response to changes in supply or other market conditions. We have no control over these market conditions. Consequently, the unit price of the propane that our subsidiaries and other marketers purchase can change rapidly over a short period of time. Most of our domestic propane product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major U.S. storage points such as Mont Belvieu, Texas or Conway, Kansas. Most of our international propane supply contracts are based on internationally quoted market prices. Because our subsidiaries' profitability is sensitive to changes in wholesale propane supply costs, it will be adversely affected if we cannot pass on increases in the cost of propane to our customers. Due to competitive pricing in the propane industry, our subsidiaries, may not be able to pass on product cost increases to our customers when product costs rise rapidly, or when our competitors do not raise their product prices. Finally, market volatility may cause our subsidiaries to sell propane at less than the price at which they purchased it, which could adversely affect our operating results.

HIGH COMMODITY COSTS CAN LEAD TO CUSTOMER CONSERVATION, RESULTING IN REDUCED DEMAND FOR OUR ENERGY PRODUCTS AND SERVICES.

Prices for propane and natural gas are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high energy commodity costs such as those experienced in fiscal years 2005 and 2004, our prices generally increase. High prices can lead to customer conservation, resulting in reduced demand for our energy products and services.

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 grow as a multi-national corporation, with subsidiaries 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;

- regulatory requirements and changes in regulatory requirements, including French and EU competition laws that may adversely affect the terms of contracts with customers, and new environmental requirements that have led to stricter regulations of LPG storage sites in France;

- 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"; and

- fluctuations in currency exchange rates, which can affect demand and increase our costs.

OUR OPERATIONS MAY BE ADVERSELY AFFECTED BY COMPETITION FROM OTHER ENERGY SOURCES.

Our energy products and services face competition from other energy sources, some of which are less costly for equivalent energy value. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

Our propane businesses compete for customers against suppliers of electricity, fuel oil and natural gas. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, however, so a conversion from one fuel to the other requires the installation of new equipment. Our customers generally have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist because natural gas is generally a less expensive source of energy than propane. The gradual expansion of natural gas distribution systems in our service areas has resulted in the availability of natural gas in some areas that previously depended upon propane. As long as natural gas remains a less expensive energy source than propane, our propane business will lose customers in each region into which natural gas distribution systems are expanded. In France, the state-owned natural gas monopoly, Gaz de France, has in the past extended France's natural gas grid.

Our natural gas businesses compete primarily with electricity and fuel oil, and, to a lesser extent, with propane and coal. Competition among these fuels is primarily a function of their comparative price and the relative cost and efficiency of fuel utilization equipment. There can be no assurance that our natural gas revenues will not be adversely affected by this competition.

OUR ABILITY TO INCREASE REVENUES IS ADVERSELY AFFECTED BY THE MATURITY OF THE RETAIL PROPANE INDUSTRY.

The retail propane industry in the United States and France is mature, with only modest growth in total demand for the product foreseen. Given this limited growth, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the propane industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the AmeriGas PPX(R) and Strategic Accounts programs, as well as the success of our sales and marketing programs designed to attract and retain customers. Any failure to retain and grow our customer base would have an adverse effect on our results.

OUR ABILITY TO GROW OUR BUSINESSES WILL BE ADVERSELY AFFECTED IF WE ARE NOT SUCCESSFUL IN MAKING ACQUISITIONS OR IN INTEGRATING THE ACQUISITIONS WE HAVE MADE.

One of our strategies is to grow through acquisitions in the United States and in international markets. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. We can give no assurances that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that any acquisitions will not be dilutive to earnings or that any additional debt incurred to finance an acquisition will not affect our ability to pay dividends.

In addition, the restructuring of the energy markets in the United States and internationally, including the privatization of government-owned utilities and the sale of utility-owned assets, is creating opportunities for, and competition from, well-capitalized competitors, which may affect our ability to achieve our business strategy.

To the extent we are successful in making acquisitions, such acquisitions involve a number of risks, including, but not limited to, the assumption of material liabilities, the diversion of management's attention from the management of daily operations to the integration of operations, difficulties in the assimilation and retention of employees and difficulties in the assimilation of different cultures and practices, as well as in the assimilation of broad and geographically dispersed personnel and operations. The failure to successfully integrate acquisitions could have an adverse affect on our business, financial condition and results of operations.

WE ARE SUBJECT TO OPERATING AND LITIGATION RISKS THAT MAY NOT BE COVERED BY INSURANCE.

Our business' operations in the U.S. and internationally are subject to all of the operating hazards and risks normally incidental to the handling, storage and distribution of combustible products, such as LPG, propane and natural gas, and the generation of electricity. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. We maintain insurance policies with insurers in such amounts and with such coverages and deductibles as we believe are reasonable and prudent. There can be no assurance, however, that such insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that such levels of insurance will be available in the future at economical prices.

WE MAY BE UNABLE TO RESPOND EFFECTIVELY TO COMPETITION, WHICH MAY ADVERSELY AFFECT OUR OPERATING RESULTS.

We may be unable to timely respond to changes within the energy and utility sectors that may result from regulatory initiatives to further increase competition within our industry. Such regulatory initiatives may create opportunities for additional competitors to enter our markets, and, as a result, we may be unable to maintain our revenues or continue to pursue our current business strategy.

OUR NET INCOME WILL DECREASE IF WE ARE REQUIRED TO INCUR ADDITIONAL COSTS TO COMPLY WITH NEW GOVERNMENTAL SAFETY, HEALTH, TRANSPORTATION AND ENVIRONMENTAL REGULATION.

We are subject to extensive and changing international, federal, state and local safety, health, transportation and environmental laws and regulations governing the storage, distribution and transportation of our energy products.

New regulations, or a change in the interpretation of existing regulations, could result in increased expenditures. In addition, for many of our operations, we are required to obtain permits from regulatory authorities. Failure to comply with these permits or applicable laws could result in civil and criminal fines or the cessation of the operations in violation.

We are investigating and remediating contamination at a number of present and former operating sites in the United States, including former sites where we or our former subsidiaries operated manufactured gas plants. We have also received claims from third parties that allege that we are responsible for costs to clean up properties where we or our former subsidiaries operated a manufactured gas plant or conducted other operations. Costs we incur to remediate sites outside of

Pennsylvania cannot be recovered in future Utilities' rate proceedings, and insurance may not cover all or even part of these costs. Our actual costs to clean up these sites may exceed our current estimates due to factors beyond our control, such as:

- the discovery of presently unknown conditions;

- changes in environmental laws and regulations;

- judicial rejection of our legal defenses to the third-party claims; or

- the insolvency of other responsible parties at the sites at which we are involved.

In addition, if we discover additional contaminated sites, we could be required to incur material costs, which would reduce our net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

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

ENVIRONMENTAL MATTERS - MANUFACTURED GAS PLANTS

From the late 1800s through the mid-1900s, Utilities and its former subsidiaries owned and operated a number of manufactured gas plants ("MGPs") prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the business of some gas companies under agreement. Pursuant to the requirements of the Public Utility Holding Company Act of 1935, Utilities divested all of its utility operations other than those which now constitute Gas Utility and Electric Utility by the early 1950s.

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

City of Bangor, Maine v. Citizens Communications Co. In April 2003, Citizens Communications Company ("Citizens") served a complaint naming Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined Utilities and ten other third-party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. Citizens alleges that Utilities and its predecessors owned and operated the plant from 1901 to 1928. Studies conducted by the City and Citizens suggest that it could cost up to $18 million 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 and has not yet been decided. Utilities believes that it has good defenses to the claim and is defending the suit.

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

The trial court granted 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 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 Utilities was released from liability at three sites where Utilities operated MGPs under lease. On October 7, 2005 Utilities filed for reconsideration of the panel's order. Utilities believes that any liability it may have for a share of the response costs at the three leased MGP sites will not have a material effect on its financial condition or results of operations.

Atlanta Gas Light Company v. UGI Utilities, Inc. By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that Utilities is responsible for 20% of approximately $8 million incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. On March 22, 2005, the court granted Utilities' motion for summary judgment. AGL has appealed.

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

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

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

OTHER ENVIRONMENTAL MATTERS

South Coast Air Quality Management District Matter. On February 21, 2005, AmeriGas OLP received notice from the South Coast (of California) Air Quality Management District ("SCAQMD") that it intended to seek civil penalties totaling $0.1 million for five violations of air emissions regulations at AmeriGas OLP's LPG terminal in San Pedro, California. On April 15, 2005, SCAQMD issued two additional notices of violation of regulations related to the installation of emission reduction equipment at the facility. AmeriGas OLP has resolved all of the notices of violations with SCAQMD. The terms of the settlement did not have a material effect on our results of operations or financial condition.

OTHER

Swiger, et al. v. UGI/AmeriGas, Inc. et al. Plaintiffs Samuel and Brenda Swiger and their son (the "Swigers") sustained personal injuries and property damage as a result of a fire that occurred when propane that leaked from an underground line ignited. In July 1998, the Swigers filed a class action lawsuit against AmeriGas OLP (named incorrectly as "UGI/AmeriGas, Inc."), in the Circuit Court of Monongalia County, West Virginia (Civil Action No. 98-C-298), in which they sought to recover an unspecified amount of compensatory and punitive damages and attorney's fees, for themselves and on behalf of persons in West Virginia for whom the defendants had installed propane gas lines, allegedly resulting from the defendants' failure to install underground propane lines at depths required by applicable safety standards. In 2003, AmeriGas 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 filed a cross-claim against Columbia Energy Group, former owner of Columbia Propane, seeking indemnification for conduct undertaken by Columbia Propane prior to AmeriGas's acquisition. Class counsel has indicated that the class is seeking compensatory damages in excess of $12 million plus punitive damages, civil penalties and attorneys' fees. The defendants believe they have good defenses to the claims of the class members and intend to vigorously defend against the remaining claims in this lawsuit.

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

No matter was submitted to a vote of security holders during the last fiscal quarter of fiscal year 2005.

EXECUTIVE OFFICERS

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

PART II:

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

MARKET INFORMATION

Our Common Stock is traded on the New York and Philadelphia Stock Exchanges under the symbol "UGI." On April 26, 2005, our Board of Directors approved a 2-for-1 split of our Common Stock, effective May 24, 2005. Sales prices and dividends paid for all periods presented in the following tables are reflected on a post-split basis. The following table sets forth the high and low sales prices for the Common Stock on the New York Stock Exchange Composite Transactions tape as reported in The Wall Street Journal for each full quarterly period within the two most recent fiscal years:

2005 FISCAL YEAR	HIGH	LOW
4th Quarter	$ 29.98	$ 24.25
3rd Quarter	27.95	21.925
2nd Quarter	23.605	19.205
1st Quarter	20.70	18.45

2004 FISCAL YEAR	HIGH	LOW
4th Quarter	$18.675	$ 15.23
3rd Quarter	16.70	14.925
2nd Quarter	17.175	15.70
1st Quarter	17.10	14.425

DIVIDENDS

Quarterly dividends on our Common Stock were paid in the 2005 and 2004 fiscal years as follows:

2005 FISCAL YEAR	AMOUNT
4th Quarter	$0.16875
3rd Quarter	0.15625
2nd Quarter	0.15625
1st Quarter	0.15625

2004 FISCAL YEAR	AMOUNT
4th Quarter	$0.15625
3rd Quarter	0.14250
2nd Quarter	0.14250
1st Quarter	0.14250

HOLDERS

On November 1, 2005, UGI had 9,121 holders of record of Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended September 30,				
	2005	2004	2003	2002	2001 (a)
	(Millions of dollars, except per share amounts)				
FOR THE PERIOD:					
INCOME STATEMENT DATA:					
Revenues	$4,888.7	$3,784.7	$3,026.1	$2,213.7	$2,468.1
Income before accounting changes	$ 187.5	$ 111.6	$ 98.9	$ 75.5	$ 52.0
Cumulative effect of accounting changes, net (b)	--	--	--	--	4.5
Net income	$ 187.5	$ 111.6	$ 98.9	$ 75.5	$ 56.5
Earnings per common share - basic					
Income before accounting changes	$ 1.81	$ 1.18	$ 1.17	$ 0.92	$ 0.64
Cumulative effect of accouting changes, net (b)	--	--	--	--	0.06
Net income - basic	$ 1.81	$ 1.18	$ 1.17	$ 0.92	$ 0.70
Earnings per common share - diluted					
Income before accounting changes	$ 1.77	$ 1.16	$ 1.15	$ 0.90	$ 0.64
Cumulative effect of accouting changes, net (b)	--	--	--	--	0.06
Net income - diluted	$ 1.77	$ 1.16	$ 1.15	$ 0.90	$ 0.69
Cash dividends declared per common share	$ 0.650	$ 0.584	$ 0.565	$ 0.542	$ 0.525
AT PERIOD END:					
BALANCE SHEET DATA:					
Total assets	$4,571.5	$4,242.6	$2,795.2	$2,628.0	$2,561.9
Capitalization:					
Debt:					
Bank loans - AmeriGas Propane	$ --	$ --	$ --	$ 10.0	$ --
Bank loans - UGI Utilities	81.2	60.9	40.7	37.2	57.8
Bank loans - other	16.2	17.2	15.9	8.6	10.0
Long-term debt(including current maturities):					
AmeriGas Propane	913.5	901.4	927.3	945.8	1,005.9
Antargaz	431.1	474.5	--	--	--
UGI Utilities	237.0	217.2	217.3	248.4	208.4
Other	62.9	76.9	78.9	81.5	80.9
Total debt	1,741.9	1,748.1	1,280.1	1,331.5	1,363.0
Minority interests, principally in AmeriGas Partners	206.3	178.4	134.6	276.0	246.2
UGI Utilities preferred shares subject to mandatory redemption	--	20.0	20.0	20.0	20.0
Common stockholders' equity	997.6	834.1	498.7	313.8	251.0
Total capitalization	$2,945.8	$2,780.6	$1,933.4	$1,941.3	$1,880.2
RATIO OF CAPITALIZATION:					
Total debt	59.1%	62.9%	66.2%	68.6%	72.5%
Minority interests, principally in AmeriGas Partners	7.0%	6.4%	7.0%	14.2%	13.1%
UGI Utilities preferred shares subject to mandatory redemption	--	0.7%	1.0%	1.0%	1.1%
Common stockholders' equity	33.9%	30.0%	25.8%	16.2%	13.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

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

Management's Discussion and Analysis of Financial Condition and Results of Operations, entitled "Financial Review" and contained on pages 13 through 28 of UGI's 2005 Annual Report to Shareholders, is incorporated in this Report by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Quantitative and Qualitative Disclosures About Market Risk" are contained in Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk Disclosures" on pages 25 and 26 of the UGI 2005 Annual Report to Shareholders and are incorporated in this Report by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Annual Report on Internal Control Over Financial Reporting and the Financial Statements and Financial Statement Schedules referred to in the Index contained on pages F-2 and F-3 of this Report are incorporated in this Report by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this Report were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

(b) For "Management's Annual Report on Internal Control Over Financial Reporting" and the related report of PricewaterhouseCoopers LLP, our Independent Registered Public Accounting Firm, see Item 8 of this Report (which information is incorporated herein by reference).

(c) 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.

ITEM 9B. OTHER INFORMATION

None.

PART III:

ITEMS 10 THROUGH 14.

In accordance with General Instruction G(3), and except as set forth below, the information required by Items 10, 11, 12, 13 and 14 is incorporated in this Report by reference to the following portions of UGI's Proxy Statement, which will be filed with the Securities and Exchange Commission by January 27, 2006.

	INFORMATION	CAPTIONS OF PROXY STATEMENT INCORPORATED BY REFERENCE
Item 10.	Directors and Executive Officers of Registrant	Election of Directors - Nominees; Corporate Governance; Communications with the Board; Board Committees and Meeting Attendance; Securities Ownership of Management - Section 16(a) - Beneficial Ownership Reporting Compliance
	The Code of Ethics for the Chief Executive Officer and Senior Financial Officers of UGI Corporation is available on the Company's website, www.ugicorp.com or by writing to Robert W. Krick, Vice President and Treasurer, UGI Corporation, P. O. Box 858, Valley Forge, PA 19482.	
Item 11.	Executive Compensation	Compensation of Directors; Compensation of Executive Officers
Item 12.	Security Ownership of Certain Beneficial Owners and Management	Securities Ownership of Certain Beneficial Owners; Securities Ownership of Management
Item 13.	Certain Relationships and Related Transactions	Compensation of Executive Officers - Stock Ownership Policy and Indebtedness of Management
Item 14.	Principal Accountant Fees and Services	The Independent Registered Public Accountants

EQUITY COMPENSATION TABLE

The following table sets forth information as of the end of our 2005 fiscal year with respect to compensation plans under which our equity securities are authorized for issuance.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (a)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (b)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (c)
Equity compensation plans approved by security holders (1)	4,441,118	$ 16.45	3,192,226
	936,014	$ 0	
Equity compensation plans not approved by security holders (2)	511,900	$ 11.59	0
	6,000	$ 0	
Total	5,895,032	$15.945	3,192,226

(1) Column (a) represents 4,441,118 stock options under the 1997 Stock Option and Dividend Equivalent Plan, the 1992 Directors' Stock Plan, the 2000 Directors' Stock Option Plan, the 2000 Stock Incentive Plan and the 2004 Omnibus Equity Compensation Plan, and 936,014 phantom share units under the 2004 Omnibus Equity Compensation Plan and the 2000 Stock Incentive Plan.

(2) Column (a) represents 511,900 stock options under the 1992 and 2002 Non-Qualified Stock Option Plans, and 6,000 one-time bonus awards of phantom restricted stock. Under the 1992 and 2002 Non-Qualified Stock Option Plans, the option exercise price is not less than 100% of the fair market value of the Company's common stock on the date of grant. Generally, options become exercisable in three equal annual installments beginning on the first anniversary of the grant date. All options are non-transferable and generally exercisable only while the holder is employed by the Company or an affiliate, with exceptions for exercise following retirement, disability and death. Options are subject to adjustment in the event of recapitalization, stock splits, mergers, and other similar corporate transactions affecting the Company's common stock. The phantom restricted awards represent the right to receive a share of stock or an amount based on the value of a share of stock if specified length of service requirements are met.

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

EXECUTIVE OFFICERS

NAME	AGE	POSITION
Lon R. Greenberg	55	Chairman, Director and Chief Executive Officer
John L. Walsh	50	President and Chief Operating Officer
Eugene V.N. Bissell	52	President and Chief Executive Officer, AmeriGas Propane, Inc.
Michael J. Cuzzolina	60	Vice President - Accounting and Financial Control; Chief Accounting Officer and Chief Risk Officer
Bradley C. Hall	52	Vice President - New Business Development
Robert H. Knauss	52	Vice President and General Counsel
Anthony J. Mendicino	57	Senior Vice President - Finance and Chief Financial Officer
David W. Trego	47	President and Chief Executive Officer, UGI Utilities, Inc.
Francois Varagne	50	Chairman of the Board and Chief Executive Officer of Antargaz

All officers, except Mr. Varagne, are elected for a one-year term at the organizational meetings of the respective Boards of Directors held each year. Mr. Varagne was appointed as Chairman of the Board of Antargaz on January 26, 2005. His term of office is five years.

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

Lon R. Greenberg

Mr. Greenberg was elected Chairman of UGI effective August 1, 1996, having been elected Chief Executive Officer effective August 1, 1995. He held the office of President of UGI from 1994 to 2005. He was elected Director of UGI and a Director of UGI Utilities in July 1994. He was elected a Director of AmeriGas Propane, Inc. in 1994 and has been Chairman since 1996. He also served as President and Chief Executive Officer of AmeriGas Propane (1996 to

2000). Mr. Greenberg was Senior Vice President - Legal and Corporate Development (1989 to 1994). He joined the Company in 1980 as Corporate Development Counsel. Mr. Greenberg is also a director of Aqua America, Inc.

John L. Walsh

Mr. Walsh is President and Chief Operating Officer and a Director (since April 2005). He is also Vice Chairman and Director of both AmeriGas Propane, Inc. and UGI Utilities, Inc. (since April 2005). He previously served as Chief Executive of the Industrial and Special Products division and executive director of BOC Group PLC (industrial gases) (since 2001). From 1986 to 2001, he held various senior management positions with the BOC Group. Prior to joining BOC, Mr. Walsh was a Vice President of UGI's industrial gas division prior to its sale to BOC in 1989. From 1981 until 1986, Mr. Walsh held several management positions with affiliates of UGI.

Eugene V.N. Bissell

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

Michael J. Cuzzolina

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

Bradley C. Hall

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

Robert H. Knauss

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

Anthony J. Mendicino

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

David W. Trego

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

Francois Varagne

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

PART IV:

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

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

(3) LIST OF EXHIBITS:

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

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
3.1	(Second) Amended and Restated Articles of Incorporation of the Company as amended through June 6, 2005	UGI	Form 10-Q (6/30/05)	3.1
3.2	Bylaws of UGI as amended through September 28, 2004	UGI	Form 8-K (9/28/04)	3.2
4	Instruments defining the rights of security holders, including indentures. (The Company agrees to furnish to the Commission upon request a copy of any instrument defining the rights of holders of long-term debt not required to be filed pursuant to Item 601(b)(4) of Regulation S-K)			
4.1	Rights Agreement, as amended as of August 18, 2000, between the Company and Mellon Bank, N.A., successor to Mellon Bank (East) N.A., as Rights Agent, and Assumption Agreement dated April 7, 1992	UGI	Registration Statement No. 333-49080 (11/1/00)	4.3
4.2	The description of the Company's Common Stock contained in the Company's registration statement filed under the Securities Exchange Act of 1934, as amended	UGI	Form 8-B/A (4/17/96)	3.(4)
4.3	UGI's (Second) Amended and Restated Articles of Incorporation and Bylaws referred to in 3.1 and 3.2 above			

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
4.4	Note Agreement dated as of April 12, 1995 among The Prudential Insurance Company of America, Metropolitan Life Insurance Company, and certain other institutional investors and AmeriGas Propane, L.P., New AmeriGas Propane, Inc. and Petrolane Incorporated	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.8
4.5	First Amendment dated as of September 12, 1997 to Note Agreement dated as of April 12, 1995 ("1995 Note Agreement")	AmeriGas Partners, L.P.	Form 10-K (9/30/97)	4.5
4.6	Second Amendment dated as of September 15, 1998 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-K (9/30/98)	4.6
4.7	Third Amendment dated as of March 23, 1999 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-Q (3/31/99)	10.2
4.8	Fourth Amendment dated as of March 16, 2000 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-Q (6/30/00)	10.2
4.9	Fifth Amendment dated as of August 1, 2001 to 1995 Note Agreement	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	4.8
4.10	Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of December 1, 2004	AmeriGas Partners, L.P.	Form 8-K (12/1/04)	3.1
4.11	Second Amended and Restated Agreement of Limited Partnership of AmeriGas Propane, L.P. dated as of December 1, 2004	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	3.1(a)
4.12	Amended and Restated Agreement of Limited Partnership of AmeriGas Eagle Propane, L.P. dated as of July 19, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	3.8
4.13	Indenture, dated May 3, 2005, by and among AmeriGas Partners, L.P., a Delaware limited partnership, AmeriGas Finance Corp., a Delaware corporation, and Wachovia Bank, National Association, as trustee.	AmeriGas Partners, L.P.	Form 8-K (5/3/05)	4.1

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.1	Service Agreement (Rate FSS) dated as of November 1, 1989 between Utilities and Columbia, as modified pursuant to the orders of the Federal Energy Regulatory Commission at Docket No. RS92-5-000 reported at Columbia Gas Transmission Corp., 64 FERC (pilcrow sign) 61,060 (1993), order on rehearing, 64 FERC (pilcrow sign) 61,365 (1993)	UGI	Form 10-K (9/30/95)	10.5
10.2**	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Stock Unit Grant Letter	UGI	Form 8-K (12/6/05)	10.2
10.3**	UGI Corporation 2004 Omnibus Equity Compensation Plan Directors Nonqualified Stock Option Grant Letter	UGI	Form 8-K (12/6/05)	10.3
10.4**	UGI Corporation 2004 Omnibus Equity Compensation Plan Utilities Employees Performance Unit Grant Letter	UGI	Form 8-K (12/6/05)	10.8
10.5**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Stock Unit Grant Letter	UGI	Form 8-K (12/6/05)	10.9
10.6**	UGI Corporation Directors Deferred Compensation Plan Amended and Restated as of January 1, 2000	UGI	Form 10-K (9/30/00)	10.6
10.7**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Performance Unit Grant Letter	UGI	Form 8-K (12/6/05)	10.7
10.8**	UGI Corporation Annual Bonus Plan dated March 8, 1996	UGI	Form 10-Q (6/30/96)	10.4
10.9**	UGI Corporation 2004 Omnibus Equity Compensation Plan AmeriGas Employees Nonqualified Stock Option Grant Letter	UGI	Form 8-K (12/6/05)	10.6
10.10**	UGI Corporation 1997 Stock Option and Dividend Equivalent Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.4
10.11**	UGI Corporation 1992 Directors' Stock Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.2

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.12**	UGI Corporation Senior Executive Employee Severance Pay Plan as amended December 7, 2004	UGI	Form 10-K (9/30/04)	10.12
10.12(a)**	AmeriGas Propane, Inc. Executive Employee Severance Pay Plan, as amended December 6, 2004.	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.4
10.13**	UGI Corporation 2000 Directors' Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.1
10.14**	UGI Corporation 2000 Stock Incentive Plan Amended and Restated as of December 16, 2003	UGI	Form 10-Q (6/30/04)	10.2
*10.15**	Letter Agreement dated May 15, 2002 regarding severance arrangement for Mr. Varagne			
10.16**	UGI Corporation Supplemental Executive Retirement Plan Amended and Restated effective October 1, 1996	UGI	Form 10-Q (6/30/98)	10
10.17**	UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended December 7, 2004	UGI	Form 10-K (9/30/04)	10.17
10.17(a)**	UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended December 7, 2004 - Terms and Conditions as amended December 6, 2005	UGI	Form 8-K (12/6/05)	10.10
10.18	Credit Agreement dated as of August 28, 2003 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Citicorp USA, Inc., Credit Suisse First Boston, Wachovia Bank, National Association, as Agent, Issuing Bank and Swing Line Bank, and certain financial institutions named party thereto ("2003 Credit Agreement")	AmeriGas Partners, L.P.	Form 10-K (9/30/03)	10.1
10.19	Amendment No. 1 dated as of August 30, 2004, to the 2003 Credit Agreement	AmeriGas Partners, L.P.	Form 8-K (8/30/04)	10.1

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.19(a)	Credit Agreement, dated as of April 18, 2005, by and among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as a Guarantor, Petrolane Incorporated, as a Guarantor, Wachovia Bank, National Association, as Agent, and the other financial institutions party thereto	AmeriGas Partners, L.P.	Form 8-K (4/18/05)	10.1
10.20**	Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc., in its own right and as general partner of AmeriGas Partners, L.P., for Messrs. Bissell, Katz and Knauss	AmeriGas Partners, L.P.	Form 10-Q (3/31/05)	10.3
10.21**	Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc., in its own right and as general partner of AmeriGas Partners, L.P., for Mr. Sheridan	AmeriGas Partners, L.P.	Form 8-K (8/15/05)	10.1
10.22	Notice of appointment of Wachovia Bank, National Association as collateral Agent effective as of August 28, 2003, pursuant to Intercreditor and Agency Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/03)	10.6
10.23	Intercreditor and Agency Agreement dated as of April 19, 1995 among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., Bank of America National Trust and Savings Association ("Bank of America") as Agent, Mellon Bank, N.A. as Cash Collateral Sub-Agent, Bank of America as Collateral Agent and certain creditors of AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.2
10.23(a)	First Amendment dated as of July 31, 2001 to Intercreditor and Agency Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.8
10.24	General Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association and Mellon Bank, N.A.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.3
10.24(a)	First Amendment dated as of July 31, 2001 to General Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.10

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.24(b)	Second Amendment dated as of October 14, 2004 to General Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.10(a)
10.25	Subsidiary Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association as Collateral Agent and Mellon Bank, N.A. as Cash Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.4
10.25(a)	First Amendment dated as of July 31, 2001 to Subsidiary Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.12
10.25(b)	Second Amendment dated as of October 14, 2004 to Subsidiary Security Agreement dated as of April 19, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/04)	10.12(a)
10.26	Restricted Subsidiary Guarantee dated as of April 19, 1995 by AmeriGas Propane, L.P. for the benefit of Bank of America National Trust and Savings Association, as Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.5
10.27	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.6
10.28	Trademark License Agreement, dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.7
10.29	Stock Purchase Agreement dated May 27, 1989, as amended and restated July 31, 1989, between Texas Eastern Corporation and QFB Partners	Petrolane Incorporated/ AmeriGas Partners, L.P.	Registration Statement No. 33-69450	10.16(a)
*10.30**	Description of oral employment at-will agreements for Messrs. Greenberg, Mendicino, Varagne and Walsh			
10.31**	Description of oral employment at-will agreement for Mr. Bissell	AmeriGas Partners, L.P.	Form 10-K (9/30/05)	10.29

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.32**	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, Amended and Restated as of March 1, 2005	AmeriGas Partners, L.P.	Form 10-Q (3/31/05)	10.1
10.33**	AmeriGas Propane, Inc. Annual Bonus Plan effective October 1, 1998	AmeriGas Partners, L.P.	Form 10-K (9/30/99)	10.17
10.34**	UGI Utilities, Inc. Annual Bonus Plan dated March 8, 1996	Utilities	Form 10-Q (6/30/96)	10.4
10.35**	Form of Change in Control Agreement for Messrs. Greenberg, Mendicino and Walsh	UGI	Form 8-K (12/6/05)	10.1
10.36**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Nonqualified Stock Option Grant Letter	UGI	Form 8-K (12/6/05)	10.4
10.36(a)**	UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Utilities Employees Nonqualified Stock Option Grant Letter	UGI	Form 8-K (12/6/05)	10.5
10.37**	Form of Change in Control Agreement for Mr. Bissell	AmeriGas Partners, L.P.	Form 8-K (12/5/05)	10.1
10.38**	2002 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.7
10.39**	1992 Non-Qualified Stock Option Plan Amended and Restated as of April 29, 2003	UGI	Form 10-Q (3/31/03)	10.6
10.40	Financing Agreement dated as of August 28, 2003 between AmeriGas Propane, Inc. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-K (9/30/03)	10.19
10.41	Service Agreement for comprehensive delivery service (Rate CDS) dated February 23, 1999 between UGI Utilities, Inc. and Texas Eastern Transmission Corporation	UGI	Form 10-K (9/30/00)	10.41
10.42	Purchase Agreement dated January 30, 2001 and Amended and Restated on August 7, 2001 by and among Columbia Energy Group, Columbia Propane Corporation, Columbia Propane, L.P., CP Holdings, Inc., AmeriGas Propane, L.P., AmeriGas Partners, L.P., and AmeriGas Propane, Inc.	AmeriGas Partners, L.P.	Form 8-K (8/8/01)	10.1

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.43**	UGI Corporation 2004 Omnibus Equity Compensation Plan, Sub-Plan for French Employees Stock Option Grant Letter dated as of 2004	UGI	Form 10-K (9/30/04)	10.43
10.44	Agreement by Petrolane Incorporated and certain of its subsidiaries party thereto ("Subsidiaries") for the Sale of the Subsidiaries' Inventory and Assets to the Goodyear Tire & Rubber Company and D.C.H., Inc., as Purchaser, dated as of December 18, 1985	Petrolane Incorporated	Form 10-K (9/23/94)	10.13
10.45	Purchase Agreement by and among Columbia Propane, L.P., CP Holdings, Inc., Columbia Propane Corporation, National Propane Partners, L.P., National Propane Corporation, National Propane SPG, Inc., and Triarc Companies, Inc. dated as of April 5, 1999	National Propane Partners, L.P.	Form 8-K (4/19/99)	10.5
10.46	Capital Contribution Agreement dated as of August 21, 2001 by and between Columbia Propane, L.P. and AmeriGas Propane, L.P. acknowledged and agreed to by CP Holdings, Inc.	AmeriGas Partners, L.P.	Form 8-K (8/21/01)	10.2
10.47	Promissory Note by National Propane L.P., a Delaware limited partnership in favor of Columbia Propane Corporation dated July 19, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.39
10.48	Loan Agreement dated July 19, 1999, between National Propane, L.P. and Columbia Propane Corporation	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.40
10.49	First Amendment dated August 21, 2001 to Loan Agreement dated July 19, 1999 between National Propane, L.P. and Columbia Propane Corporation	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.41
10.50	Columbia Energy Group Payment Guaranty dated April 5, 1999	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.42
10.51	Keep Well Agreement by and between AmeriGas Propane, L.P. and Columbia Propane Corporation dated August 21, 2001	AmeriGas Partners, L.P.	Form 10-K (9/30/01)	10.46

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.52**	AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended December 15, 2003 ("AmeriGas 2000 Plan").	AmeriGas Partners, L.P.	Form 10-Q (6/30/04)	10.2
10.52(a)**	AmeriGas 2000 Plan Restricted Unit Grant Letter	AmeriGas Partners, L.P.	Form 8-K (12/5/05)	10.2
10.53	Storage Transportation Service Agreement (Rate Schedule SST) between Utilities and Columbia dated November 1, 1993, as modified pursuant to orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.25
10.54	Gas Service Delivery and Supply Agreement between Utilities and UGI Energy Services, Inc. dated August 1, 2004	Utilities	Form 10-K (9/30/04)	10.32
10.55	No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated February 23, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.27
10.56	No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated October 31, 2000, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.28
10.57	Firm Transportation Service Agreement (Rate Schedule FT-1) between Utilities and Texas Eastern Transmission dated June 15, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.29
10.58	Amendment No. 1 dated November 1, 2004, to the Service Agreement (Rate FSS) dated as of November 1, 1989 between Utilities and Columbia, as modified pursuant to the orders of the Federal Energy Regulatory Commission at Docket No. RS92-5-000 reported at Columbia Gas Transmission Corp., 64 FERC (pilcrow sign) 61,060 (1993), order on rehearing, 64 FERC (pilcrow sign) 61,365 (1993)	Utilities	Form 10-K (9/30/04)	10.26

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.59	Firm Transportation Service Agreement (Rate Schedule FT) between Utilities and Transcontinental Gas Pipe Line dated October 1, 1996, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/02)	10.31
10.60	Amendment No. 1 dated November 1, 2004, to the No-Notice Transportation Service Agreement (Rate Schedule CDS) between Utilities and Texas Eastern Transmission dated February 23, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/04)	10.30
10.61	Amendment No. 1 dated November 1, 2004, to the Firm Transportation Service Agreement (Rate Schedule FT-1) between Utilities and Texas Eastern Transmission dated June 15, 1999, as modified pursuant to various orders of the Federal Energy Regulatory Commission	Utilities	Form 10-K (9/30/04)	10.33
10.62	Firm Transportation Service Agreement (Rate Schedule FTS) between Utilities and Columbia Gas Transmission dated November 1, 2004	Utilities	Form 10-K (9/30/04)	10.34
10.63	Amendment Agreement dated June 18, 2004, relating to the Senior Facilities Agreement dated June 26, 2003, as Amended and Restated, between AGZ Holding, as Parent, Antargaz, the Senior Lenders, (as defined therein) and Calyon, as Mandated Lead Arranger, Facility Agent and Security Agent	UGI	Form 10-Q (6/30/04)	10.5
10.64	Creditor Accession Agreement dated June 18, 2004, between UGI Bordeaux Holding, as the New Investor, and Calyon, as Security Agent	UGI	Form 10-Q (6/30/04)	10.6
10.65	Letter of Undertakings dated June 18, 2004, by UGI Bordeaux Holding to AGZ Holding, the Parent of Antargaz, and Calyon, the Facility Agent, acting on behalf of the Lenders, (as defined within the Senior Facilities Agreement)	UGI	Form 10-Q (6/30/04)	10.7

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.66	Tax Consolidation Agreement, dated June 18, 2004, entered into by UGI Bordeaux Holding and its Subsidiaries named therein	UGI	Form 10-Q (6/30/04)	10.8
*10.67**	UGI Corporation 2004 Omnibus Equity Compensation Plan Sub-Plan for French Employees			
*10.67(a)	UGI Corporation 2004 Omnibus Equity Compensation Plan Sub-Plan for French Employees Performance Unit Grant Letter			
10.68	Senior Facilities Agreement dated June 26, 2003 as Amended and Restated July 2, 2003, between AGZ Holding and Antargaz, Credit Lyonnais, as Mandated Lead Arranger, Facility Agent and Security Agent, and the Financial Institutions named therein	UGI	Form 10-Q (3/31/04)	10.1
10.69	Form of Amendment Agreement dated January 15, 2004 to Senior Facilities Agreement, as Amended and Restated July 2, 2003	UGI	Form 10-Q (3/31/04)	10.1(a)
10.70	Pledge of Financial Instruments Account relating to Financial Instruments held by AGZ Holding in Antargaz, dated July 7, 2003, between AGZ Holding, as Pledgor, and Credit Lyonnais, as Security Agent, and the Senior Lenders	UGI	Form 10-Q (3/31/04)	10.2
10.71	Pledge of Financial Instruments Accounts relating to Financial Instruments held by Antargaz in certain subsidiary companies, dated July 7, 2003, between Antargaz, as Pledgor, and Credit Lyonnais, as Security Agent, and the Revolving Lenders	UGI	Form 10-Q (3/31/04)	10.3
10.72	Intercreditor Agreement, dated July 7, 2003, between AGZ Holding, Antargaz, AGZ Finance, the Senior Lenders (as defined therein), the Investors (as defined therein), and Credit Lyonnais, as Facility Agent for the Senior Lenders and as Security Agent	UGI	Form 10-Q (3/31/04)	10.4
10.73	Seller's Guarantee dated February 16, 2001 among Elf Antar France, Elf Aquitaine and AGZ Holding	UGI	Form 10-Q (3/31/04)	10.5

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.74**	AmeriGas Propane, Inc. Discretionary Long-Term Incentive Plan for Non-Executive Key Employees	AmeriGas Partners, L.P.	Form 10-K (9/30/02)	10.2
10.75**	Summary of Director Compensation	UGI	Form 10-Q (12/31/04)	10.1
*13	Pages 13 through 59 of the 2005 Annual Report to Shareholders			
14	Code of Ethics for principal executive, financial and accounting officers	UGI	Form 10-K (9/30/03)	14
*21	Subsidiaries of the Registrant			
*23	Consent of PricewaterhouseCoopers LLP			
*31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2005 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
*31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2005 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
*32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2005, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			

* Filed herewith.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UGI CORPORATION

Date: December 6, 2005

By: Anthony J. Mendicino
Anthony J. Mendicino
Senior Vice President - Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 6, 2005, by the following persons on behalf of the Registrant in the capacities indicated.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 6, 2005, by the following persons on behalf of the Registrant in the capacities indicated.

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

UGI CORPORATION AND SUBSIDIARIES

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 2005

UGI CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements and supplementary data of UGI Corporation and subsidiaries, together with the report thereon of PricewaterhouseCoopers LLP dated December 13, 2005, and Management's Report on Internal Control over Financial Reporting listed in the following index, are included in UGI's 2005 Annual Report to Shareholders and are incorporated in this Form 10-K Annual Report by reference. With the exception of the pages listed in this index and information incorporated in Items 7, 7A, 8 and 9A(b), the 2005 Annual Report to Shareholders is not to be deemed filed as part of this Report.

UGI CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (CONTINUED)

Annual Report on Form 10-K/A

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

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Stockholders
of UGI Corporation:

Our audits of the consolidated financial statements, of management's assessment of the effectiveness of internal control over financial reporting and of the effectiveness of internal control over financial reporting referred to in our report dated December 13, 2005 appearing in the 2005 Annual Report to Shareholders of UGI Corporation (which report, consolidated financial statements and assessment are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 13, 2005

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

BALANCE SHEETS
(Millions of dollars)

	September 30, 2005	September 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 0.3	$ 0.7
Accounts and notes receivable	14.0	4.2
Deferred income taxes	0.2	0.2
Prepaid expenses and other current assets	0.5	0.4
Total current assets	15.0	5.5
Investments in subsidiaries	1,111.8	956.1
Other assets	8.4	11.4
Total assets	$1,135.2	$973.0
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts and notes payable	$ 10.3	$ 10.2
Accrued liabilities	7.7	5.9
Total current liabilities	18.0	16.1
Noncurrent liabilities	119.6	122.8
Commitments and contingencies		
Common stockholders' equity:		
Common Stock, without par value (authorized - 300,000,000 shares; issued - 115,152,994 shares)	793.6	762.6
Retained earnings	266.3	146.2
Accumulated other comprehensive income	16.5	22.6
Accumulated other comprehensive income	--	--
Unearned compensation - restricted stock	--	--
	1,076.4	931.4
Less treasury stock, at cost	(78.8)	(97.3)
Total common stockholders' equity	997.6	834.1
Total liabilities and common stockholders' equity	$1,135.2	$973.0

Commitments and Contingencies:

In addition to the guarantees of FLAGA debt described in Note 3 to Consolidated Financial Statements, at September 30, 2005, UGI Corporation had agreed to indemnify the issuers of $30.1 of surety bonds issued on behalf of certain UGI subsidiaries. UGI Corporation is authorized to guarantee up to $10.0 in supplier obligations on behalf of UGI Development Company, of which $5.3 of such obligations were outstanding as of September 30, 2005. UGI Corporation is also authorized to guarantee up to $265.0 of supplier obligations of UGI Energy Services, Inc., of which $257.2 of such obligations were outstanding as of September 30, 2005.

UGI CORPORATION AND SUBSIDIARIES

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF INCOME

(Millions of dollars, except per share amounts)

	Year Ended September 30,		
	2005	2004	2003
Revenues	$ --	$ --	$ --
Costs and expenses:			
Operating and administrative expenses	30.0	24.5	18.6
Other income, net	(29.5)	(24.0)	(17.6)
	0.5	0.5	1.0
Operating loss	(0.5)	(0.5)	(1.0)
Interest expense on intercompany debt	(3.7)	(2.2)	(1.5)
Loss before income taxes	(4.2)	(2.7)	(2.5)
Income tax expense (benefit)	1.0	(1.3)	(2.4)
Loss before equity in income of unconsolidated subsidiaries	(5.2)	(1.4)	(0.1)
Equity in income of unconsolidated subsidiaries	192.7	113.0	99.0
Net income	$ 187.5	$ 111.6	$ 98.9
Earnings per common share:			
Basic	$ 1.81	$ 1.18	$ 1.17
Diluted	$ 1.77	$ 1.15	$ 1.14
Average common shares outstanding (millions):			
Basic	103.877	94.616	84.440
Diluted	105.723	96.682	86.472

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

STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2005	2004	2003
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	$ 93.3	$103.1	$102.0
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in unconsolidated subsidiaries	(53.4)	(300.2)	(117.1)
Repayments to unconsolidated subsidiary	--	--	--
Net cash used by investing activities	(53.4)	(300.2)	(117.1)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividends on Common Stock	(67.4)	(56.3)	(47.7)
Issuance of intercompany long-term debt	--	--	44.5
Issuance of Common Stock	27.1	254.1	18.8
Repurchases of Common Stock	--	(0.6)	(0.1)
Net cash provided (used) by financing activities	(40.3)	197.2	15.5
Cash and cash equivalents increase (decrease)	$ (0.4)	$ 0.1	$ 0.4
Cash and cash equivalents:			
End of period	$ 0.3	$ 0.7	$ 0.6
Beginning of period	0.7	0.6	0.2
Increase (decrease)	$ (0.4)	$ 0.1	$ 0.4

(a) Includes dividends received from unconsolidated subsidiaries of $98.5, $99.0 and $94.0, respectively, for the years ended September 30, 2005, 2004 and 2003.

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

	Balance at beginning of year	Charged (credited) to costs and expenses	Other	Balance at end of year
Year Ended September 30, 2005				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 22.3	$ 25.1	$ (19.0) (1)	$ 29.2
			0.8 (2)	
Other reserves:				
Self-insured property and casualty liability	$ 57.8	$ 25.9	$ (17.7) (3)	$ 66.0
Insured property and casualty liability	$ 0.6			$ 0.6
Environmental, litigation and other	$ 34.7	$ (11.1)	$ (4.7) (3)	$ 19.7
			0.8 (2)	
Year Ended September 30, 2004				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 14.8	$ 17.3	$ (16.8) (1)	$ 22.3
			1.4 (2)	
			5.6 (4)	
Other reserves:				
Self-insured property and casualty liability	$ 48.4	$ 26.1	$ (17.3) (3)	$ 57.8
			0.6 (4)	
Insured property and casualty liability	$ 0.6			$ 0.6
Environmental, litigation and other	$ 15.7	$ 6.3	$ (3.8) (3)	$ 34.7
			16.0 (4)	
			0.5 (2)	

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

Year Ended September 30, 2003

Reserves deducted from assets in the consolidated balance sheet:

Allowance for doubtful accounts	$ 11.8	$ 18.5	$ (15.8) (1)	$ 14.8
			0.3 (2)	
Other reserves:				
Self-insured property and casualty liability	$ 42.7	$ 21.2	$ (15.1) (3)	$ 48.4
			(0.4) (2)	
Insured property and casualty liability	$ 3.5	$ (2.8)	$ (0.1) (3)	$ 0.6
Environmental, litigation and other	$ 13.9	$ 6.0	$ (4.6) (3)	$ 15.7
			0.4 (2)	

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

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
10.15	Letter Agreement dated May 15, 2002 regarding severance arrangement for Mr. Varagne
10.30	Description of oral employment at-will agreements for Messrs. Greenberg, Mendicino, Varagne and Walsh
10.67	UGI Corporation 2004 Omnibus Equity Compensation Plan Sub-Plan for French Employees
10.67(a)	UGI Corporation 2004 Omnibus Equity Compensation Plan Sub-Plan for French Employees Performance Unit Grant Letter
13	Pages 13 through 59 of the 2005 Annual Report to Shareholders
21	Subsidiaries of the Registrant
23	Consent of PricewaterhouseCoopers LLP
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act

AGZ HOLDING
Mr. Francois VARAGNE

EXHIBIT 10.15

22 rue Octave Feuillet

75016 PARIS

May 15, 2002

Subject: Contractual revocation indemnity

Sir,

Following the approval granted by the Board of Directors of AGZ Holding on May 14, 2002, we hereby undertake to pay you a contractual indemnity in the event of revocation of your functions in Antargaz under the conditions specified below.

In the event of revocation of your functions as Chairman of the Board of Directors of Antargaz, AGZ Holding will pay you a revocation indemnity under the following conditions:

- The indemnity will be paid to you in the event of revocation of your functions as Chairman of the Board of Directors and General Director of Antargaz.

- The revocation must not be based on severe or gross negligence in the performance of your functions as Chairman of the Board of Directors and General Director of Antargaz.

- The payment of the revocation indemnity is subject to the signing of a settlement which, in consideration of such payment, would include a complete and final waiver on your part to contest in any manner whatsoever the execution and the termination of your mandate as Chairman of the Board of Directors and General Director of Antargaz and, if applicable, your mandate as Deputy General Director of AGZ Holding, within a term of 15 calendar days from the effective date of your revocation. If, in light of the procedure followed and the reasons invoked to support your revocation, you consider that it is not in your interest to sign a settlement under the above conditions, AGZ Holding will be released from the commitment assumed hereunder and you will not be able to claim any payment based on it.

- The revocation indemnity will be in the amount of one (1) year of compensation paid by Antargaz in your capacity of Chairman of the Board of Directors of said company, based on twelve (12) full months of compensation prior to the effective date of your revocation.

- Sincerely,

[signature]
Herve COUFFIN
Chairman of the Board of Directors

EXHIBIT 10.30

UGI CORPORATION
DESCRIPTION OF EMPLOYMENT AGREEMENT
FOR
LON R. GREENBERG

Lon R. Greenberg is Chairman and Chief Executive Officer of UGI Corporation. Mr. Greenberg has an oral agreement with UGI Corporation for "at will" employment which includes the following:

Mr. Greenberg:

1. is entitled to an annual base salary, which for fiscal year 2006 is $920,000;

2. participates in UGI Corporation's annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;

3. participates in UGI Corporation's long-term compensation plan, the 2004 Omnibus Equity Compensation Plan, with annual awards as determined by the Compensation and Management Development Committee;

4. will receive cash benefits upon termination of his employment without cause following a change in control of UGI Corporation;

5. participates in UGI Corporation's benefit plans, including the Senior Executive Employee Severance Pay Plan and the Supplemental Executive Retirement Plan; and

6. is eligible for executive perquisites including financial planning/tax preparation services, participation in the executive health maintenance program and airline club membership.

EXHIBIT 10.30

UGI CORPORATION
DESCRIPTION OF EMPLOYMENT AGREEMENT
FOR
ANTHONY J. MENDICINO

Anthony J. Mendicino is Senior Vice President - Finance and Chief Financial Officer of UGI Corporation. Mr. Mendicino has an oral agreement with UGI Corporation for "at will" employment which includes the following:

Mr. Mendicino:

1. is entitled to an annual base salary, which for fiscal year 2006 is $415,000;

2. participates in UGI Corporation's annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;

3. participates in UGI Corporation's long-term compensation plan, the 2004 Omnibus Equity Compensation Plan, with annual awards as determined by the Compensation and Management Development Committee;

4. will receive cash benefits upon termination of his employment without cause following a change in control of UGI Corporation;

5. participates in UGI Corporation's benefit plans, including the Senior Executive Employee Severance Pay Plan and the Supplemental Executive Retirement Plan; and

6. is eligible for executive perquisites including financial planning/tax preparation services, participation in the executive health maintenance program and airline club membership.

EXHIBIT 10.30

UGI CORPORATION
DESCRIPTION OF EMPLOYMENT AGREEMENT
FOR
FRANCOIS VARAGNE

Francois Varagne is President and Chief Executive Officer of Antargaz, a subsidiary of UGI Corporation. Mr. Varagne has an oral agreement with Antargaz for "at will" employment which includes the following:

Mr. Varagne:

1. is entitled to an annual base salary, which for fiscal year 2006 is (Euro)320,000;

2. is entitled to an annual bonus based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals; and

3. participates in the long-term compensation plan, the UGI Corporation 2004 Omnibus Equity Compensation Plan subsidiary plan for French employees.

EXHIBIT 10.30

UGI CORPORATION
DESCRIPTION OF EMPLOYMENT AGREEMENT
FOR
JOHN L. WALSH

John L. Walsh is President and Chief Operating Officer of UGI Corporation. Mr. Walsh has an oral agreement with UGI Corporation for "at will" employment which includes the following:

Mr. Walsh:

1. is entitled to an annual base salary, which for fiscal year 2006 is $560,000;

2. participates in UGI Corporation's annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;

3. participates in UGI Corporation's long-term compensation plan, the 2004 Omnibus Equity Compensation Plan, with annual awards as determined by the Compensation and Management Development Committee;

4. will receive cash benefits upon termination of his employment without cause following a change in control of UGI Corporation;

5. participates in UGI Corporation's benefit plans, including the Senior Executive Employee Severance Pay Plan and the Supplemental Executive Retirement Plan; and

6. is eligible for executive perquisites including financial planning/tax preparation services, participation in the executive health maintenance program and airline club membership.

EXHIBIT 10.67

UGI CORPORATION

2004 OMNIBUS EQUITY COMPENSATION PLAN

SUB-PLAN FOR FRENCH EMPLOYEES

EFFECTIVE DECEMBER 6, 2005

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

SUB-PLAN FOR FRENCH EMPLOYEES

Pursuant to the tax circulars dated May 6, 1988, No. 4 N-3-88, dated August 30, 1997, No. 4 N 2431 and dated May 24, 2005, No. 4 F 14-05, this subplan (the "Sub-Plan") sets forth the terms and conditions applicable to (i) Options granted under Section 7 of the UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan"), (ii) Stock Units granted under Section 8 of the Plan and (iii) Performance Units granted under Section 9 of the Plan to Employees who are, or may become, subject to taxation on compensation in France. The defined terms shall have the meanings given those terms in the Plan or in this Sub-Plan, if not defined in the Plan.

1. Definitions

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

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

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

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

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

2. Term of Sub-Plan

The Plan has been approved by the shareholders of the Company at an annual shareholders meeting with authorization to the Board to grant Options, Stock Units and Performance Units thereunder. The authorization may be used by the Board under the Sub-Plan for a maximum period of thirty-eight (38) months following the date on which the Plan was approved or ratified by the shareholders in an annual meeting.

3. Eligible Persons

(a) Options may be granted under the Sub-Plan only to Employees; provided, however that, an Employee who owns more than ten percent (10%) of the Company's Stock on the Date of Grant shall not be eligible to receive Option grants under this Sub-Plan. The Board shall authorize and administer all Option grants under the Sub-Plan.

(b) Stock Units and Performance Units may be granted under the Sub-Plan only to Employees; provided, however, that an Employee shall not be eligible to receive Stock Units or Performance Units under this Sub-Plan if (i) the Employee owns more than ten percent (10%) of the Company's Stock on the Date of Grant or (ii) the granting of Stock Units or Performance Units would result in the holding by such Employee of more than ten percent (10%) of the Company's Stock on the Date of Grant. The Board shall authorize and administer all Stock Units and Performance Units under the Sub-Plan.

4. Options

(a) Types of Options. Options granted under the Sub-Plan shall be options to purchase newly issued Stock (i.e., subscription options for French law purposes) and not options to purchase previously acquired Stock (i.e., purchase options for French law purposes).

(b) Grant of Options. The Board will select the Employees who shall receive Options, and will determine the number of shares subject to each Option, the Option Price and the other terms of the Options, subject to the provisions of this Sub-Plan. The terms of each Option shall be set forth in the Grant Letter. No Dividend Equivalent will be granted with respect to Options.

(c) Exercise and Vesting.

(i) Each Option under the Sub-Plan shall become exercisable on the fourth anniversary of the Date of Grant. No Option will be exercisable more than nine years and six months following the Date of Grant.

(ii) In the event that an Employee holding an Option ceases to be employed by the Company, the Options held by such Employee will terminate on the date such Employee ceases such employment. However, if an Employee holding an Option ceases to be employed by the Company by reason of (i) Termination without Cause, (ii) Retirement, (iii) Disability, or (iv) death, the Option held by the Employee will thereafter be exercisable pursuant to the following:

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

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

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

(D) Death. In the event of the death of an Employee while employed by the Company or while the Option is outstanding pursuant to subsections (A), (B) or (C) above, the Option held by such Employee will be fully and immediately exercisable and may be exercised at any time prior to the expiration of the six-month period following the Employee's death. After an Employee's death, the Employee's Option may be exercised by the personal representative of the Employee's estate or the personal representative under applicable law if the Employee dies intestate.

(d) Exercise Price. The Option Price for each grant of an Option under this Sub-Plan shall be equal to the higher of (i) the Fair Market Value of a share of Stock on the Option grant date or (ii) 95% of the average Fair Market Value of a share of Stock for the 20 trading days immediately prior to the Date of Grant.

(e) Payment. The Option Price upon exercise of any Option under this Sub-Plan shall be payable to the Company in full in one or both of the following forms: (a) in cash or (b) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, subject to applicable securities law restrictions and such procedures and limitations as the Company may specify from time to time.

(f) Grant Dates. Options cannot be granted under this Sub-Plan (i) during the 10 trading days preceding and following the date on which the consolidated accounts or annual accounts of the Company are published and (ii) during a period (x) starting from the date on which the officers and directors of the Company became aware of any information which, if published, could significantly affect the Company's market price and (y) ending at the close of the tenth trading day following the publication of the information. No Option shall be granted in the 20 trading days immediately following a distribution of dividends or a capital increase on the principal stock exchange on which the shares of Stock are listed.

(g) Plan Limits. The number of shares of Stock subject to Options granted under the Plan together with shares of Stock subject to outstanding Options under any other option plan of the Company may not exceed one-third of the Company's shares capital.

5. Stock Units

(a) General Requirements. Each Stock Unit shall represent the right of the Participant to receive free shares of Stock after the expiration of the Restriction Period if the conditions specified by the Committee in the Grant Letter are met.

(b) Terms of Stock Units. The Committee shall establish the conditions for acquisition of ownership of the free shares with respect to Stock Units. The Committee shall determine in the Grant Letter two periods during which the free shares with respect to Stock Units will be subject to restrictions as follows:

(i) Restriction Period. The duration of the period in which the conditions for the acquisition of the shares must be satisfied shall not be less than 2 years (and will correspond under French Law to the "periode d'acquisition" as referred to under Section L 225-197-1 of the French Commercial Code). The Participant shall acquire full ownership of the free shares with respect to Stock Units only after the expiration of this Restriction Period except upon the Participant's death while employed by the Company, in which case, the representative of the Participant's estate may ask within 6 months of the death to receive the free shares issuable with respect to the Stock Units granted to the Participant.

(ii) Standstill Period. The duration of this period shall not be less than 2 years (and will correspond under French law to the "periode d'obligation de conservation" as referred to under Section L 225-197-1 of the French Commercial Code). It shall start after the expiration of the Restriction Period. During this period, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the free shares issued with respect to Stock Units.

(c) Dividend Equivalents. No dividend equivalents shall be granted with respect to Stock Units.

(d) Payment with respect to Stock Units. No payment in cash shall be made with respect to Stock Units or in lieu of free shares. Upon expiration of the Restriction Period and satisfaction of the conditions applicable for the acquisition of the shares with respect to Stock Units, ownership over free shares issuable with respect to Stock Units shall be definitely acquired by (and transferred to) the Participant.

(e) Transfer of shares.

(i) After the Restriction and Standstill periods have expired, the Participant shall have the right to transfer the shares of Stock without any limitations, subject to the Company's insider trading policies. However, shares cannot be transferred (i) during the 10 trading days preceding and following the date on which the consolidated accounts or annual accounts of the Company are published and (ii) during a period (x) starting from the date on which the officers and directors of the Company became aware of any information which, if published, could significantly affect the Company's market prices and (y) ending at the close of the tenth trading day following the publication of the information.

(ii) In the event a Participant ceases to be employed by the Company, the Restriction and Standstill periods with respect to shares issuable under the Stock Units shall continue to be applicable. However, in the event of the death of a Participant while employed by the Company, then to the extent required by the French Laws applicable to a "free shares" plan, the personal representative of the Participant estate can demand within 6 months of the Participant's death that the shares issuable with respect to Stock Units to which a Restriction Period is still applicable become immediately fully owned by the Participant's estate.

(f) Right to vote and to receive dividends. Upon the issuance of any shares of Stock following expiration of the Restriction Period, the Participant may exercise the voting right attached to the shares issued under Stock Units and will be entitled to receive any dividends or other distribution payable on such shares.

6. Performance Units

(a) General Requirements. Each Performance Unit shall represent the right of the Participant to receive free shares of Stock, after the expiration of the Measurement Period, if specified performance goals and other conditions specified by the Committee in the Grant Letter are met.

(b) Terms of Performance Units. The Committee shall establish the performance goals and other conditions for acquisition of ownership of the free shares with respect to the Performance Units. The Committee shall determine in the Grant Letter two periods during which the free shares issuable with respect to Performance Units will be subject to restrictions as follows:

(i) Measurement Period. The during of the period in which the specified performance goals and other conditions must be satisfied shall not be less than 2 years from the Date of Grant of the Performance Units (and will correspond under French law to the "periode d'acquisition" as referred to under section L 225-197-1 of the French Commercial Code). The Participant shall acquire the full ownership of the free shares with respect to Performance Units only after the expiration of this Measurement Period and subject to the performance goals and other conditions (such as requirements of employment) being met, except upon the Participant's death while employed by the Company in which case, the personal representative of the Participant's estate may ask within 6 months of the Participant's death to receive the free shares issuable with respect to the Performance Units granted to the Participant.

(ii) Standstill Period. The duration of this period shall not be less than 2 years (and will correspond under French law to the "periode d'obligation de conservation" as referred to under section L 225-197-1 of the French Commercial Code). It shall start after the expiration of the Measure Period. During this period, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the free shares issued with respect to the Performance Units.

(c) No Dividend Equivalents. No Dividend Equivalents shall be granted with respect to Performance Units.

(d) Payment with Respect to Performance Units. No payment in cash shall be made with respect to Performance Units in lieu of free shares. Upon expiration of the Measurement Period and satisfaction of the specified performance goals and other conditions applicable to the Performance Units, ownership over free shares issuable with respect to such Performance Units shall be definitively acquired by (and transferred to) the Participant.

(e) Transfer of Shares.

(i) After the Measurement and Standstill periods have expired, the Participant shall have the right to transfer the shares of Stock without any limitations, subject to the Company's insider trading policies. However, shares cannot be transferred (i) during the 10 trading days preceding and following the date on which the consolidated accounts or annual accounts of the Company are published and (ii) during a period (x) starting from the date on which the officers and directors of the Company became aware of any information which, if published, could significantly affect the Company's market price and (y) ending at the close of the tenth trading day following the publication of the information.

(ii) In the event a Participant ceases to be employed by the Company, the Measurement and Standstill periods with respect to shares issuable or issued under the Performance Units shall continue to be applicable. However, in the event of the death of a Participant while employed by the Company, then to the extent required by the French Laws applicable to a "free shares" plan, the personal representative of the Participant's estate can demand within 6 months of the Participant's death that the shares issuable with respect to Performance Units to which a Measurement Period is still applicable become immediately fully owned by the Participant's estate.

(f) Right to Vote and to Receive Dividends. Upon the issuance of any shares of Stock following expiration of the Measurement Period, the Participant may exercise the voting right attached to the shares granted under Performance Units and will be entitled to receive any dividends or other distributions payable on such shares.

7. Adjustments

No adjustment to Stock provided for in Section 5(d) and 21(b) of the Plan may be made to any Options, Stock Units or Performance Units under this Sub-Plan, except to the extent provided for in:

(a) Sections 174.8 to 174.16 of Decree no. 67-236 of March 23, 1967, implementing French law no. 66-537 of July 24, 1966, or

(b) Articles L 225-197-1 to L 225-197-5 of the French Commercial Code.

8. Amendment

The Board may not amend the Plan in a way which affects this Sub-Plan, or Options, Stock Units and Performance Units granted under this Sub-Plan, if such change is inconsistent with French law (including, but not limited to, regulations or other communications provided by the AMF (Authorite des Marches Financiers)).

The Board may not amend this Sub-Plan without the approval of the stockholders in general meeting if an amendment to the corresponding Article in the Plan would require such approval.

9. Change of Control

The provisions of the Plan applicable to a Change of Control shall apply to the Options, Stock Units and Performance Units granted under this Sub-Plan, and, in the event of a Change of Control, the Board may take such actions as it deems appropriate pursuant to the Plan and the Sub-Plan.

10. Applicable Regulations

Although this Sub-Plan is aimed at addressing and complying with the requirements of tax circulars dated May 6, 1988, No. 4 N-3-88, August 30, 1997, No. 4 N 2431 and May 24, 2005, No. 5 F 14-05, each Participant is advised to consult with his/her counsel about his/her tax status and tax treatment of the Options, Stock Units and Performance Units granted under this Sub-Plan. Neither UGI Corporation nor any Subsidiary may be held liable for the personal tax treatment of any Participant under this Sub-Plan.

EXHIBIT 10.67 (a)

France

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

PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated as of January 1, 2006 (the "Date of Grant"), is delivered by UGI Corporation ("UGI") to _____________ (the "Participant").

RECITALS

The UGI Corporation 2004 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of performance units ("Performance Units") with respect to shares of common stock of UGI ("Shares"). The Sub-Plan for French employees (the "Sub-Plan") sets forth the terms and conditions applicable to the Performance Units granted under Section 9 of the Plan to employees who are, or may become, liable to taxation on compensation in France. The Compensation and Management Development Committee of the Board of Directors of UGI (the "Committee") has decided to grant Performance Units to the Participant under the Sub-Plan.

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

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter, in the Plan and in the Sub-Plan, the Committee hereby grants to the Participant __________ Performance Units. The number of Performance Units set forth above is the target award of Performance Units which will entitle the Participant to receive a maximum of ____ free Shares. The Performance Units are contingently awarded and will be earned (and the corresponding ownership of free Shares will be transferred to the Participant) after the expiration of the Measurement Period (as defined below) if and to the extent that the performance goals and other conditions of the Grant Letter are met.

2. Performance Goals.

(a) The Participant shall earn the right to issuance of free Shares corresponding to the Performance Units after the expiration of the Measurement Period if the performance goals described in subsection (b) below are met for the Measurement Period, and if the Participant continues to be employed by, or provide service to, the Company (as defined in Section 9) at least until the expiration of the Measurement Period (except in the event of death of the Participant). The Measurement Period is the period beginning January 1, 2006 and ending December 31, 2008. The Measurement Period will correspond under French law to the "periode d'acquisition" as referred to under section L.225-197-1 of the French Commercial Code.

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

UGI's TSR Rank (Percentile)	Percentage of Target Award Earned
Highest	100%
90th	87.5%
75th	75.0%
60th	62.5%
50th	50.0%
40th	25.0%
less than 40th	0%

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

(c) TSR shall be calculated by UGI using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The share price used for determining TSR at the beginning and the end of the Measurement Period will be the average price for the 90-day period preceding the beginning of the Measurement Period (i.e., the 90-day period ending on December 31, 2005) and the 90-day period ending on the last day of the Measurement Period (i.e., the 90-day period ending on December 31, 2008).

(d) The percentage of the target award earned shall be based on UGI's TSR rank as described in Section 3(a) here above and will determine the number of Performance Units (and the number of free Shares corresponding to the Performance Units) acquired by the Participant.

(e) At the end of the Measurement Period, the Committee will determine whether and to what extent the performance goals have been met and the number of free Shares to be issued with respect to the Performance Units. Except as described in Section 3 below, the Participant must be employed by, or providing service to, the Company on December 31, 2008 in order for the Participant to receive free Shares with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant's employment or service with the Company terminates on or before the end of the Measurement Period, the Performance Units granted under this Grant Letter will be forfeited.

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

(c) In the event of termination of employment or service on account of Retirement or Disability, the prorated number of free Shares shall be issued after the end of the Measurement Period, pursuant to Section 4 below.

(d) In the event of termination of employment or service on account of death, the representative of the Participant's estate may ask within six months of the death to receive immediately the free Shares issuable with respect to the Performance Units granted to the Participant.

4. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall issue to the Participant, between January 1, 2009 and March 15, 2009, the number of free Shares based on the achievement of the performance goals, up to the target award specified in Section 1 above.

5. Standstill Period.

(a) After the Measurement Period has expired and during the Standstill Period (as defined below), the Participant shall not sell, assign, transfer, pledge or otherwise dispose of the free Shares granted under the Performance Units.

(b) The Standstill Period is the period beginning upon the expiration of the Measurement Period and ending two years after the end of the Measurement Period (and will correspond under French law to the "periode d'obligation de conservation" as referred to under section L.225-197-1 of the French Commercial Code).

6. Transfer of Shares. Except as otherwise provided below and subject to the Company's insider trading policies, after the Measurement and Standstill Periods have expired, the Participant shall have the right to transfer the Shares without any limitations. However, Shares cannot be transferred (i) during the ten trading days preceding and following the date on which the consolidated accounts or annual accounts of the Company are published and (ii) during a period (x) starting from the date on which the officers and directors of the Company became aware of any information which, if published, could significantly affect the Company's market price and (y) ending at the close of the tenth trading day following the publication of the information.

7. Change of Control. If a Change of Control occurs during the Measurement Period, the outstanding Performance Units will terminate and the Participant will be entitled to receive in exchange an indemnification payment payable in cash. The amount of the indemnification payment will be equal to the greater of (i) the value of the Shares that would be issued if 50% of the target award was earned or (ii) the value of the Shares that would be issued as if the

Measurement Period ended on the date of the Change of Control, based on the Company's achievement of the performance goals as of the date of the Change of Control, as determined by the Committee. If a former Participant is entitled to receive a prorated award for the measurement period pursuant to Section 3(b) above, the award will be the prorated portion of the amount described in the preceding sentence. The indemnification payment shall be paid on the closing date of the Change of Control. Any such indemnification payment will be fully subject to social charges and personal income tax.

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

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

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

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

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

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

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

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

11. No Shareholder Rights. During the Measurement Period, neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to the Shares related to the

Performance Units, unless and until certificates for Shares have been issued to the Participant or successor. Upon the expiration of the Measurement Period, the Participant or any person entitled to exercise the Participant's rights in the event of the Participant's death, may exercise the voting right attached to the free Shares granted under Performance Units and is entitled to receive any dividends or other dividends payable on such Shares.

12. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, the representative of the Participant's estate may ask to receive the free Shares acquired by the Participant's estate within 6 months of the death. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

13. Tax Considerations. Neither UGI Corporation nor any subsidiary shall be held liable for the personal tax treatment of any Participant under this Grant.

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

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

16. Authorization to Release Necessary Personal Information.

(a) The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding the Participant's employment, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party or with whom Shares acquired under the Performance Units or cash from the sale of such shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the

Company, or to any third parties, is necessary for the Participant's participation in the Plan. The Participant understands that the Data will be held only as long as necessary to implement, administer and manage the Participant's participation in the Plan. For all transfers, the Participant's employer agrees and warrants that the processing, including the transfer itself, of the Data will be carried out in accordance with the French and European legal data protection regulation.

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

17. No Entitlement or Claims for Compensation.

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

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

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

UGI Corporation

Attest

_____________________________ By:_____________________________________

Corporate Secretary

Robert H. Knauss
Vice President and General Counsel

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

____

Participant

FINANCIAL REVIEW

BUSINESS OVERVIEW

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

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas Eagle Propane, L.P. ("Eagle OLP"). At September 30, 2005, UGI, through its wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner"), held an approximate 44% effective interest in AmeriGas Partners. We refer to AmeriGas Partners and its subsidiaries together as the "Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane."

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

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

Enterprises also conducts an energy marketing business primarily in the Eastern region of the United States through its wholly owned first- and second-tier subsidiaries, collectively ("Energy Services"). Energy Services' wholly owned subsidiary UGI Development Company ("UGID") and UGID's joint-venture affiliate Hunlock Creek Energy Ventures ("Energy Ventures") own interests in Pennsylvania-based electric generation assets. 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. See Note 2 to Consolidated Financial Statements. 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").

This Financial Review should be read in conjunction with our Consolidated Financial Statements and Notes to Consolidated Financial Statements including the reportable segment information included in Note 18.

RESULTS OF OPERATIONS

2005 COMPARED WITH 2004
CONSOLIDATED RESULTS

	2005		2004		Variance-Favorable (Unfavorable)	
(Millions of dollars)	NET INCOME	% OF TOTAL NET INCOME	Net Income	% of Total Net Income	Net Income	% Change
AmeriGas Propane	$ 17.6	9.4%	$ 29.4	26.3%	$(11.8)	(40.1)%
International Propane	99.4	53.0%	13.3	11.9%	86.1	N.M.
Gas Utility	39.3	21.0%	37.9	34.0%	1.4	3.7%
Electric Utility	11.5	6.1%	11.0	9.9%	0.5	4.5%
Energy Services	21.7	11.6%	18.2	16.3%	3.5	19.2%
Corporate & Other	(2.0)	(1.1)%	1.8	1.6%	(3.8)	N.M.
Total	$187.5	100.0%	$111.6	100.0%	$ 75.9	68.0%

N.M. - Variance is not meaningful.

EXECUTIVE OVERVIEW

Fiscal 2005 marked another year of earnings growth as we continued to focus on our core competencies as a marketer and distributor of energy products and services. Our net income grew to $187.5 million in Fiscal 2005 from $111.6 million in Fiscal 2004. Our net income for Fiscal 2005 includes 100% of Antargaz' results for a full fiscal year, including a winter-heating season. The prior year's results included Antargaz as a 19.5% equity investment for the 2004 winter-heating season and 100% of Antargaz' results beginning April 1, 2004 resulting from our acquisition of the remaining 80.5% ownership interests in AGZ

("Antargaz Acquisition"). AmeriGas Propane's decreased contribution to net income reflects (1) a $9.4 million after-tax loss on the early extinguishment of debt associated with a refinancing which will reduce future annual interest expense and (2) the effects of reduced volumes sold due to customer conservation and warmer weather. Antargaz' Fiscal 2005 results include the beneficial effects of unusually high margins per gallon of LPG sold ("unit margins") and a $14.2 million net after-tax gain associated with the resolution of certain non-income related tax contingencies. Also contributing to the increase in Antargaz' income is the absence of a $9.1 million pretax foreign exchange loss incurred in Fiscal 2004 associated with fixing a portion of the euro-denominated purchase price in dollars.

Winter weather conditions in the United States and Europe are the most important variables affecting our annual earnings performance. This is because a substantial portion of the energy commodities we sell is used in heating applications. Weather in both our domestic and international service territories was warmer than normal in Fiscal 2005.

Looking ahead to Fiscal 2006, we expect customers to continue to make efforts to conserve energy due to high energy prices. As part of our business strategy, we continue to seek new growth opportunities through acquisitions. We also expect that Antargaz' contribution to net income will decline as its unit margins return to a level more sustainable over the long-term. Based upon average historical margins, management estimates the positive effect of Antargaz' high unit margins coupled with a weak dollar on our net income during Fiscal 2005 to be approximately $0.25 per diluted share.

AMERIGAS PROPANE: (Millions of dollars)	2005	2004	Increase (Decrease)	
Revenues	$1,963.3	$1,775.9	$187.4	10.6%
Total margin (a)	$ 743.3	$ 746.7	$ (3.4)	(0.5)%
Partnership EBITDA (b)	$ 215.9	$ 255.9	$(40.0)	(15.6)%
Operating income	$ 168.1	$ 176.0	$ (7.9)	(4.5)%
Retail gallons sold (millions)	1,034.9	1,059.1	(24.2)	(2.3)%
Degree days - % warmer than normal (c)	6.9%	4.9%	--	--

(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 reportable segment (see Note 18 to Consolidated Financial Statements).

(c) Deviation from average heating degree days based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.

Weather in AmeriGas Propane's service territories based upon heating degree days was 6.9% warmer than normal in Fiscal 2005 compared with weather that was 4.9% warmer than normal during Fiscal 2004. Retail propane volumes sold decreased approximately 2.3% principally due to the warmer than normal winter weather and the negative effects of customer conservation on volumes sold, which is primarily attributed to increased propane selling prices. Low-margin wholesale propane volumes sold decreased during Fiscal 2005 reflecting lower volumes sold in connection with product cost hedging activities.

Retail propane revenues increased $199.1 million reflecting a $232.9 million increase due to higher average selling prices partially offset by a $33.8 million decrease due to the lower retail volumes sold. Wholesale propane revenues decreased $19.1 million reflecting a $54.1 million decrease due to lower volumes sold partially offset by a $35.0 million increase due to higher average selling prices. The higher average retail and wholesale selling prices per gallon reflect significantly higher propane product costs. The average wholesale cost per gallon of propane during Fiscal 2005 at Mont Belvieu, one of the major supply points in the United States, was approximately 28% greater than the average cost per gallon during Fiscal 2004. Total cost of sales increased $190.8 million reflecting the higher propane product costs.

Total margin decreased $3.4 million principally due to the lower retail volumes sold partially offset by higher margin from ancillary sales and services and, to a much lesser extent, slightly higher average retail propane margins per gallon. Contributing to the decline in total margin during Fiscal 2005 was lower margin generated by our Prefilled Propane Xchange(R) ("PPX") program due largely to competitive pricing pressures and the high cost of propane.

Partnership EBITDA during Fiscal 2005 decreased $40.0 million compared to Fiscal 2004 as a result of (1) a $33.6 million loss on early extinguishment of debt resulting from the Partnership's refinancing of its Senior Notes in May 2005 (the "Refinancing"), (2) a $17.1 million increase in operating and administrative expenses and (3) a $3.4 million decrease in total margin all of which were partially offset by a $14.0 million increase in other income. A $6.3 million increase in vehicle fuel expense and a $3.7 million increase in vehicle lease costs were the most significant causes of the increase in operating and administrative expenses. Increases in maintenance and repairs, uncollectible accounts expense and general insurance expense, among others also contributed to the higher operating and administrative expenses. The increase in other income primarily reflects higher gains on fixed asset disposals and higher customer finance charges.

Operating income decreased $7.9 million reflecting the decrease in margin and the aforementioned higher operating and administrative expenses which were partially offset by the higher other income and a $7.4 million decrease in depreciation expense. The decrease in depreciation expense is largely attributed to lower capital expenditures related to PPX.

INTERNATIONAL PROPANE: (Millions of dollars)	2005	2004	Increase (Decrease)	
Revenues	$943.9	$333.4	$610.5	N.M.
Total margin (a)	$499.8	$171.3	$328.5	N.M.
Operating income	$193.8	$ 20.5	$173.3	N.M.
Income (loss) from equity investees	$ (2.6)	$ 10.6	$(13.2)	N.M.
Income before income taxes	$159.0	$ 13.7	$145.3	N.M.

N.M. - Not meaningful due to Antargaz Acquisition in March 2004.

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

International Propane's results of operations in Fiscal 2005 significantly increased compared to Fiscal 2004 due to the consolidation of all of Antargaz' operations for a full twelve months, including the winter-heating season, compared to the consolidation for only six months in Fiscal 2004 which primarily included the spring and summer months. Antargaz' revenues, total margin and operating income during Fiscal 2005 were $869.9 million, $468.4 million and $188.3 million, respectively, compared to $270.8 million, $140.7 million and $15.1 million, respectively, from April 1, 2004 to September 30, 2004. Weather in International Propane's service territories based upon heating degree days was warmer than normal during Fiscal 2005. During Fiscal 2005, Antargaz sold approximately 338 million retail gallons of LPG while experiencing weather that was approximately 4% warmer than normal compared to 336 million retail gallons sold while experiencing weather that was 5% warmer than normal during the twelve months ended September 30, 2004.

International Propane's revenues increased significantly during Fiscal 2005 due to the absence of revenues in Fiscal 2004 when Antargaz was an equity investment during the first six months of the fiscal year and, to a lesser extent, higher LPG selling prices. FLAGA's revenues increased $11.4 million in Fiscal 2005 due to the effects of (1) higher LPG selling prices, (2) a 7% increase in volumes sold, largely resulting from the acquisition of the Czech business of BP PLC in the fourth quarter of Fiscal 2004 and (3) the beneficial currency translation effects of a stronger euro versus the dollar.

International Propane's increased total margin is attributable to Antargaz' performance. Antargaz continued to benefit from high unit margins primarily reflecting the effects of declining LPG costs during much of the Fiscal 2005 heating season. Antargaz' LPG purchases are principally denominated in U.S. dollars. Accordingly, its LPG costs further declined during the Fiscal 2005 heating season due to the strengthening euro versus the dollar. Based upon average historical unit margins, management estimates the positive effect of Antargaz' high unit margins and the effects of a weak dollar on our net income during Fiscal 2005 to be approximately $0.25 per diluted share. The euro was translated at a monthly average exchange rate of 1.27 dollars per euro during Fiscal 2005 compared to 1.22 dollars per euro during Fiscal 2004. FLAGA's total margin decreased slightly in Fiscal 2005 resulting from lower margins per gallon of LPG as it was unable to pass on all of the higher average LPG costs to their customers.

The increase in International Propane operating income principally reflects the inclusion of Antargaz for twelve months, including $18.8 million resulting from the reversal of certain non-income tax related reserves (see discussion in "Antargaz Tax Matters"), the previously mentioned increase in margin and the absence of $9.1 million loss incurred in the prior year resulting from the settlement of contracts for the forward purchase of euros used to fund a portion of the purchase price of the Antargaz Acquisition partially offset by higher operating and administrative expenses and higher depreciation and amortization resulting from the Antargaz Acquisition. FLAGA's operating income increased slightly primarily reflecting the favorable effects of a stronger euro versus the dollar and a decrease in operating and administrative expenses partially offset by the decrease in its margin.

International Propane income from equity investees in Fiscal 2005 includes losses related to Antargaz' equity investment in Geovexin compared to Fiscal 2004 which includes equity investee income from our 19.5% ownership interest in AGZ through March 31, 2004.

The increase in International Propane income before income taxes reflects the increase in operating income partially offset by the decrease in equity investee income and greater interest expense resulting from the Antargaz Acquisition.

GAS UTILITY:	2005	2004	Increase	
(Millions of dollars)				
Revenues	$585.1	$560.4	$24.7	4.4%
Total margin (a)	$195.0	$191.5	$ 3.5	1.8%
Operating income	$ 81.6	$ 80.1	$ 1.5	1.9%
Income before income taxes	$ 65.0	$ 64.2	$ 0.8	1.2%
System throughput - billions of cubic feet ("bcf")	84.7	82.2	2.5	3.0%
Degree days - % warmer than normal	1.4%	2.9%	--	--

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

Weather in Gas Utility's service territory based upon heating degree days was 1.4% warmer than normal in Fiscal 2005 compared with weather that was 2.9% warmer than normal in Fiscal 2004. Total distribution system throughput increased in Fiscal 2005 due primarily to greater interruptible delivery service volumes. Notwithstanding the volume effects of the slightly colder weather and an increase in the number of firm- residential, commercial and industrial ("retail core-market") customers, Fiscal 2005 retail core-market throughput was substantially equal to Fiscal 2004 primarily due to a reduction in customer usage per degree day. We believe that the lower usage per degree day was primarily the result of conservation in response to higher natural gas prices. These higher natural gas prices are passed through to retail core-market customers through higher purchased gas cost ("PGC") rates.

The increase in Gas Utility revenues during 2005 is principally the result of a $53.4 million increase in retail core-market revenues reflecting higher average PGC rates and, to a lesser extent, the increase in throughput and higher revenues from interruptible customers. These increases were partially offset by a $37.2 million decrease in revenues from low-margin off-system sales. Increases or decreases in retail core-market customer revenues and cost of sales results principally 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 the 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 $390.1 million in Fiscal 2005 compared to $368.9 million in Fiscal 2004 reflecting the effects of the higher PGC rates partially offset by lower cost of sales associated with lower off-system sales.

The $3.5 million increase in Gas Utility total margin in Fiscal 2005 principally reflects greater margin generated from higher interruptible delivery service volumes and higher average interruptible delivery service unit margins. The increase in average interruptible delivery service unit margins reflects an increase in the spread between delivered prices for natural gas and alternative fuels, principally oil. Gross margin from retail core-market customers was relatively stable as lower usage per degree day was offset by an increase in the number of customers.

Gas Utility operating income increased $1.5 million in Fiscal 2005 as the $3.5 million increase in total margin and a $1.9 million increase in other income were partially offset by higher operating and administrative expenses and a $1.2 million increase in depreciation and amortization. The increase in other income is due in large part to the absence of costs recorded in Fiscal 2004 related to a regulatory claim resulting from the discontinuance of natural gas service to certain customers. Fiscal 2005 operating and administrative expenses were slightly higher than in Fiscal 2004 as a $1.9 million increase in uncollectible accounts and customer assistance expenses, the absence of environmental insurance settlements received in the prior year and higher professional services expenses were partially offset by lower injuries and damages and distribution system expenses.

The increase in depreciation expense reflects the normal effects of yearly capital expenditures. The increase in Gas Utility income before income taxes in Fiscal 2005 reflects the increase in operating income partially offset by higher interest expense resulting from higher average short-term debt outstanding and higher short-term interest rates.

ELECTRIC UTILITY: (Millions of dollars)	2005	2004	Increase	
Revenues	$ 96.1	$ 89.7	$ 6.4	7.1%
Total margin (a)	$ 43.1	$ 41.6	$ 1.5	3.6%
Operating income	$ 21.6	$ 20.9	$ 0.7	3.3%
Income before income taxes	$ 19.9	$ 18.9	$ 1.0	5.3%
Distribution sales - millions of kilowatt hours ("gwh")	1,021.8	983.9	37.9	3.9%

(a) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e. gross receipts taxes of $5.2 and $4.8 million in Fiscal 2005 and Fiscal 2004, respectively. For financial statement purposes, revenue-related taxes are included in "Utility taxes other than income taxes" on the Consolidated Statements of Income.

Electric Utility's Fiscal 2005 kilowatt-hour sales increased principally reflecting slightly colder Fiscal 2005 heating-season weather and warmer Fiscal 2005 cooling-season weather which increased sales for air conditioning. The increase in Electric Utility revenues principally reflects the effects of a 4.5% increase in its Provider of Last Resort ("POLR") electric generation rates effective January 1, 2005 and the higher kilowatt-hour sales. Electric Utility's cost of sales increased $4.5 million as a result of higher per-unit purchased power costs and the higher sales.

Electric Utility total margin in Fiscal 2005 increased $1.5 million principally as a result of the previously mentioned increase in POLR rates and the higher kilowatt-hour sales partially offset by the increase in per-unit purchased power costs. Operating income and income before income taxes in Fiscal 2005 were higher than the prior year as the increase in total margin was partially offset by higher operating and administrative costs, principally higher distribution system maintenance expenses.

ENERGY SERVICES: (Millions of dollars)	2005	2004	Increase	
Revenues	$1,355.0	$967.2	$387.8	40.1%
Total margin (a)	$ 73.6	$ 55.0	$ 18.6	33.8%
Operating Income	$ 37.5	$ 31.1	$ 6.4	20.6%
Income before income taxes	$ 37.5	$ 31.1	$ 6.4	20.6%

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

The $387.8 million increase in Energy Services revenues in Fiscal 2005 resulted primarily from (1) increased natural gas prices and to a lesser extent an approximate 2% growth in natural gas volumes sold, (2) approximately $70 million of revenues generated by Asset Management's propane terminal, which was acquired by Energy Services in November 2004, and (3) $9.2 million of increased revenues from UGID's electric generation. The increase in UGID's electric generation revenues largely reflects the reduced electricity generated in Fiscal 2004 resulting from a scheduled plant maintenance outage. Energy Services total margin increased $18.6 million resulting from (1) a $10.0 million increase in margin from Energy Services' gas marketing business principally due to higher income from winter storage and peaking services, (2) Asset Management's contribution of $5.6 million of margin and (3) increased margin from UGID. Atlantic Energy, the owner of a 20 million gallon propane storage terminal located in Chesapeake, Virginia, was purchased through two separate transactions with ConocoPhillips Company and AmeriGas Propane. See Note 2 to Consolidated Financial Statements for additional information regarding the acquisition.

The increase in Energy Services operating income and income before income taxes principally reflects the previously mentioned increase in total margin partially offset by $9.3 million higher operating and administrative expenses, $1.7 million higher depreciation and amortization and $1.3 million lower other income. The two main drivers of the increased operating and administrative expenses were operating and administrative expenses associated with the propane terminal since its acquisition in November 2004 and higher uncollectible accounts expense. The increase in depreciation and amortization is also largely attributable to Asset Management's propane terminal since its acquisition.

INTEREST EXPENSE AND INCOME TAXES. Interest expense increased to $130.2 million in Fiscal 2005 from $119.1 million in Fiscal 2004 principally due to $13.9 million higher International Propane interest expense as a result of the Antargaz Acquisition partially offset by lower AmeriGas Propane interest expense. The Company's effective income tax rate was 38.9% in Fiscal 2005 and 36.6% in Fiscal 2004.

2004 COMPARED WITH 2003

CONSOLIDATED RESULTS

(Millions of dollars)	2004 Net Income	2004 % of Total Net Income	2003 Net Income	2003 % of Total Net Income	Variance-Favorable (Unfavorable) Net Income	Variance-Favorable (Unfavorable) % Change
AmeriGas Propane	$ 29.4	26.3%	$23.2	23.5%	$ 6.2	26.7%
International Propane	13.3	11.9%	3.6	3.6%	9.7	N.M.
Gas Utility	37.9	34.0%	48.0	48.5%	(10.1)	(21.0)%
Electric Utility	11.0	9.9%	10.6	10.7%	0.4	3.8%
Energy Services	18.2	16.3%	11.2	11.3%	7.0	62.5%
Corporate & Other	1.8	1.6%	2.3	2.4%	(0.5)	(21.7)%
Total	$111.6	100.0%	$98.9	100.0%	$ 12.7	12.8%

N.M. - Due to the Antargaz Acquisition, variance is not meaningful.

Highlights from Fiscal 2004:

- - March 2004 Antargaz Acquisition and its contribution to our earnings

- - Issuance of 7.8 million shares of our common stock used to finance a portion of the Antargaz Acquisition

- - $9.1 million pre-tax loss on the forward purchase of euros used to fix a portion of the euro-denominated purchase price of AGZ

- - Increased net income contributed by all operating business units with the exception of our Gas Utility which experienced significantly warmer weather than in the prior year

AMERIGAS PROPANE: (Millions of dollars)	2004	2003	Increase (Decrease)	
Revenues	$1,775.9	$1,628.4	$147.5	9.1%
Total margin	$ 746.7	$ 718.1	$ 28.6	4.0%
Partnership EBITDA	$ 255.9	$ 234.4	$ 21.5	9.2%
Operating income	$ 176.0	$ 164.5	$ 11.5	7.0%
Retail gallons sold (millions)	1,059.1	1,074.9	(15.8)	(1.5)%
Degree days - % (warmer) colder than normal	(4.9)%	0.2%	--	--

Based upon heating degree day data, temperatures in Fiscal 2004 were 4.9% warmer than normal compared to temperatures that were essentially normal in Fiscal 2003. Retail propane volumes sold during Fiscal 2004 decreased slightly compared to Fiscal 2003 as the effects of warmer than normal winter weather more than offset volume growth from acquisitions, principally the October 2003 acquisition of Horizon Propane LLC ("Horizon Propane"). In addition, Fiscal 2004 retail propane volumes were also negatively affected by customer conservation driven by significantly higher propane product costs. Low margin wholesale volumes increased primarily reflecting higher volumes sold in connection with product cost hedging activities.

Retail propane revenues increased $104.6 million as a $124.8 million increase due to higher average selling prices was partially offset by a $20.2 million decrease due to the lower retail volumes sold. Wholesale propane revenues increased $32.5 million reflecting (1) a $23.3 million increase due to higher average selling prices and (2) a $9.2 million increase due to the higher volumes sold relating to product cost hedging activities. In Fiscal 2004, the propane industry experienced sustained higher propane product costs which resulted in higher average retail and wholesale selling prices. Total propane cost of sales increased $115.4 million principally reflecting the effects of significantly higher propane product costs.

Despite lower retail volumes sold as a result of the warmer weather, total margin increased $28.6 million due to higher average retail propane margins per gallon and greater margin from non-propane sales and services. As a result of significantly higher propane product costs, the Partnership increased average retail selling prices realizing higher average margins per gallon while remaining competitive in the marketplace. Average margin per gallon associated with PPX(R) decreased in Fiscal 2004 as selling prices were lowered in response to competition in the marketplace. The effects of lower average PPX(R) selling prices on PPX(R) margin per gallon were partially offset by effective cost management initiatives. Margin from non-propane sales and services increased $6.9 million principally reflecting higher margin from tank rentals, PPX(R) cylinder sales and hauling and terminal sales and services.

Partnership EBITDA increased $21.5 million in Fiscal 2004 reflecting (1) the previously mentioned increase in total margin, (2) the absence of a $3.0 million loss on extinguishment of long-term debt incurred in Fiscal 2003, and (3) a $2.8 million increase in other income. These increases were partially offset by a $12.6 million increase in operating and administrative expenses principally due to higher compensation, distribution, administrative and general insurance expenses partially offset by the absence of $3.8 million of expenses associated with initiating the management realignment in Fiscal 2003 and the continued beneficial effects on Fiscal 2004 operating expenses of the realignment. Other income in Fiscal 2004 increased principally due to greater income from finance charges.

Operating income in Fiscal 2004 increased $11.5 million as the previously mentioned increases in margin and other income were partially offset by (1) higher depreciation and amortization expense related to recent acquisitions, (2) higher depreciation associated with PPX(R) and (3) the aforementioned increase in operating expenses.

INTERNATIONAL PROPANE: (Millions of dollars)	2004	2003	Increase	
Revenues	$333.4	$54.5	$278.9	N.M.
Total margin	$171.3	$27.1	$144.2	N.M.
Operating income	$ 20.5	$ 0.7	$ 19.8	N.M.
Income from equity investees	$ 10.6	$ 5.9	$ 4.7	N.M.
Income before income taxes	$ 13.7	$ 2.5	$ 11.2	N.M.

N.M. - Due to the Antargaz Acquisition, variance is not meaningful.

International Propane results of operations in Fiscal 2004 have significantly increased compared to Fiscal 2003 due to the consolidation of all of Antargaz' operations beginning April 1, 2004 as a result of the Antargaz Acquisition. Antargaz' revenues, total margin and operating income from April 1, 2004 to September 30, 2004 were $270.8 million, $140.7 million and $15.1 million, respectively. During the twelve months ended September 30, 2004, Antargaz sold approximately 336 million gallons of LPG while experiencing weather that was 5% warmer than normal compared to 342 million gallons sold and weather that was 11% warmer than normal during the twelve months ended September

30, 2003. Despite the improved weather in Fiscal 2004 compared to Fiscal 2003, volumes declined due primarily to lower high volume, low margin sales principally to crop-drying customers. International Propane's revenues increased significantly during Fiscal 2004 principally due to including all of Antargaz' results of operations on a consolidated basis beginning April 1, 2004. FLAGA's revenues increased $8.1 million in Fiscal 2004 due to the effects of an approximately 12% stronger euro on slightly higher base-currency revenues despite lower volumes sold. International Propane total margin increased primarily due to the Antargaz Acquisition and a $3.5 million increase in FLAGA's margin. FLAGA's margin increased in Fiscal 2004 as a result of the effects of a stronger euro on slightly improved base-currency margin.

The increase in International Propane operating income principally reflects the previously mentioned increases in margin partially offset by (1) higher operating expenses resulting from the Antargaz Acquisition and (2) a loss of $9.1 million resulting from the settlement of contracts for the forward purchase of euros used to fund a portion of the purchase price of the Antargaz Acquisition. FLAGA's operating income increased during Fiscal 2004 primarily reflecting lower operating expenses as a result of cost reduction initiatives partially offset by the effects of a stronger euro.

International Propane income from equity investees in Fiscal 2004 includes equity investee income from our 19.5% ownership interest in AGZ through March 31, 2004. The $4.7 million increase over Fiscal 2003 primarily reflects higher income from AGZ resulting from (1) the effects of colder weather during the Fiscal 2004 winter heating season and (2) lower base-currency LPG product costs partially offset by the effect of the stronger euro.

The increase in International Propane income before income taxes reflects the combined increase in Antargaz' results as an equity investee and on a consolidated basis and the previously mentioned increase in FLAGA's operating income partially offset by greater interest expense resulting from the Antargaz Acquisition.

GAS UTILITY: (Millions of dollars)	2004	2003	Increase (Decrease)	
Revenues	$560.4	$539.9	$ 20.5	3.8%
Total margin	$191.5	$196.9	$ (5.4)	(2.7)%
Operating income	$ 80.1	$ 96.1	$(16.0)	(16.6)%
Income before income taxes	$ 64.2	$ 80.7	$(16.5)	(20.4)%
System throughput - bcf	82.2	83.8	(1.6)	(1.9)%
Degree days - % (warmer) colder than normal	(2.9)%	7.0%	--	--

Weather in Gas Utility's service territory based upon heating degree days was 2.9% warmer than normal in Fiscal 2004 compared with weather that was 7.0% colder than normal in Fiscal 2003. Total distribution system throughput decreased 1.6 bcf or 1.9% as the adverse effects of the warmer weather on heating-related sales to retail core-market customers were partially offset by greater volumes transported for delivery service customers and the volume effects of year-over-year retail core-market customer growth.

The increase in Gas Utility revenues during Fiscal 2004 includes a $20.1 million increase in revenues from off-system sales partially offset by lower retail core-market and delivery service revenues. The decline in retail core-market revenues reflects the effects of the reduced retail core-market volumes partially offset by higher average PGC rates reflecting higher natural gas costs. Gas Utility's cost of gas was $368.9 million in Fiscal 2004 compared to $343.0 million in Fiscal 2003 reflecting greater cost of gas associated with the higher off-system sales and the higher average retail core-market PGC rates partially offset by the effects of the lower retail core-market volumes sold.

Gas Utility total margin declined $5.4 million principally reflecting a $4.0 million decline in retail core-market margin and the effects of lower margins from delivery-service customers.

Gas Utility operating income declined $16.0 million in Fiscal 2004 principally reflecting the previously mentioned decline in total margin, lower other income and higher operating and administrative expenses. Other income declined $5.4 million due in large part to a decline in non-tariff service income, costs related to settling a regulatory claim and the absence of pension income in Fiscal 2004. Operating and administrative expenses increased $3.8 million due primarily to higher compensation and benefits expense, including the effects of a lump-sum payment made to a participant of UGI Utilities' unfunded executive retirement plan, partially offset by the absence of costs related to settling an environmental claim recorded in the prior year and lower Fiscal 2004 distribution system maintenance expenses. The decrease in Gas Utility income before income taxes reflects the decline in operating income and slightly higher interest expense in Fiscal 2004 resulting from classifying dividends paid on preferred shares subject to mandatory redemption as interest expense beginning July 1, 2003, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150").

ELECTRIC UTILITY: (Millions of dollars)	2004	2003	Increase	
Revenues	$ 89.7	$ 88.8	$0.9	1.0%
Total margin (a)	$ 41.6	$ 40.3	$1.3	3.2%
Operating income	$ 20.9	$ 20.3	$0.6	3.0%
Income before income taxes	$ 18.9	$ 18.0	$0.9	5.0%
Distribution sales - gwh	983.9	980.0	3.9	0.4%

(a) Electric Utility total margin represents total revenues less cost of sales and Electric Utility gross receipts taxes of $4.8 million in both Fiscal 2004 and Fiscal 2003.

Electric Utility's Fiscal 2004 kilowatt-hour sales were slightly higher than in Fiscal 2003 due in large part to greater air-conditioning sales partially offset by the adverse effects of warmer winter weather on heating-related sales.

The increase in Electric Utility revenues in Fiscal 2004 reflects the higher kilowatt-hour sales and higher rates. Electric Utility's cost of sales declined $0.4 million in Fiscal 2004 reflecting lower Electric Utility purchased power costs.

Electric Utility total margin in Fiscal 2004 increased $1.3 million reflecting the previously mentioned increase in revenues and decrease in purchased power costs. Operating income was higher in Fiscal 2004 reflecting the increase in total margin partially offset by slightly higher operating and administrative expenses and lower other income. The increase in income before income taxes reflects the increase in total operating income and slightly lower interest expense.

ENERGY SERVICES: (Millions of dollars)	2004	2003	Increase	
Revenues	$967.2	$668.0	$299.2	44.8%
Total margin	$ 55.0	$ 35.6	$ 19.4	54.5%
Operating Income	$ 31.1	$ 19.2	$ 11.9	62.0%
Income before income taxes	$ 31.1	$ 19.2	$ 11.9	62.0%

The increase in Energy Services revenues in Fiscal 2004 resulted primarily from (1) a 30% increase in natural gas volumes sold due in large part to the full year effect of the March 2003 acquisition of the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Energy (the "TXU Energy Acquisition"), and to a lesser extent customer growth, (2) the full year effect of UGID's June 2003 purchase of an additional 4.9% (83 megawatt) interest in the Conemaugh electric generation station located near Johnstown, Pennsylvania ("Conemaugh"), and (3) higher natural gas and power prices. Energy Services total margin in Fiscal 2004 grew $19.4 million over Fiscal 2003. The total margin increase contributed by UGID's electric generation business was $10.5 million primarily reflecting the additional interest in Conemaugh and the previously mentioned higher power prices. The remaining increase in Energy Services total margin in Fiscal 2004, generated by Energy Services' gas marketing business, reflects the higher natural gas volumes sold and winter peaking services.

The increase in Energy Services income before income taxes principally reflects the previously mentioned increase in total margin partially offset by higher operating expenses resulting from our purchase of the additional interest in Conemaugh and the TXU Energy Acquisition.

INTEREST EXPENSE AND INCOME TAXES. Interest expense increased to $119.1 million in Fiscal 2004 from $109.2 million in Fiscal 2003 due to significantly higher International Propane interest expense as a result of the Antargaz Acquisition partially offset by lower AmeriGas Propane interest expense. The Company's effective income tax rate was 36.6% in Fiscal 2004 and 37.8% in Fiscal 2003.

FINANCIAL CONDITION AND LIQUIDITY

CAPITALIZATION AND LIQUIDITY

Total cash, cash equivalents and short-term investments were $385.0 million at September 30, 2005 compared with $199.6 million at September 30, 2004. These amounts include $138.7 million and $114.6 million, respectively, of cash, cash equivalents and short-term investments readily available to UGI. The primary sources of UGI's cash are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business segments.

AmeriGas Propane's ability to pay dividends to UGI is largely dependent upon distributions it receives from AmeriGas Partners. At September 30, 2005, our approximately 44% effective ownership interest in the Partnership consisted of 24.5 million Common Units and a 2% general partner interest. Approximately 45 days after the end of each fiscal quarter, the Partnership distributes all of its Available Cash (as defined in the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, the "Partnership Agreement") relating to such fiscal quarter. In April 2005, the Partnership raised the regular quarterly distribution from $0.55 to $0.56 per limited partner unit. The amount of Available Cash needed annually to pay distributions on all units and the general partner interests ("Units") in Fiscal 2005, 2004 and 2003 was approximately $122 million, $118 million and $112 million, respectively. Based upon the number of Partnership units outstanding on September 30, 2005, the amount of Available Cash needed annually to pay the distributions on all Units is approximately $129 million. The ability of the Partnership to pay distributions on all Units depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the ability of the Partnership to borrow under its Credit Agreement, to refinance maturing debt and to increase its long-term debt. Some of these factors are affected by conditions beyond our control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

Dividends from Antargaz are subject to restrictions under its debt agreements. During Fiscal 2004, the Senior Facilities Agreement was amended to permit AGZ to pay a one-time cumulative dividend of approximately $54.4 million which was based on 50% of AGZ's consolidated net income on a French GAAP basis for the two-year period ended March 31, 2004. The amount of dividends received in Fiscal 2005, based on AGZ's consolidated net income on a French GAAP basis for the period April 1, 2004 through September 30, 2004, was $1.3 million.

During Fiscal 2005, 2004 and 2003, AmeriGas Propane, UGI Utilities, International Propane and Energy Services paid dividends and made cash payments to UGI and its subsidiaries as follows:

Year Ended September 30,	2005	2004	2003
(Millions of dollars)			
AmeriGas Propane	$ 45.4	$ 39.0	$44.7
UGI Utilities	38.5	45.0	33.9
International Propane (a)	22.5	54.4	--
Energy Services	9.0	15.0	7.1
Total	$115.4	$153.4	$85.7

(a) Currently all amounts represent dividends and cash payments from Antargaz.

Dividends and other cash distributions are available to pay dividends on UGI Common Stock and for investment purposes.

On April 26, 2005, UGI's Board of Directors approved a 2-for-1 split of UGI's Common Stock. On May 24, 2005, UGI issued one additional common share for every common share outstanding to shareholders of record on May 17, 2005. Also on April 26, 2005, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.675 per post-split share, or $1.35 per pre-split share on an annual basis, commencing with the dividend payable July 1, 2005.

AMERIGAS PARTNERS. The Partnership's debt outstanding at September 30, 2005 totaled $913.5 million. There were no amounts outstanding under AmeriGas OLP's Credit Agreement at September 30, 2005.

AmeriGas OLP has a Credit Agreement that expires on October 15, 2008 and consists of (1) a $100 million Revolving Credit Facility and (2) a $75 million Acquisition Facility. The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to $75 million to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the AmeriGas Partners Senior Notes indentures. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled $56.3 million at September 30, 2005 and was approximately the same amount issued and outstanding during all of Fiscal 2005. 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. The average daily borrowings outstanding under the Credit Agreement during Fiscal 2005 and Fiscal 2004 were $27.9 million and $18.6 million, respectively. Peak borrowings outstanding under the Credit Agreement in Fiscal 2005 and Fiscal 2004 were $98.0 million and $86.0 million, respectively.

AmeriGas Partners periodically issues debt and equity securities and expects to continue to do so. It has issued debt securities in underwritten public offerings or private offerings and common units in underwritten public offerings in each of the last three fiscal years. Most recently it issued debt securities in May 2005 in a private offering and Common Units in September 2005 in an underwritten public offering. Proceeds from the private debt offering were used to fund the Refinancing. Proceeds from the Partnership's securities offerings are generally used by the Partnership to reduce indebtedness and for general Partnership purposes, including funding acquisitions. 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 up to an additional $370.3 million of debt or equity.

AmeriGas OLP must maintain certain financial ratios in order to borrow under its Credit Agreement including a minimum interest coverage ratio and a maximum debt to EBITDA ratio, as defined. AmeriGas OLP's ratios calculated as of September 30, 2005 permit it to borrow up to the maximum amount available. For a more detailed discussion of the Partnership's credit facilities, see Note 3 to Consolidated Financial Statements. Based upon existing cash balances, cash expected to be generated from operations, borrowings available under its Credit Agreement, and expected refinancings of maturing long-term debt, the Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2006.

INTERNATIONAL PROPANE. At September 30, 2005, Antargaz had total debt outstanding of $431.1 million. There were no amounts borrowed under the revolver portion of the Senior Facilities Agreement during the twelve months ended September 30, 2005.

Antargaz' Senior Facilities Agreement expires June 30, 2008 and consists of (1) a euro-denominated variable-rate term loan and (2) a E50 million revolver. At September 30, 2005, there was E175 million ($210.4 million) outstanding under the term loan. Principal payments of E9 million on the term loan are due semi-annually on March 31 and September 30 each year with final payments of E39 million and E100 million due March 31, 2008 and June 30, 2008, respectively. The Senior Facilities term loan has been collateralized by substantially all of Antargaz' shares in its subsidiaries, its equity investee and by substantially all of its accounts receivable. Antargaz' management believes that it will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2006 principally with cash generated from operations.

At September 30, 2005, Antargaz had E165 million of 10% Senior Notes due 2011 (the "High Yield Bonds") outstanding. The High Yield Bonds are listed on the Luxembourg Exchange.

On December 7, 2005, Antargaz executed a new five-year, floating rate Senior Facilities Agreement with a major French bank providing for a E380 million term loan and a E50 million revolving credit facility. AGZ Finance notified the holders of its High Yield Bonds of its decision to redeem them, including a premium, pursuant to the Trust Deed. The proceeds of the term loan will be used 1) to repay immediately the existing E175 million Senior Facilities term loan, 2) to fund the redemption of the High Yield Bonds in early January 2006 and 3) for general corporate purposes. In addition, AGZ has executed an interest rate swap agreement with the same bank to fix the rate of interest on the term loan for the duration of the loan.

The Senior Facilities Agreement restrict the ability of AGZ to, among other things, incur additional indebtedness and make investments. For a more detailed discussion of Antargaz' debt, see Note 3 to Consolidated Financial Statements.

FLAGA has working capital loan commitments of E4 million and E11 million from a European bank expiring in February and November 2006, respectively. FLAGA's management expects to extend the E4 million portion of its commitments through November 2006. Borrowings under the working capital commitments totaled E13.5 million ($16.2 million) at September 30, 2005. Debt issued under these agreements, as well as $57.9 million of acquisition and special purpose debt of FLAGA, are subject to guarantees of UGI. For a more detailed discussion of FLAGA's debt, see Note 3 to Consolidated Financial Statements. FLAGA's management plans to obtain an extension of or refinance its outstanding long-term debt. FLAGA has long-term debt maturing in Fiscal 2006 of approximately $57.1 million.

UGI UTILITIES. UGI Utilities' debt outstanding totaled $318.2 million at September 30, 2005. Included in this amount is $81.2 million of bank loans outstanding.

UGI Utilities has revolving credit commitments under which it may borrow up to a total of $110 million. These agreements are currently scheduled to expire in June 2007 through June 2008. From time to time, UGI Utilities enters into short-term borrowings under uncommitted arrangements with major banks in order to meet liquidity needs during the peak heating season. At September 30, 2005, UGI Utilities had two $35 million borrowings outstanding under these uncommitted arrangements and $11.2 million outstanding under the revolving credit facilities. Borrowings under the uncommitted arrangements mature in February and March 2006. Short-term borrowings, including amounts outstanding under the revolving credit agreements, are classified as bank loans on the Consolidated Balance Sheets. The revolving credit agreements have restrictions on such items as total debt, debt service and payments for investments. In November 2004, UGI Utilities borrowed $20 million which was repaid on March 1, 2005. During Fiscal 2005 and 2004, peak bank loan borrowings totaled $91.4 million and $90.9 million, respectively. Peak borrowings typically occur during the peak heating season months of December and January. Average daily bank loan borrowings were $52.9 million in Fiscal 2005 and $44.5 million in Fiscal 2004.

On October 1, 2004, all 200,000 shares of UGI Utilities' $7.75 preferred shares subject to mandatory redemption were redeemed at a price of $100 per share together with full cumulative dividends. The redemption was funded with proceeds from the issuance of $20 million of 6.13% Medium-Term Notes due October 2034. UGI Utilities has a shelf registration statement with the SEC under which it may issue up to an additional $125 million of Medium-Term Notes or other debt securities. Medium-Term Notes of $50 million maturing December 2005 are expected to be refinanced through the issuance of debt under this shelf registration.

Based upon cash expected to be generated from Gas Utility and Electric Utility operations, short-term borrowings, including borrowings available under revolving credit agreements and the availability of its Medium-Term Notes, UGI Utilities' management believes that it will be able to meet its anticipated contractual and projected cash commitments during Fiscal 2006. For a more detailed discussion of UGI Utilities' long-term debt and revolving credit facilities, see Note 3 to Consolidated Financial Statements.

ENERGY SERVICES. UGI Energy Services, Inc. ("ESI") has a $150 million receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in August 2007, although the Receivables Facility may terminate prior to such date due to the termination of commitments of the Receivables Facility's back-up purchasers. In order to provide additional short-term liquidity during the peak heating season due to increased energy product costs, the maximum level of funding available at any one time from this facility was temporarily increased to $300 million for the period from November 1, 2005 to April 24, 2006. After April 24, 2006, the maximum level of funding available at any one time from this facility is $150 million. Under the Receivables Facility, ESI transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of ESI 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." ESI continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC. At September 30, 2005, the outstanding balance of ESFC trade receivables was $77.8 million of which $23.5 million was sold to the commercial paper conduit and removed from the balance sheet. Based upon cash expected to be generated from operations and borrowings available under its Receivables Facility, management believes that Energy Services (including UGID and Asset Management) will be able to meet its anticipated contractual and projected cash commitments during Fiscal 2006.

In addition, a major bank has committed to issue up to $50 million of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires in April 2006.

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 peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Company's investment in working capital, principally inventories and/or accounts receivable, is generally greatest. AmeriGas Propane and UGI Utilities primarily use revolving credit facilities and, as previously mentioned, have used other borrowings to satisfy their seasonal operating cash flow needs. Energy Services uses its Receivables Facility to satisfy its seasonal operating cash flow needs. Antargaz has historically been successful funding its operating cash flow needs without using its revolver. Cash flow from operating activities was $437.7 million in Fiscal 2005, $260.7 million in Fiscal 2004 and $257.0 million in Fiscal 2003. The increase in cash flow from operating activities largely reflects the cash provided by Antargaz' operations for a full fiscal year. Cash flow from operating activities before changes in operating working capital was $426.5 million in Fiscal 2005, $333.0 million in Fiscal 2004, and $264.2 million in Fiscal 2003. Changes in operating working capital provided cash flow of $11.2 million in Fiscal 2005 and used $72.3 million and $7.2 million of cash in Fiscal 2004 and Fiscal 2003, respectively. The increase in cash provided for working capital in Fiscal 2005 largely reflects changes in accounts payable due in part to the timing of inventory purchases and payments and an increase in accrued income taxes partially offset by an increase in accounts receivable. The changes in operating working capital attributable to Antargaz' operations in Fiscal 2005 reflect the changes over a twelve-month period compared to changes over a six-month period in Fiscal 2004.

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. Cash flow used in investing activities was $191.4 million in Fiscal 2005, $412.8 million in Fiscal 2004, and $226.1 million in Fiscal 2003. During Fiscal 2005, we spent $158.4 million for property, plant and equipment, $133.7 million in Fiscal 2004 and $100.9 million in Fiscal 2003. The increase largely reflects increased Antargaz capital expenditures, which includes twelve months of expenditures in Fiscal 2005 and six months of expenditures in Fiscal 2004. Cash paid for business acquisitions in Fiscal 2005 reflects the cash paid for several retail propane businesses acquired by AmeriGas OLP and, to a lesser extent, the cash paid for acquisitions made by FLAGA and HVAC/R.

FINANCING ACTIVITIES. Cash flow used by financing activities was $72.6 million in Fiscal 2005 compared to cash flow provided by financing activities of $159.0 million in Fiscal 2004 and cash used of $83.2 million in Fiscal 2003. Financing activity cash flow changes are primarily due to issuances and repayments of long-term debt, net borrowings under revolving credit facilities and other short-term borrowings, dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units, and proceeds from public offerings of AmeriGas Partners Common Units and issuances of UGI Common Stock.

In September 2005, AmeriGas Partners sold 2.3 million Common Units in an underwritten public offering at a public offering price of $33.00 per unit. The net proceeds of the public offering totaling $72.7 million and associated capital contributions from the General Partner totaling $1.5 million were contributed to AmeriGas OLP and used to reduce indebtedness under its Credit Agreement and for general partnership purposes. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of $28.0 million, which is reflected in the Company's balance sheet as an increase in common stockholders' equity and a corresponding decrease in minority interests in AmeriGas

Partners, in accordance with the guidance in SEC Staff Accounting Bulletin No. 51 "Accounting for Sales of Common Stock by a Subsidiary" ("SAB 51"). Deferred income tax liabilities of $16.0 million associated with this gain were also recorded with a corresponding decrease in common stockholders' equity. The gain had no effect on the Company's net income or cash flow. The gain resulted because the public offering price of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the date of their sale.

As previously mentioned, the Partnership refinanced $373.4 million of its outstanding 8.875% Senior Notes due 2011 through the issuance of $415.0 million of 7.25% Senior Notes due 2015. The Partnership also incurred a $33.6 million loss on extinguishment of debt in conjunction with its repayment of the 8.875% Senior Notes. In April 2005, AmeriGas OLP repaid $53.8 million face amount of maturing First Mortgage Notes with the proceeds from a $35 million term loan ("AmeriGas OLP Term Loan") due October 1, 2006, borrowings under its Credit Agreement and existing cash balances.

Also, as previously mentioned, in September 2005, UGI Utilities entered into two $35 million borrowings which are scheduled to mature in February and March 2006. In May 2005, UGI Utilities refinanced $20 million of its maturing 6.62% Medium-Term Notes through the issuance of 5.16% Medium-Term Notes due in May 2015. Also during Fiscal 2005, UGI Utilities borrowed and repaid $20 million associated with a short-term loan that matured on March 1, 2005. On October 1, 2004, UGI Utilities redeemed all 200,000 shares of $7.75 Series Preferred Stock at a price of $100 per share together with full cumulative dividends. The redemption of the $7.75 Series Preferred Stock was funded with proceeds from the October 2004 issuance of $20 million of 6.13% Medium-Term Notes due 2034.

During Fiscal 2005 we paid cash dividends on UGI Common Stock of $67.4 million and the Partnership paid the MQD and, after April 2005, the RQD on all limited partner units.

UGI UTILITIES PENSION PLAN

UGI Utilities sponsors a defined benefit pension plan ("Pension Plan") for employees of UGI Utilities, UGI and certain of UGI's other subsidiaries. The fair value of Pension Plan assets was $211.7 million and $196.4 million at September 30, 2005 and 2004, respectively. At September 30, 2005 and 2004, the Pension Plan's assets exceeded its accumulated benefit obligations by $7.4 million and $9.2 million, respectively. The Company is in full compliance with regulations governing defined benefit pension plans, including Employee Retirement Income Security Act of 1974 ("ERISA") rules and regulations, and does not anticipate it will be required to make a contribution to the Pension Plan in Fiscal 2006. Pre-tax pension expense (income) reflected in Fiscal 2005, 2004 and 2003 results was $3.0 million, $1.2 million and $(1.1) million, respectively. The increase in pension expense during this period reflects the changes in the market value of Pension Plan assets and decreases in the discount rate assumption. In addition, Fiscal 2005 pension expense reflects the expiration of the Pension Plan's transition asset amortization. Pension expense in Fiscal 2006 is expected to be approximately $3.1 million.

CAPITAL EXPENDITURES

In the following table, we present capital expenditures (which exclude acquisitions) by our business segments for Fiscal 2005, 2004 and 2003. We also provide amounts we expect to spend in Fiscal 2006. We expect to finance Fiscal 2006 capital expenditures principally from cash generated by operations and borrowings under our credit facilities.

Year Ended September 30,	2006	2005	2004	2003
(Millions of dollars)	(estimate)			
AmeriGas Propane	$ 83.4	$ 62.6	$ 61.7	$ 53.4
International Propane	50.8	42.0	27.6	4.5
Gas Utility	47.6	38.8	35.5	37.2
Electric Utility	8.6	7.5	5.3	4.1
Energy Services	10.8	6.2	2.9	1.0
Other	1.4	1.3	0.7	1.2
Total	$202.6	$158.4	$133.7	$101.4

CONTRACTUAL CASH OBLIGATIONS AND COMMITMENTS

The Company has contractual cash obligations that extend beyond Fiscal 2005 including scheduled repayments of long-term debt, interest on long-term fixed rate debt, operating lease payments, unconditional purchase obligations for pipeline capacity, pipeline transportation and natural gas storage services and commitments to purchase natural gas, propane and electricity. The following table presents contractual cash obligations under agreements existing as of September 30, 2005 (in millions of dollars).

	Payments Due by Period				
	Total	1 year or less	2 - 3 years	4 - 5 years	After 5 years

Long-term debt	$1,622.2	$ 247.8	$360.3	$219.1	$ 795.0
Interest on long-term fixed rate debt	580.4	88.0	138.1	108.1	246.2
Operating leases	225.2	48.1	75.5	49.5	52.1
AmeriGas Propane supply contracts	29.5	29.5	--	--	--
International Propane supply contracts	123.1	76.9	46.2	--	--
Energy Services supply contracts	813.8	679.8	134.0	--	--
Gas Utility and Electric Utility supply, storage and transportation contracts	570.2	250.9	149.0	95.4	74.9
Total	$3,964.4	$1,421.0	$903.1	$472.1	$1,168.2

RELATED PARTY TRANSACTIONS

During Fiscal 2005, 2004 and 2003, the Company did not enter into any related party transactions that had a material effect on its financial condition, results of operations or cash flows.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements that are expected to have a material effect on the Company's financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

UTILITY REGULATORY MATTERS

Since the 1980s, larger commercial and industrial customers have been able to purchase gas supplies from entities other than Gas Utility. As a result of Pennsylvania's Natural Gas Choice and Competition Act (the "Gas Competition Act"), since July 1, 1999, all natural gas consumers in Pennsylvania, including residential and smaller commercial and industrial customers ("core-market customers"), have been afforded this opportunity. Under the Gas Competition Act, natural gas distribution companies ("NGDCs"), like Gas Utility, continue to serve as the supplier of last resort for all core-market customers, and such sales of gas, as well as the distribution service provided by NGDCs, continue to be subject to rate regulation by the PUC. As of September 30, 2005, fewer than two percent of Gas Utility's core-market customers purchase their gas from alternate suppliers.

As a result of the Electricity Generation Customer Choice and Competition Act (the "Electric Competition Act") that became effective January 1, 1997, all of Electric Utility's customers are permitted to acquire their electricity from entities other than Electric Utility. As of September 30, 2005, fewer than 1% of Electric Utility's customers have chosen an alternative electricity generation supplier. Electric Utility remains the provider of last resort ("POLR") for its customers that are not served by an alternate electric generation provider. The terms and conditions under which Electric Utility provides POLR service, and rules governing the rates that may be charged for such service, have been established in a series of PUC approved settlements, the latest of which became effective on June 7, 2004 (collectively, the "POLR Settlement").

Electric Utility's POLR service rules provide for annual shopping periods during which customers may elect to remain on POLR service or choose an alternate supplier. Customers who do not select an alternate supplier are obligated to remain on POLR service until the next shopping period. Residential customers who return to POLR service must remain on POLR service until the date of the second open shopping period after returning. Commercial and industrial customers who return to POLR service must remain on POLR service until the next open shopping period and may, in certain circumstances, be subject to generation rate surcharges. In October 2005, Electric Utility was notified by the only alternative electric generation supplier in its service territory that it would cease providing electric generation service during the first quarter of Fiscal 2006.

In accordance with the POLR Settlement, Electric Utility may increase POLR rates up to certain limits through December 31, 2006. Consistent with the terms of the POLR Settlement, Electric Utility's POLR rates increased 4.5% on January 1, 2005, and Electric Utility is permitted to further increase its POLR rates beginning January 1, 2006 to no more than 7.5% above the total rates in effect on December 31, 2004. Electric Utility expects to increase POLR rates by 3% beginning January 1, 2006. Electric Utility is also permitted to and has entered into multiple-year fixed-rate POLR service contracts with certain of its customers. The PUC is currently developing post-rate-cap POLR regulations that are expected to further define POLR service obligations and pricing.

Electric Utility has no agreement currently in place for POLR rates to be effective after December 31, 2006. The terms of the POLR Settlement require the POLR Settlement parties to begin discussions on post-2006 POLR rates by April 1, 2006. Although Electric Utility expects it will be able to recover electric power costs incurred in serving POLR customers after December 31, 2006, it is unable to forecast the level of margins, if any, from providing POLR service.

We account for the operations of Gas Utility and Electric Utility in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 71 requires us to record the effects of rate regulation in the financial statements. SFAS 71 allows us to defer expenses and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the ratemaking process in a period different from the period in which they would have been reflected in the income statement of an unregulated company. These deferred assets and liabilities are then flowed through the income statement in the period in which the same amounts are included in rates and recovered from or refunded to customers. As required by SFAS 71, we monitor our regulatory and competitive environments to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these regulatory assets is no longer probable, such assets would be written off against earnings. We believe that SFAS 71 continues to apply to our regulated operations and that the recovery of our regulatory assets is probable.

MANUFACTURED GAS PLANTS

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

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

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined UGI Utilities and ten other third-party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. 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 million 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 and has not yet been decided. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served UGI Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that UGI Utilities is responsible for 20% of approximately $8 million incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. UGI Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. In March 2005, the court granted UGI Utilities' motion for summary judgment dismissing AGL's complaint. AGL has appealed.

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

On September 20, 2001, Consolidated Edison Company of New York ("ConEd") filed suit against UGI Utilities in the United States District Court for the Southern District of New York, seeking contribution from UGI Utilities for an allocated share of response costs associated with investigating and assessing gas plant related contamination at former MGP sites in Westchester County, New York. The complaint alleges that UGI Utilities "owned and operated" the MGPs prior to 1904. The complaint also seeks a declaration that UGI Utilities is responsible for an allocated percentage of future investigative and remedial costs at the sites. ConEd believes that the cost of remediation for all of the sites could exceed $70 million. 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. UGI Utilities filed for reconsideration of the panel's order. UGI Utilities believes that any liability it may have for a share of the response costs at the three leased MGP sites will not have a material effect on its financial condition or results of operations.

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

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

ANTARGAZ TAX MATTERS

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 the entity's tangible fixed assets. Prior to the Antargaz Acquisition, Antargaz filed suit against French tax authorities in connection with the assessment of business tax related to the tax treatment of certain of its owned tanks at customer locations. Elf Antar France and Elf Aquitaine, now Total France, former owners of Antargaz, agreed to indemnify Antargaz for all payments that would have been due from Antargaz in respect of the tax related to its tanks for the period from January 1, 1997 through December 31, 2000. During the year ended September 30, 2005, Antargaz was required to remit payment to French tax authorities with respect to this matter and Antargaz was fully reimbursed pursuant to the indemnity agreement. The indemnity from the former owners for tax amounts accrued is reflected in our balance sheet as an asset and, at September 30, 2005, the remaining amount is immaterial.

Antargaz has recorded liabilities for business taxes related to various classes of equipment. On February 4, 2005, Antargaz received a letter from the French government which eliminated the requirement for Antargaz to pay business tax associated with tanks at certain customer locations. In addition, during Fiscal 2005 resolution was reached relating to business taxes relating to a prior year. Further changes in the French government's interpretation of the tax laws or in the tax laws themselves could have either an adverse or a favorable effect on our results of operations. Our 2005 Consolidated Statement of Income includes a pre-tax gain of $18.8 million and a net after-tax gain of $14.2 million associated with the resolution of certain business tax matters related principally to prior years.

MARKET RISK DISCLOSURES

Our primary market risk exposures are (1) market prices for propane and other LPG, natural gas and electricity; (2) changes in interest rates; and (3) foreign currency exchange rates.

The risk associated with fluctuations in the prices the Partnership and our International Propane operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. International Propane and the Partnership may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of 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.

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 our Gas Utility operations. Gas Utility uses exchange-traded natural gas call option contracts to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these call option contracts, net of any associated gains, is included in Gas Utility's PGC recovery mechanism.

Electric Utility purchases its electric power needs from electricity suppliers under fixed-price energy and capacity contracts and, to a much lesser extent, on the spot market. Prices for electricity can be volatile especially during periods of high demand or tight supply. In accordance with POLR settlements approved by the PUC, Electric Utility may increase its POLR rates up to certain limits through December 31, 2006. In accordance with these settlements, effective January 1, 2005, Electric Utility increased its POLR generation rates for all metered customers 4.5% of total rates in effect on December 31, 2004 and expects to increase POLR rates by 3% effective January 1, 2006. Currently, Electric Utility's fixed-price contracts with electricity suppliers mitigate most risks associated with the POLR service rate limits in effect through December 31, 2006. However, should any of the suppliers under these contracts fail to provide electric power under the terms of the power and capacity contracts, any increases in the cost of replacement power or capacity would negatively impact Electric Utility results. In order to reduce this nonperformance risk, Electric Utility has diversified its purchases across several suppliers and entered into bilateral collateral arrangements with certain of them. At September 30, 2005, Electric Utility held $13.5 million in collateral deposits which are reflected in other current liabilities in the Consolidated Balance Sheet. 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. At September 30, 2005, Electric Utility had an electric price swap agreement associated with purchases of a portion of electricity anticipated to occur in 2007.

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 natural gas futures contracts or enters into fixed-price supply arrangements. Exchange-traded natural gas futures contracts are guaranteed by the New York Mercantile Exchange ("NYMEX") and have nominal credit risk. The change in market value of these contracts generally requires daily cash deposits in margin accounts with brokers. At September 30, 2005, Energy Services has $2.5 million deposited into 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 interests in electric generation assets. In conjunction with certain of these sales agreements, at September 30, 2005, UGID paid $17.9 million in collateral deposits with its counterparties which is reflected in other assets on the Consolidated Balance Sheet. 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 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.

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, AmeriGas OLP Term Loan, UGI Utilities' short-term borrowings, and a substantial portion of Antargaz' and FLAGA's debt. These debt agreements have interest rates that are generally indexed to short-term market interest rates. Antargaz has effectively fixed the interest rate on a portion of its variable-rate debt through June 2006 through the use of interest rate swaps. At September 30, 2005 and 2004, combined borrowings outstanding under these agreements totaled $400.6 million and $393.4 million, respectively. Excluding the effectively fixed portion of Antargaz' variable-rate debt, based upon weighted average borrowings outstanding under these agreements during Fiscal 2005 and Fiscal 2004, an increase in short-term interest rates of 100 basis points (1%) would have increased our interest expense by $2.4 million and $2.1 million, respectively.

The remainder of our debt outstanding is subject to fixed rates of interest. A 100 basis point increase in market interest rates would result in decreases in the fair value of this fixed-rate debt of $68.0 million and $61.8 million at September 30, 2005 and 2004, respectively. A 100 basis point decrease in market interest rates would result in increases in the fair value of this fixed-rate debt of $74.4 million and $66.6 million at September 30, 2005 and 2004, respectively.

Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with a portion of near-term forecasted issuances of fixed-rate debt, we often enter into interest rate protection agreements.

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 investment in foreign subsidiaries ("net investment hedges"). Realized gains or losses associated with net investments in foreign operations remain in other comprehensive income until such foreign operations are liquidated. At September 30, 2005, the fair value of unsettled net investment hedges was a gain of $1.5 million, which is included in the foreign currency exchange rate risk in the table below. 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 $48.1 million, which amount would be reflected in other comprehensive income.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at September 30, 2005 and 2004. Fair values reflect the estimated amounts that we would receive or (pay) to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts at September 30, 2005. 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) interest rates on ten-year U.S. treasury notes and the three-month Euribor and; (5) the value of the euro versus the U.S. dollar.

(Millions of dollars)	Fair Value	Change in Fair Value
September 30, 2005:		
Propane commodity price risk	$50.8	$(19.6)
Natural gas commodity price risk	(1.5)	(7.2)
Electricity commodity price risk	6.1	(1.4)
Interest rate risk	(6.2)	(3.9)
Foreign currency exchange rate risk	7.5	(16.3)
September 30, 2004:		
Propane commodity price risk	$13.1	$(13.8)

Natural gas commodity price risk	4.8	(3.4)
Electricity commodity price risk	2.0	(1.0)
Interest rate risk	(2.8)	(6.3)

Gas Utility's exchange traded natural gas call option contracts are excluded from the table above because any associated net gains are included in Gas Utility's PGC recovery mechanism. Because the Company's derivative instruments generally qualify as hedges under SFAS 133, we expect that changes in the fair value of derivative instruments used to manage commodity or interest rate market risk would be substantially offset by gains or losses on the associated anticipated transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the selection and application of appropriate accounting principles to the relevant facts and circumstances of the Company's operations and the use of estimates made by management. The Company has identified the following critical accounting policies that are most important to the portrayal of the Company's financial condition and results of operations. Changes in these policies could have a material effect on the financial statements. The application of these accounting policies necessarily requires management's most subjective or complex judgments regarding estimates and projected outcomes of future events which could have a material impact on the financial statements. Management has reviewed these critical accounting policies, and the estimates and assumptions associated with them, with the Company's Audit Committee. In addition, management has reviewed the following disclosures regarding the application of these critical accounting policies with the Audit Committee.

LITIGATION ACCRUALS AND ENVIRONMENTAL REMEDIATION LIABILITIES. We are involved in litigation regarding pending claims and legal actions that arise in the normal course of our businesses. In addition, UGI Utilities and its former subsidiaries owned and operated a number of MGPs in Pennsylvania and elsewhere at which hazardous substances may be present. In accordance with accounting principles generally accepted in the United States of America, the Company establishes reserves for pending claims and legal actions or environmental remediation obligations when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

REGULATORY ASSETS AND LIABILITIES. Gas Utility and Electric Utility are subject to regulation by the PUC. In accordance with SFAS 71, we record the effects of rate regulation in our financial statements as regulatory assets or regulatory liabilities. We continually assess whether the regulatory assets are probable of future recovery by evaluating the regulatory environment, recent rate orders and public statements issued by the PUC, and the status of any pending deregulation legislation. If future recovery of regulatory assets ceases to be probable, the elimination of those regulatory assets would adversely impact our results of operations and cash flows. As of September 30, 2005, our regulatory assets totaled $61.3 million. See Note 1 to the Consolidated Financial Statements.

DEPRECIATION AND AMORTIZATION OF LONG-LIVED ASSETS. We compute depreciation on UGI Utilities' property, plant and equipment on a straight-line basis over the average remaining lives of its various classes of depreciable property and on our other property, plant and equipment on a straight-line basis over estimated useful lives generally ranging from 2 to 40 years. We also use amortization methods and determine asset values of intangible assets other than goodwill using reasonable assumptions and projections. Changes in the estimated useful lives of property, plant and equipment and changes in intangible asset amortization methods or values could have a material effect on our results of operations. As of September 30, 2005, our net property, plant and equipment totaled $1,802.7 million and we recorded depreciation expense of $127.8 million during Fiscal 2005.

PURCHASE PRICE ALLOCATION. From time to time, the Company enters into material business combinations. In accordance with SFAS No. 141, "Business Combinations" ("SFAS 141"), the purchase price is allocated to the various assets and liabilities acquired at their estimated fair value. Fair values of assets and liabilities are based upon available information and may involve us engaging an independent third party to perform an appraisal. Estimating fair values can be a complex and judgmental area and most commonly impacts property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, if necessary, up to one year from the acquisition date to finalize the purchase price allocation.

IMPAIRMENT OF GOODWILL. Certain of the Company's business units have goodwill resulting from purchase business combinations. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), each of our reporting units with goodwill is required to perform impairment tests annually or whenever events or circumstances indicate that the value of goodwill may be impaired. In order to perform these impairment tests, management must determine the reporting unit's fair value using quoted market prices or, in the absence of quoted market prices, valuation techniques which use discounted estimates of future cash flows to be generated by the reporting unit. These cash flow estimates involve management judgments based on a broad range of information and historical results. To the extent estimated cash flows are revised downward, the reporting unit may be required to write down all or a portion of its goodwill which would adversely impact our results of operations. As of September 30, 2005, our goodwill totaled $1,231.2 million.

DEFINED BENEFIT PENSION PLAN. The costs of providing benefits under our Pension Plan are dependent on historical information such as employee age, length of service, level of compensation and the actual rate of return on plan assets. In addition, certain assumptions relating to the future are utilized including the discount rate applied to benefit obligations, the expected rate of return on plan assets and the rate of compensation increase. Pension Plan assets are held in trust and consist principally of equity and fixed income mutual funds. Changes in plan assumptions as well as fluctuations in actual equity or bond market returns could have a material impact on future pension costs. We believe the two most critical assumptions are the expected rate of return on plan assets and the discount rate. An unfavorable change in the expected rate of return on plan assets of 50 basis points would result in an increase in pre-tax pension expense of approximately $1.0 million in Fiscal 2006. An unfavorable change in the discount rate of 50 basis points would result in an increase in pre-tax pension expense of approximately $1.6 million in Fiscal 2006.

FINANCIAL REVIEW

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Below is a listing of recently issued accounting pronouncements by the Financial Accounting Standards Board. None of them had or are expected to have a material effect on our financial position or results of operations. SFAS No. 154 applies only to changes in accounting and corrections of errors. See Note 1 to the Consolidated Financial Statements for additional discussion of such pronouncements.

Title of Pronouncement	Month of Issue
SFAS No. 154, "Accounting Changes and Error Corrections"	May 2005
Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations"	March 2005
SFAS No. 123 (revised 2004), "Share-Based Payment"	December 2004
SFAS No. 153, "Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions"	December 2004
Staff Position 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004"	December 2004
Staff Position 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004"	December 2004

FORWARD-LOOKING STATEMENTS

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

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors which could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements:

(1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane and other LPG, oil, electricity, and natural gas and the capacity to transport product to our market areas; (3) changes in domestic and foreign laws and regulations, including safety, tax and accounting matters; (4) competitive pressures from the same and alternative energy sources; (5) failure to acquire new customers thereby reducing or limiting any increase in revenues; (6) liability for environmental claims; (7) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (8) adverse labor relations; (9) large customer, counterparty or supplier defaults; (10) liability in excess of insurance coverage for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas, propane and LPG; (11) political, regulatory and economic conditions in the United States and in foreign countries, including foreign currency rate fluctuations, particularly in the euro; (12) reduced access to capital markets and interest rate fluctuations; (13) reduced distributions from subsidiaries; and (14) the timing and success of the Company's efforts to develop new business opportunities.

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

REPORT OF MANAGEMENT

FINANCIAL STATEMENTS

The Company's consolidated financial statements and other financial information contained in this Annual Report are prepared by management, which is responsible for their fairness, integrity and objectivity. The consolidated financial statements and related information were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on management's best judgments and estimates.

The Audit Committee of the Board of Directors is composed of three members, none of whom is an employee of the Company. This Committee is responsible for overseeing the financial reporting process and the adequacy of internal control and for monitoring the independence and performance of the Company's independent registered public accounting firm and internal auditors. The Committee is also responsible for maintaining direct channels of communication among the Board of Directors, management, and both the independent registered public accounting firm and internal auditors.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, is engaged to perform audits of our consolidated financial statements. These audits are performed in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our independent registered public accounting firm was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and committees of the Board. The Company believes that all representations made to the independent registered public accounting firm during their audits were valid and appropriate.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted an assessment, including testing, using the criteria in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). The Company's system of internal control over financial reporting is designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management also believes the system of internal control over financial reporting provides reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changing conditions, or the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2005, based on the COSO Framework. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2005, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which follows.

/s/ Lon R. Greenberg

Lon R. Greenberg
Chief Executive Officer

/s/ Anthony J. Mendicino

Anthony J. Mendicino
Chief Financial Officer

/s/ Michael J. Cuzzolina

Michael J. Cuzzolina
Chief Accounting Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF UGI CORPORATION:

We have completed an integrated audit of UGI Corporation's 2005 consolidated financial statements and of its internal control over financial reporting as of September 30, 2005 and audits of its 2004 and 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of UGI Corporation and its subsidiaries at September 30, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that the Company maintained effective internal control over financial reporting as of September 30, 2005 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2005, based on criteria established in Internal Control - Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
December 13, 2005

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

	Year Ended September 30,		
	2005	2004	2003
REVENUES			
AmeriGas Propane	$1,963.3	$1,775.9	$1,628.4
International Propane	943.9	333.4	54.5
UGI Utilities	681.2	650.1	628.7
Energy Services and other	1,300.3	1,025.3	714.5
	4,888.7	3,784.7	3,026.1
COSTS AND EXPENSES			
Cost of sales	3,306.0	2,551.0	1,984.3
Operating and administrative expenses	966.6	767.8	644.1
Utility taxes other than income taxes	13.4	12.5	12.2
Depreciation and amortization	146.4	132.3	103.0
Other income, net	(46.7)	(10.2)	(19.8)
	4,385.7	3,453.4	2,723.8
OPERATING INCOME	503.0	331.3	302.3
Income (loss) from equity investees	(2.6)	11.3	5.3
Loss on extinguishment of debt	(33.6)	--	(3.0)
Interest expense	(130.2)	(119.1)	(109.2)
INCOME BEFORE INCOME TAXES AND SUBSIDIARY PREFERRED STOCK DIVIDENDS AND MINORITY INTERESTS	336.6	223.5	195.4
Income taxes	(119.2)	(64.4)	(60.7)
Dividends on UGI Utilities preferred shares subject to mandatory redemption	--	--	(1.2)
Minority interests, principally in AmeriGas Partners	(29.9)	(47.5)	(34.6)
NET INCOME	$ 187.5	$ 111.6	$ 98.9
EARNINGS PER COMMON SHARE:			
Basic	$ 1.81	$ 1.18	$ 1.17
Diluted	$ 1.77	$ 1.15	$ 1.14
AVERAGE COMMON SHARES OUTSTANDING (MILLIONS):			
Basic	103.877	94.616	84.440
Diluted	105.723	96.682	86.472

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(Millions of dollars)

	September 30, 2005	September 30, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 315.0	$ 149.6
Short-term investments (at cost, which approximates fair value)	70.0	50.0
Accounts receivable (less allowances for doubtful accounts of $29.2 and $22.3, respectively)	421.8	367.3
Accrued utility revenues	10.4	9.7
Inventories	239.9	198.4
Deferred income taxes	24.4	22.1
Derivative financial instruments	60.3	22.0
Prepaid expenses and other current assets	30.5	24.6
Total current assets	1,172.3	843.7
PROPERTY, PLANT AND EQUIPMENT		
AmeriGas Propane	1,162.8	1,121.3
International Propane	541.8	525.7
UGI Utilities	985.7	944.3
Other	99.3	83.0
	2,789.6	2,674.3
Accumulated depreciation and amortization	(986.9)	(892.4)
Net property, plant, and equipment	1,802.7	1,781.9
OTHER ASSETS		
Goodwill and excess reorganization value	1,231.2	1,245.9
Intangible assets (less accumulated amortization of $45.4 and $27.5, respectively)	172.6	184.4
Utility regulatory assets	61.3	65.0
Other assets	131.4	121.7
Total assets	$4,571.5	$4,242.6

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2005	September 30, 2004
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 252.0	$ 122.8
UGI Utilities bank loans	81.2	60.9
Other bank loans	16.2	17.2
UGI Utilities preferred shares subject to mandatory redemption, without par value	--	20.0
Accounts payable	399.7	323.9
Employee compensation and benefits accrued	78.6	87.5
Dividends and interest accrued	40.8	43.0
Income taxes accrued	40.1	2.0
Deposits and advances	124.1	98.7
Other current liabilities	130.4	141.6
Total current liabilities	1,163.1	917.6
DEBT AND OTHER LIABILITIES		
Long-term debt	1,392.5	1,547.3
Deferred income taxes	477.5	448.6
Deferred investment tax credits	7.2	7.6
Other noncurrent liabilities	327.3	309.0
Total liabilities	3,367.6	3,230.1
Commitments and contingencies (Note 11)		
Minority interests, principally in AmeriGas Partners	206.3	178.4
COMMON STOCKHOLDERS' EQUITY		
Common Stock, without par value (authorized - 300,000,000 shares; issued - 115,152,994 shares)	793.6	762.8
Retained earnings	266.3	146.2
Accumulated other comprehensive income	16.5	22.6
Notes receivable from employees	--	(0.2)
	1,076.4	931.4
Treasury stock, at cost	(78.8)	(97.3)
Total common stockholders' equity	997.6	834.1
Total liabilities and stockholders' equity	$4,571.5	$4,242.6

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of dollars)

	Year Ended September 30,		
	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$187.5	$111.6	$ 98.9
Reconcile to net cash provided by operating activities:			
Depreciation and amortization	146.4	132.3	103.0
Minority interests in AmeriGas Partners	29.9	47.5	34.6
Deferred income taxes, net	12.1	3.0	(2.8)
Provision for uncollectible accounts	25.1	17.3	18.5
Loss on extinguishment of debt	33.6	--	3.0
Tax benefit on exercise of stock options	10.2	2.9	4.9
Net change in settled accumulated other comprehensive income	(3.8)	9.0	(5.2)
Other, net	(14.5)	9.4	9.3
Net change in:			
Accounts receivable and accrued utility revenues	(81.5)	4.9	(56.1)
Inventories	(29.4)	(39.4)	(25.3)
Deferred fuel costs	9.5	(6.9)	19.0
Accounts payable	70.0	(49.7)	34.9
Other current assets and liabilities	42.6	18.8	20.3
Net cash provided by operating activities	437.7	260.7	257.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(158.4)	(133.7)	(100.9)
Acquisitions of businesses, net of cash acquired	(33.3)	(308.6)	(38.6)
Acquisition of additional interest in Conemaugh Station	--	--	(51.3)
Net proceeds from disposals of assets	16.7	11.5	5.9
Increase in short-term investments	(20.0)	--	(50.0)
Other, net	3.6	18.0	8.8
Net cash used by investing activities	(191.4)	(412.8)	(226.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends on UGI Common Stock	(67.4)	(56.3)	(47.7)
Distributions on AmeriGas Partners publicly held Common Units	(66.6)	(62.4)	(56.4)
Issuances of debt	576.0	30.1	167.8
Repayments of debt	(544.4)	(77.4)	(239.5)
AmeriGas Propane bank loans decrease	--	--	(10.0)
(Decrease) increase in UGI Utilities bank loans with maturities of three months or less	(49.7)	20.2	3.5
Other bank loans (decrease) increase	(0.3)	0.1	5.4
Redemption of UGI Utilities preferred shares subject to mandatory redemption	(20.0)	--	--
Issuances of AmeriGas Partners Common Units	72.7	51.2	75.0
Issuances of UGI Common Stock	27.1	254.1	18.8
Repurchases of UGI Common Stock	--	(0.6)	(0.1)
Net cash (used) provided by financing activities	(72.6)	159.0	(83.2)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(8.3)	0.6	0.1
Cash and cash equivalents increase (decrease)	$165.4	$ 7.5	$(52.2)
CASH AND CASH EQUIVALENTS:			
End of year	$315.0	$149.6	$142.1
Beginning of year	149.6	142.1	194.3
Increase (decrease)	$165.4	$ 7.5	$(52.2)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Millions of dollars, except per share amounts)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Notes Receivable from Employees	Treasury Stock	Total
BALANCE SEPTEMBER 30, 2002	$396.6	$ 39.7	$ 6.6	$(3.5)	$(125.6)	$313.8
Net income		98.9				98.9
Net gain on derivative instruments (net of tax of $9.1)			13.5			13.5
Reclassification of net gains on derivative instruments (net of tax of $14.0)			(20.7)			(20.7)
Foreign currency translation adjustments (net of tax of $3.1)			5.3			5.3
Comprehensive income (loss)		98.9	(1.9)			97.0
Cash dividends on Common Stock ($0.57 per share)		(47.7)				(47.7)
Common Stock issued:						
Employee and director plans	5.0				16.0	21.0
Dividend reinvestment plan	1.2				1.5	2.7
Net gain in connection with issuances of units by AmeriGas Partners (net of tax of $70.7)	108.9					108.9
Common Stock reacquired					(0.1)	(0.1)
Payments on notes receivable from employees				3.1		3.1
BALANCE SEPTEMBER 30, 2003	511.7	90.9	4.7	(0.4)	(108.2)	498.7
Net income		111.6				111.6
Net gain on derivative instruments (net of tax of $15.0)			22.6			22.6
Reclassification of net gains on derivative instruments (net of tax of $6.9)			(10.6)			(10.6)
Foreign currency translation adjustments (net of tax of $0.9)			5.9			5.9
Comprehensive income		111.6	17.9			129.5
Cash dividends on Common Stock ($0.60 per share)		(56.3)				(56.3)
Common Stock issued:						
Public offering	239.6					239.6
Employee and director plans	4.6				10.3	14.9
Dividend reinvestment plan	1.3				1.2	2.5
Net gain in connection with issuances of units by AmeriGas Partners (net of tax of $6.6)	5.6					5.6
Common Stock reacquired					(0.6)	(0.6)
Payments on notes receivable from employees				0.2		0.2
BALANCE SEPTEMBER 30, 2004	762.8	146.2	22.6	(0.2)	(97.3)	834.1
Net income		187.5				187.5
Net gain on derivative instruments (net of tax of $7.9)			12.9			12.9
Reclassification of net gains on derivative instruments (net of tax of $2.1)			(2.7)			(2.7)
Foreign currency translation adjustments (net of tax of $6.5)			(16.3)			(16.3)
Comprehensive income (loss)		187.5	(6.1)			181.4
Cash dividends on Common Stock ($0.65 per share)		(67.4)				(67.4)
Common Stock issued:						
Employee and director plans	17.2				17.7	34.9
Dividend reinvestment plan	1.6				0.8	2.4
Net gain in connection with issuances of units by AmeriGas Partners (net of tax of $16.0)	12.0					12.0
Payments on notes receivable from employees				0.2		0.2
BALANCE SEPTEMBER 30, 2005	$793.6	$266.3	$ 16.5	$ --	$ (78.8)	$997.6

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION. UGI Corporation ("UGI") is a holding company that owns and operates natural gas and electric utility, electricity generation, retail propane distribution, energy marketing and related businesses in the United States. Through foreign subsidiaries and a joint-venture affiliate, UGI also distributes liquefied petroleum gases ("LPG") in France, Austria, the Czech Republic, Slovakia and China. We refer to UGI and its consolidated subsidiaries collectively as "the Company" or "we."

We conduct a national propane distribution business through AmeriGas Partners, L.P. ("AmeriGas Partners") and its principal operating subsidiaries AmeriGas Propane, L.P. ("AmeriGas OLP") and AmeriGas OLP's subsidiary, AmeriGas Eagle Propane, L.P. ("Eagle OLP"). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the "General Partner") serves as the general partner of AmeriGas Partners and AmeriGas OLP. AmeriGas OLP and Eagle OLP (collectively referred to as "the Operating Partnerships") comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states. We refer to AmeriGas Partners and its subsidiaries together as "the Partnership" and the General Partner and its subsidiaries, including the Partnership, as "AmeriGas Propane." At September 30, 2005, the General Partner and its wholly owned subsidiary Petrolane Incorporated ("Petrolane") collectively held a 1% general partner interest and a 42.8% limited partner interest in AmeriGas Partners, and effective 44.3% and 44.2% ownership interests in AmeriGas OLP and Eagle OLP, respectively. Our limited partnership interest in AmeriGas Partners comprises 24,525,004 Common Units. The remaining 56.2% interest in AmeriGas Partners comprises 32,267,601 publicly held Common Units representing limited partner interests.

The Partnership has no employees. Employees of the General Partner conduct, direct and manage the activities of AmeriGas Partners and AmeriGas OLP. The General Partner also provides management and administrative services to AmeriGas Eagle Holdings, Inc., the general partner of Eagle OLP, under a management services agreement. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on behalf of the Partnership including all General Partner employee compensation costs and a portion of UGI employee compensation and administrative costs. Although the Partnership's operating income represents a significant portion of our consolidated operating income, the Partnership's impact on our consolidated net income is considerably less due to the Partnership's significant minority interest.

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

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

In addition, Enterprises conducts an energy marketing business primarily in the Eastern region of the United States through its wholly owned first and second-tier subsidiaries (collectively, "Energy Services"). Energy Services' wholly owned subsidiary UGI Development Company ("UGID") and UGID's joint-venture affiliate Hunlock Creek Energy Ventures ("Energy Ventures") own interests in Pennsylvania-based electric generation assets. 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. Prior to the sale of the propane terminal to Asset Management in November 2004, AmeriGas Propane held a 50% equity ownership interest in it (See Note 2). 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 is exempt from registration as a holding company and not otherwise subject to regulation under the Public Utility Holding Company Act of 1935 ("PUHCA 1935") except for acquisitions under section 9(a)(2). The Energy Policy Act of 2005 repealed PUHCA 1935 effective February 8, 2006, and enacted the Public Utility Holding Company Act of 2005 ("PUHCA 2005") effective February 8, 2006. UGI will be a "holding company" under PUHCA 2005 subject to certain obligations to maintain books and records, and to disclose those books and records at the request of the Federal Energy Regulatory Commission ("FERC") and the PUC. UGI expects that its obligations under PUHCA 2005 will not be materially different from its current books and records obligations under federal and state law. UGI is not subject to regulation by the PUC.

CONSOLIDATION PRINCIPLES. The consolidated financial statements include the accounts of UGI and its controlled subsidiary companies, which, except for the Partnership, are majority owned. We eliminate all significant intercompany accounts and transactions when we consolidate. We report the public's limited partner interests in the Partnership and other parties' interests in our consolidated, but less than 100% owned, subsidiaries of Antargaz, as minority interests. Entities in which we own 50% or less and in which we exercise significant influence over operating and financial policies are accounted for by the equity method (see Note 16). Effective with our March 2004 acquisition of the remaining 80.5% ownership interests in AGZ and our

November 2004 acquisition of the remaining 50% ownership interest in Atlantic Energy, Inc., we began consolidating all of their operations (see Note 2). Investments in equity investees are included in other assets in the Consolidated Balance Sheets. Gains resulting from issuances and sales of AmeriGas Partners' Common Units are recorded as increases to common stockholders' equity with corresponding decreases to minority interests in accordance with U.S. Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary." In addition, we record deferred income tax liabilities with a corresponding reduction in common stockholders' equity associated with such gains (see Note 15).

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

USE OF ESTIMATES. We make estimates and assumptions when preparing financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

REGULATED UTILITY OPERATIONS. We account for the operations of Gas Utility and Electric Utility in accordance with Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 71 requires us to record the effects of rate regulation in the financial statements. SFAS 71 allows us to defer expenses and revenues on the balance sheet as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the ratemaking process in a period different from the period in which they would have been reflected in the income statement of an unregulated company. These deferred assets and liabilities are then flowed through the income statement in the period in which the same amounts are included in rates and recovered from or refunded to customers. As required by SFAS 71, we monitor our regulatory and competitive environments to determine whether the recovery of our regulatory assets continues to be probable. If we were to determine that recovery of these regulatory assets is no longer probable, such assets would be written off against earnings. We believe that SFAS 71 continues to apply to our regulated utility operations and that the recovery of our regulatory assets is probable.

Regulatory assets and liabilities associated with Gas Utility and Electric Utility operations included in our accompanying balance sheets at September 30 comprise the following:

	2005	2004
Regulatory assets:		
Income taxes recoverable	$58.6	$62.0
Other postretirement benefits	1.7	1.9
Other	1.0	1.1
Total regulatory assets	$61.3	$65.0
Regulatory liabilities:		
Other postretirement benefits	$ 2.8	$ 3.0
Deferred fuel costs	17.4	7.9
Total regulatory liabilities	$20.2	$10.9

Utilities' regulatory liabilities relating to other postretirement benefits and deferred fuel costs are included in "other noncurrent liabilities" and "other current liabilities," respectively, on the Consolidated Balance Sheets. Utilities does not recover a rate of return on its regulatory assets.

DERIVATIVE INSTRUMENTS. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. For a detailed description of the derivative instruments we use, our objectives for using them, and related supplemental information required by SFAS 133, see Note 12.

CONSOLIDATED STATEMENTS OF CASH FLOWS. We define cash equivalents as all highly liquid investments with maturities of three months or less when purchased. We record cash equivalents at cost plus accrued interest, which approximates market value. We paid interest totaling $130.6 in 2005, $117.7 in 2004 and $109.8 in 2003. We paid income taxes totaling $54.7 in 2005, $70.2 in 2004 and $48.2 in 2003.

REVENUE RECOGNITION. We recognize revenues from the sale of propane and other LPG principally as product is delivered to customers. Revenue from the sale of appliances and equipment is recognized at the time of sale or installation. We record Utilities' regulated revenues for service provided to the end of each month which includes an accrual for certain unbilled amounts based upon estimated usage. We reflect the impact of Utilities' rate increases or decreases at the time they become effective. Energy Services records revenues when energy products are delivered to customers.

INVENTORIES. Our inventories are stated at the lower of cost or market. We determine cost using an average cost method for natural gas, propane and other LPG, specific identification for appliances and the first-in, first-out ("FIFO") method for all other inventories.

EARNINGS PER COMMON SHARE. On April 26, 2005, UGI's Board of Directors approved a 2-for-1 common stock split. On May 24, 2005, the Company issued one additional common share for every common share outstanding to shareholders of record on May 17, 2005. Average shares outstanding, basic and diluted earnings per share and dividends declared per share for all periods presented are reflected on a post-split basis. The prior-year amounts have been retroactively restated to reflect the effects of the common stock split.

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

Note 1 continued

awards. In the following table, we present shares used in computing basic and diluted earnings per share for 2005, 2004 and 2003:

	2005	2004	2003
Denominator (millions of shares):			
Average common shares outstanding for basic computation	103.877	94.616	84.440
Incremental shares issuable for stock options and awards	1.846	2.066	2.032
Average common shares outstanding for diluted computation	105.723	96.682	86.472

INCOME TAXES. AmeriGas Partners and the Operating Partnerships are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to the individual partners. We record income taxes on our share of (1) the Partnership's current taxable income or loss and (2) the differences between the book and tax bases of the Partnership's assets and liabilities. The Operating Partnerships have subsidiaries which operate in corporate form and are directly subject to federal income taxes.

Gas Utility and Electric Utility record deferred income taxes in the Consolidated Statements of Income resulting from the use of accelerated depreciation methods based upon amounts recognized for ratemaking purposes. They also record a deferred income tax liability for tax benefits that are flowed through to ratepayers when temporary differences originate and record a regulatory income tax asset for the probable increase in future revenues that will result when the temporary differences reverse.

We are amortizing deferred investment tax credits related to Utilities' plant additions over the service lives of the related property. Utilities reduces its deferred income tax liability for the future tax benefits that will occur when investment tax credits, which are not taxable, are amortized. We also reduce the regulatory income tax asset for the probable reduction in future revenues that will result when such deferred investment tax credits amortize.

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION. The amounts we assign to property, plant and equipment of businesses we acquire are based upon estimated fair value at date of acquisition. When Gas Utility and Electric Utility retire depreciable utility plant and equipment, we charge the original cost, net of removal costs and salvage value, to accumulated depreciation for financial accounting purposes. When our unregulated businesses retire or otherwise dispose of plant and equipment, we remove the cost and accumulated depreciation from the appropriate accounts and any resulting gain or loss is recognized in "Other income, net" in the Consolidated Statements of Income. We record depreciation expense for Utilities' plant and equipment on a straight-line method over the estimated average remaining lives of the various classes of its depreciable property. Depreciation expense as a percentage of the related average depreciable base for Gas Utility was 2.4% in 2005 and 2.3% in both 2004 and 2003. Depreciation expense as a percentage of the related average depreciable base for Electric Utility was 2.9% in 2005, 2.8% in 2004 and 3.0% in 2003. We compute depreciation expense on plant and equipment associated with our LPG operations using the straight-line method over estimated service lives generally ranging from 15 to 40 years for buildings and improvements; 7 to 30 years for storage and customer tanks and cylinders; and 2 to 12 years for vehicles, equipment, and office furniture and fixtures. We compute depreciation expense on plant and equipment associated with our electric generation assets on a straight-line basis over 25 years. Depreciation expense was $127.8 in 2005, $119.9 in 2004 and $97.1 in 2003.

Costs to install Partnership-owned tanks, net of amounts billed to customers, are capitalized and amortized over the estimated period of benefit not exceeding ten years.

INTANGIBLE ASSETS. Intangible assets comprise the following at September 30:

	2005	2004
Not subject to amortization:		
Goodwill	$1,137.9	$1,152.6
Excess reorganization value	93.3	93.3
	$1,231.2	$1,245.9
Other intangible assets:		
Customer relationships, noncompete agreements and other	$ 177.2	$ 169.7
Trademark (not subject to amortization)	40.8	42.2

Gross carrying amount	218.0	211.9
Accumulated amortization	(45.4)	(27.5)
Net carrying amount	$ 172.6	$ 184.4

The changes in the carrying amount of intangible assets during the year ended September 30, 2005 principally reflects business acquisitions and the effects of foreign currency translation.

We amortize customer relationship and noncompete agreement intangibles over their estimated periods of benefit which do not exceed 15 years. Amortization expense of intangible assets was $16.9 in 2005, $11.1 in 2004 and $6.1 in 2003 including amortization expense associated with customer contracts recorded in cost of sales. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2006 - $15.8; Fiscal 2007 - $15.2; Fiscal 2008 -$14.8; Fiscal 2009 - $14.1; Fiscal 2010 - $12.8.

In accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), we amortize intangible assets over their useful lives unless we determined their lives to be indefinite. Goodwill, including excess reorganization value, and other intangible assets with indefinite lives are not amortized but are subject to tests for impairment at least annually. SFAS 142 requires that we perform impairment tests annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. No provisions for goodwill impairments were recorded during 2005, 2004 or 2003.

STOCK-BASED COMPENSATION. As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), we apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), in recording compensation expense for grants of stock, stock options and other equity instruments to employees.

We use the intrinsic value method prescribed by APB 25 for our stock-based employee compensation plans. We recognized total stock and unit-based compensation expense of $15.5, $14.3 and $10.4 in 2005, 2004 and 2003, respectively. If we had determined stock-based compensation expense under the fair value method prescribed by the provisions of SFAS 123, net income and basic and diluted earnings per share for 2005, 2004 and 2003 would have been as follows:

	Year Ended September 30,		
	2005	2004	2003
Net income, as reported	$187.5	$111.6	$98.9
Add: Stock and unit-based employee expense included in reported net income, net of related tax effects	10.1	9.3	6.8
Deduct: Total stock and unit-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(11.9)	(10.4)	(7.6)
Pro forma net income	$185.7	$110.5	$98.1
Basic earnings per share:			
As reported	$ 1.81	$ 1.18	$1.17
Pro forma	$ 1.79	$ 1.17	$1.16
Diluted earnings per share:			
As reported	$ 1.77	$ 1.15	$1.14
Pro forma	$ 1.76	$ 1.14	$1.13

For a description of our stock and unit-based compensation plans and related disclosures, see Note 8.

DEFERRED DEBT ISSUANCE COSTS. Included in other assets are net deferred debt issuance costs of $10.1 at September 30, 2005 and $13.9 at September 30, 2004. We are amortizing these costs over the terms of the related debt.

CUSTOMER DEPOSITS. Included in other noncurrent liabilities are customer paid deposits on Antargaz owned tanks and cylinders of $200.6 and $209.8 at September 30, 2005 and 2004, respectively. Deposits are refundable to customers when the tanks or cylinders are returned in accordance with contract terms.

COMPUTER SOFTWARE COSTS. We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our businesses. We amortize computer software costs on a straight-line basis over expected periods of benefit not exceeding fifteen years once the installed software is ready for its intended use.

DEFERRED FUEL COSTS. Gas Utility's tariffs contain clauses which permit recovery of certain purchased gas costs through the application of purchased gas cost ("PGC") rates. The clauses provide for periodic adjustments to PGC rates for the difference between the total amount of purchased gas costs collected from customers and the recoverable costs incurred. In accordance with SFAS 71, we defer the difference between amounts recognized in revenues and the applicable gas costs incurred until they are subsequently billed or refunded to customers.

UGI UTILITIES PREFERRED SHARES SUBJECT TO MANDATORY REDEMPTION. Beginning July 1, 2003 through the date of their redemption on October 1, 2004 (see Note 7), the Company accounted for UGI Utilities preferred shares subject to mandatory redemption in accordance with SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes guidelines on how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150, effective July 1, 2003, resulted in the Company presenting UGI Utilities preferred shares subject to mandatory redemption in the liabilities section of the balance sheet, and reflecting dividends paid on these shares as a component of interest expense, for periods presented after June 30, 2003. Prior to July 1, 2003, these dividends were reflected as "dividends on UGI Utilities preferred shares subject to mandatory redemption" on the Consolidated Statements of Income. Because SFAS 150 specifically prohibits the restatement of financial statements prior to its adoption, prior period amounts have not been reclassified.

ENVIRONMENTAL AND OTHER LEGAL MATTERS. We accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Amounts accrued generally reflect our best estimate of costs expected to be incurred or the minimum liability associated with a range of expected environmental response costs. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. In those instances for which the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, we discount such liabilities to reflect the time value of money. We intend to pursue recovery of incurred costs through all appropriate means, including regulatory relief. Gas Utility is permitted to amortize as removal costs site-specific environmental investigation and remediation costs, net of related third-party payments, associated with Pennsylvania sites. Gas Utility is currently permitted to include in rates, through future base rate proceedings, a five-year average of such prudently incurred removal costs. At September 30, 2005, neither the Company's undiscounted amount nor its accrued liability for environmental investigation and cleanup costs was material.

Similar to environmental matters, we accrue investigation and other legal costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated (see Note 11).

FOREIGN CURRENCY TRANSLATION. Balance sheets of international subsidiaries and our investment in an international LPG joint venture are translated into U.S. dollars using the exchange rate at the balance sheet date. Income statements and equity method results are translated into U.S. dollars using an average exchange rate for each reporting period. Where the local currency is the functional currency, translation adjustments are recorded in other comprehensive income. Where the local currency is not the functional currency, translation adjustments are recorded in net income.

COMPREHENSIVE INCOME. Comprehensive income comprises net income and other comprehensive (loss) income. Other comprehensive (loss) income principally results from gains and losses on derivative instruments qualifying as cash flow hedges and foreign currency translation adjustments. The components of

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

Note 1 continued

accumulated other comprehensive income at September 30, 2004 and 2005 follow:

	Derivative Instruments Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance - September 30, 2004	$ 7.3	$15.3	$22.6
Balance - September 30, 2005	$17.7	$(1.2)	$16.5

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS. In May 2005, the Financial Accounting Standards Board ("FASB") issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 replaces APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting principle. SFAS 154 provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). It requires an entity to recognize a liability for a conditional asset retirement obligation when incurred if the liability can be reasonably estimated. FIN 47 clarifies that the term "Conditional Asset Retirement Obligation" refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The application of FIN 47 will not have a material effect on our financial position and results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R replaces SFAS 123 and supersedes APB 25. SFAS 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, SFAS 123 permitted entities the option of continuing to apply the guidance in APB 25 as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is required to be measured based on the fair value of the equity or liability instruments issued. SFAS 123R covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. We adopted SFAS 123R effective October 1, 2005. Under the modified prospective transition method, beginning October 1, 2005, unrecognized compensation expense for awards that are not vested on the adoption date will be recognized in the Company's statements of income through the end of the requisite service period. Assuming no significant change in the level of future share-based payment awards, we do not believe that the adoption of SFAS 123R will have a material impact on our annual results of operations or financial position. For disclosure regarding pro forma net income and earnings per share as if we had determined stock-based compensation under the fair value method prescribed by SFAS 123, see "Stock-Based Compensation" above.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that lack commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 was effective for our interim period beginning July 1, 2005. The adoption of SFAS 153 did not have a material effect on our financial position or results of operations.

In December 2004, the FASB issued FASB Staff Position 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" ("FSP 109-1") and FASB Staff Position 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004" ("FSP 109-2"). The American Jobs Creation Act of 2004 provides deductions for qualified domestic production activities and repatriation of foreign earnings. FSP 109-1 and FSP 109-2 did not have a material impact on our financial position or results of operations.

NOTE 2 - ACQUISITIONS AND INVESTMENTS

During 2005, AmeriGas OLP acquired several retail propane distribution businesses for total cash consideration of approximately $22.7. HVAC/R acquired a commercial and residential electrical contracting business in September 2005.

The operating results of these businesses have been included in our operating results from their respective dates of acquisition. The pro forma effects of these transactions were not material.

In November 2004, UGI Asset Management, Inc. acquired from ConocoPhillips Company and AmerE Holdings, Inc. (a wholly owned, indirect subsidiary of AmeriGas OLP) in separate transactions 100% of the issued and outstanding common stock of Atlantic Energy for an aggregate purchase price of approximately $24 in cash, including post-closing adjustments (the "AEI Acquisition"). The AEI Acquisition has been accounted for as a step acquisition in the Consolidated Financial Statements. In connection with this acquisition, Atlantic Energy and AmeriGas OLP entered into a long-term propane supply agreement.

On March 31, 2004 (the "Closing Date"), UGI, through its subsidiary, UGI Bordeaux Holding (as assignee of UGI France), completed its acquisition of the remaining outstanding 80.5% ownership interests of AGZ, a French corporation and the parent company of Antargaz, a French corporation and a leading distributor of LPG in France, pursuant to the terms of (i) a Share Purchase Agreement dated as of February 17, 2004, by and among UGI France, UGI, PAI partners, a French corporation, and certain officers, directors and managers of AGZ and Antargaz and their affiliates, and (ii) that certain Medit Joinder Agreement dated February 20, 2004, by and among UGI France, UGI, Medit Mediterranea

GPL, S.r.L., a company incorporated under the laws of Italy ("Medit"), and PAI partners (herein referred to as the "Antargaz Acquisition"). The acquisition of the remaining interests in AGZ was consistent with our growth strategies and core competencies.

The purchase price on the Closing Date of E261.8 or $319.2 (excluding transaction fees and expenses) was subject to post-closing working capital and net debt adjustments. UGI used the cash proceeds from its March 2004 public offering of 15 million shares of its common stock and $89.0 of available cash to fund the purchase price. In accordance with the Share Purchase Agreement, UGI paid an additional E5.8 ($7.1) as a result of post-closing adjustments. In addition, we incurred transaction fees and expenses of $5.4. See Note 8 for additional information regarding the issuance of UGI Common Stock.

The Antargaz Acquisition has been accounted for as a step acquisition. UGI's initial 19.5% equity investment in AGZ has been allocated to 19.5% of AGZ's assets and liabilities at March 31, 2004. The amount by which the carrying value of UGI's equity investment exceeded the aforementioned allocation has been recorded as goodwill. The purchase price of the remaining 80.5% of AGZ, including transaction fees and expenses, has been allocated to the assets acquired and liabilities assumed, as follows:

Working capital	$ 28.7
Property, plant and equipment	337.0
Goodwill	469.3
Customer relationships (estimated useful life of twelve years)	97.1
Trademark and other intangible assets	38.6
Long-term debt (including current maturities)	(392.6)
Deferred income taxes	(108.8)
Minority interests	(11.1)
Other assets and liabilities	(126.5)
Total	$ 331.7

None of the goodwill is expected to be deductible for income tax purposes.

The Company completed its review and determination in 2004 of the fair value of the portion of AGZ's assets acquired and liabilities assumed, principally the fair values of property, plant and equipment and identifiable intangible assets. The assets and liabilities of AGZ are included in our Consolidated Balance Sheets as of September 30, 2005 and 2004. The operating results of AGZ are included in our consolidated results beginning April 1, 2004. For periods prior to April 1, 2004, our 19.5% equity interest in AGZ is reflected in our Consolidated Financial Statements under the equity method of accounting.

The following table presents unaudited pro forma income statement and basic and diluted per share data for the years ended September 30, 2004 and 2003 as if the Antargaz Acquisition had occurred as of the beginning of those periods:

	2004 (pro forma)	2003 (pro forma)
Revenues	$4,293.0	$3,725.0
Net income	168.2	122.9
Earnings per share:		
Basic	$ 1.66	$ 1.23
Diluted	$ 1.62	$ 1.21

The pro forma results of operations reflect AGZ's historical operating results after giving effect to adjustments directly attributable to the transaction that are expected to have a continuing effect. The pro forma amounts are not necessarily indicative of the operating results that would have occurred had the acquisition been completed as of the date indicated, nor are they necessarily indicative of future operating results.

On October 1, 2003, AmeriGas OLP acquired substantially all of the retail propane distribution assets and business of Horizon Propane LLC ("Horizon Propane") for total cash consideration of $31.0. In December 2003, AmeriGas OLP paid Horizon Propane a working capital adjustment of $0.1 in accordance with the Asset Purchase Agreement. During its fiscal year ended June 30, 2003, Horizon Propane sold over 30 million gallons of propane from ninety locations in twelve states. In addition, during the year ended September 30, 2004, AmeriGas OLP completed several smaller acquisitions of retail propane businesses, HVAC/R acquired a commercial refrigeration business and FLAGA acquired a retail propane distribution business in the Czech Republic. The pro forma effect of these transactions is not material.

In June 2003, pursuant to an asset purchase agreement between and among Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Conemaugh, LLC ("Allegheny Conemaugh"), UGID, and UGI, UGID acquired an additional 83 megawatt ownership interest in the Conemaugh electricity generation station ("Conemaugh") from Allegheny Conemaugh, a unit of Allegheny Energy, Inc. ("Allegheny"), for $51.3 in cash, subject to a $3.0 credit. Conemaugh is a 1,711-megawatt, coalfired electricity generation station located near Johnstown, Pennsylvania and is owned by a consortium of energy companies and operated by a unit of Reliant Resources, Inc. under contract. The purchase increased UGID's ownership interest in Conemaugh to 102 megawatts (6.0%) from 19 megawatts (1.1%) previously. Substantially all of the purchase price for the additional interest in Conemaugh is included in property, plant and equipment in the Consolidated Balance Sheet.

In March 2003, Energy Services acquired the northeastern U.S. gas marketing business of TXU Energy Retail Company, L.P., a subsidiary of TXU Corp. (the "TXU Energy Acquisition"), for approximately $10.0 in cash. As a result of the TXU Energy Acquisition, Energy Services assumed the existing sales and supply agreements for approximately one thousand commercial and industrial customers located primarily in New York, Pennsylvania, Ohio and New Jersey.

During 2003, AmeriGas OLP acquired several retail propane distribution businesses and HVAC/R acquired a commercial refrigeration business for total cash consideration of $28.6. In conjunction with these acquisitions, liabilities of $1.5 were incurred. The operating results of these businesses have been included in our results of operations from their respective dates of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Millions of dollars and euros, except per share amounts and where indicated otherwise)

NOTE 3 - DEBT

Long-term debt comprises the following at September 30:

	2005	2004
AMERIGAS PROPANE:		
AmeriGas Partners Senior Notes:		
8.875%, due May 2011 (including unamortized premium of $0.3 and $8.3, respectively, effective rate - 8.46%)	$ 14.9	$ 396.3
10%, due April 2006 (less unamortized discount of $0.1 in 2004, effective rate - 10.125%)	60.0	59.9
7.25%, due May 2015	415.0	--
AmeriGas OLP First Mortgage Notes:		
Series A, 9.34% - 11.71%, due April 2006 through April 2009 (including unamortized premium of $3.6 and $5.2, respectively, effective rate - 8.91%)	163.6	165.2
Series B, 10.07%, due April 2005 (including unamortized premium of $0.3 in 2004, effective rate - 8.74%)	--	40.3
Series C, 8.83%, due April 2006 through April 2010	68.8	82.5
Series D, 7.11%, due March 2009 (including unamortized premium of $1.3 and $1.6, respectively, effective rate - 6.52%)	71.3	71.6
Series E, 8.50%, due July 2010 (including unamortized premium of $0.1, effective rate - 8.47%)	80.1	80.1
AmeriGas OLP Term Loan, 4.44%, due October 2006	35.0	--
Other	4.8	5.5
Total AmeriGas Propane	913.5	901.4
INTERNATIONAL PROPANE:		
Antargaz Senior Facilities term loan, due March 2006 through June 2008	210.4	240.0
Antargaz 10% High Yield Bonds, due July 2011 (including unamortized premium of $17.0 and $20.0, respectively, effective rate - 7.68%)	215.4	225.2
FLAGA Acquisition Note, due through September 2006	55.9	68.2
FLAGA euro special purpose facility	2.0	3.3
Other	5.4	9.3
Total International Propane	489.1	546.0
UGI UTILITIES:		
Medium-Term Notes:		
6.62% Notes, due May 2005	--	20.0
7.14% Notes, due December 2005 (including unamortized premium of $0.2 in 2004, effective rate - 6.64%)	30.0	30.2
7.14% Notes, due December 2005	20.0	20.0
7.17% Notes, due June 2007	20.0	20.0
5.53% Notes, due September 2012	40.0	40.0
5.37% Notes, due August 2013	25.0	25.0
5.16% Notes, due May 2015	20.0	--
7.37% Notes, due October 2015	22.0	22.0
7.25% Notes, due November 2017	20.0	20.0
6.50% Notes, due August 2033	20.0	20.0
6.13% Notes, due October 2034	20.0	--
Total UGI Utilities	237.0	217.2
Other	4.9	5.5
Total long-term debt	1,644.5	1,670.1
Less current maturities (including net unamortized premium of $4.2 and $5.4, respectively)	(252.0)	(122.8)
Total long-term debt due after one year	$1,392.5	$1,547.3

Scheduled principal repayments of long-term debt due in fiscal years 2006 to 2010 follows:

	2006	2007	2008	2009	2010
AmeriGas Propane	$116.3	$ 89.8	$ 54.4	$124.1	$94.0
UGI Utilities	50.0	20.0	--	--	--
International Propane	80.8	23.1	167.6	0.6	0.4
Other	0.7	2.3	3.1	--	--

Total	$247.8	$135.2	$225.1	$124.7	$94.4

AMERIGAS PROPANE

AMERIGAS PARTNERS SENIOR NOTES. The 7.25% Senior Notes generally cannot be redeemed at our option prior to May 20, 2010. The 8.875% Senior Notes generally cannot be redeemed at our option prior to May 20, 2006. A redemption premium applies thereafter through May 19, 2009. The 10% Senior Notes generally cannot be redeemed at our option prior to their maturity. AmeriGas Partners refinanced $373.4 of its 8.875% Senior Notes in May 2005 pursuant to a tender offer with $415 of 7.25% Senior Notes. AmeriGas Partners redeemed $85 of its 10.125% Senior Notes in January 2003 with 8.875% Senior Notes. AmeriGas Partners recognized losses of $33.6 and $3.0 associated with these refinancings which amounts are reflected in "Loss on extinguishments of debt" in the 2005 and 2003 Consolidated Statements of Income, respectively. AmeriGas Partners may, under certain circumstances following the disposition of assets or a change of control, be required to offer to prepay its 10% and 7.25% Senior Notes.

AMERIGAS OLP FIRST MORTGAGE NOTES. AmeriGas OLP's First Mortgage Notes are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the Series A and C First Mortgage Notes, and the General Partner is co-obligor of the Series D and E First Mortgage Notes. AmeriGas OLP may prepay the First Mortgage Notes, in whole or in part. These prepayments include a make whole premium. Following the disposition of assets or a change of control, AmeriGas OLP may be required to offer to prepay the First Mortgage Notes, in whole or in part.

AMERIGAS OLP CREDIT AGREEMENT. AmeriGas OLP's Credit Agreement ("Credit Agreement") consists of (1) a Revolving Credit Facility and (2) an Acquisition Facility. AmeriGas OLP's obligations under the Credit Agreement are collateralized by substantially all of its assets. The General Partner and Petrolane are guarantors of amounts outstanding under the Credit Agreement.

Under the Revolving Credit Facility, AmeriGas OLP may borrow up to $100 (including a $100 sublimit for letters of credit) subject to restrictions in the AmeriGas Partners Senior Notes indentures (see "Restrictive Covenants" below). The Revolving

Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Revolving Credit Facility expires on October 15, 2008, but may be extended for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. There were no borrowings outstanding under AmeriGas OLP's Revolving Credit Agreement at September 30, 2005 and 2004. Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled $56.3 and $45.9 at September 30, 2005 and 2004, respectively.

The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to $75 to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the Senior Notes indentures. The Acquisition Facility operates as a revolving facility through October 15, 2008, at which time amounts then outstanding will be immediately due and payable. There were no amounts outstanding under the Acquisition Facility at September 30, 2005 and 2004.

The Revolving Credit Facility and the Acquisition Facility permit AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank's prime rate (6.75% at September 30, 2005), or at a two-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Credit Agreement, plus a margin. The margin on Eurodollar Rate borrowings (which ranges from 1.00% to 2.25%), and the Credit Agreement facility fee rate (which ranges from 0.25% to 0.50%) are dependent upon AmeriGas OLP's ratio of funded debt to earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), each as defined in the Credit Agreement.

AMERIGAS OLP TERM LOAN. In April 2005, AmeriGas OLP entered into a $35.0 variable-rate term loan due October 1, 2006 ("AmeriGas OLP Term Loan"), which bears interest plus margin at the same rates as the Credit Agreement. Proceeds from the AmeriGas OLP Term Loan were used to repay a portion of the $53.8 maturing AmeriGas OLP First Mortgage Notes.

RESTRICTIVE COVENANTS. The 10% and 7.25% Senior Notes of AmeriGas Partners restrict the ability of the Partnership and AmeriGas OLP to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the 10% and 7.25% Senior Note indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. These conditions include:

1. no event of default exists or would exist upon making such distributions and

2. the Partnership's consolidated fixed charge coverage ratio, as defined, is greater than 1.75-to-1.

If the ratio in item 2 above is less than or equal to 1.75-to-1, the Partnership may make cash distributions in a total amount not to exceed $24 less the total amount of distributions made during the immediately preceding 16 fiscal quarters. At September 30, 2005, such ratio was 2.61-to-1.

The Credit Agreement, AmeriGas OLP Term Loan and First Mortgage Notes restrict the incurrence of additional indebtedness and also restrict certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The Credit Agreement, AmeriGas OLP Term Loan and First Mortgage Notes require the ratio of total indebtedness, as defined, to EBITDA, as defined (calculated on a rolling four-quarter basis or eight-quarter basis divided by two), to be less than or equal to 4.75-to-1 with respect to the Credit Agreement and AmeriGas OLP Term Loan and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the Credit Agreement and AmeriGas OLP Term Loan require that AmeriGas OLP maintain a ratio of EBITDA to interest expense, as defined, of at least 2.25-to-1 on a rolling four-quarter basis. Generally, as long as no default exists or would result, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter. At September 30, 2005, the Partnership was in compliance with its financial covenants.

INTERNATIONAL PROPANE

Antargaz' Senior Facilities Agreement consists of (1) a euro-denominated variable-rate term loan and (2) a E50 revolver. At September 30, 2005, there was E175 ($210.4) outstanding under the term loan and no borrowings outstanding under the revolver. Principal payments of E9 on the term loan are due semi-annually on March 31 and September 30 each year with final payments of E39 and E100 due March 31 and June 30, 2008, respectively. The term loan bears interest at euribor or libor plus margin, as defined by the Senior Facilities Agreement. Margin (which ranges from 0.85% to 1.75%) is dependent upon Antargaz' ratio of total net debt to EBITDA, each as defined by the Senior Facilities Agreement. Antargaz has fixed the interest rate on a portion of its term loan through the use of interest rate swap agreements (see Note 12). The Senior Facilities debt has been collateralized by substantially all of Antargaz' shares in its subsidiaries and its equity investee, and by substantially all of its accounts receivable.

Note 3 continued

In July 2002, AGZ issued E165 of 10% Senior Notes due 2011 (the "High Yield Bonds"), through one of its subsidiaries, AGZ Finance. Interest on the High Yield Bonds is payable semi-annually on January 15 and July 15. AGZ Finance may redeem the bonds in whole at any time or in part commencing July 2006, in each case at a premium.

On December 7, 2005, Antargaz executed a new five-year, floating rate Senior Facilities Agreement with a major French bank providing for a E380 million term loan and a E50 million revolving credit facility. AGZ Finance notified the holders of its High Yield Bonds of its decision to redeem them, including a premium, pursuant to the Trust Deed. The proceeds of the term loan will be used 1) to repay immediately the existing E175 million Senior Facilities term loan, 2) to fund the redemption of the High Yield Bonds in early January 2006 and 3) for general corporate purposes. In addition, AGZ has executed an interest rate swap agreement with the same bank to fix the rate of interest on the term loan for the duration of the loan.

FLAGA has a multi-currency acquisition note ("Acquisition Note"). During 2005, all U.S. dollar-denominated obligations matured and were repaid. At September 30, 2005, FLAGA had E46.5 ($55.9) of euro-denominated obligations outstanding. The U.S. dollar-denominated obligations under the Acquisition Note had fixed rates of interest ranging from 5.70% to 5.92%. The euro-denominated obligations bear interest at a rate of 1.25% over one- to twelve-month euribor rates (as chosen by FLAGA from time to time). The effective interest rates on the Acquisition Note at September 30, 2005 and 2004 were 3.44% and 3.83%, respectively. FLAGA may prepay the Acquisition Note, in whole or in part, without incurring any premium.

At September 30, 2005, FLAGA had working capital facility commitments from a European bank of E4 and E11 which expire in February and November 2006, respectively, but may be extended with the bank's consent. Loans under the working capital facility, as well as borrowings under FLAGA's special purpose facility, bear interest at market rates. The weighted-average interest rates on FLAGA's working capital facility were 3.45% at September 30, 2005 and 3.04% at September 30, 2004. Borrowings under the working capital facility at September 30, 2005 and 2004 totaled E13.5 ($16.2) and E13.8 ($17.2), respectively, and are classified as bank loans.

RESTRICTIVE COVENANTS AND GUARANTEES. The Senior Facilities Agreement and the Trust Deed, dated July 23, 2002, among AGZ Finance, as issuer, AGZ, as guarantor, and the Bank of New York, as trustee, ("Trust Deed") relating to the High Yield Bonds restrict the ability of AGZ and its subsidiaries, including Antargaz, to, among other things, incur additional indebtedness, make investments, incur liens, prepay indebtedness, and effect mergers, consolidations and sales of assets. Under these agreements, AGZ is generally permitted to make restricted payments, such as dividends, equal to 50% of consolidated net income on a French GAAP basis, as defined in each respective agreement, for (1) the immediately preceding fiscal year, in the case of the Senior Facilities Agreement, and (2) on a cumulative basis since July 2002, in the case of the Trust Deed, if no event of default exists or would exist upon payment of such restricted payment.

The FLAGA Acquisition Note, special purpose facility and working capital facility are subject to guarantees of UGI. In addition, under certain conditions regarding changes in certain financial ratios of UGI, the lending bank may require UGI to grant additional security or may accelerate repayment of the debt. At September 30, 2005, UGI was in compliance with these financial covenants.

UGI UTILITIES

REVOLVING CREDIT AGREEMENTS. At September 30, 2005, UGI Utilities had revolving credit agreements with five banks providing for borrowings of up to $110. These agreements are currently scheduled to expire in June 2007 through June 2008. Under these agreements, UGI Utilities may borrow at various prevailing interest rates, including LIBOR and the banks' prime rate. UGI Utilities pays quarterly commitment fees on these credit lines. UGI Utilities had revolving credit agreement borrowings totaling $11.2 at September 30, 2005 and $60.9 at September 30, 2004, which we classify as bank loans. From time to time, UGI Utilities may enter into additional short-term borrowings in order to meet liquidity needs during the peak-heating season. At September 30, 2005, UGI Utilities had two separate $35 borrowings outstanding under uncommitted arrangements with major banks. These borrowings are scheduled to mature on February 15, 2006 and on March 14, 2006 and are also classified as bank loans. The weighted-average interest rates on UGI Utilities' bank loans were 4.41% at September 30, 2005 and 2.35% at September 30, 2004.

RESTRICTIVE COVENANTS. UGI Utilities' credit agreements have restrictions on such items as total debt, debt service, and payments for investments. They also require consolidated tangible net worth of at least $125. At September 30, 2005, UGI Utilities was in compliance with these financial covenants.

NOTE 4 - INCOME TAXES

Income before income taxes comprises the following:

	2005	2004	2003
Domestic	$158.7	$160.7	$157.1
Foreign	148.0	15.3	3.7
Total income before income taxes	$306.7	$176.0	$160.8

The provisions for income taxes consist of the following:

	2005	2004	2003
Current expense:			
Federal	$ 49.8	$46.8	$48.1
State	14.6	14.4	15.4
Foreign	42.7	0.2	--
Total current expense	107.1	61.4	63.5
Deferred (benefit) expense:			
Federal	0.3	4.3	2.3
State	1.6	(1.6)	(3.6)
Foreign	10.6	0.7	(1.1)
Investment tax credit amortization	(0.4)	(0.4)	(0.4)
Total deferred expense (benefit)	12.1	3.0	(2.8)
Total income tax expense	$119.2	$64.4	$60.7

Federal income taxes for 2005 are net of foreign tax credits of $25.4. The tax benefits associated with nonqualified stock options reduced taxes currently payable by $10.2, $2.9 and $4.9 for 2005, 2004 and 2003, respectively.

A reconciliation from the statutory federal tax rate to our effective tax rate is as follows:

	2005	2004	2003
Statutory federal tax rate	35.0%	35.0%	35.0%
Difference in tax rate due to:			
State income taxes, net of federal	2.6	4.8	4.6
Planned repatriation of foreign earnings net of foreign tax credits	2.2	--	--
Other, net	(0.9)	(3.2)	(1.8)
Effective tax rate	38.9%	36.6%	37.8%

Deferred tax liabilities (assets) comprise the following at September 30:

	2005	2004
Excess book basis over tax basis of property, plant and equipment	$330.2	$335.3
SAB 51 gains	94.1	77.3
Intangibles	53.7	58.3
Utility regulatory assets	25.4	27.6
Pension plan asset	9.3	10.5
Unrepatriated foreign earnings	9.4	--
Accumulated other comprehensive income	10.3	11.0
Other	8.5	9.3
Gross deferred tax liabilities	540.9	529.3
Self-insured property and casualty liability	(12.2)	(11.6)
Employee-related benefits	(23.5)	(25.8)
Premium on long-term debt	(6.7)	(9.7)
Tax litigation	(4.4)	(8.1)
Deferred investment tax credits	(3.0)	(3.1)
Utility regulatory liabilities	(7.4)	(4.0)
Operating loss carryforwards	(12.6)	(13.3)
Allowance for doubtful accounts	(6.8)	(4.8)

Foreign tax credit carryforwards	(31.7)	--
Other	(17.1)	(25.1)
Gross deferred tax assets	(125.4)	(105.5)
Deferred tax assets valuation allowance	37.6	2.7
Net deferred tax liabilities	$453.1	$426.5

UGI Utilities had recorded deferred tax liabilities of approximately $37.3 as of September 30, 2005 and $39.4 as of September 30, 2004, pertaining to utility temporary differences, principally a result of accelerated tax depreciation for state income tax purposes, the tax benefits of which previously were or will be flowed through to ratepayers. These deferred tax liabilities have been reduced by deferred tax assets of $3.0 at September 30, 2005 and $3.1 at September 30, 2004, pertaining to utility deferred investment tax credits. UGI Utilities had recorded regulatory income tax assets related to these net deferred taxes of $58.6 as of September 30, 2005 and $62.0 as of

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

September 30, 2004. These regulatory income tax assets represent future revenues expected to be recovered through the ratemaking process. We will recognize this regulatory income tax asset in deferred tax expense as the corresponding temporary differences reverse and additional income taxes are incurred.

Foreign net operating loss carryforwards of FLAGA totaled approximately $39.5 of which $6.4 expires through 2011 and $33.1 of which has no expiration date. At September 30, 2005, deferred tax assets relating to operating loss carryforwards include those of FLAGA and $4.4 of deferred tax assets associated with state net operating loss carryforwards expiring through 2025. A valuation allowance of $5.9 has been provided for all deferred tax assets related to state net operating loss carryforwards and other state deferred tax assets of certain subsidiaries because, on a state reportable basis, it is more likely than not that these assets will be unusable.

We have foreign tax credit carryforwards of approximately $31.7 expiring through 2010, resulting from the planned repatriation of AGZ's accumulated earnings and profits included in U.S. taxable income since its acquisition. Since we expect that these credits will expire unused, a valuation allowance has been provided for the entire foreign tax credit carryforward amount.

NOTE 5 - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS. We sponsor a defined benefit pension plan ("UGI Utilities Pension Plan") for employees of UGI, UGI Utilities, and certain of UGI's other wholly owned subsidiaries. In addition, we provide postretirement health care benefits to certain retirees and postretirement life insurance benefits to nearly all domestic active and retired employees. As a result of the Antargaz Acquisition, we assumed retirement obligations which are based upon the employee's salary and service and are primarily to be paid upon retirement ("AGZ benefits"). In addition, Antargaz employees are covered by a postretirement medical plan. Our disclosures include the effects of AGZ benefits and Antargaz' other postretirement welfare benefits.

The following provides a reconciliation of projected benefit obligations, plan assets, and funded status of these plans as of September 30:

	Pension Benefits		Other Postretirement Benefits	
	2005	2004	2005	2004
CHANGE IN BENEFIT OBLIGATIONS:				
Benefit obligations - beginning of year	$232.3	$209.5	$ 32.8	$ 28.8
Service cost	5.6	4.9	0.4	0.2
Interest cost	14.0	13.0	1.7	1.7
Actuarial loss	6.9	2.6	(1.7)	1.3
Antargaz Acquisition(a)	--	11.8	--	3.3
Plan amendments	--	--	(7.6)	--
Foreign currency gain	(0.2)	--	(0.1)	--
Benefits paid	(10.7)	(9.5)	(2.1)	(2.5)
Benefit obligations - end of year	$247.9	$232.3	$ 23.4	$ 32.8
CHANGE IN PLAN ASSETS:				
Fair value of plan assets - beginning of year	$200.2	$183.9	$ 10.2	$ 9.0
Actual return on plan assets	25.5	22.0	0.8	0.9
Foreign currency gain	(0.1)	--	--	--
Employer contributions	0.4	--	2.3	2.8
Antargaz Acquisition(a)	--	3.8	--	--
Benefits paid	(10.7)	(9.5)	(2.1)	(2.5)
Fair value of plan assets - end of year	$215.3	$200.2	$ 11.2	$ 10.2
Funded status of the plans	$(32.6)	$(32.1)	$(12.2)	$(22.6)
Unrecognized net actuarial loss	46.2	47.9	3.7	6.1
Unrecognized prior service cost	1.1	1.6	(2.5)	--
Unrecognized net transition (asset) obligation	--	--	0.8	6.8
Prepaid (accrued) benefit cost - end of year	$ 14.7	$ 17.4	$(10.2)	$ (9.7)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF SEPTEMBER 30(b):				
Discount rate	5.7%	6.1%	5.7%	6.1%
Expected return on plan assets	9.0%	9.0%	5.8%	5.8%
Rate of increase in salary levels	4.0%	4.0%	4.0%	4.0%

(a) In 2004, amounts related to AGZ benefits and Antargaz' other postretirement welfare benefits are reflected in the above table as "Antargaz

Acquisition." In 2005, such amounts are not segregated and are included in the appropriate components.

(b) Represents domestic plan assumptions. Assumptions for the foreign plans are consistent with market conditions in France.

Net pension expense (income) is determined using assumptions as of the beginning of each fiscal year. Funded status is determined using assumptions as of the end of each fiscal year. The expected rate of return on assets assumption is based on the rates of return for certain asset classes and the allocation of plan assets among those asset classes as well as actual historic long-term rates of return on our plan assets.

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

	Pension Benefits			Other Postretirement Benefits		
	2005	2004	2003	2005	2004	2003
Service cost	$ 5.6	$ 5.0	$ 4.5	$ 0.4	$ 0.2	$ 0.2
Interest cost	14.0	13.0	13.0	1.7	1.8	1.8
Expected return on assets	(18.0)	(17.3)	(17.9)	(0.5)	(0.5)	(0.4)
Amortization of:						
Transition (asset) obligation	--	(1.4)	(1.6)	0.8	0.9	0.9
Prior service cost	0.7	0.7	0.6	(0.1)	--	--
Actuarial (gain) loss	1.5	1.2	0.3	0.2	0.3	0.1
Antargaz Acquisition(a)	--	0.3	--	--	0.2	--
Net benefit cost (income)	3.8	1.5	(1.1)	2.5	2.9	2.6
Change in regulatory assets and liabilities	--	--	--	1.6	0.9	1.0
Net expense (income)	$ 3.8	$ 1.5	$(1.1)	$ 4.1	$ 3.8	$ 3.6

(a) In 2004, amounts related to AGZ benefits and Antargaz' other postretirement welfare benefits are reflected in the above table as "Antargaz Acquisition." In 2005, such amounts are not segregated and are included in the appropriate components.

(b) Represents domestic plan assumptions. Assumptions for the foreign plans are consistent with market conditions in France.

UGI Utilities Pension Plan assets are held in trust. Although the UGI Utilities Pension Plan projected benefit obligations exceeded plan assets at September 30, 2005 and 2004, plan assets exceeded accumulated benefit obligations by $7.4 and $9.2, respectively. The Company did not make any contributions in 2005 nor does it believe it will be required to make any contributions to the UGI Utilities Pension Plan during the year ending September 30, 2006 for ERISA funding purposes. At September 30, 2005, the accumulated benefit obligation of AGZ benefits exceeded the plan assets by $5.2. However, the accrual recorded in our Consolidated Balance Sheet at September 30, 2005 exceeds the minimum pension liability. Antargaz does not expect to make any contributions to fund AGZ benefits during the year ending September 30, 2006.

Pursuant to orders issued by the PUC, UGI Utilities has established a Voluntary Employees' Beneficiary Association ("VEBA") trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs determined under SFAS No. 106, "Employers Accounting for Postretirement Benefits Other than Pensions." The difference between such amounts and amounts included in UGI Utilities' rates is deferred for future recovery from, or refund to, ratepayers. Effective July 1, 2005, substantially all retirees and their beneficiaries participating in the UGI Utilities' postretirement benefit program were enrolled in insured Medicare Advantage plans. As a result, the projected benefit obligation of our postretirement benefits program was lower at September 30, 2005 as compared to such obligations at September 30, 2004. Additionally, the UGI Utilities' required contribution to the VEBA during the year ending September 30, 2006 is expected to be significantly less than in 2005.

Expected payments for pension benefits and for other postretirement welfare benefits are as follows:

	Pension Benefits	Other Postretirement Benefits
Fiscal 2006	$10.7	$1.6
Fiscal 2007	10.9	1.7
Fiscal 2008	11.4	1.7
Fiscal 2009	12.0	1.7
Fiscal 2010	12.8	1.8
Fiscal 2011-2015	75.3	8.6

In accordance with our investment strategy to obtain long-term growth, our target asset allocations are to maintain a mix of 60% equities and the remainder in fixed income funds or cash equivalents. The targets and actual allocations for the UGI Utilities Pension Plan assets and VEBA trust assets at September 30 are as follows:

	Target		Pension Plan		VEBA	
	Pension Plan	VEBA	2005	2004	2005	2004
Equities	60%	60%	60%	63%	62%	58%
Fixed income funds	40%	30%	40%	37%	31%	27%
Cash equivalents	N/A	10%	N/A	N/A	7%	15%

UGI Common Stock comprised approximately 11% and 8% of UGI Utilities Pension Plan assets at September 30, 2005 and 2004, respectively.

The assumed domestic health care cost trend rates are 10% for fiscal 2006, decreasing to 5.5% in fiscal 2011. A one percentage point change in the assumed health care cost trend rate would change the 2005 postretirement benefit cost and obligation as follows:

	1% Increase	1% Decrease
Effect on total service and interest costs	$0.1	$(0.1)
Effect on postretirement benefit obligation	$0.7	$(0.6)

We also sponsor unfunded and non-qualified supplemental executive retirement plans. At September 30, 2005 and 2004, the projected benefit obligations of these plans were $14.8 and $12.4, respectively. We recorded net benefit costs for these plans of $2.0 in 2005, $1.9 in 2004, and $1.9 in 2003. We also recorded a settlement loss of $1.5 in 2004 associated with these plans.

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

Note 5 continued

DEFINED CONTRIBUTION PLANS. We sponsor 401(k) savings plans for eligible employees of UGI and certain of UGI's domestic subsidiaries. Generally, participants in these plans may contribute a portion of their compensation on either a before-tax basis, or on both a before-tax and after-tax basis. These plans also provide for either mandatory or discretionary employer matching contributions at various rates. The cost of benefits under the savings plans totaled $8.3 in 2005, $8.2 in 2004, and $7.3 in 2003.

NOTE 6 - INVENTORIES

Inventories comprise the following at September 30:

	2005	2004
LPG and natural gas	$134.6	$ 99.2
Utility natural gas and LPG	69.2	62.7
Materials, supplies and other	36.1	36.5
Total inventories	$239.9	$198.4

NOTE 7 - SERIES PREFERRED STOCK

UGI has 10,000,000 shares of UGI Series Preferred Stock, including both series subject to and series not subject to mandatory redemption, authorized for issuance. We had no shares of UGI Series Preferred Stock outstanding at September 30, 2005 or 2004.

UGI Utilities has 2,000,000 shares of UGI Utilities Series Preferred Stock, including both series subject to and series not subject to mandatory redemption, authorized for issuance. At September 30, 2005, there were no UGI Utilities Series Preferred Stock outstanding. Any holders of shares of UGI Utilities Series Preferred Stock would have the right to elect a majority of UGI Utilities' Board of Directors (without cumulative voting) if dividend payments on any series were in arrears in an amount equal to four quarterly dividends. This election right would continue until the arrearage was cured. We paid cash dividends at the specified annual rates on all outstanding UGI Utilities Series Preferred Stock.

At September 30, 2004, UGI Utilities had outstanding 200,000 shares of $7.75 Series Preferred Stock. UGI Utilities redeemed all 200,000 shares of the $7.75 UGI Utilities Series Preferred Stock on October 1, 2004 at a price of $100 per share together with full cumulative dividends. The redemption was funded with proceeds from the October 2004 issuance of $20 of 6.13% Medium-Term Notes due October 2034.

NOTE 8 - COMMON STOCK AND INCENTIVE STOCK AWARD PLANS

As stated in Note 1, on May 24, 2005, UGI issued one additional common share for every common share outstanding to shareholders of record on May 17, 2005. All UGI Common Stock activity and stock-based award disclosures reflect the effects of the 2-for-1 common stock split and prior-year amounts have been retroactively restated as appropriate. In March 2004, UGI Corporation sold 15.6 million shares (including shares sold to the underwriters upon exercise of their overallotment option in April 2004) of UGI Common Stock in an underwritten public offering at a public offering price of $16.05 per share. As stated in Note 2, the proceeds of the public offering of approximately $239 were used primarily to fund a portion of the purchase price of the remaining ownership interests in AGZ.

UGI Common Stock share activity for 2003, 2004, and 2005 follows:

	Issued	Treasury	Outstanding
Balance September 30, 2002	99,596,194	(16,491,004)	83,105,190
Issued:			
Employee and director plans	--	2,101,842	2,101,842
Dividend reinvestment plan	--	195,330	195,330
Reacquired	--	(3,646)	(3,646)
Balance September 30, 2003	99,596,194	(14,197,478)	85,398,716
Issued:			
Public offering	15,556,800	--	15,556,800
Employee and director plans	--	1,306,500	1,306,500
Dividend reinvestment plan	--	160,380	160,380
Reacquired	--	--	--
Balance September 30, 2004	115,152,994	(12,730,598)	102,422,396
Issued:			
Employee and director plans	--	2,320,478	2,320,478
Dividend reinvestment plan	--	106,584	106,584

Balance September 30, 2005	115,152,994	(10,303,536)	104,849,458

STOCK OPTION AND INCENTIVE PLANS. Under UGI's 2004 Omnibus Equity Compensation Plan ("OECP"), we may grant options to acquire shares of Common Stock, or issue stock-based awards ("Units") to key employees and non-employee directors. The exercise price for options may not be less than the fair market value on the grant date. Grants of stock options or Units may vest immediately or ratably over a period of years, and stock options generally can be exercised no later than ten years from the grant date.

Under the OECP, awards representing up to 7,000,000 shares of Common Stock may be granted. The maximum number of shares that may be issued pursuant to grants other than stock options or dividend equivalents is 1,600,000 shares. In addition, the OECP provides that both option grants and Units may provide for the crediting of Common Stock dividend equivalents to participants' accounts. Dividend equivalents on employee awards will be paid in cash. Dividend equivalents on non-employee director awards are paid in additional Common Stock Units. Stock-based awards may be settled, at the option of the Company, in shares of Common Stock, cash, or a combination of Common Stock and cash. The actual number of shares (or their cash equivalent) ultimately issued, and the actual amount of dividend equivalents paid, is generally dependent upon the achievement of objective performance goals. During 2005, 2004 and 2003, the Company made stock-based awards other than stock options and dividend equivalents representing 261,300, 268,600, and 163,500 shares, respectively. At September 30, 2005, awards representing 677,600 shares of Common Stock were outstanding under our equity compensation plans. There are outstanding stock-based awards and stock options outstanding under other predecessor plans, however, since January 2004 no awards have been made under any plan other than the OECP.

Stock option transactions under all of our plans for 2003, 2004 and 2005 follow:

	Shares	Average Option Price
Shares under option - September 30, 2002	5,659,530	7.929
Granted	1,389,000	12.590
Exercised	(1,995,052)	7.341
Forfeited	(88,500)	11.363
Shares under option - September 30, 2003	4,964,978	9.409
Granted	1,494,500	16.819
Exercised	(1,042,052)	7.892
Forfeited	(88,500)	12.854
Shares under option - September 30, 2004	5,328,926	11.707
Granted	1,596,100	21.127
Exercised	(1,913,168)	8.407
Forfeited	(58,340)	21.908
Shares under option - September 30, 2005	4,953,518	15.709
Options exercisable 2003	2,857,974	7.727
Options exercisable 2004	2,718,670	9.010
Options exercisable 2005	2,093,821	12.380

The following table presents additional information relating to stock options outstanding and exercisable at September 30, 2005:

	Range of exercise prices		
	$6.88 - $10.63	$12.57 - $17.01	$18.23 - $27.90
Options outstanding at September 30, 2005:			
Number of options	952,350	2,392,568	1,608,100
Weighted average remaining contractual life (in years)	5.47	7.58	9.25
Weighted average exercise price	$ 9.67	$ 15.00	$ 21.07
Options exercisable at September 30, 2005:			
Number of options	952,350	1,068,638	72,833
Weighted average exercise price	$ 9.67	$ 14.33	$ 19.29

At September 30, 2005, 3,192,226 shares of Common Stock were available for future grants under the OECP, of which up to 815,440 may be issued pursuant to grants other than stock options or dividend equivalents.

OTHER EQUITY-BASED COMPENSATION PLANS AND AWARDS. Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Propane Plan"), the General Partner may grant to key employees the right to receive a total of 500,000 AmeriGas Partners Common Units, or cash equivalent to the fair market value of such Common Units, upon the achievement of performance goals. In addition, the 2000 Propane Plan authorizes the crediting of Partnership Common Unit distribution equivalents to participants' accounts. Any distribution equivalents will be paid in cash. The actual number of Common Units (or their cash equivalent) ultimately issued, and the actual amount of distribution equivalents paid, is dependent upon the achievement of performance goals. Generally, each grant, unless paid, will terminate when the participant ceases to be employed by the General

Partner. We also have a nonexecutive Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units to key employees who do not participate in the 2000 Propane Plan. Generally, awards under the nonexecutive plan vest at the end of a three-year period and will be paid in Common Units and cash. The General Partner made awards under the 2000 Propane Plan and the nonexecutive plan representing 41,100, 51,200, and 112,500 Common Units in 2005, 2004 and 2003, respectively. At September 30, 2005 and 2004, awards representing 116,000 and 142,786 Common Units, respectively, were outstanding. At September 30, 2005, 371,103 and 151,500 Common Units were available for future grants under the 2000 Propane Plan and the nonexecutive plan, respectively.

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

Note 8 continued

FAIR VALUE INFORMATION. The per share weighted-average fair value of stock options granted under our option plans was $2.81 in 2005, $1.89 in 2004 and $1.30 in 2003. These amounts were determined using the Black-Scholes option pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments, and the risk-free interest rate over the expected life of the option.

The assumptions we used for option grants during 2005, 2004 and 2003 are as follows:

	2005	2004	2003
Expected life of option	6 years	6 years	6 years
Expected volatility	17.7%	18.2%	21.6%
Expected dividend yield	4.1%	4.9%	6.1%
Risk free interest rate	4.0%	3.7%	3.1%

STOCK OWNERSHIP POLICY. Under the terms of our Stock Ownership Policy, executives and certain key employees are required to own UGI Common Stock in amounts ranging from 6,000 to 300,000 shares. Prior to the enactment of the Sarbanes-Oxley Act of 2002, we offered full recourse, interest-bearing loans to employees in order to assist them in meeting the ownership requirements. The Company is no longer offering loans under this program. At September 30, 2005, there were no loans outstanding under this program. At September 30, 2004, loans outstanding totaled $0.2.

NOTE 9 - PREFERENCE STOCK PURCHASE RIGHTS

Holders of our Common Stock own one-sixth of one right (as described below) for each outstanding share of Common Stock. The rights expire in April 2006. Each right entitles the holder to purchase one one-hundredth of a share of First Series Preference Stock, without par value, at an exercise price of $120 per one one-hundredth of a share or, under the circumstances summarized below, to purchase the Common Stock described in the following paragraph. The rights are exercisable only if a person or group, other than certain underwriters:

1. acquires 20% or more of our Common Stock ("Acquiring Person") or

2. announces or commences a tender offer for 30% or more of our Common Stock.

We are entitled to redeem the rights at five cents per right at any time before the earlier of:

1. the expiration of the rights in April 2006 or

2. ten days after a person or group has acquired 20% of our Common Stock if a majority of continuing Directors concur and, in certain circumstances, thereafter.

Each holder of a right, other than an Acquiring Person, is entitled to purchase, at the exercise price of the right, Common Stock having a market value of twice the exercise price of the right if:

1. an Acquiring Person merges with UGI or engages in certain other transactions with us or

2. a person acquires 40% or more of our Common Stock.

In addition, if, after UGI (or an Acquiring Person) publicly announces that an Acquiring Person has become such, UGI engages in a merger or other business combination transaction in which:

1. we are not the surviving corporation, or

2. we are the surviving corporation, but our Common Stock is changed or exchanged, or

3. 50% or more of our assets or earning power is sold or transferred, then each holder of a right is entitled to purchase, at the exercise price of the right, common stock of the acquiring company having a market value of twice the exercise price of the right.

The rights have no voting or dividend rights and, until exercisable, have no dilutive effect on our earnings.

NOTE 10 - PARTNERSHIP DISTRIBUTIONS

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash for such quarter. Available Cash generally means:

1. all cash on hand at the end of such quarter,

2. plus all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter,

3. less the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, certain of the Partnership's debt agreements require reserves be established for the payment of debt principal and interest.

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner. The Partnership may pay an incentive distribution to the General Partner if Available Cash exceeds the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per unit on all units.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

We lease various buildings and other facilities and transportation, computer and office equipment under operating leases. Certain of our leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was $55.1 in 2005, $50.4 in 2004, and $47.4 in 2003.

Minimum future payments under operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

	2006	2007	2008	2009	2010	After 2010
AmeriGas Propane	42.0	35.4	30.8	25.8	20.7	49.4
UGI Utilities	3.9	3.4	2.4	1.4	1.0	2.7
International Propane and other	2.2	1.9	1.6	0.5	0.1	--
Total	48.1	40.7	34.8	27.7	21.8	52.1

Gas Utility has gas supply agreements with producers and marketers with terms not exceeding one year. Gas Utility also has agreements for firm pipeline transportation and natural gas storage services, which Gas Utility may terminate at various dates through 2016. Gas Utility's costs associated with transportation and storage capacity agreements are included in its annual PGC filing with the PUC and are recoverable through PGC rates. In addition, Gas Utility has short-term gas supply agreements which permit it to purchase certain of its gas supply needs on a firm or interruptible basis at spot-market prices.

Electric Utility purchases its capacity requirements and electric energy needs under contracts with various suppliers and on the spot market. Contracts with producers for capacity and energy needs expire at various dates through fiscal 2008.

Energy Services enters into fixed price contracts with suppliers to purchase natural gas to meet its sales commitments. Generally, these contracts have terms of less than two years.

The Partnership enters into fixed-price and, from time to time, variable-priced contracts to purchase a portion of its supply requirements. These contracts generally have terms of less than one year.

International Propane, particularly Antargaz, enters into variable-priced contracts to purchase a portion of its supply requirements. Generally, these contracts have terms that do not exceed three years.

The following table presents contractual obligations under Gas Utility, Electric Utility, Energy Services, AmeriGas Propane and International Propane supply, storage and service contracts existing at September 30, 2005:

	2006	2007	2008	2009	2010	After 2010
Gas Utility and Electric Utility supply, storage and transportation contracts	$ 250.9	$ 85.5	$63.5	$53.7	$41.7	$74.9
Energy Services supply contracts	679.8	131.5	2.5	--	--	--
AmeriGas Propane supply contracts	29.5	--	--	--	--	--
International Propane supply contracts	76.9	46.2	--	--	--	--
Total	$1,037.1	$263.2	$66.0	$53.7	$41.7	$74.9

The Partnership and International Propane also enter into contracts to purchase LPG to meet additional supply requirements. Generally, these contracts are one- to three-year agreements subject to annual review and call for payment based on either market prices at date of delivery or fixed prices.

The Partnership has succeeded to certain lease guarantee obligations of Petrolane relating to Petrolane's divestiture of non-propane operations before its 1989 acquisition by QFB Partners. Future lease payments under these leases total approximately $10 at September 30, 2005. The leases expire through 2010 and some of them are currently in default. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation ("Texas Eastern"), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. In December 1999, Texas Eastern filed for dissolution under the Delaware General Corporation Law. PanEnergy Corporation ("PanEnergy"), Texas Eastern's sole stockholder, assumed all of Texas Eastern's liabilities as of December 20, 2002, to the extent of the value of Texas Eastern's assets transferred to PanEnergy as of that date (which was estimated to exceed $94), and to the extent that such liabilities arise within ten years from Texas Eastern's date of dissolution. Notwithstanding the dissolution proceeding, and based on Texas Eastern previously having satisfied directly defaulted lease obligations without the Partnership's having to honor its guarantee, we believe that the probability that the Partnership will be required to directly satisfy the lease obligations subject to the indemnification agreement is remote.

Note 11 continued

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the "2001 Acquisition") pursuant to the terms of a purchase agreement (the "2001 Acquisition Agreement") by and among Columbia Energy Group ("CEG"), Columbia Propane Corporation ("Columbia Propane"), Columbia Propane, L.P. ("CPLP"), CP Holdings, Inc. ("CPH," and together with Columbia Propane and CPLP, the "Company Parties"), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the "Buyer Parties"). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of Columbia Propane and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the "1999 Acquisition Agreement"), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, "National General Partners") against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National Propane Partners, L.P. (the "1999 Acquisition") or the operation of the business after the 1999 Acquisition ("National Claims"). At September 30, 2005, 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, allegedly resulting from the defendants' 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 cross-claim against CEG, former owner of Columbia Propane, seeking indemnification for conduct undertaken by Columbia Propane prior to AmeriGas OLP's acquisition. Class counsel has indicated that the class is seeking compensatory damages in excess of $12 plus punitive damages, civil penalties and attorneys' fees. We believe we have good defenses to the claims of the class members and intend to vigorously defend against the remaining claims in this lawsuit.

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

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

Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by former subsidiaries of UGI Utilities, if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP.

In April 2003, Citizens Communications Company ("Citizens") served a complaint naming UGI Utilities as a third-party defendant in a civil action pending in United States District Court for the District of Maine. In that action, the plaintiff, City of Bangor, Maine ("City"), sued Citizens to recover environmental response costs associated with MGP wastes generated at a plant allegedly operated by Citizens' predecessors at a site on the Penobscot River. Citizens subsequently joined UGI Utilities and ten other third-party defendants alleging that the third-party defendants are responsible for an equitable share of costs Citizens may be required to pay to the City for cleaning up tar deposits in the Penobscot River. 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 and has not yet been decided. UGI Utilities believes that it has good defenses to the claim and is defending the suit.

By letter dated July 29, 2003, Atlanta Gas Light Company ("AGL") served UGI Utilities with a complaint filed in the United States District Court for the Middle District of Florida in which AGL alleges that UGI Utilities is responsible for 20% of approximately $8 incurred by AGL in the investigation and remediation of a former MGP site in St. Augustine, Florida. UGI Utilities formerly owned stock of the St. Augustine Gas Company, the owner and operator of the MGP. In March 2005, the court granted UGI Utilities motion for summary judgment dismissing AGL's complaint. AGL has appealed.

AGL has informed UGI Utilities that it has begun remediation of MGP wastes at a site owned by AGL in Savannah, Georgia. A former subsidiary of UGI Utilities operated the MGP in the early 1900s. AGL 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. 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. UGI Utilities has filed for reconsideration of the panel's order. UGI Utilities believes that any liability it may have for a share of the response costs at the three leased MGP sites will not have a material effect on its financial condition or results of operations.

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

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

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 rental value of the entity's tangible fixed assets and the rate of tax is affected by an entity's earnings. Prior to the Antargaz Acquisition, Antargaz filed suit against French tax authorities in connection with the assessment of business tax related to certain of its owned tanks at customer locations. Elf Antar France and Elf Aquitaine, now Total France, former owners of Antargaz, agreed to indemnify Antargaz for all payments which would have been due from Antargaz in respect of the tax related to its tanks for the period from January 1, 1997 through December 31, 2000. During the year ended September 30, 2005, Antargaz was required to remit payment to the French tax authorities with respect to this matter and Antargaz was fully reimbursed pursuant to the indemnity agreement. The indemnity from the former owners is reflected in our balance sheet as both an asset and a liability. At September 30, 2005, the remaining amount subject to the indemnification is immaterial.

Note 11 continued

Antargaz accrues for business tax on a monthly basis. It has recorded liabilities for business taxes related to various classes of fixed assets. On February 4, 2005, Antargaz received a letter from the French government which eliminated the requirement for Antargaz to pay business tax associated with tanks at certain customer locations. In addition, during 2005 resolution was reached relating to business taxes relating to a prior year. Further changes in the French government or tax authorities' interpretation of the tax laws or in the tax laws themselves, could have either an adverse or a favorable effect on our results of operations. Our 2005 Statement of Income includes a pre-tax gain of $18.8 and net after-tax gain of $14.2 associated with the resolution of business tax matters related principally to prior years.

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 possible losses in excess of recorded amounts. 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.

NOTE 12 - FINANCIAL INSTRUMENTS

In accordance with its commodity hedging policy, the Partnership uses derivative instruments, including price swap and option contracts and contracts for the forward sale of propane, to manage the cost of a portion of its forecasted purchases of propane and to manage market risk associated with propane storage inventories. These derivative instruments have been designated by the Partnership as cash flow or fair value hedges under SFAS 133. The fair values of these derivative instruments are affected by changes in propane product prices. In addition to these derivative instruments, the Partnership may also enter into contracts for the forward purchase of propane as well as fixed-price supply agreements to manage propane market price risk. These contracts generally qualify for the normal purchases and normal sales exception of SFAS 133 and therefore are not adjusted to fair value.

FLAGA also uses derivative instruments, principally price swap contracts, to reduce market risk associated with purchases of LPG. These contracts may or may not qualify for hedge accounting under SFAS 133.

Antargaz uses forward foreign exchange contracts and may use other derivative instruments, similar to those used by the Partnership, to manage the cost of a portion of its forecasted purchases of LPG.

Energy Services uses exchange-traded natural gas futures contracts to manage market risk associated with forecasted purchases of natural gas it sells under firm commitments. In addition, Energy Services uses price swap and option contracts to manage market risk associated with forecasted purchases of propane it sells under firm commitments. These derivative instruments are designated as cash flow hedges. The fair values of these futures and swap and option contracts are affected by changes in natural gas and propane prices.

In accordance with its commodity hedging policy, Gas Utility may enter into natural gas call option contracts to reduce volatility in the cost of gas it purchases for its firm- residential, commercial and industrial ("retail core-market") customers and Electric Utility may enter into electric swap agreements in order to reduce the volatility in the cost of anticipated electricity requirements. Because the cost of the natural gas option contracts and any associated gains will be included in Gas Utility's PGC recovery mechanism, as these contracts are marked to fair value in accordance with SFAS 133, any gains are deferred for future recovery from or refund to Gas Utility's ratepayers.

We are a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts which provide for the purchase and delivery of natural gas and electricity, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments. Although many of these contracts have the requisite elements of a derivative instrument, these contracts are not subject to the accounting requirements of SFAS 133 because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business or the value of the contract is directly associated with the price or value of a service.

We enter into interest rate protection agreements ("IRPAs") designed to manage interest rate risk associated with planned issuances of fixed-rate long-term debt. We designate these IRPAs as cash flow hedges. Gains or losses on IRPAs are included in other comprehensive income and are reclassified to interest expense as the interest expense on the associated debt issue affects earnings.

Antargaz has entered into interest rate swap agreements to fix the variable interest rates on a portion of the Senior Facilities term loan through June 2006. Antargaz may enter into additional interest rate swap agreements in order to fix interest rates over additional periods.

During the year ended September 30, 2005, 2004 and 2003, the net pre-tax loss recognized in earnings representing cash flow hedge ineffectiveness was $1.7, $1.5 and $3.1, respectively.

Gains and losses included in accumulated other comprehensive income at September 30, 2005 relating to cash flow hedges will be reclassified into (1) cost of sales when the forecasted purchase of LPG, natural gas or electricity subject to the hedges impacts net income and (2) interest expense when interest on anticipated issuances of fixed-rate long-term debt is reflected in net income. Included in accumulated other comprehensive income at September 30, 2005 are net after-tax losses of approximately $4.9 from IRPAs associated with forecasted issuances of debt generally anticipated to occur during the next two years and with settled IRPAs. The amount of this net loss that is expected to be reclassified into net income during the next twelve months is not material. Also included in accumulated other comprehensive income at September 30, 2005 are net after-tax gains of approximately $14.1 principally associated with future purchases of natural gas and propane generally anticipated to occur during the next twelve months and net after-tax gains of approximately $3.6 associated with future electric supply purchases expected to occur in 2007. Amounts included in accumulated other comprehensive income at September 30, 2005 are gains of $3.9 associated with forecasted U.S. dollar-denominated purchases of LPG generally anticipated to occur during the next three years. The amount of the gain that is expected to be reclassified into net income during the next twelve months is not material. The actual amount of gains or losses on unsettled derivative instruments that ultimately is reclassified into net income will depend upon the value of such derivative contracts when settled. The fair value of derivative instruments is included in other current assets, other assets, other current liabilities and other noncurrent liabilities in the Consolidated Balance Sheets.

The primary currency for which the Company has exchange rate risk is the 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. If a derivative is designated as a hedge of an investment in a foreign subsidiary and qualifies for hedge accounting, any realized gains or losses remain in other comprehensive income until such foreign operations have been liquidated. At September 30, 2005, a net after-tax loss of $0.6 is included in accumulated other comprehensive income associated with settled net investment hedges.

The carrying amounts of financial instruments included in current assets and current liabilities (excluding unsettled derivative instruments and current maturities of long-term debt) approximate their fair values because of their short-term nature. The carrying amounts and estimated fair values of our remaining financial instruments (including unsettled derivative instruments) at September 30 are as follows:

	Carrying Amount	Estimated Fair Value
2005:		
Natural gas futures and options contracts	$ (1.5)	$ (1.5)
Electric supply swap	6.1	6.1
Propane swap and option contracts	50.8	50.8
Interest rate protection agreements	(6.2)	(6.2)
Foreign currency swaps	7.5	7.5
Long-term debt	1,644.5	1,730.7
2004:		
Natural gas futures and options contracts	$ 4.8	$ 4.8
Electric supply swap	2.0	2.0
Propane swap and option contracts	13.1	13.1
Interest rate protection agreements	(2.8)	(2.8)
Long-term debt	1,670.1	1,817.1
UGI Utilities preferred shares subject to mandatory redemption	20.0	20.0

We estimate the fair value of long-term debt by using current market prices and by discounting future cash flows using rates available for similar type debt. Fair values of derivative instruments reflect the estimated amounts that we would receive or pay to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts at September 30, 2005 and 2004.

We have financial instruments such as short-term investments and trade accounts receivable, which could expose us to concentrations of credit risk. We limit our credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds and securities guaranteed by the U.S. Government or its agencies. The credit risk from trade accounts receivable is limited because we have a large customer base, which extends across many different U.S. markets and several foreign countries. We attempt to minimize the credit risk associated with our derivative financial instruments through the application of credit policies.

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

NOTE 13 - ENERGY SERVICES ACCOUNTS RECEIVABLE SECURITIZATION FACILITY

UGI Energy Services, Inc. ("ESI") has a $150 receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper expiring in August 2007, although the Receivables Facility may terminate prior to such date due to the termination of the commitments of the Receivables Facility's back-up purchasers. In order to provide additional short-term liquidity during the peak-heating season due to increased product costs, the maximum level of funding available at any one point in time from this facility was temporarily increased to $300 for the period from November 1, 2005 to April 24, 2006. After April 24, 2006, the maximum level of funding available at any one time from this facility is $150. Under the Receivables Facility, ESI transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation ("ESFC"), which is consolidated for financial statement purposes. ESFC, in turn, has sold, and subject to certain conditions, may from time to time sell, an undivided interest in the receivables to a commercial paper conduit of a major bank. The proceeds of these sales are less than the face amount of the accounts receivable sold by an amount that approximates the purchaser's financing cost of issuing its own receivables-backed commercial paper. ESFC was created and has been structured to isolate its assets from creditors of ESI 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." ESI continues to service, administer and collect trade receivables on behalf of the commercial paper issuer and ESFC.

During 2005 and 2004, ESI sold trade receivables totaling $1,253.6 and $949.6, respectively, to ESFC. During 2005 and 2004, ESFC sold an aggregate $475.5 and $246.0, respectively, of undivided interests in its trade receivables to the commercial paper conduit. At September 30, 2005, the outstanding balance of ESFC trade receivables was $77.8 of which $23.5 was sold to the commercial paper conduit and removed from the balance sheets. At September 30, 2004, there were $63.4 of ESFC trade receivables outstanding of which no amount was sold to the commercial paper conduit. Losses on sales of receivables to the commercial paper conduit that occurred during the years ended September 30, 2005 and 2004, which are included in other income, net, were $0.9 and $0.4, respectively.

In addition, a major bank has committed to issue up to $50 of standby letters of credit, secured by cash or marketable securities ("LC Facility"). Energy Services expects to fund the collateral requirements with borrowings under its Receivables Facility. The LC Facility expires April 2006.

NOTE 14 - OTHER INCOME, NET

Other income (loss), net, comprises the following:

	2005	2004	2003
Interest and interest-related income	$ 6.3	$ 3.2	$ 6.6
Utility non-tariff service income	1.3	2.0	5.7
Gain on sales of fixed assets	3.4	0.1	1.6
Pension income	--	--	1.1
Foreign currency hedge loss	--	(9.1)	--
Finance charges	7.6	6.5	3.9
Business tax reversal	19.9	--	--
Other	8.2	7.5	0.9
Total other income, net	$46.7	$10.2	$19.8

NOTE 15 - CONVERSION OF AMERIGAS PARTNERS SUBORDINATED UNITS AND COMMON UNIT ISSUANCES

In December 2002, the General Partner determined that the cash-based performance and distribution requirements for the conversion of the then-remaining 9,891,072 Subordinated Units of AmeriGas Partners, all of which were held by the General Partner, had been met in respect of the quarter ended September 30, 2002. As a result, in accordance with the Second Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., the Subordinated Units were converted to an equivalent number of Common Units effective November 18, 2002. Concurrent with the Subordinated Unit conversion, the Company recorded a $157.0 increase in common stockholders' equity, and a corresponding decrease in minority interests in AmeriGas Partners, associated with gains from sales of Common Units by AmeriGas Partners in conjunction with, and subsequent to, the Partnership's April 19, 1995 initial public offering. These gains were determined in accordance with the guidance in SEC Staff Accounting Bulletin No. 51, "Accounting for Sales of Common Stock by a Subsidiary" ("SAB 51"). The gains resulted because the public offering prices of the AmeriGas Partners Common Units exceeded the associated carrying amount of our investment in the Partnership on the dates of their sale. Due to the preference nature of the Common Units, the Company was precluded from recording these gains until the Subordinated Units converted to Common Units. The changes to the Company's balance sheet resulting from the Subordinated Unit conversion had no effect on the Company's net income or cash flow and did not result in an increase in the number of AmeriGas Partners' limited partner units outstanding. On June 17, 2003, AmeriGas Partners sold 2,900,000 Common Units in an underwritten public offering at a public offering price of $27.12 per unit. The net proceeds of the public offering totaling $75.0 and associated capital contribution.

from the General Partner totaling $1.5, were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes. The underwriters' overallotment option expired unexercised. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of $22.6 which is reflected in the Company's balance sheet as an increase in common stockholders' equity in accordance with the guidance in SAB 51. The gain had no effect on the Company's net income or cash flow. Total deferred income tax liabilities of $70.7 associated with these gains were recorded with a corresponding decrease in common stockholders' equity and reflected in the Consolidated Balance Sheet at September 30, 2003.

On May 26, 2004, AmeriGas Partners sold 2,000,000 Common Units in an underwritten public offering at a public offering price of $25.61 per unit. On June 10, 2004, the underwriters partially exercised their overallotment option in the amount of 100,000 Common Units. The net proceeds of the public offering totaling $51.2 and associated capital contributions from the General Partner totaling $1.0 were contributed to AmeriGas OLP and used to reduce indebtedness under its bank credit agreement and for general partnership purposes. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of $12.2 which is reflected in the Company's balance sheet as an increase in common stockholders' equity in accordance with the guidance in SAB 51. Deferred income tax liabilities of $6.6 associated with this gain with a corresponding decrease in common stockholders' equity were recorded and reflected in the Consolidated Balance Sheet at September 30, 2004. The gain had no effect on the Company's net income or cash flow.

In September 2005, AmeriGas Partners sold 2,300,000 Common Units in an underwritten public offering at a public offering price of $33.00 per unit. The net proceeds of the public offering totaling $72.7 and the associated capital contributions from the General Partner totaling $1.5 were contributed to AmeriGas OLP, and used to reduce indebtedness under its bank credit agreement and for general partnership purposes. Concurrent with this sale of Common Units, the Company recorded a gain in the amount of $28.0 which is reflected in the Company's balance sheet as an increase in common stockholders' equity and a corresponding decrease in minority interests in AmeriGas Partners in accordance with the guidance in SAB 51. The gain had no effect on the Company's net income or cash flow. Total deferred income tax liabilities of $16.0 associated with this gain with a corresponding decrease to stockholders' equity were recorded and reflected in the Consolidated Balance Sheet at September 30, 2005.

NOTE 16 - INVESTMENTS IN EQUITY INVESTEES

Our principal investments accounted for using the equity method and our approximate percentage ownership interest in each at September 30, 2005 and 2004 are as follows:

Company	2005	2004
Atlantic Energy (a)	100.0%	50.0%
China Gas Partners	50.0%	50.0%
Hunlock Creek Energy Ventures	50.0%	50.0%
Geovexin	44.9%	44.9%

(a) In November 2004, a subsidiary of Energy Services acquired 100% of Atlantic Energy, (see Note 2).

Prior to the Antargaz Acquisition on March 31, 2004, we accounted for our 19.5% ownership interest in AGZ under the equity method. As a result of the Antargaz Acquisition, beginning April 1, 2004 we discontinued the equity method and began reflecting all of AGZ's operations on a consolidated basis.

(Loss) income from our equity investees was $(2.6) in 2005, $11.3 in 2004 and $5.3 in 2003. Undistributed net earnings of our equity investees included in consolidated retained earnings was not material at September 30, 2005, 2004 or 2003.

Summarized financial information for AGZ, prior to the Antargaz Acquisition, follows:

	2003
STATEMENT OF INCOME DATA:	
Revenues	$698.4
Operating income	$ 96.7
Interest, net	(37.7)
Income before income taxes	$ 59.0
Income taxes	$(24.4)
Net income	$ 32.7

Summarized financial information for our other equity investments are not presented because they are not material to our Consolidated Balance Sheets or Consolidated Statements of Income.

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

NOTE 17 - QUARTERLY DATA (UNAUDITED)

The following unaudited quarterly data includes adjustments (consisting only of normal recurring adjustments) which we consider necessary for a fair presentation unless otherwise indicated. Our quarterly results fluctuate because of the seasonal nature of our businesses. Results include Antargaz as an equity investee through March 31, 2004 and include all of the results of Antargaz' operations beginning April 1, 2004.

	December 31,		March 31,		June 30,		September 30,	
	2004(A)	2003	2005	2004(b)	2005(C)	2004	2005	2004
Revenues	$1,362.4	$893.7	$1,787.7	$1,316.6	$932.5	$823.4	$806.1(D)	$751.0
Operating income	$ 175.0	$108.3	$ 287.7	$ 181.6	$ 37.6	$ 33.9	$ 2.7	$ 7.5
Income (loss) from equity investees	$ (0.7)	$ 4.2	$ (0.6)	$ 8.4	$ (0.7)	$ (0.6)	$ (0.6)	$ (0.7)
Net income (loss)	$ 78.2	$ 38.8	$ 117.3	$ 67.1	$ 0.7	$ 8.3	$ (8.7)	$ (2.6)
Earnings (loss) per share (e):								
Basic	$ 0.76	$ 0.45	$ 1.13	$ 0.76	$ 0.01	$ 0.08	$(0.08)	$(0.03)
Diluted	$ 0.74	$ 0.44	$ 1.12	$ 0.74	$ 0.01	$ 0.08	$(0.08)	$(0.03)

(a) Includes the effects of the resolution of certain Antargaz business tax related contingencies which increased operating income by $19.9 and net income by $14.9 or $0.14 per diluted share.

(b) Includes a foreign exchange loss associated with the March 31, 2004 Antargaz Acquisition which decreased operating income by $9.1 and net income by $5.9 or $0.07 per diluted share.

(c) Includes a loss on early extinguishment of AmeriGas Propane's debt which increased net loss by $9.4 or $0.09 per diluted share.

(d) Revenues reflect the elimination of fiscal year 2005 intercompany transactions of approximately $124.

(e) Earnings (loss) per share for all periods reflect the effects of the Company's 2-for-1 common stock split distributed May 24, 2005 to shareholders of record on May 17, 2005.

NOTE 18 - SEGMENT INFORMATION

We have organized our business units into six reportable segments generally based upon products sold, geographic location (domestic or international) or regulatory environment. Our reportable segments are: (1) AmeriGas Propane; (2) an international LPG segment comprising Antargaz; (3) an international LPG segment comprising FLAGA and our international propane equity investment ("Other"); (4) Gas Utility; (5) Electric Utility; and (6) Energy Services. We refer to both international segments collectively as "International Propane."

AmeriGas Propane derives its revenues principally from the sale of propane and related equipment and supplies to retail customers from locations in 46 states. Our International Propane segments' revenues are derived principally from the distribution of LPG to retail customers in France, Austria, the Czech Republic and Slovakia. Gas Utility's revenues are derived principally from the sale and distribution of natural gas to customers in eastern and southeastern Pennsylvania. Electric Utility derives its revenues principally from the distribution of electricity in two northeastern Pennsylvania counties. Energy Services revenues are derived from the sale of natural gas and, to a lesser extent, LPG, electricity and fuel oil to customers located primarily in the Eastern region of the United States.

The accounting policies of our reportable segments are the same as those described in Note 1. We evaluate AmeriGas Propane's performance principally based upon the Partnership's earnings before interest expense, income taxes, depreciation and amortization ("Partnership EBITDA"). Although we use Partnership EBITDA to evaluate AmeriGas Propane's profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. The Company's definition of Partnership EBIT-DA may be different from that used by other companies. We evaluate the performance of our International Propane, Gas Utility, Electric Utility and Energy Services segments principally based upon their income (loss) before income taxes.

No single customer represents more than ten percent of our consolidated revenues. In addition, all of our reportable segments' revenues, other than those of our International Propane segments, are derived from sources within the United States, and all of our reportable segments' long-lived assets, other than those of our International Propane segments, are located in the United States.

Financial information by reportable business segment follows:

	Total	Eliminations	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	Antargaz	International Other (b)	Corporate & Other (c)
			Reportable Segments				International Propane		
2005									
Revenues	$4,888.7	$(124.1)(d)	$1,963.3	$585.1	$96.1	$1,355.0	$ 869.9	$ 74.0	$ 69.4
Cost of sales	$3,306.0	$(120.0)(d)	$1,220.0	$390.1	$47.8	$1,281.4	$ 401.5	$ 42.6	$ 42.6
Operating income	$ 503.0	$ --	$ 168.1	$ 81.6	$21.6	$ 37.5	$ 188.3(e)	$ 5.5	$ 0.4
Income (loss) from equity investees	(2.6)	--	--	--	--	--	(2.5)	(0.1)	--
Loss on extinguishments of debt	(33.6)	--	(33.6)	--	--	--	--	--	--
Interest expense	(130.2)	--	(79.8)	(16.6)	(1.7)	--	(28.6)	(2.9)	(0.6)
Minority interests	(29.9)	3.9	(33.1)	--	--	--	(0.7)	--	--
Income before income taxes	$ 306.7	$ 3.9	$ 21.6	$ 65.0	$19.9	$ 37.5	$ 156.5(e)	$ 2.5	$ (0.2)
Depreciation and amortization	$ 146.4	$ --	$ 73.7	$ 20.7	$ 3.1	$ 5.7	$ 37.6	$ 4.9	$ 0.7
Partnership EBITDA (a)			$ 215.9						
Total assets	$4,571.5	$(348.1)	$1,672.9	$803.6	$99.8	$ 296.1	$1,404.8	$152.4	$490.0
Capital expenditures	$ 158.4	$ --	$ 62.6	$ 38.8	$ 7.5	$ 6.2	$ 38.5	$ 3.5	$ 1.3
Investments in equity investees	$ 12.8	$ --	$ --	$ --	$ --	$ 8.5	$ 1.6	$ 2.7	$ --
Goodwill and excess reorganization value	$1,231.2	$ (4.0)	$ 618.2	$ --	$ --	$ 11.8	$ 531.4	$ 67.5	$ 6.3
2004									
Revenues	$3,784.7	$ --	$1,775.9	$560.4	$89.7	$ 967.2	$ 270.8	$ 62.6	$ 58.1
Cost of sales	$2,551.0	$ --	$1,029.2	$368.9	$43.3	$ 912.2	$ 130.1	$ 32.0	$ 35.3
Operating income	$ 331.3	$ --	$ 176.0	$ 80.1	$20.9	$ 31.1	$ 15.1	$ 5.4	$ 2.7
Income (loss) from equity investees	11.3	--	0.7	--	--	--	10.8	(0.2)	--
Interest expense	(119.1)	--	(83.1)	(15.9)	(2.0)	--	(14.0)	(3.6)	(0.5)
Minority interests	(47.5)	--	(47.7)	--	--	--	0.1	0.1	--
Income before income taxes	$ 176.0	$ --	$ 45.9	$ 64.2	$18.9	$ 31.1	$ 12.0	$ 1.7	$ 2.2
Depreciation and amortization	$ 132.3	$ --	$ 80.7	$ 19.5	$ 3.0	$ 4.0	$ 18.5	$ 5.5	$ 1.1
Partnership EBITDA (a)			$ 255.9						
Total assets	$4,242.6	$(322.1)	$1,567.9	$765.5	$89.7	$ 182.8	$1,352.3	$156.2	$450.3
Capital expenditures	$ 133.7	$ --	$ 61.7	$ 35.5	$ 5.3	$ 2.9	$ 23.6	$ 4.0	$ 0.7
Investments in equity investees	$ 20.0	$ --	$ 3.5	$ --	$ --	$ 9.6	$ 4.1	$ 2.8	$ --
Goodwill and excess reorganization value	$1,245.9	$ --	$ 608.2	$ --	$ --	$ 2.8	$ 561.6	$ 68.2	$ 5.1
2003									
Revenues	$3,026.1	$ (2.4)	$1,628.4	$539.9	$88.8	$ 668.0	$ --	$ 54.5	$ 48.9
Cost of sales	$1,984.3	$ --	$ 910.3	$343.0	$43.7	$ 632.4	$ --	$ 27.4	$ 27.5
Operating income (loss)	$ 302.3	$ --	$ 164.5	$ 96.1	$20.3	$ 19.2	$ (0.9)	$ 1.6	$ 1.5
Income (loss) from equity investees	5.3	--	(0.6)	--	--	--	6.4	(0.5)	--
Loss on extinguishments of debt	(3.0)	--	(3.0)	--	--	--	--	--	--
Interest expense	(109.2)	--	(87.1)	(15.4)	(2.3)	--	--	(4.1)	(0.3)
Minority interests	(34.6)	--	(34.6)	--	--	--	--	--	--
Income (loss) before income taxes	$ 160.8	$ --	$ 39.2	$ 80.7	$18.0	$ 19.2	$ 5.5	$ (3.0)	$ 1.2
Depreciation and amortization	$ 103.0	$ --	$ 74.8	$ 18.1	$ 3.0	$ 2.2	$ --	$ 3.9	$ 1.0
Partnership EBITDA (a)			$ 234.4						
Total assets	$2,795.2	$ (39.6)	$1,518.5	$725.1	$84.0	$ 164.2	$ 23.8	$141.2	$178.0
Capital expenditures	$ 101.4	$ --	$ 53.4(f)	$ 37.2	$ 4.1	$ 1.0	$ --	$ 4.5	$ 1.2
Acquisition of additional interest in Conemaugh Station	$ 51.3	$ --	$ --	$ --	$ --	$ 51.3	$ --	$ --	$ --
Investments in equity investees	$ 39.9	$ --	$ 2.8	$ --	$ --	$ 10.3	$ 23.8	$ 3.0	$ --
Goodwill and excess reorganization value	$ 671.5	$ --	$ 601.6	$ --	$ --	$ 2.8	$ --	$ 62.8	$ 4.3

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

Year ended September 30,	2005	2004	2003
Partnership EBITDA (i)	$215.9	$255.9	$234.4
Depreciation and amortization (ii)	(73.6)	(80.6)	(74.6)
Minority interests (iii)	1.5	1.4	1.1
Income (loss) from equity investees	--	(0.7)	0.6
Intercompany gain on sale of Atlantic Energy	(9.1)	--	--
Loss on extinguishments of debt	33.6	--	3.0
Operating income	$168.1	$176.0	$164.5

(i) Includes $9.1 gain on the sale of Atlantic Energy to Energy Services during Fiscal 2005. See Note 2.

(ii) Excludes General Partner depreciation and amortization of $0.1 in both 2005 and 2004 and $0.2 in 2003.

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

(b) International Other principally comprises FLAGA and our joint-venture business in China.

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

(d) Represents the elimination of intersegment transactions primarily associated with Energy Services' net energy commodity sales to Gas Utility and AmeriGas Propane totaling $89.2 and $25.9, respectively.

(e) International Propane-Antargaz' operating income and income before income taxes for Fiscal 2005 include $18.8 associated with the resolution of certain business tax contingencies (see Note 11).

(f) Includes capital leases of $0.5 in 2003.

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EXHIBIT 21

SUBSIDIARIES OF UGI CORPORATION

SUBSIDIARY	OWNERSHIP	STATE OF INCORPORATION
AMERIGAS, INC.	100%	PA
AMERIGAS PROPANE, INC.	100%	PA
AmeriGas Partners, L.P.	(1)	DE
AmeriGas Finance Corp.	100%	DE
AmeriGas Eagle Finance Corp.	100%	DE
AP Eagle Finance Corp.	100%	DE
AmeriGas Propane L.P.	(2)	DE
AmeriGas Propane Parts & Service, Inc.	100%	PA
AmeriGas Eagle Propane, L.P.	(3)	DE
AmeriGas Eagle Parts & Service, Inc.	100%	PA
AmeriGas Eagle Propane, Inc.	100%	DE
AmerE Holdings, Inc.	100%	DE
AmeriGas Eagle Holdings, Inc.(4)	100%	DE
Active Propane of Wisconsin, LLC	100%	DE
AmeriGas Technology Group, Inc.	100%	PA
Petrolane Incorporated(5)	100%	PA
FOUR FLAGS DRILLING COMPANY, INC.	100%	PA
ASHTOLA PRODUCTION COMPANY	100%	PA
UGI ETHANOL DEVELOPMENT CORPORATION	100%	PA
NEWBURY HOLDING COMPANY	100%	DE
UGI ENTERPRISES, INC.	100%	PA
CFN ENTERPRISES, INC.	100%	DE
EASTFIELD INTERNATIONAL HOLDINGS, INC.	100%	DE
FLAGA GmbH	100%	AUSTRIA
FLAGA Energievorsorgung GmbH(6)	100%	GERMANY
FLAGA Plyn, spol. s.r.o.	100%	CZECH REPUBLIC
LPG Technik s.r.o.	100%	CZECH REPUBLIC
FLAGA Slovplyn, spol. s r.o.	100%	SLOVAKIA
FLAGA Suisse GmbH	100%	SWITZERLAND
EUROGAS HOLDINGS, INC.	100%	DE
UGI BLACK SEA ENTERPRISES, INC.	100%	PA
UGI CHINA, INC.	100%	DE
UGI ENERGY SERVICES, INC.	100%	PA
Energy Services Funding Corporation	100%	DE
Hellertown Pipeline Company	100%	PA
Homestead Holding Company	100%	DE
UGI Asset Management, Inc.	100%	DE
Atlantic Energy, Inc.	100%	DE
UGI Development Company	100%	PA
UGID Holding Company	100%	DE
UGI Hunlock Development Company	100%	PA
UGI HVAC ENTERPRISES, INC.	100%	DE
Denny's Electric Service, Inc.	100%	PA

SUBSIDIARY	OWNERSHIP	STATE OF INCORPORATION
UGI INTERNATIONAL (CHINA), INC.	100%	DE
UGI INTERNATIONAL ENTERPRISES, INC.	100%	PA
UGI France, Inc.	100%	DE
UGI Finance, LLC	100%	DE
UGI Bordeaux Holding	100%	FRANCE
AGZ Holding (7)	99.99%	FRANCE
Antargaz (8)	99.99%	FRANCE
Wogegal	100%	FRANCE
Aquitaine Pyrenees Gaz	100%	FRANCE
Gaz Est Distribution	100%	FRANCE
Nord GPL	100%	FRANCE
Floregaz	80%	FRANCE
Norgal	52.67%	FRANCE
Rhone Gaz	50.62%	FRANCE
Rhone Mediterranee Gaz	85%	FRANCE
Sigap Ouest	66%	FRANCE
Sobegal	72%	FRANCE
AGZ Finance (9)	99.99%	Luxembourg
UGI POWER SUPPLY, INC.	100%	PA
UGI ROMANIA, INC.	100%	PA
UGI SOUTHWEST CHINA DEVELOPMENT COMPANY, LLC	100%	DE
UGI PROPERTIES, INC.	100%	PA
UGI UTILITIES, INC.	100%	PA
UNITED VALLEY INSURANCE COMPANY	100%	VT

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(1) AmeriGas Propane, Inc. and its subsidiary, Petrolane Incorporated, hold a combined 44% (approx.) interest in AmeriGas Partners, L.P.

(2) AmeriGas Propane, Inc. is the general partner; AmeriGas Partners, L.P. holds all limited partner interests.

(3) 99% owned by AmeriGas Propane, L.P. and <0.5% owned by AmeriGas Eagle Holdings, Inc. (GP) and an unrelated third party.

(4) AmeriGas Eagle Holdings, Inc. owns <0.5% as General Partner of AmeriGas Eagle Propane, L.P.

(5) Petrolane Incorporated owns approximately 14% of AmeriGas Partners, L.P.

(6) In Liquidation

(7) .01 % held equally by Lon R. Greenberg, Anthony J. Mendicino, Francois Varagne, Robert W. Krick, Robert H. Knauss and Michael J. Cuzzolina

(8) .01 % held equally by Lon R. Greenberg, Anthony J. Mendicino, Francois Varagne, Donald J. Groth, Robert H. Knauss and Matthew A. Woodward

(9) .01 % held by Antargaz

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 33-78776 and 333-42296) and Form S-8 (Nos. 33-47319, 33-61722, 333-22305, 333-49080, 333-104938 and 333-118147) of UGI Corporation of our report dated December 13, 2005 relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated December 13, 2005 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 13, 2005

EXHIBIT 31.1

CERTIFICATIONS

I, Lon R. Greenberg, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(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.

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

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

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

Date: December 13, 2005

/s/ Lon R. Greenberg

Lon R. Greenberg
Chairman and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

I, Anthony J. Mendicino, certify that:

1. I have reviewed this annual report on Form 10-K of UGI Corporation;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(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.

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

EXHIBIT 31.2

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

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

Date: December 13, 2005

/s/ Anthony J. Mendicino

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

EXHIBIT 32

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RELATING TO A PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

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

(1) The Company's periodic report on Form 10-K for the period ended September 30, 2005 (the "Form 10-K") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
/s/ Lon R. Greenberg	/s/ Anthony J. Mendicino
Lon R. Greenberg	Anthony J. Mendicino
Date: December 13, 2005	Date: December 13, 2005