
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of
incorporation or organization)

23-2668356

(I.R.S. Employer
Identification No.)

460 North Gulph Road, King of Prussia, PA

(Address of principal executive offices)

19406

(Zip Code)

(610) 337-1000

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At July 31, 2017, there were 173,373,824 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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UGI CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)
(Millions of dollars)

	June 30, 2017	September 30, 2016	June 30, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 604.3	\$ 502.8	\$ 909.2
Restricted cash	6.7	15.6	9.6
Accounts receivable (less allowances for doubtful accounts of \$33.0, \$27.3 and \$32.1, respectively)	628.2	551.6	607.0
Accrued utility revenues	5.9	12.8	10.1
Inventories	216.1	210.3	184.2
Utility regulatory assets	7.8	3.2	3.3
Derivative instruments	13.3	30.9	39.4
Prepaid expenses and other current assets	85.0	96.6	116.7
Total current assets	1,567.3	1,423.8	1,879.5
Property, plant and equipment, at cost (less accumulated depreciation and amortization of \$3,337.5, \$3,107.3 and \$3,037.9, respectively)	5,422.1	5,238.0	5,108.2
Goodwill	3,032.3	2,989.0	2,981.3
Intangible assets, net	571.2	580.3	587.9
Utility regulatory assets	391.0	391.9	342.0
Derivative instruments	3.1	6.5	10.6
Other assets	259.4	217.7	194.4
Total assets	\$ 11,246.4	\$ 10,847.2	\$ 11,103.9
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 119.1	\$ 29.5	\$ 379.6
Short-term borrowings	163.9	291.7	144.0
Accounts payable	359.0	391.2	337.0
Derivative instruments	20.1	48.5	26.0
Other current liabilities	617.5	681.1	700.1
Total current liabilities	1,279.6	1,442.0	1,586.7
Long-term debt	4,014.6	3,766.0	3,737.0
Deferred income taxes	1,279.8	1,216.2	1,210.4
Deferred investment tax credits	3.0	3.3	3.3
Derivative instruments	15.6	21.9	13.2
Other noncurrent liabilities	812.7	796.0	716.6
Total liabilities	7,405.3	7,245.4	7,267.2
Commitments and contingencies (Note 9)			
Equity:			
UGI Corporation stockholders' equity:			
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 173,960,691, 173,894,141 and 173,875,641 shares, respectively)	1,187.8	1,201.6	1,201.3
Retained earnings	2,151.9	1,840.9	1,925.8
Accumulated other comprehensive loss	(135.9)	(154.7)	(156.6)
Treasury stock, at cost	(27.1)	(36.9)	(21.3)
Total UGI Corporation stockholders' equity	3,176.7	2,850.9	2,949.2
Noncontrolling interests, principally in AmeriGas Partners	664.4	750.9	887.5
Total equity	3,841.1	3,601.8	3,836.7
Total liabilities and equity	\$ 11,246.4	\$ 10,847.2	\$ 11,103.9

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(Millions of dollars, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 1,153.5	\$ 1,130.8	\$ 5,006.8	\$ 4,709.5
Costs and expenses:				
Cost of sales (excluding depreciation shown below)	618.5	433.0	2,337.1	1,943.9
Operating and administrative expenses	445.7	445.5	1,396.7	1,390.6
Utility taxes other than income taxes	3.7	4.0	12.3	12.2
Depreciation	89.6	82.8	258.1	251.9
Amortization	14.5	15.3	43.4	47.5
Other operating income, net	(15.7)	(5.5)	(17.4)	(13.2)
	1,156.3	975.1	4,030.2	3,632.9
Operating (loss) income	(2.8)	155.7	976.6	1,076.6
Income (loss) from equity investees	0.9	—	3.0	(0.1)
Loss on extinguishments of debt	(4.4)	(37.1)	(59.7)	(37.1)
Losses on foreign currency contracts, net	(16.2)	—	(16.1)	—
Interest expense	(56.8)	(56.4)	(168.0)	(171.6)
(Loss) income before income taxes	(79.3)	62.2	735.8	867.8
Income tax benefit (expense)	17.1	(33.6)	(195.3)	(263.3)
Net (loss) income including noncontrolling interests	(62.2)	28.6	540.5	604.5
Add net loss (deduct net income) attributable to noncontrolling interests, principally in AmeriGas Partners	43.2	32.1	(108.9)	(196.0)
Net (loss) income attributable to UGI Corporation	\$ (19.0)	\$ 60.7	\$ 431.6	\$ 408.5
(Loss) earnings per common share attributable to UGI Corporation stockholders:				
Basic	\$ (0.11)	\$ 0.35	\$ 2.49	\$ 2.36
Diluted	\$ (0.11)	\$ 0.34	\$ 2.44	\$ 2.33
Weighted average common shares outstanding (thousands):				
Basic	173,742	173,395	173,625	172,954
Diluted	173,742	175,974	177,125	175,260
Dividends declared per common share	\$ 0.2500	\$ 0.2375	\$ 0.7250	\$ 0.6925

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Net (loss) income including noncontrolling interests	\$ (62.2)	\$ 28.6	\$ 540.5	\$ 604.5
Other comprehensive income (loss):				
Net (losses) gains on derivative instruments (net of tax of \$3.4, \$(3.4), \$(2.3) and \$10.9, respectively)	(6.6)	7.8	5.2	(15.1)
Reclassifications of net (gains) losses on derivative instruments (net of tax of \$(0.2), \$(0.4), \$4.4 and \$5.5, respectively)	(0.2)	0.6	(10.1)	(9.0)
Foreign currency adjustments	75.5	(35.4)	22.4	(18.9)
Benefit plans (net of tax of \$0.0, \$(0.3), \$(0.9) and \$(0.7), respectively)	(0.1)	0.3	1.3	1.0
Other comprehensive income (loss)	68.6	(26.7)	18.8	(42.0)
Comprehensive income including noncontrolling interests	6.4	1.9	559.3	562.5
Add comprehensive loss (deduct comprehensive income) attributable to noncontrolling interests, principally in AmeriGas Partners	43.2	32.1	(108.9)	(196.0)
Comprehensive income attributable to UGI Corporation	\$ 49.6	\$ 34.0	\$ 450.4	\$ 366.5

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)
(Millions of dollars)

	Nine Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interests	\$ 540.5	\$ 604.5
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	301.5	299.4
Deferred income taxes	46.9	76.9
Provision for uncollectible accounts	19.3	18.3
Change in unrealized gains on derivative instruments	(29.0)	(133.0)
Loss on extinguishments of debt	59.7	37.1
Settlement of UGI Utilities interest rate protection agreements	—	(36.0)
Other, net	37.8	12.3
Net change in:		
Accounts receivable and accrued utility revenues	(86.7)	(15.6)
Inventories	(4.4)	54.6
Utility deferred fuel and power costs, net of changes in unsettled derivatives	(12.5)	(11.5)
Accounts payable	5.1	(67.8)
Other current assets	3.1	(8.9)
Other current liabilities	(35.3)	32.7
Net cash provided by operating activities	846.0	863.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(471.9)	(370.6)
Acquisitions of businesses, net of cash acquired	(52.8)	(60.3)
Decrease in restricted cash	8.9	59.7
Other, net	(15.9)	4.1
Net cash used by investing activities	(531.7)	(367.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(125.6)	(119.6)
Distributions on AmeriGas Partners publicly held Common Units	(195.8)	(192.3)
Issuances of debt, net of issuance costs	1,307.1	1,432.8
Repayments of debt, including redemption premiums	(1,056.2)	(1,027.0)
Decrease in short-term borrowings	(132.6)	(26.5)
Receivables Facility net borrowings (repayments)	4.5	(19.5)
Issuances of UGI Common Stock	11.0	13.0
Repurchases of UGI Common Stock	(28.7)	(24.7)
Other	(0.8)	12.4
Net cash (used) provided by financing activities	(217.1)	48.6
EFFECT OF EXCHANGE RATE CHANGES ON CASH	4.3	(5.0)
Cash and cash equivalents increase	\$ 101.5	\$ 539.5
CASH AND CASH EQUIVALENTS		
End of period	\$ 604.3	\$ 909.2
Beginning of period	502.8	369.7
Increase	\$ 101.5	\$ 539.5

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)
(Millions of dollars)

	Nine Months Ended June 30,	
	2017	2016
Common stock, without par value		
Balance, beginning of period	\$ 1,201.6	\$ 1,214.6
Common Stock issued in connection with employee and director plans (including losses on treasury stock transactions), net of tax withheld	(26.4)	(35.3)
Excess tax benefits realized on equity-based compensation	—	12.4
Equity-based compensation expense	11.2	9.6
Gain on sale of treasury stock	1.4	—
Balance, end of period	\$ 1,187.8	\$ 1,201.3
Retained earnings		
Balance, beginning of period	\$ 1,840.9	\$ 1,636.9
Cumulative effect of change in accounting for employee share-based payments	5.0	—
Net income attributable to UGI Corporation	431.6	408.5
Cash dividends on Common Stock	(125.6)	(119.6)
Balance, end of period	\$ 2,151.9	\$ 1,925.8
Accumulated other comprehensive income (loss)		
Balance, beginning of period	\$ (154.7)	\$ (114.6)
Net gains (losses) on derivative instruments	5.2	(15.1)
Reclassification of net gains on derivative instruments	(10.1)	(9.0)
Benefit plans	1.3	1.0
Foreign currency adjustments	22.4	(18.9)
Balance, end of period	\$ (135.9)	\$ (156.6)
Treasury stock		
Balance, beginning of period	\$ (36.9)	\$ (44.9)
Common stock issued in connection with employee and director plans, net of tax withheld	44.7	72.9
Repurchases of Common Stock	(28.7)	(24.7)
Reacquired common stock — employee and director plans	(6.4)	(24.6)
Sale of treasury stock	0.2	—
Balance, end of period	\$ (27.1)	\$ (21.3)
Total UGI Corporation stockholders' equity	\$ 3,176.7	\$ 2,949.2
Noncontrolling interests		
Balance, beginning of period	\$ 750.9	\$ 880.4
Net income attributable to noncontrolling interests, principally in AmeriGas Partners	108.9	196.0
Dividends and distributions	(195.8)	(192.3)
Other	0.4	3.4
Balance, end of period	\$ 664.4	\$ 887.5
Total equity	\$ 3,841.1	\$ 3,836.7

See accompanying notes to condensed consolidated financial statements.

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

(unaudited)

(Currency in millions, except per share amounts)

Note 1 — Nature of Operations

UGI Corporation (“UGI”) is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In the United States, we (1) are the general partner and own limited partner interests in a retail propane marketing and distribution business; (2) own and operate natural gas and electric distribution utilities; (3) own all or a portion of electricity generation facilities; and (4) own and operate an energy marketing, midstream infrastructure, storage, natural gas gathering, natural gas production and energy services business. Internationally, we market and distribute propane and other liquefied petroleum gases (“LPG”) in Europe. We refer to UGI and its consolidated subsidiaries collectively as “the Company,” “we” or “us.”

We conduct a domestic propane marketing and distribution business through AmeriGas Partners, L.P. (“AmeriGas Partners”). AmeriGas Partners is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating subsidiary AmeriGas Propane, L.P. (“AmeriGas OLP”). AmeriGas Partners and AmeriGas 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. We refer to AmeriGas Partners and its subsidiaries together as the “Partnership” and the General Partner and its subsidiaries, including the Partnership, as “AmeriGas Propane.” At June 30, 2017, the General Partner held a 1% general partner interest and a 25.3% limited partner interest in AmeriGas Partners and held an effective 27.1% ownership interest in AmeriGas OLP. Our limited partnership interest in AmeriGas Partners comprises AmeriGas Partners Common Units (“Common Units”). The remaining 73.7% interest in AmeriGas Partners comprises Common Units held by the public. The General Partner also holds incentive distribution rights that entitle it to receive distributions from AmeriGas Partners in excess of its 1% general partner interest under certain circumstances as further described in Note 14 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (the “Company’s 2016 Annual Report”). Incentive distributions received by the General Partner during the nine months ended June 30, 2017 and 2016 were \$32.2 and \$27.7, respectively.

Our wholly owned subsidiary, UGI Enterprises, Inc. (“Enterprises”), through subsidiaries, conducts an LPG distribution business principally in France, the United Kingdom, and central, northern and eastern Europe. These businesses are conducted principally through our subsidiaries, UGI France SAS, Flaga GmbH and AvantiGas Limited. We also conduct a natural gas marketing business principally in France. In March 2016, we sold our LPG business located in the Nantong region of China. We refer to the foreign operations collectively as “UGI International.”

UGI Energy Services, LLC (“Energy Services, LLC”), a wholly owned subsidiary of Enterprises, conducts directly and through subsidiaries energy marketing, midstream transmission, liquefied natural gas (“LNG”), storage, natural gas gathering, natural gas production, electricity generation and energy services businesses primarily in the Mid-Atlantic and Northeast U.S. Energy Services, LLC’s wholly owned subsidiary, UGI Development Company (“UGID”), owns all or a portion of electricity generation facilities principally located in Pennsylvania. A first-tier subsidiary of Enterprises also conducts heating, ventilation, air-conditioning, refrigeration and electrical contracting businesses in the Mid-Atlantic region (“HVAC”). Energy Services, LLC and its subsidiaries’ storage, LNG and portions of its midstream transmission operations are subject to regulation by the Federal Energy Regulatory Commission (“FERC”). We refer to the businesses of Energy Services, LLC and its subsidiaries and HVAC as “Midstream & Marketing.”

UGI Utilities, Inc. (“UGI Utilities”) conducts a natural gas distribution utility business (“Gas Utility”) directly and through its wholly owned subsidiaries UGI Penn Natural Gas, Inc. (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”). UGI Utilities, PNG and CPG own and operate natural gas distribution utilities in eastern, northeastern and central Pennsylvania and in a portion of one Maryland county. UGI Utilities also owns and operates an electric distribution utility in northeastern Pennsylvania (“Electric Utility”). UGI Utilities’ natural gas distribution utility is referred to as “UGI Gas.” Gas Utility is subject to regulation by the Pennsylvania Public Utility Commission (“PUC”) and, with respect to a small service territory in one Maryland county, the Maryland Public Service Commission. Electric Utility is subject to regulation by the PUC. UGI Utilities is used herein as an abbreviated reference to UGI Utilities, Inc. or, collectively, UGI Utilities, Inc. and its subsidiaries.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts)

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). They include all adjustments that we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2016, condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”).

These financial statements should be read in conjunction with the financial statements and related notes included in the Company’s 2016 Annual Report. Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Earnings Per Common Share. Basic earnings per share attributable to UGI Corporation stockholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share attributable to UGI Corporation include the effects of dilutive stock options and common stock awards.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic	173,742	173,395	173,625	172,954
Incremental shares issuable for stock options and awards (a)	—	2,579	3,500	2,306
Weighted-average common shares outstanding — diluted	173,742	175,974	177,125	175,260

(a) See “*Adoption of New Accounting Standard — Employee Share-based Payments*” below for a description of the impact on the calculation of diluted shares for the nine months ended June 30, 2017, resulting from the adoption of new accounting guidance regarding share-based payments. For the three months ended June 30, 2017, incremental shares of 3,556 have been excluded as such incremental shares would be antidilutive due to the net loss for the period.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the derivative instruments qualify for the normal purchase and normal sale (“NPNS”) exception under GAAP. 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.

Certain of our derivative instruments are designated and qualify as cash flow hedges and from time to time we also enter into net investment hedges. For cash flow hedges, changes in the fair values of the derivative instruments are recorded in accumulated other comprehensive income (loss) (“AOCI”) or noncontrolling interests, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if occurrence of the forecasted transaction is determined to be no longer probable. Hedge accounting is also discontinued for derivatives that cease to be highly effective. Gains and losses on net investment hedges that relate to our foreign operations are included in AOCI until such foreign net investment is sold or liquidated. Unrealized gains and losses on substantially all of the commodity derivative instruments used by UGI Utilities (for which NPNS has not been elected) are included in regulatory assets or liabilities because it is probable such gains or losses will be recoverable from, or refundable to, customers.

Beginning October 1, 2016, in order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. Because these contracts do not qualify for hedge accounting treatment, realized and unrealized gains and losses on these contracts are recorded in “Losses on foreign currency contracts, net” on the Condensed Consolidated Statements of Income.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts)

Cash flows from derivative instruments, other than net investment hedges and certain cross-currency swaps, if any, are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows. Cash flows from net investment hedges, if any, are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows. Cash flows from the interest portion of our cross-currency hedges, if any, are included in cash flow from operating activities while cash flows from the currency portion of such hedges, if any, are included in cash flow from financing activities.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 12.

Impairment of Cost Basis Investments. We reduce the carrying values of our cost basis investments when we determine that a decline in fair value is other than temporary. During the second quarter of Fiscal 2017, we recorded a pre-tax loss of \$7.0 associated with an other-than-temporary impairment of our investment in a private equity partnership that invests in renewable energy companies. This loss is reflected in “ Other operating income, net ” on the Condensed Consolidated Statements of Income. At June 30, 2017, the carrying amount of this investment was \$11.0.

Deferred Debt Issuance Costs. During the fourth quarter of Fiscal 2016, we adopted new accounting guidance regarding the classification of deferred debt issuance costs. Deferred debt issuance costs associated with long-term debt are reflected as a direct deduction from the carrying amount of such debt. Deferred debt issuance costs associated with line of credit facilities continue to be classified as “ Other assets ” on our Condensed Consolidated Balance Sheets. As a result of the retrospective application of the new accounting guidance, the Company has reflected \$40.3 of such costs as a reduction to long-term debt, including current maturities, on the June 30, 2016, Condensed Consolidated Balance Sheet. Previously, these costs were presented within “ Prepaid expenses and other current assets ” and “ Other assets .”

Income Taxes. UGI’s consolidated effective income tax rate, defined as total income taxes as a percentage of income (loss) before income taxes, includes amounts associated with noncontrolling interests in the Partnership, which principally comprises AmeriGas Partners and AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are not directly subject to federal income taxes. As a result, UGI’s consolidated effective income tax rate is affected by the amount of income (loss) before income taxes attributable to noncontrolling interests in the Partnership not subject to income taxes.

In December 2016, the French Parliament approved the Finance Bill for 2017 and amended the Finance Bill for 2016 (collectively, the “Finance Bills”). The Finance Bills, among other things, will reduce UGI France’s corporate income tax rate from the current 34.43% to 28.92%, effective for fiscal years starting after January 1, 2020 (Fiscal 2021). As a result of the future income tax rate reduction, during the first quarter of Fiscal 2017, the Company reduced its net deferred income tax liabilities and recognized an estimated deferred tax benefit of \$27.4 (equal to \$0.15 per basic and diluted share).

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management’s knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Adoption of New Accounting Standard — Employee Share-based Payments. Effective October 1, 2016, the Company adopted new accounting guidance issued to simplify several aspects of accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Among other things, excess tax benefits and tax deficiencies associated with employee share-based awards that vest or are exercised are recognized as income tax benefit or expense and treated as discrete items in the reporting period in which they occur. In addition, assumed proceeds under the treasury stock method used for computing diluted shares outstanding no longer include windfall tax benefits in the diluted shares calculation.

In accordance with the required prospective method of transition relating to excess tax benefits, the Company recognized income tax benefits of \$2.6 and \$9.6 related to excess tax benefits for share-based awards that were exercised or vested during the three and nine months ended June 30, 2017, respectively. These amounts are reflected in “ Income tax benefit (expense) ” on the Condensed Consolidated Statements of Income. In addition, as of October 1, 2016, the Company recorded a \$5.0 cumulative adjustment to increase retained earnings and decrease deferred income tax liabilities for excess tax benefits related to prior period unrecognized excess state tax benefits. The Company elected to use the prospective method of transition for classifying excess tax benefits as a cash flow from operating activity on the Condensed Consolidated Statements of Cash Flows and prior periods were not adjusted.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts)

The Company has historically presented employee taxes paid for net settled awards as a financing activity on the Condensed Consolidated Statements of Cash Flows and therefore there is no transition impact from this requirement. In addition, as provided by the new guidance, the Company has elected to account for forfeitures of share-based payments when they occur.

Reclassifications. Certain prior period amounts have been reclassified to conform to the current-period presentation.

Note 3 — Accounting Changes**Adoption of New Accounting Standards**

Employee Share-based Payments. Effective October 1, 2016, the Company adopted new accounting guidance regarding share-based payments. See Note 2 for a detailed description of the impact of the new guidance.

Equity Method Accounting. Effective October 1, 2016, the Company adopted new accounting guidance regarding the accounting for an investment that qualifies for use of the equity method as a result of an increase in an investor's level of ownership or influence. The guidance requires that the equity method investor add the cost of acquiring an additional interest to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date such investment qualifies for equity method accounting. The new guidance eliminates the previous requirement in such circumstances to apply the effects of the equity method of accounting retrospectively. The guidance is required to be applied prospectively. The adoption of the new guidance did not impact our consolidated financial statements.

Accounting Standards Not Yet Adopted

Pension and Other Postretirement Benefit Costs. In March 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." This ASU requires entities to disaggregate the service cost component from the other components of net periodic benefit costs and present it with compensation costs for related employees in the income statement. The other components are required to be presented elsewhere in the income statement and outside of operating income. The amendments in this ASU permit only the service cost component to be eligible for capitalization when applicable. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2017 (Fiscal 2019). Early adoption is permitted. The amendments in the ASU should generally be adopted on a retrospective basis. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Goodwill Impairment. In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment." Under the new accounting guidance, an entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity will perform its goodwill impairment tests by comparing the fair value of a reporting unit with its carrying amount. An entity will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value but not to exceed the total amount of the goodwill of the reporting unit. In addition, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment, if applicable. The provisions of the new accounting guidance are required to be applied prospectively. The new accounting guidance is effective for the Company for goodwill impairment tests performed in fiscal years beginning after December 15, 2019 (Fiscal 2021). Early adoption is permitted for goodwill impairment tests performed after January 1, 2017. The Company expects to adopt the new guidance in the fourth quarter of Fiscal 2017.

Cash Flow Classification. In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments." This ASU provides guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2017 (Fiscal 2019). Early adoption is permitted. The amendments in the ASU should generally be adopted on a retrospective basis. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows: Restricted Cash." This ASU provides guidance on the classification of restricted cash in the statement of cash flows. The amendments in this ASU are effective for interim and

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annual periods beginning after December 15, 2017 (Fiscal 2019). Early adoption is permitted. The amendments in the ASU are required to be adopted on a retrospective basis. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted but anticipates an increase in the recognition of right-of-use assets and lease liabilities.

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." The guidance provided under this ASU, as amended, supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") No. 605, "Revenue Recognition," and most industry-specific guidance included in the ASC. The standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the Company for interim and annual periods beginning after December 15, 2017 (Fiscal 2019) and allows for either full retrospective adoption or modified retrospective adoption. The Company has not yet selected a transition method and is in the process of assessing the impact on its financial statements from the adoption of the new guidance.

Note 4 — Inventories

Inventories comprise the following:

	June 30, 2017	September 30, 2016	June 30, 2016
Non-utility LPG and natural gas	\$ 135.4	\$ 129.8	\$ 107.9
Gas Utility natural gas	21.8	29.2	13.5
Materials, supplies and other	58.9	51.3	62.8
Total inventories	<u>\$ 216.1</u>	<u>\$ 210.3</u>	<u>\$ 184.2</u>

At June 30, 2017, UGI Utilities was a party to five principal storage contract administrative agreements ("SCAAs") having terms ranging from one to three years. Pursuant to SCAAs, UGI Utilities has, among other things, released certain storage and transportation contracts for the terms of the SCAAs. UGI Utilities also transferred certain associated storage inventories upon commencement of the SCAAs, will receive a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the terms of the SCAAs. The historical cost of natural gas storage inventories released under the SCAAs, which represents a portion of Gas Utility's total natural gas storage inventories, and any exchange receivable (representing amounts of natural gas inventories used by the other parties to the agreement but not yet replenished for which UGI Utilities has the rights), are included in the caption "Gas Utility natural gas" in the table above.

As of June 30, 2017, UGI Utilities had SCAAs with Energy Services, LLC and a non-affiliate. The carrying value of gas storage inventories released under the SCAAs with the non-affiliate at June 30, 2017, September 30, 2016 and June 30, 2016, comprising 1.1 billion cubic feet ("bcf"), 3.5 bcf and 1.8 bcf of natural gas, was \$3.5, \$7.6 and \$3.3, respectively.

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Note 5 — Goodwill and Intangible Assets

Goodwill and intangible assets comprise the following:

	June 30, 2017	September 30, 2016	June 30, 2016
Goodwill (not subject to amortization)	\$ 3,032.3	\$ 2,989.0	\$ 2,981.3
Intangible assets:			
Customer relationships, noncompete agreements and other	\$ 801.6	\$ 773.5	\$ 778.1
Accumulated amortization	(362.8)	(324.8)	(321.3)
Intangible assets, net (definite-lived)	438.8	448.7	456.8
Trademarks and tradenames (indefinite-lived)	132.4	131.6	131.1
Total intangible assets, net	\$ 571.2	\$ 580.3	\$ 587.9

The changes in goodwill and intangible assets are primarily due to acquisitions and the effects of currency translation. Amortization expense of intangible assets was \$12.6 and \$13.4 for the three months ended June 30, 2017 and 2016, respectively. Amortization expense of intangible assets was \$37.5 and \$41.4 for the nine months ended June 30, 2017 and 2016, respectively. Amortization expense included in “Cost of sales” on the Condensed Consolidated Statements of Income was not material. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2017 and for the next four fiscal years is as follows: remainder of Fiscal 2017 — \$12.6; Fiscal 2018 — \$49.8; Fiscal 2019 — \$47.9; Fiscal 2020 — \$46.5; Fiscal 2021 — \$44.6.

Note 6 — Utility Regulatory Assets and Liabilities and Regulatory Matters

For a description of the Company’s regulatory assets and liabilities other than those described below, see Note 8 in the Company’s 2016 Annual Report. Other than removal costs, UGI Utilities currently does not recover a rate of return on its regulatory assets. The following regulatory assets and liabilities associated with UGI Utilities are included in our accompanying Condensed Consolidated Balance Sheets:

	June 30, 2017	September 30, 2016	June 30, 2016
Regulatory assets:			
Income taxes recoverable	\$ 122.7	\$ 115.7	\$ 119.6
Underfunded pension and postretirement plans	171.8	183.1	133.4
Environmental costs	61.6	59.4	60.7
Deferred fuel and power costs	7.0	0.1	—
Removal costs, net	29.4	27.9	22.4
Other	6.3	8.9	9.2
Total regulatory assets	\$ 398.8	\$ 395.1	\$ 345.3
Regulatory liabilities (a):			
Postretirement benefits	\$ 16.7	\$ 17.5	\$ 19.7
Deferred fuel and power refunds	12.6	22.3	34.4
State tax benefits — distribution system repairs	16.7	15.1	14.6
Other	2.7	0.7	1.2
Total regulatory liabilities	\$ 48.7	\$ 55.6	\$ 69.9

(a) Regulatory liabilities are recorded in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated Balance Sheets.

Deferred fuel and power refunds. Gas Utility’s and Electric Utility’s tariffs contain clauses that permit recovery of all prudently incurred purchased gas and power costs through the application of purchased gas cost (“PGC”) rates in the case of Gas Utility and default service (“DS”) tariffs in the case of Electric Utility. The clauses provide for periodic adjustments to PGC and DS rates for differences between the total amount of purchased gas and electric generation supply costs collected from customers and recoverable

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costs incurred. Net undercollected costs are classified as a regulatory asset and net overcollections are classified as a regulatory liability.

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for firm- residential, commercial and industrial (“retail core-market”) customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel costs or refunds. Net unrealized (losses) gains on such contracts at June 30, 2017 , September 30, 2016 and June 30, 2016 were \$(0.1) , \$4.3 and \$5.5 , respectively.

Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. At June 30, 2017 , September 30, 2016 and June 30, 2016 , all Electric Utility forward electricity purchase contracts were subject to the NPNS exception (see Note 12).

In order to reduce volatility associated with a substantial portion of its electric transmission congestion costs, Electric Utility obtains financial transmission rights (“FTRs”). FTRs are derivative instruments that entitle the holder to receive compensation for electricity transmission congestion charges when there is insufficient electricity transmission capacity on the electric transmission grid. Because Electric Utility is entitled to fully recover its DS costs, realized and unrealized gains or losses on FTRs are included in deferred fuel and power costs or deferred fuel and power refunds. Unrealized gains or losses on FTRs at June 30, 2017 , September 30, 2016 , and June 30, 2016 , were not material.

Base Rate Filings. On January 19, 2017, PNG filed a rate request with the PUC to increase PNG’s base operating revenues for residential, commercial and industrial customers by \$21.7 annually. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service. PNG requested that the new gas rates become effective March 20, 2017. The PUC entered an Order dated February 9, 2017, suspending the effective date for the rate increase to allow for investigation and public hearings. On June 30, 2017, all active parties supported the filing of a Joint Petition for Approval of Settlement of all issues with the PUC. Under the terms of the Joint Petition, UGI Utilities will be permitted, effective October 20, 2017, to increase PNG’s annual base distribution rates by \$11.3 . On July 25, 2017, the PUC administrative law judge recommended that the settlement be adopted without modification. Although the Company expects to receive the final order from the PUC approving the settlement by October 2017, the Company cannot predict the timing or the ultimate outcome of the rate case review process.

On October 14, 2016, the PUC approved a previously filed Joint Petition for Approval of Settlement of all issues providing for a \$27.0 annual base distribution rate increase for UGI Gas. The increase became effective on October 19, 2016.

Distribution System Improvement Charge. On April 14, 2012, legislation became effective enabling gas and electric utilities in Pennsylvania, under certain circumstances, to recover the cost of eligible capital investment in distribution system infrastructure improvement projects between base rate cases. The charge enabled by the legislation is known as a distribution system improvement charge (“DSIC”). The primary benefit to a company from a DSIC charge is the elimination of regulatory lag, or delayed rate recognition, that occurs under traditional ratemaking relating to qualifying capital expenditures. To be eligible for a DSIC, a utility must have filed a general rate filing within five years of its petition seeking permission to include a DSIC in its tariff, and not exceed certain earnings tests. Absent PUC permission, the DSIC is capped at 5% of distribution charges billed to customers.

PNG and CPG received PUC approval on a DSIC tariff, initially set at zero , in 2014. PNG and CPG began charging a DSIC at a rate other than zero beginning on April 1, 2015 and April 1, 2016, respectively. In March 2016, PNG and CPG filed petitions seeking approval to increase the maximum allowable DSIC from 5% to 10% of billed distribution revenues. On May 10, 2017, the PUC issued a final Order to approve an increase of the maximum allowable DSIC to 7.5% of billed distribution revenues effective July 1, 2017, for PNG and CPG, pending reconsideration at the Company’s Long-term Infrastructure Improvement Plan filing in 2018.

On November 9, 2016, UGI Gas received PUC approval to establish a DSIC tariff mechanism, capped at 5% of distribution charges billed to customers, effective January 1, 2017. Revenue collected pursuant to the mechanism will be subject to refund and recoupment based on the PUC’s final resolution of certain matters set aside for hearing before an administrative law judge. UGI Gas will be permitted to recover revenue under the mechanism for the amount of DSIC-eligible plant placed into service in excess of the threshold amount of DSIC-eligible plant agreed upon in the settlement of its recent base rate case. Achievement of that threshold is not likely to occur prior to September 30, 2017.

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Note 7 — Energy Services Accounts Receivable Securitization Facility

Energy Services, LLC has an accounts receivable securitization facility (“Receivables Facility”) with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2017. The Receivables Facility provides Energy Services with the ability to borrow up to \$150 of eligible receivables during the period November to April and up to \$75 of eligible receivables during the period May to October. Energy Services, LLC uses the Receivables Facility to fund working capital, margin calls under commodity futures contracts, capital expenditures, dividends and for general corporate purposes.

Under the Receivables Facility, Energy Services, LLC transfers, on an ongoing basis and without recourse, its trade accounts receivable to its wholly owned, special purpose subsidiary, Energy Services Funding Corporation (“ESFC”), which is consolidated for financial statement purposes. ESFC, in turn, has sold and, subject to certain conditions, may from time to time sell, an undivided interest in some or all of the receivables to a major bank. Amounts sold to the bank are reflected as “Short-term borrowings” on the Condensed Consolidated Balance Sheets. ESFC was created and has been structured to isolate its assets from creditors of Energy Services, LLC and its affiliates, including UGI. Trade receivables sold to the bank remain on the Company’s balance sheet and the Company reflects a liability equal to the amount advanced by the bank. The Company records interest expense on amounts owed to the bank. Energy Services, LLC continues to service, administer and collect trade receivables on behalf of the bank, as applicable. Losses on sales of receivables to the bank during the three and nine months ended June 30, 2017 and 2016, which are included in “Interest expense” on the Condensed Consolidated Statements of Income, were not material.

Information regarding the trade receivables transferred to ESFC and the amounts sold to the bank for the nine months ended June 30, 2017 and 2016, as well as the balance of ESFC trade receivables at June 30, 2017, September 30, 2016 and June 30, 2016, is as follows:

	Nine Months Ended June 30,	
	2017	2016
Trade receivables transferred to ESFC during the period	\$ 848.3	\$ 615.3
ESFC trade receivables sold to the bank during the period	\$ 186.0	\$ 167.5

	June 30, 2017	September 30, 2016	June 30, 2016
ESFC trade receivables - end of period (a)	\$ 51.6	\$ 35.7	\$ 40.4

(a) At June 30, 2017 and September 30, 2016, the amounts of ESFC trade receivables sold to the bank were \$30.0 and \$25.5, respectively, and are reflected as “Short-term borrowings” on the Condensed Consolidated Balance Sheets. At June 30, 2016, there were no ESFC trade receivables sold to the bank.

Note 8 — Debt

UGI Utilities

Pursuant to a Note Purchase Agreement, in October 2016, UGI Utilities issued \$100 aggregate principal amount of 4.12% Senior Notes due October 2046 (the “UGI Utilities’ 4.12% Senior Notes”). The net proceeds of the issuance of the UGI Utilities’ 4.12% Senior Notes were used (1) to provide additional financing for UGI Utilities’ infrastructure replacement and betterment capital program and information technology initiatives and (2) for general corporate purposes. The UGI Utilities’ 4.12% Senior Notes are unsecured and rank equally with UGI Utilities’ existing outstanding senior debt.

AmeriGas Propane

In December 2016, AmeriGas Partners issued \$700 principal amount of 5.50% Senior Notes due May 2025 (the “AmeriGas Partners’ 5.50% Senior Notes”). The AmeriGas Partners’ 5.50% Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the AmeriGas Partners’ 5.50% Senior Notes were used in December 2016 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners’ 7.00% Senior Notes having an aggregate principal balance of \$500.0 plus accrued and unpaid interest and early redemption premiums; (2) the reduction of short-term borrowings; and (3) general corporate purposes.

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In February 2017, AmeriGas Partners issued \$525 principal amount of 5.75% Senior Notes due May 2027 (the “AmeriGas Partners’ 5.75% Senior Notes”). The AmeriGas Partners’ 5.75% Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the AmeriGas Partners’ 5.75% Senior Notes were used in February 2017 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners’ 7.00% Senior Notes having an aggregate principal balance of \$378.3 plus accrued and unpaid interest and early redemption premiums; (2) the repayment of short-term borrowings; and (3) general corporate purposes.

In May 2017, AmeriGas Partners repaid the remaining AmeriGas Partners’ 7.00% Senior Notes not previously tendered, having an aggregate principal balance of \$102.5, plus early redemption premiums and accrued and unpaid interest.

In connection with the early repayments of AmeriGas’ Senior Notes, during the three and nine months ended June 30, 2017 and 2016, the Partnership recognized pre-tax losses which are reflected in “Loss on extinguishments of debt” on the Condensed Consolidated Statements of Income and comprise the following:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Early redemption premiums	\$ 3.6	\$ 30.4	\$ 51.3	\$ 30.4
Write-off of unamortized debt issuance costs	0.8	6.7	8.4	6.7
Loss on extinguishments of debt	\$ 4.4	\$ 37.1	\$ 59.7	\$ 37.1

Note 9 — Commitments and Contingencies

Environmental Matters

UGI Utilities

From the late 1800s through the mid-1900s, UGI Utilities and its current and 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. By the early 1950s, UGI Utilities divested all of its utility operations other than certain Pennsylvania operations, including those which now constitute UGI Gas and Electric Utility. UGI Utilities also has two acquired subsidiaries (CPG and PNG) with similar histories of owning, and in some cases operating, MGPs in Pennsylvania.

Each of UGI Utilities and its subsidiaries, CPG and PNG, has entered into an agreement with the Pennsylvania Department of Environmental Protection (“DEP”) to address the remediation of former MGPs in Pennsylvania (each, a “COA”). The COAs require UGI Gas, CPG and PNG to perform a specified level of activities associated with environmental investigation and remediation work at certain properties in Pennsylvania on which MGP-related facilities were previously operated (“MGP Properties”) and, in the case of CPG, to plug a minimum number of non-producing natural gas wells per year. Under these agreements, in any calendar year, required environmental expenditures relating to the MGP Properties and, with respect to CPG, the natural gas wells, are capped at \$2.5, \$1.8, and \$1.1, for UGI Gas, CPG and PNG, respectively. The COAs for UGI Gas, CPG and PNG are scheduled to terminate at the end of 2031, 2018, and 2019, respectively, but each COA may be terminated by either party at the end of any two-year period beginning with the original effective date of the COA. At June 30, 2017, September 30, 2016 and June 30, 2016, our estimated accrued liabilities for environmental investigation and remediation costs related to the COAs for UGI Gas, CPG and PNG totaled \$55.2, \$55.1 and \$56.0, respectively. UGI Gas, CPG, and PNG have recorded associated regulatory assets for these costs because recovery of these costs from customers is probable (see Note 6).

We do not expect the costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to UGI Utilities’ results of operations because UGI Gas, CPG and PNG receive ratemaking recovery of actual environmental investigation and remediation costs associated with the sites covered by the COAs. This ratemaking recognition reconciles the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites.

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From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by its former subsidiaries. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. 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. At June 30, 2017, September 30, 2016 and June 30, 2016, neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Utilities' MGP sites outside of Pennsylvania was material.

AmeriGas Propane

AmeriGas OLP Saranac Lake. By letter dated March 6, 2008, the New York State Department of Environmental Conservation ("DEC") notified AmeriGas OLP that DEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the DEC disclosed contamination related to a former MGP. At that time, AmeriGas OLP reviewed the preliminary site characterization prepared by the DEC and researched the history of the site, including the extent of AmeriGas OLP's ownership of the site. In its written response to the DEC in early 2009, AmeriGas OLP disputed DEC's contention it was a potentially responsible party ("PRP") as it did not operate the MGP and appeared to only own a portion of the site. The DEC did not respond to the 2009 communication. In March 2017, the DEC communicated to AmeriGas OLP that the DEC had performed significant testing at the site and had drafted three Records of Decision ("RODs") related to the site and requested additional information related to AmeriGas OLP's purported ownership of the site. The DEC has estimated that its selected remediation plan will cost approximately \$27.0. AmeriGas OLP is in the process of responding to the DEC's request for ownership information and continues to assert defenses based on the nature of its ownership and use of the site. AmeriGas believes it has identified other PRPs and is reviewing the appropriateness of the DEC's remediation plan, which could affect the amount and allocation of financial responsibility. To AmeriGas OLP's knowledge, the DEC has not commenced implementation of the remediation plan and has not indicated when such remediation will start. Based upon currently available information, the Partnership is unable to estimate the ultimate outcome and timing with respect to the resolution of this matter. The Partnership is working with outside counsel and its environmental consultants to determine the potential exposure and liability due to AmeriGas OLP's purported ownership of the site. Based on our preliminary evaluation of the available information, during the third quarter of Fiscal 2017, the Partnership accrued an environmental remediation liability of \$7.5 related to the site, which amount is included in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Other Matters

Class Action Judgment. In connection with the Partnership's 2012 acquisition of the subsidiaries of Energy Transfer Partners, L.P. ("ETP") that operated ETP's propane distribution business ("Heritage Propane"), the Partnership became party to a class action lawsuit that was filed against Heritage Operating, L.P. in 2005 by Alfred L. Williams, II, on behalf of himself and all others similarly situated. The class action lawsuit alleged, among other things, wrongful collection of tank rental payments from legacy customers of People's Gas, which was acquired by Heritage Propane in 2000. In 2010, the Florida District Court certified the class and in January 2015, the Florida District Court awarded the class approximately \$18.0. In April 2016, the Partnership appealed the verdict to the Florida Second District Court of Appeals (the "Second DCA") and, in September 2016, the Second DCA affirmed the verdict without opinion. Prior to the Second DCA's action in the case, we believed that the likelihood of the Second DCA affirming the Florida District Court's decision was remote. As a result of the Second DCA's actions, in September 2016, the Partnership recorded a \$15.0 adjustment to its litigation accrual to reflect the full amount of the judgment plus associated interest. In October 2016, the Partnership filed a Motion for Written Opinion and for Rehearing En Banc with the Second DCA. Following denial of such motion, the Partnership satisfied such judgment.

Purported Class Action Lawsuits. Between May and October of 2014, more than 35 purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI Corporation and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in 2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of

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federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys' fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Division of the United States District Court for the Western District of Missouri ("District Court"). In July 2015, the District Court dismissed all claims brought by direct customers. In June 2017, the United States Court of Appeals for the Eighth Circuit ("Eighth Circuit") ruled en banc to reverse the dismissal by the District Court, which had previously been affirmed by a panel of the Eighth Circuit. We are considering the filing of a Petition for a Writ of Certiorari to the U.S. Supreme Court appealing the decision of the Eighth Circuit.

In July 2015, the District Court also dismissed all claims brought by the indirect customers other than those for injunctive relief. The indirect customers filed an amended complaint with the District Court claiming injunctive relief and state law claims under Wisconsin, Maine and Vermont law. In September 2016, the District Court dismissed the amended complaint in its entirety. The indirect customers appealed this decision to the Eighth Circuit; such appeal was subject to a stay pending the en banc review of the direct purchasers' claims. In light of the Eighth Circuit decision with respect to the direct purchaser claims, the briefing schedule in respect of the indirect purchaser appeal will now resume. On July 21, 2016, several new indirect customer plaintiffs filed an antitrust class action lawsuit against the Partnership in the Western District of Missouri. The new indirect customer class action lawsuit was dismissed in September 2016 and certain indirect customer plaintiffs appealed the decision, consolidating their appeal with the indirect customer appeal still pending in the Eighth Circuit.

We are unable to reasonably estimate the impact, if any, arising from such litigation. We believe we have strong defenses to the claims and intend to vigorously defend against them.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Note 10 — Defined Benefit Pension and Other Postretirement Plans

In the U.S., we sponsor a defined benefit pension plan for employees hired prior to January 1, 2009, of UGI, UGI Utilities, PNG, CPG and certain of UGI's other domestic wholly owned subsidiaries ("U.S. Pension Plan"). We also provide postretirement health care benefits to certain retirees and postretirement life insurance benefits to nearly all U.S. active and retired employees. In addition, employees of UGI France SAS and its subsidiaries are covered by certain defined benefit pension and postretirement plans.

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

Three Months Ended June 30,	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
Service cost	\$ 3.0	\$ 2.6	\$ 0.3	\$ 0.2
Interest cost	6.2	6.7	0.2	0.2
Expected return on assets	(8.4)	(8.0)	(0.2)	(0.2)
Amortization of:				
Prior service cost (benefit)	0.1	—	(0.2)	(0.1)
Actuarial loss	4.2	2.7	0.1	—
Net benefit cost	5.1	4.0	0.2	0.1
Change in associated regulatory liabilities	—	—	(0.1)	0.9
Net benefit cost after change in regulatory liabilities	\$ 5.1	\$ 4.0	\$ 0.1	\$ 1.0

Nine Months Ended June 30,	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
Service cost	\$ 9.0	\$ 7.6	\$ 0.7	\$ 0.6
Interest cost	18.5	19.9	0.6	0.7
Expected return on assets	(25.0)	(24.0)	(0.5)	(0.5)
Amortization of:				
Prior service cost (benefit)	0.2	0.2	(0.5)	(0.4)
Actuarial loss	12.5	8.1	0.2	—
Net benefit cost	15.2	11.8	0.5	0.4
Change in associated regulatory liabilities	—	—	(0.4)	2.6
Net benefit cost after change in regulatory liabilities	\$ 15.2	\$ 11.8	\$ 0.1	\$ 3.0

The U.S. Pension Plan's assets are held in trust and consist principally of publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, UGI Common Stock. It is our general policy to fund amounts for U.S. Pension Plan benefits equal to at least the minimum required contribution set forth in applicable employee benefit laws. During the nine months ended June 30, 2017 and 2016, the Company made cash contributions to the U.S. Pension Plan of \$8.5 and \$7.4, respectively. The Company expects to make additional discretionary cash contributions of approximately \$2.8 to the U.S. Pension Plan during the remainder of Fiscal 2017.

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, if any, determined under GAAP. The difference between such amount and amounts included in UGI Gas' and Electric Utility's rates, if any, is deferred for future recovery from, or refund to, ratepayers. There were no required contributions to the VEBA during the nine months ended June 30, 2017 and 2016.

We also sponsor unfunded and non-qualified supplemental executive defined benefit retirement plans. Net periodic costs associated with these plans for the three and nine months ended June 30, 2017 and 2016, were not material.

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Note 11 — Fair Value Measurements

Recurring Fair Value Measurements

The following table presents on a gross basis our financial assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy, as of June 30, 2017, September 30, 2016 and June 30, 2016 :

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2017:				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 29.3	\$ 10.5	\$ —	\$ 39.8
Foreign currency contracts	\$ —	\$ 11.3	\$ —	\$ 11.3
Liabilities:				
Commodity contracts	\$ (25.6)	\$ (17.3)	\$ —	\$ (42.9)
Foreign currency contracts	\$ —	\$ (24.3)	\$ —	\$ (24.3)
Interest rate contracts	\$ —	\$ (2.2)	\$ —	\$ (2.2)
Cross-currency contracts	\$ —	\$ (0.9)	\$ —	\$ (0.9)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 35.8	\$ —	\$ —	\$ 35.8
September 30, 2016:				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 28.9	\$ 26.0	\$ —	\$ 54.9
Foreign currency contracts	\$ —	\$ 17.8	\$ —	\$ 17.8
Liabilities:				
Commodity contracts	\$ (76.8)	\$ (21.8)	\$ —	\$ (98.6)
Foreign currency contracts	\$ —	\$ (2.4)	\$ —	\$ (2.4)
Interest rate contracts	\$ —	\$ (3.9)	\$ —	\$ (3.9)
Cross-currency contracts	\$ —	\$ (0.5)	\$ —	\$ (0.5)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 33.0	\$ —	\$ —	\$ 33.0
June 30, 2016:				
Derivative instruments:				
Assets:				
Commodity contracts	\$ 39.9	\$ 30.3	\$ —	\$ 70.2
Foreign currency contracts	\$ —	\$ 18.6	\$ —	\$ 18.6
Cross-currency contracts	\$ —	\$ 0.3	\$ —	\$ 0.3
Liabilities:				
Commodity contracts	\$ (47.1)	\$ (24.3)	\$ —	\$ (71.4)
Foreign currency contracts	\$ —	\$ (0.8)	\$ —	\$ (0.8)
Interest rate contracts	\$ —	\$ (3.8)	\$ —	\$ (3.8)
Non-qualified supplemental postretirement grantor trust investments (a)	\$ 32.0	\$ —	\$ —	\$ 32.0

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans.

The fair values of our Level 1 exchange-traded commodity futures and option contracts and non-exchange-traded commodity futures and forward contracts are based upon actively quoted market prices for identical assets and liabilities. The remainder of our derivative instruments are designated as Level 2. The fair values of certain non-exchange-traded commodity derivatives

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designated as Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts designated as Level 2 that are not traded on an exchange, we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The fair values of our Level 2 interest rate contracts, foreign currency contracts and cross-currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets. There were no transfers between Level 1 and Level 2 during the periods presented.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at June 30, 2017, September 30, 2016 and June 30, 2016 were as follows:

	June 30, 2017		September 30, 2016		June 30, 2016
Carrying amount	\$ 4,175.3	\$	3,832.3	\$	4,156.9
Estimated fair value	\$ 4,267.0	\$	4,052.3	\$	4,312.0

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 12. Our investment in a private equity partnership is measured at fair value on a non-recurring basis. Generally this measurement uses Level 3 fair value inputs because the investment does not have a readily available market value. See Note 2 for additional information on this cost basis investment.

Note 12 — Derivative Instruments and Hedging Activities

We are exposed to certain market risks related to our ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risks managed by derivative instruments are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies, which govern, among other things, the derivative instruments we can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months.

Commodity Price Risk

Regulated Utility Operations

Natural Gas

Gas Utility's tariffs contain clauses that permit recovery of all of the prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PUC pursuant to Gas Utility's annual PGC filings, Gas Utility currently uses New York Mercantile Exchange ("NYMEX") natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. Gains and losses on Gas Utility's natural gas futures contracts and natural gas option contracts are recorded in regulatory assets or liabilities on the Condensed Consolidated Balance Sheets because it is probable such gains or losses will be recoverable from, or refundable to, customers through the PGC recovery mechanism (see Note 6).

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Electricity

Electric Utility's DS tariffs permit the recovery of all prudently incurred costs of electricity it sells to DS customers, including the cost of financial instruments used to hedge electricity costs. Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. At June 30, 2017, September 30, 2016 and June 30, 2016, all Electric Utility forward electricity purchase contracts were subject to the NPNS exception.

In order to reduce volatility associated with a substantial portion of its electricity transmission congestion costs, Electric Utility obtains FTRs through an annual allocation process. Gains and losses on Electric Utility FTRs are recorded in regulatory assets or liabilities on the Condensed Consolidated Balance Sheets because it is probable such gains or losses will be recoverable from, or refundable to, customers through the DS mechanism (see Note 6).

Non-utility Operations*LPG*

In order to manage market price risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, certain other domestic businesses and our UGI International operations also use over-the-counter price swap and option contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases. The Partnership from time to time enters into price swap and put option agreements to reduce the effects of short-term commodity price volatility. Also, Midstream & Marketing uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of propane.

Natural Gas

In order to manage market price risk relating to fixed-price sales contracts for natural gas, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures and forward contracts and Intercontinental Exchange ("ICE") natural gas basis swap contracts. In addition, Midstream & Marketing uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of natural gas.

Electricity

In order to manage market price risk relating to fixed-price sales contracts for electricity, Midstream & Marketing enters into electricity futures and forward contracts. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. From time to time, Midstream & Marketing purchases FTRs to economically hedge electricity transmission congestion costs associated with its fixed-price electricity sales contracts and from time to time also enters into New York Independent System Operator ("NYISO") capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid.

Interest Rate Risk

UGI France SAS's and Flaga GmbH's long-term debt agreements have interest rates that are generally indexed to short-term market interest rates. UGI France SAS and Flaga GmbH have each entered into pay-fixed, receive-variable interest rate swap agreements to hedge the underlying euribor rates of interest on their variable-rate term loans.

Our domestic businesses' long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements ("IRPAs").

We account for interest rate swaps and IRPAs as cash flow hedges. At June 30, 2017, the amount of net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is \$3.5.

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Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

In order to reduce exposure to foreign exchange rate volatility related to our foreign LPG operations, through September 30, 2016, we entered into forward foreign currency exchange contracts to hedge a portion of anticipated U.S. dollar-denominated LPG product purchases primarily during the heating-season months of October through March. We account for these foreign currency exchange contracts associated with anticipated purchases of U.S. dollar-denominated LPG as cash flow hedges. At June 30, 2017, the amount of net gains associated with currency rate risk expected to be reclassified into earnings during the next twelve months based upon current fair values is \$2.4.

Beginning October 1, 2016, in order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. The fair value of these forward foreign currency contracts are recorded as assets or liabilities on the Condensed Consolidated Balance Sheets. Changes in the fair value of these foreign currency exchange contracts are recorded in "Losses on foreign currency contracts, net," on the Condensed Consolidated Statements of Income.

From time to time we also enter into forward foreign currency exchange contracts to reduce the volatility of the U.S. dollar value of a portion of our International Propane euro-denominated net investments.

Cross-currency Swaps

From time to time, Flaga GmbH enters into cross-currency swaps to hedge its exposure to the variability in expected future cash flows associated with the foreign currency and interest rate risk of U.S. dollar-denominated debt. These cross-currency hedges include initial and final exchanges of principal from a fixed euro denomination to a fixed U.S. dollar-denominated amount, to be exchanged at a specified rate, which was determined by the market spot rate on the date of issuance. These cross-currency swaps also include interest rate swaps of a floating U.S. dollar-denominated interest rate to a fixed euro-denominated interest rate. We designate these cross-currency swaps as cash flow hedges.

At June 30, 2017, the amount of net losses associated with such cross-currency swaps expected to be reclassified into earnings during the next twelve months is not material.

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Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts as of June 30, 2017, September 30, 2016 and June 30, 2016, and the final settlement date of the Company's open derivative transactions as of June 30, 2017, excluding those derivatives that qualified for the NPNS exception:

Type	Units	Settlements Extending Through	Notional Amounts (in millions)		
			June 30, 2017	September 30, 2016	June 30, 2016
Commodity Price Risk:					
<i>Regulated Utility Operations</i>					
Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	September 2018	12.7	18.4	13.4
FTRs	Kilowatt hours	May 2018	139.4	58.3	80.6
<i>Non-utility Operations</i>					
LPG swaps & options	Gallons	September 2019	284.9	396.9	406.4
Natural gas futures, forward and pipeline contracts	Dekatherms	December 2021	55.5	71.1	79.6
Natural gas basis swap contracts	Dekatherms	March 2021	113.2	118.3	106.3
NYMEX natural gas storage	Dekatherms	March 2019	1.6	1.9	1.8
NYMEX propane storage	Gallons	March 2018	0.3	—	—
Electricity long forward and futures contracts	Kilowatt hours	May 2021	686.3	761.2	558.0
Electricity short forward and futures contracts	Kilowatt hours	April 2021	471.4	264.6	344.7
Interest Rate Risk:					
Interest rate swaps	Euro	October 2020	€ 645.8	€ 645.8	€ 645.8
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	September 2020	\$ 467.4	\$ 314.3	\$ 316.8
Cross-currency swaps	USD	September 2018	\$ 59.1	\$ 59.1	\$ 59.1

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At June 30, 2017, September 30, 2016 and June 30, 2016, restricted cash in brokerage accounts totaled \$6.7, \$15.6 and \$9.6, respectively. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at June 30, 2017. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At June 30, 2017, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

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Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities (and cash collateral received and pledged) are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. Our derivative instruments include both those that are executed on an exchange through brokers and centrally cleared and over-the-counter transactions. Exchange contracts utilize a financial intermediary, exchange or clearinghouse to enter, execute or clear the transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter and exchange contracts contain contractual rights of offset through master netting arrangements, derivative clearing agreements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency or other conditions.

In general, most of our over-the-counter transactions and all exchange contracts are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

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Fair Value of Derivative Instruments

The following table presents the Company's derivative assets and liabilities by type, as well as the effects of offsetting, as of June 30, 2017, September 30, 2016 and June 30, 2016 :

	June 30, 2017	September 30, 2016	June 30, 2016
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	\$ 5.2	\$ 17.8	\$ 18.6
Cross-currency contracts	—	—	0.3
	5.2	17.8	18.9
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	1.2	4.5	5.7
Derivatives not designated as hedging instruments:			
Commodity contracts	38.6	50.4	64.5
Foreign currency contracts	6.1	—	—
	44.7	50.4	64.5
Total derivative assets — gross	51.1	72.7	89.1
Gross amounts offset in the balance sheet	(34.6)	(35.0)	(36.8)
Cash collateral received	(0.1)	(0.3)	(2.3)
Total derivative assets — net	\$ 16.4	\$ 37.4	\$ 50.0
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	\$ (2.1)	\$ (2.4)	\$ (0.8)
Cross-currency contracts	(0.9)	(0.5)	—
Interest rate contracts	(2.2)	(3.9)	(3.8)
	(5.2)	(6.8)	(4.6)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(1.2)	(0.5)	(0.6)
Derivatives not designated as hedging instruments:			
Commodity contracts	(41.7)	(98.1)	(70.8)
Foreign currency contracts	(22.2)	—	—
	(63.9)	(98.1)	(70.8)
Total derivative liabilities — gross	(70.3)	(105.4)	(76.0)
Gross amounts offset in the balance sheet	34.6	35.0	36.8
Total derivative liabilities — net	\$ (35.7)	\$ (70.4)	\$ (39.2)

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Effect of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Income and changes in AOCI for the three and nine months ended June 30, 2017 and 2016 :

Three Months Ended June 30.:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
	2017	2016	2017	2016	
Cash Flow Hedges:					
Foreign currency contracts	\$ (10.2)	\$ 11.5	\$ 0.8	\$ 0.2	Cost of sales
Cross-currency contracts	0.3	0.3	0.1	0.1	Interest expense/other operating income, net
Interest rate contracts	(0.1)	(0.6)	(0.9)	(1.3)	Interest expense
Total	<u>\$ (10.0)</u>	<u>\$ 11.2</u>	<u>\$ —</u>	<u>\$ (1.0)</u>	

	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2017	2016	
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	\$ (25.2)	\$ 44.8	Cost of sales
Commodity contracts	0.6	0.1	Revenues
Foreign currency contracts	(16.2)	—	Losses on foreign currency contracts, net
Total	<u>\$ (40.8)</u>	<u>\$ 44.9</u>	

Nine Months Ended June 30.:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
	2017	2016	2017	2016	
Cash Flow Hedges:					
Foreign currency contracts	\$ 5.3	\$ 6.2	\$ 17.6	\$ 17.4	Cost of sales
Cross-currency contracts	0.5	—	(0.2)	0.3	Interest expense/other operating income, net
Interest rate contracts	1.7	(32.2)	(2.9)	(3.2)	Interest expense
Total	<u>\$ 7.5</u>	<u>\$ (26.0)</u>	<u>\$ 14.5</u>	<u>\$ 14.5</u>	

	Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	2017	2016	
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	\$ 105.3	\$ (7.4)	Cost of sales
Commodity contracts	1.5	1.9	Revenues
Commodity contracts	—	(0.1)	Operating and administrative expenses
Foreign currency contracts	(16.1)	—	Losses on foreign currency contracts, net
Total	<u>\$ 90.7</u>	<u>\$ (5.6)</u>	

For the three and nine months ended June 30, 2017 , the amounts of derivative gains or losses representing ineffectiveness were not material. For the three months ended June 30, 2016 , the amounts of derivative gains or losses representing ineffectiveness were not material. For the nine months ended June 30, 2016 , the amounts of derivative gains or losses representing ineffectiveness were losses of \$5.5 , which were included in “Other operating income, net,” on the Condensed Consolidated Statements of Income

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and were related to interest rate contracts at UGI France SAS. For the three and nine months ended June 30, 2017 and 2016, the amounts of gains or losses recognized in income as a result of excluding derivatives from ineffectiveness testing were not material.

We are also a party to a number of other contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery, or sale, of energy products, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments. Although certain of these contracts have the requisite elements of a derivative instrument, these contracts qualify for NPNS exception accounting under GAAP 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 and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

Note 13 — Accumulated Other Comprehensive Income

The tables below present changes in AOCI during the three and nine months ended June 30, 2017 and 2016 :

Three Months Ended June 30, 2017	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2017	\$ (27.7)	\$ (11.5)	\$ (165.3)	\$ (204.5)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(6.6)	75.5	68.9
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	(0.1)	—	—	(0.1)
Reclassification adjustments tax expense	—	(0.2)	—	(0.2)
Reclassification adjustments (after-tax)	(0.1)	(0.2)	—	(0.3)
Other comprehensive (loss) income attributable to UGI	(0.1)	(6.8)	75.5	68.6
AOCI — June 30, 2017	<u>\$ (27.8)</u>	<u>\$ (18.3)</u>	<u>\$ (89.8)</u>	<u>\$ (135.9)</u>
Three Months Ended June 30, 2016	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2016	\$ (19.7)	\$ (21.3)	\$ (88.9)	\$ (129.9)
Other comprehensive income (loss) before reclassification adjustments (after-tax)	—	7.8	(35.4)	(27.6)
Amounts reclassified from AOCI and noncontrolling interests:				
Reclassification adjustments (pre-tax)	0.6	1.0	—	1.6
Reclassification adjustments tax expense	(0.3)	(0.4)	—	(0.7)
Reclassification adjustments (after-tax)	0.3	0.6	—	0.9
Other comprehensive income (loss) attributable to UGI	0.3	8.4	(35.4)	(26.7)
AOCI — June 30, 2016	<u>\$ (19.4)</u>	<u>\$ (12.9)</u>	<u>\$ (124.3)</u>	<u>\$ (156.6)</u>

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Nine Months Ended June 30, 2017	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2016	\$ (29.1)	\$ (13.4)	\$ (112.2)	\$ (154.7)
Other comprehensive income before reclassification adjustments (after-tax)	—	5.2	22.4	27.6
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	2.2	(14.5)	—	(12.3)
Reclassification adjustments tax (benefit) expense	(0.9)	4.4	—	3.5
Reclassification adjustments (after-tax)	1.3	(10.1)	—	(8.8)
Other comprehensive income (loss) attributable to UGI	1.3	(4.9)	22.4	18.8
AOCI — June 30, 2017	\$ (27.8)	\$ (18.3)	\$ (89.8)	\$ (135.9)

Nine Months Ended June 30, 2016	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2015	\$ (20.4)	\$ 11.2	\$ (105.4)	\$ (114.6)
Other comprehensive loss before reclassification adjustments (after-tax)	—	(15.1)	(18.9)	(34.0)
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	1.7	(14.5)	—	(12.8)
Reclassification adjustments tax (benefit) expense	(0.7)	5.5	—	4.8
Reclassification adjustments (after-tax)	1.0	(9.0)	—	(8.0)
Other comprehensive income (loss) attributable to UGI	1.0	(24.1)	(18.9)	(42.0)
AOCI — June 30, 2016	\$ (19.4)	\$ (12.9)	\$ (124.3)	\$ (156.6)

For additional information on amounts reclassified from AOCI relating to derivative instruments, see Note 12 .

Note 14 — Segment Information

Our operations comprise four reportable segments generally based upon products sold, geographic location and regulatory environment. Our reportable segments comprise: (1) AmeriGas Propane; (2) UGI International; (3) Midstream & Marketing; and (4) UGI Utilities.

As a result of changes in the composition of information reported to our chief operating decision maker (“CODM”), effective October 1, 2016, we combined (1) our UGI France reportable segment with our Flaga & Other reportable segment, collectively referred to as “UGI International”; and (2) our Energy Services reportable segment with our Electric Generation reportable segment, collectively referred to as “Midstream & Marketing.” In accordance with GAAP, prior-period amounts have been restated to reflect these changes.

The accounting policies of our reportable segments are the same as those described in Note 2, “Summary of Significant Accounting Policies,” in the Company’s 2016 Annual Report. We evaluate AmeriGas Propane’s performance principally based upon the Partnership’s earnings before interest expense, income taxes, depreciation and amortization as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have (“Partnership Adjusted EBITDA”). Although we use Partnership Adjusted 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 GAAP. Our definition of Partnership Adjusted EBITDA may be different from that used by other companies. We evaluate the performance of our other reportable segments principally based upon their income before income taxes as adjusted for gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions. Net gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions are reflected in Corporate & Other because the Company’s CODM does not consider such items when evaluating the financial performance of our reportable segments.

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Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts)

Three Months Ended June 30, 2017	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	\$ 1,153.5	\$ (36.9) (c)	\$ 467.5	\$ 351.3	\$ 222.8	\$ 146.6	\$ 2.2
Cost of sales	\$ 618.5	\$ (36.2) (c)	\$ 197.5	\$ 178.2	\$ 189.4	\$ 52.0	\$ 37.6
Segment profit:							
Operating (loss) income	\$ (2.8)	\$ 0.1	\$ 4.6	\$ 0.5	\$ 2.8	\$ 27.7	\$ (38.5)
Income from equity investees	0.9	—	—	0.1	0.8	—	—
Losses on foreign currency contracts, net	(16.2)	—	—	(0.2)	—	—	(16.0)
Loss on extinguishment of debt	(4.4)	—	(4.4)	—	—	—	—
Interest expense	(56.8)	—	(40.6)	(5.6)	(0.3)	(10.2)	(0.1)
(Loss) income before income taxes	\$ (79.3)	\$ 0.1	\$ (40.4)	\$ (5.2)	\$ 3.3	\$ 17.5	\$ (54.6)
Partnership Adjusted EBITDA (a)			\$ 58.4				
Noncontrolling interests' net loss	\$ (43.2)	\$ —	\$ (38.5)	\$ (0.3)	\$ —	\$ —	\$ (4.4)
Depreciation and amortization	\$ 104.1	\$ (0.1)	\$ 46.2	\$ 31.1	\$ 8.8	\$ 17.9	\$ 0.2
Capital expenditures (including the effects of accruals)	\$ 140.9	\$ —	\$ 20.9	\$ 19.1	\$ 21.7	\$ 79.1	\$ 0.1
Three Months Ended June 30, 2016 (d)	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	\$ 1,130.8	\$ (17.5) (c)	\$ 446.7	\$ 395.5	\$ 166.0	\$ 140.3	\$ (0.2)
Cost of sales	\$ 433.0	\$ (16.7) (c)	\$ 170.8	\$ 179.7	\$ 124.1	\$ 44.4	\$ (69.3)
Segment profit:							
Operating income	\$ 155.7	\$ 0.1	\$ 18.3	\$ 33.5	\$ 11.3	\$ 29.8	\$ 62.7
Loss from equity investees	—	—	—	—	—	—	—
Loss on extinguishments of debt	(37.1)	—	(37.1)	—	—	—	—
Interest expense	(56.4)	—	(40.9)	(5.8)	(0.4)	(9.1)	(0.2)
Income (loss) before income taxes	\$ 62.2	\$ 0.1	\$ (59.7)	\$ 27.7	\$ 10.9	\$ 20.7	\$ 62.5
Partnership Adjusted EBITDA (a)			\$ 64.6				
Noncontrolling interests' net (loss) income	\$ (32.1)	\$ —	\$ (52.4)	\$ (0.1)	\$ —	\$ —	\$ 20.4
Depreciation and amortization	\$ 98.1	\$ (0.1)	\$ 46.4	\$ 27.4	\$ 7.6	\$ 16.6	\$ 0.2
Capital expenditures (including the effects of accruals)	\$ 137.4	\$ —	\$ 18.7	\$ 25.9	\$ 36.3	\$ 56.5	\$ —
Nine Months Ended June 30, 2017	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	\$ 5,006.8	\$ (201.2) (c)	\$ 2,008.3	\$ 1,511.1	\$ 916.3	\$ 768.0	\$ 4.3
Cost of sales	\$ 2,337.1	\$ (198.8) (c)	\$ 814.0	\$ 749.3	\$ 691.0	\$ 326.0	\$ (44.4)
Segment profit:							
Operating income	\$ 976.6	\$ 0.2	\$ 373.8	\$ 210.4	\$ 134.6	\$ 226.3	\$ 31.3
Income (loss) from equity investees	3.0	—	—	(0.2)	3.2	—	—
Losses on foreign currency contracts, net	(16.1)	—	—	—	—	—	(16.1)
Loss on extinguishments of debt	(59.7)	—	(59.7)	—	—	—	—
Interest expense	(168.0)	—	(120.6)	(15.2)	(1.6)	(30.5)	(0.1)
Income before income taxes	\$ 735.8	\$ 0.2	\$ 193.5	\$ 195.0	\$ 136.2	\$ 195.8	\$ 15.1
Partnership Adjusted EBITDA (a)			\$ 514.7				
Noncontrolling interests' net income (loss)	\$ 108.9	\$ —	\$ 115.4	\$ —	\$ —	\$ —	\$ (6.5)
Depreciation and amortization	\$ 301.5	\$ (0.2)	\$ 135.8	\$ 86.6	\$ 25.6	\$ 53.0	\$ 0.7
Capital expenditures (including the effects of accruals)	\$ 440.7	\$ —	\$ 74.5	\$ 62.1	\$ 104.0	\$ 199.7	\$ 0.4
As of June 30, 2017							
Total assets	\$ 11,246.4	\$ (53.0)	\$ 4,045.7	\$ 2,887.7	\$ 1,171.5	\$ 2,904.5	\$ 290.0
Short-term borrowings	\$ 163.9	\$ —	\$ 75.5	\$ 8.4	\$ 30.0	\$ 50.0	\$ —
Goodwill	\$ 3,032.3	\$ —	\$ 2,001.4	\$ 837.3	\$ 11.5	\$ 182.1	\$ —

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Notes to Condensed Consolidated Financial Statements

(unaudited)

(Currency in millions, except per share amounts)

Nine Months Ended June 30, 2016 (d)	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Revenues	\$ 4,709.5	\$ (116.7) (c)	\$ 1,918.3	\$ 1,552.4	\$ 691.7	\$ 660.3	\$ 3.5
Cost of sales	\$ 1,943.9	\$ (114.3) (c)	\$ 712.2	\$ 753.5	\$ 468.3	\$ 257.3	\$ (133.1)
Segment profit:							
Operating income	\$ 1,076.6	\$ 0.2	\$ 398.3	\$ 230.1	\$ 132.0	\$ 192.6	\$ 123.4
Loss from equity investees	(0.1)	—	—	(0.1)	—	—	—
Loss on extinguishments of debt	(37.1)	—	(37.1)	—	—	—	—
Interest expense	(171.6)	—	(122.7)	(18.8)	(1.7)	(27.9)	(0.5)
Income before income taxes	\$ 867.8	\$ 0.2	\$ 238.5	\$ 211.2	\$ 130.3	\$ 164.7	\$ 122.9
Partnership Adjusted EBITDA (a)			\$ 537.7				
Noncontrolling interests' net income	\$ 196.0	\$ —	\$ 150.9	\$ 0.1	\$ —	\$ —	\$ 45.0
Depreciation and amortization	\$ 299.4	\$ (0.2)	\$ 143.0	\$ 82.9	\$ 22.7	\$ 50.3	\$ 0.7
Capital expenditures (including the effects of accruals)	\$ 384.8	\$ —	\$ 74.5	\$ 69.2	\$ 75.0	\$ 166.1	\$ —
As of June 30, 2016							
Total assets	\$ 11,103.9	\$ (82.6)	\$ 4,376.1	\$ 2,899.5	\$ 998.0	\$ 2,697.3	\$ 215.6
Short-term borrowings	\$ 144.0	\$ —	\$ 11.4	\$ 2.6	\$ —	\$ 130.0	\$ —
Goodwill	\$ 2,981.3	\$ —	\$ 1,978.2	\$ 809.5	\$ 11.5	\$ 182.1	\$ —

(a) The following table provides a reconciliation of Partnership Adjusted EBITDA to AmeriGas Propane (loss) income before income taxes:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Partnership Adjusted EBITDA	\$ 58.4	\$ 64.6	\$ 514.7	\$ 537.7
Depreciation and amortization	(46.2)	(46.4)	(135.8)	(143.0)
Interest expense	(40.6)	(40.9)	(120.6)	(122.7)
Loss on extinguishments of debt	(4.4)	(37.1)	(59.7)	(37.1)
MGP environmental remediation accrual	(7.5)	—	(7.5)	—
Noncontrolling interest (i)	(0.1)	0.1	2.4	3.6
(Loss) income before income taxes	\$ (40.4)	\$ (59.7)	\$ 193.5	\$ 238.5

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

- (b) Corporate & Other results principally comprise (1) net expenses of UGI's captive general liability insurance company and UGI's corporate headquarters facility and (2) UGI's unallocated corporate and general expenses and interest income. Corporate & Other results also include the effects of net pre-tax (losses) gains on commodity and certain foreign currency derivative instruments not associated with current-period transactions (including such amounts attributable to noncontrolling interests) totaling \$(52.7) and \$67.9 during the three months ended June 30, 2017 and 2016, respectively, and \$28.9 and \$133.0 during the nine months ended June 30, 2017 and 2016, respectively. Corporate & Other results for the nine months ended June 30, 2017, also includes a pre-tax loss of \$7.0 associated with the impairment of a cost basis investment (see Note 2). Corporate & Other assets principally comprise cash and cash equivalents of UGI and its captive insurance company; UGI corporate headquarters' assets; and our cost basis investment in a private equity partnership.
- (c) Represents the elimination of intersegment transactions principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.
- (d) Restated to reflect (1) the current-year changes in the presentation of our UGI International and Midstream & Marketing reportable segments and (2) the adoption of new accounting guidance related to debt issuance costs (see Note 2).

UGI CORPORATION AND SUBSIDIARIES**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Forward-Looking Statements**

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," 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 that 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 liquefied petroleum gases ("LPG"), oil, electricity, and natural gas and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, tax, consumer protection, environmental and accounting matters; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal proceedings; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers and retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, and other catastrophic events that may result from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and LPG; (13) transmission or distribution system service interruptions; (14) political, regulatory and economic conditions in the United States and in foreign countries, including the current conflicts in the Middle East, and foreign currency exchange rate fluctuations, particularly the euro; (15) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (16) changes in commodity market prices resulting in significantly higher cash collateral requirements; (17) reduced distributions from subsidiaries impacting the ability to pay dividends; (18) changes in Marcellus Shale gas production; (19) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (20) our ability to successfully integrate acquired businesses and achieve anticipated synergies; and (21) the interruption, disruption, failure, malfunction, or breach of our information technology systems, including due to cyber attack.

These factors, and those factors set forth in Item 1A. Risk Factors in the Company's 2016 Annual Report, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Company's results of operations for the three months ended June 30, 2017 ("2017 three-month period") with the three months ended June 30, 2016 ("2016 three-month period") and the nine months ended June 30, 2017 ("2017 nine-month period") with the nine months ended June 30, 2016 ("2016 nine-month period"). Our analyses of results of operations should be read in conjunction with the segment information included in Note 14 to the condensed consolidated financial statements.

Because most of our businesses sell or distribute energy products used in large part for heating purposes, our results are significantly influenced by temperatures in our service territories, particularly during the heating-season months of October through March. As a result, our earnings, excluding the effects of gains and losses on commodity derivative instruments not associated with current period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors. Adjusted net income attributable to UGI Corporation excludes (1) net after-tax gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period

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transactions and (2) other significant discrete items that management believes affect the comparison of period-over-period results (as such items are further described below). UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under U.S. generally accepted accounting principles ("GAAP"). Volatility in net income attributable to UGI Corporation as determined in accordance with GAAP can occur as a result of gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity and certain foreign currency derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions. For further information, see "Non-GAAP Financial Measures" below.

Executive Overview

Three Months Ended June 30, 2017 Results

GAAP Results. We recorded GAAP net loss attributable to UGI Corporation for the 2017 three-month period of \$19.0 million (equal to a loss of \$0.11 per diluted share), compared to GAAP net income attributable to UGI Corporation for the 2016 three-month period of \$60.7 million (equal to \$0.34 per diluted share). GAAP net income (loss) attributable to UGI in the 2017 and 2016 three-month periods includes the following:

- The 2017 three-month period includes net after-tax losses on commodity derivative instruments not associated with current-period transactions of \$19.8 million (equal to \$0.10 per diluted share) and net after-tax unrealized losses on certain foreign currency derivative instruments of \$10.5 million (equal to \$0.06 per diluted share). The 2016 three-month period includes net after-tax gains on commodity derivative instruments not associated with current-period transactions of \$29.6 million (equal to \$0.16 per diluted share).
- The 2017 and 2016 three-month periods reflect net after-tax integration expenses associated with Finagaz which decreased net income attributable to UGI by \$4.6 million (equal to \$0.03 per diluted share) and \$2.8 million (equal to \$0.02 per diluted share), respectively.
- The 2017 and 2016 three-month periods include after-tax losses on extinguishments of debt at AmeriGas Propane of \$0.7 million (equal to \$0.01 per diluted share) and \$6.1 million (equal to \$0.03 per diluted share), respectively.

Adjusted Results. Adjusted net income attributable to UGI Corporation for the 2017 three-month period was \$16.6 million (equal to \$0.09 per diluted share) compared to \$40.0 million (equal to \$0.23 per diluted share) in the 2016 three-month period. The decrease in 2017 three-month period adjusted net income attributable to UGI principally comprises the following:

- a \$19.4 million decrease in adjusted net income from UGI International;
- a \$3.8 million decrease in adjusted net income from Midstream & Marketing;
- a \$2.3 million decrease in adjusted net income attributable to UGI from AmeriGas Propane; and
- a \$1.9 million decrease in adjusted net income from UGI Utilities.

Early spring temperatures based upon heating degree days during the 2017 three-month period were warmer than normal and warmer than the prior year at each of our domestic and international business units which reduced sales volumes. In addition, average unit margins at UGI International were lower than the prior year due to the impact of higher 2017 three-month period LPG costs and the beneficial impact on prior-year unit margins of declining LPG wholesale commodity costs. UGI Utilities 2017 three-month period results benefited from an increase in UGI Gas base rates effective October 19, 2016, and higher other operating income from an environmental insurance settlement.

Nine Months Ended June 30, 2017 Results

GAAP Results. We recorded GAAP net income attributable to UGI Corporation for the 2017 nine-month period of \$431.6 million (equal to \$2.44 per diluted share), compared to GAAP net income attributable to UGI Corporation for the 2016 nine-month period of \$408.5 million (equal to \$2.33 per diluted share). GAAP net income attributable to UGI in the 2017 and 2016 nine-month periods includes the following:

- The 2017 nine-month period includes net after-tax gains on commodity derivative instruments not associated with current-period transactions of \$29.3 million (equal to \$0.17 per diluted share) and net after-tax unrealized losses on certain foreign currency instruments of \$10.5 million (equal to \$0.06 per diluted share). The 2016 nine-month period includes net after-

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tax gains on commodity derivative instruments not associated with current-period transactions of \$55.6 million (equal to \$0.31 per diluted share).

- The 2017 and 2016 nine-month periods reflect net after-tax integration expenses associated with Finagaz, which decreased net income attributable to UGI by \$14.3 million (equal to \$0.08 per diluted share) and \$9.6 million (equal to \$0.05 per diluted share), respectively.
- The 2017 and 2016 nine-month periods include after-tax losses on extinguishments of debt at AmeriGas Propane of \$9.6 million (equal to \$0.05 per diluted share) and \$6.1 million (equal to \$0.03 per diluted share), respectively.
- The 2017 nine-month period includes a \$27.4 million decrease in net deferred income tax liabilities (equal to \$0.15 per diluted share) resulting from a change in the French corporate income tax rate enacted in December 2016 that will become effective in Fiscal 2021.

Adjusted Results. Adjusted net income attributable to UGI for the 2017 nine-month period was \$409.3 million (equal to \$2.31 per diluted share) compared to \$368.6 million (equal to \$2.10 per diluted share) for the 2016 nine-month period. The increase in 2017 nine-month period adjusted net income attributable to UGI principally comprises the following:

- a \$20.9 million increase in adjusted net income from UGI Utilities;
- a \$10.6 million increase in adjusted net income from UGI International;
- a \$5.9 million increase in adjusted net income from Midstream & Marketing; and
- a \$2.7 million decrease in adjusted net income attributable to UGI from AmeriGas Propane.

Although average temperatures during the 2017 nine-month period were warmer than normal at each of our domestic and international business units, average temperatures were slightly colder than the significantly warmer-than-normal weather experienced in the prior-year nine-month period. UGI Utilities' 2017 nine-month period results reflect the impact of an increase in UGI Gas base rates effective October 19, 2016. UGI International LPG bulk volumes were higher in the 2017 nine-month period but average unit margins were lower reflecting the negative effects on margin from rising LPG commodity costs in the current year compared with the beneficial effects on margin from declining LPG commodity costs experienced during the prior year. The adjusted 2017 nine-month period income also reflects a slightly lower effective income tax rate.

Although the British pound sterling during the 2017 three- and nine-month periods averaged nearly 10% and 13% weaker than in the same periods in the prior year, respectively, and the euro during both 2017 periods was slightly weaker, the translation effects of these weaker currencies did not negatively impact UGI International's 2017 three-month and nine-month net income due to gains on foreign currency exchange contracts.

We believe each of our business units has sufficient liquidity in the form of revolving credit facilities and, with respect to Midstream & Marketing, also an accounts receivable securitization facility, to fund business operations during Fiscal 2017 (see "Financial Condition and Liquidity").

Non-GAAP Financial Measures

As previously mentioned, UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. For the 2017 and 2016 three- and nine-month periods, adjusted net income attributable to UGI Corporation is net income attributable to UGI after excluding net after-tax gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions (principally comprising changes in unrealized gains and losses on such derivative instruments), Finagaz integration expenses, losses associated with extinguishments of debt at AmeriGas Propane and the impact on net deferred income tax liabilities from a change in the French tax rate.

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate the impact of gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and other significant discrete items that can affect the comparison of period-over-period results.

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The following tables reconcile consolidated net income attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconcile diluted earnings per share, the most comparable GAAP measure, to adjusted diluted earnings per share, to reflect the adjustments referred to above:

Three Months Ended June 30, 2017	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (b)
Adjusted net income attributable to UGI Corporation (millions):						
Net (loss) income attributable to UGI Corporation	\$ (19.0)	\$ (1.4)	\$ (2.0)	\$ 3.0	\$ 10.7	\$ (29.3)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of \$(12.6)) (a)	19.8	—	—	—	—	19.8
Unrealized losses on foreign currency derivative instruments (net of tax of \$(5.5)) (a)	10.5	—	—	—	—	10.5
Loss on extinguishment of debt (net of tax of \$(0.4)) (a)	0.7	0.7	—	—	—	—
Integration expenses associated with Finagaz (net of tax of \$(2.4)) (a)	4.6	—	4.6	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 16.6</u>	<u>\$ (0.7)</u>	<u>\$ 2.6</u>	<u>\$ 3.0</u>	<u>\$ 10.7</u>	<u>\$ 1.0</u>
Adjusted diluted earnings per share:						
UGI Corporation (loss) earnings per share — diluted	\$ (0.11)	\$ (0.01)	\$ (0.01)	\$ 0.02	\$ 0.06	\$ (0.17)
Net losses on commodity derivative instruments not associated with current-period transactions (b)	0.10	—	—	—	—	0.10
Unrealized losses on foreign currency derivative instruments	0.06	—	—	—	—	0.06
Loss on extinguishment of debt (b)	0.01	0.01	—	—	—	—
Integration expenses associated with Finagaz	0.03	—	0.03	—	—	—
Adjusted diluted earnings (loss) per share (1)	<u>\$ 0.09</u>	<u>\$ —</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.06</u>	<u>\$ (0.01)</u>

(1) Adjusted diluted earnings per share for the three months ended June 30, 2017, is based upon fully diluted shares of 177.298 million.

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Three Months Ended June 30, 2016	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Adjusted net income attributable to UGI Corporation (millions):						
Net income (loss) attributable to UGI Corporation	\$ 60.7	\$ (4.5)	\$ 19.2	\$ 6.8	\$ 12.6	\$ 26.6
Net gains on commodity derivative instruments not associated with current-period transactions (net of tax of \$18.0) (a)	(29.6)	—	—	—	—	(29.6)
Loss on extinguishments of debt (net of tax of \$(3.9)) (a)	6.1	6.1	—	—	—	—
Integration expenses associated with Finagaz (net of tax of \$(1.7)) (a)	2.8	—	2.8	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 40.0</u>	<u>\$ 1.6</u>	<u>\$ 22.0</u>	<u>\$ 6.8</u>	<u>\$ 12.6</u>	<u>\$ (3.0)</u>
Adjusted diluted earnings per share:						
UGI Corporation earnings (loss) per share — diluted	\$ 0.34	\$ (0.03)	\$ 0.11	\$ 0.04	\$ 0.07	\$ 0.15
Net gains on commodity derivative instruments not associated with current-period transactions (b)	(0.16)	—	—	—	—	(0.16)
Loss on extinguishments of debt	0.03	0.03	—	—	—	—
Integration expenses associated with Finagaz	0.02	—	0.02	—	—	—
Adjusted diluted earnings (loss) per share	<u>\$ 0.23</u>	<u>\$ —</u>	<u>\$ 0.13</u>	<u>\$ 0.04</u>	<u>\$ 0.07</u>	<u>\$ (0.01)</u>

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Nine Months Ended June 30, 2017	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Adjusted net income attributable to UGI Corporation (millions):						
Net income attributable to UGI Corporation	\$ 431.6	\$ 47.2	\$ 165.6	\$ 83.1	\$ 120.1	\$ 15.6
Net gains on commodity derivative instruments not associated with current-period transactions (net of tax of \$22.2) (a)	(29.3)	—	—	—	—	(29.3)
Unrealized losses on foreign currency derivative instruments (net of tax of \$(5.6)) (a)	10.5	—	—	—	—	10.5
Loss on extinguishments of debt (net of tax of \$(6.1)) (a)	9.6	9.6	—	—	—	—
Integration expenses associated with Finagaz (net of tax of \$(7.5)) (a)	14.3	—	14.3	—	—	—
Impact from change in French tax rate	(27.4)	—	(27.4)	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 409.3</u>	<u>\$ 56.8</u>	<u>\$ 152.5</u>	<u>\$ 83.1</u>	<u>\$ 120.1</u>	<u>\$ (3.2)</u>
Adjusted diluted earnings per share:						
UGI Corporation earnings per share — diluted	\$ 2.44	\$ 0.27	\$ 0.93	\$ 0.47	\$ 0.68	\$ 0.09
Net gains on commodity derivative instruments not associated with current-period transactions	(0.17)	—	—	—	—	(0.17)
Unrealized losses on foreign currency derivative instruments	0.06	—	—	—	—	0.06
Loss on extinguishments of debt	0.05	0.05	—	—	—	—
Integration expenses associated with Finagaz	0.08	—	0.08	—	—	—
Impact from change in French tax rate	(0.15)	—	(0.15)	—	—	—
Adjusted diluted earnings (loss) per share	<u>\$ 2.31</u>	<u>\$ 0.32</u>	<u>\$ 0.86</u>	<u>\$ 0.47</u>	<u>\$ 0.68</u>	<u>\$ (0.02)</u>

UGI CORPORATION AND SUBSIDIARIES

Nine Months Ended June 30, 2016	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Adjusted net income attributable to UGI Corporation (millions):						
Net income attributable to UGI Corporation	\$ 408.5	\$ 53.4	\$ 132.3	\$ 77.2	\$ 99.2	\$ 46.4
Net gains on commodity derivative instruments not associated with current-period transactions (net of tax of \$32.4) (a)	(55.6)	—	—	—	—	(55.6)
Loss on extinguishments of debt (net of tax of \$(3.9)) (a)	6.1	6.1	—	—	—	—
Integration expenses associated with Finagaz (net of tax of \$(5.9)) (a)	9.6	—	9.6	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 368.6</u>	<u>\$ 59.5</u>	<u>\$ 141.9</u>	<u>\$ 77.2</u>	<u>\$ 99.2</u>	<u>\$ (9.2)</u>
Adjusted diluted earnings per share:						
UGI Corporation earnings per share — diluted	\$ 2.33	\$ 0.30	\$ 0.75	\$ 0.44	\$ 0.57	\$ 0.27
Net gains on commodity derivative instruments not associated with current-period transactions	(0.31)	—	—	—	—	(0.31)
Loss on extinguishments of debt	0.03	0.03	—	—	—	—
Integration expenses associated with Finagaz	0.05	—	0.05	—	—	—
Adjusted diluted earnings (loss) per share	<u>\$ 2.10</u>	<u>\$ 0.33</u>	<u>\$ 0.80</u>	<u>\$ 0.44</u>	<u>\$ 0.57</u>	<u>\$ (0.04)</u>

(a) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

(b) Includes the effects of rounding associated with per share amounts.

RESULTS OF OPERATIONS

2017 Three-Month Period compared to the 2016 Three-Month Period

Net Income (Loss) Attributable to UGI Corporation by Business Unit

For the three months ended June 30,	2017		2016		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% Change
AmeriGas Propane (a)	\$ (1.4)	7.4 %	\$ (4.5)	(7.4)%	\$ 3.1	68.9 %
UGI International (b)	(2.0)	10.5 %	19.2	31.6 %	(21.2)	(110.4)%
Midstream & Marketing	3.0	(15.8)%	6.8	11.2 %	(3.8)	(55.9)%
UGI Utilities	10.7	(56.3)%	12.6	20.8 %	(1.9)	(15.1)%
Corporate & Other (c)	(29.3)	154.2 %	26.6	43.8 %	(55.9)	N.M.
Net (loss) income attributable to UGI Corporation	<u>\$ (19.0)</u>	<u>100.0 %</u>	<u>\$ 60.7</u>	<u>100.0 %</u>	<u>\$ (79.7)</u>	<u>(131.3)%</u>

(a) Includes net after-tax losses of \$0.7 million and \$6.1 million from extinguishments of debt for the three months ended June 30, 2017 and 2016, respectively (see Note 8 to condensed consolidated financial statements).

(b) Includes after-tax integration expenses associated with Finagaz of \$4.6 million and \$2.8 million for the three months ended June 30, 2017 and 2016, respectively.

(c) Includes net after-tax (losses) gains on commodity derivative instruments not associated with current-period transactions of \$(19.8) million and \$29.6 million for the three months ended June, 2017 and 2016, respectively, and in the 2017 three-month period, after-tax unrealized (losses) on certain foreign currency derivative instruments of \$(10.5) million.

N.M. — Variance is not meaningful.

UGI CORPORATION AND SUBSIDIARIES

AmeriGas Propane

For the three months ended June 30,	2017		2016		Increase (Decrease)	
(Dollars in millions)						
Revenues	\$	467.5	\$	446.7	\$	20.8 4.7 %
Total margin (a)	\$	270.0	\$	275.9	\$	(5.9) (2.1)%
Partnership operating and administrative expenses	\$	227.4	\$	217.2	\$	10.2 4.7 %
Partnership Adjusted EBITDA (b)	\$	58.4	\$	64.6	\$	(6.2) (9.6)%
Operating income (c)	\$	4.6	\$	18.3	\$	(13.7) (74.9)%
Retail gallons sold (millions)		195.0		202.8		(7.8) (3.8)%
Heating degree days—% (warmer) than normal (d)		(11.7)%		(7.5)%		— —

- (a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended June 30, 2017 and 2016, excludes net pre-tax (losses) gains of \$(6.0) million and \$27.8 million, respectively, on AmeriGas Propane commodity derivative instruments not associated with current-period transactions.
- (b) Partnership Adjusted EBITDA should not be considered as an alternative to net income (loss) (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 14 to condensed consolidated financial statements).
- (c) Operating income reflects certain operating and administrative expenses of the General Partner.
- (d) Deviation from average heating degree days for the 30-year period 1981-2010 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration (“NOAA”) for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

AmeriGas Propane’s retail gallons sold during the 2017 three-month period decreased 3.8% compared with the prior-year period. The decrease in retail gallons sold reflects average temperatures based upon heating degree days that were 11.7% warmer than normal and 4.6% warmer than the prior-year period. In particular, temperatures during the month of April 2017 were 17.1% warmer than normal and 10.6% warmer than the prior-year period.

Retail propane revenues increased \$16.7 million during the 2017 three-month period reflecting the effects of higher average retail selling prices (\$31.4 million) partially offset by the lower retail volumes sold (\$14.7 million). Wholesale propane revenues increased \$1.6 million during the 2017 three-month period reflecting the effects of higher average wholesale selling prices (\$1.4 million) and slightly higher wholesale volumes sold (\$0.2 million). Average daily wholesale propane commodity prices during the 2017 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 28% higher than such prices in the 2016 three-month period during which prior-year period propane prices were at recent historic lows. Other revenues in the 2017 three-month period were slightly higher than the prior-year period. AmeriGas Propane total cost of sales increased \$26.7 million principally reflecting the effects of higher average propane product costs (\$30.8 million) partially offset by the effects of the lower propane volumes sold (\$5.4 million).

AmeriGas Propane total margin decreased \$5.9 million in the 2017 three-month period principally reflecting lower retail propane total margin (\$7.3 million). The decrease in retail propane total margin principally reflects the lower retail volumes sold partially offset by slightly higher average retail unit margin.

Partnership Adjusted EBITDA decreased \$6.2 million in the 2017 three-month period principally reflecting the effects of the lower adjusted total margin (\$5.9 million). Partnership operating and administrative expenses were \$10.2 million higher than the prior year reflecting, among other things, a \$7.5 million environmental accrual associated with the site of a former manufactured gas plant (“MGP”) acquired in an acquisition, higher general insurance and self-insured casualty and liability expenses (\$5.5 million), principally resulting from a settlement with an insurance carrier, offset in part by lower employee group insurance expenses (\$2.2 million). The \$7.5 million environmental accrual is excluded from the calculation of Partnership Adjusted EBITDA. AmeriGas Propane operating income decreased \$13.7 million in the 2017 three-month period principally reflecting the \$5.9 million decrease in Partnership total margin and the \$10.2 million increase in Partnership operating and administrative expenses.

During the 2017 three-month period, AmeriGas Partners recognized a pre-tax loss of \$4.4 million associated with an early repayment of \$102.5 million principal amount of AmeriGas Partners’ 7.00% Senior Notes comprising early redemption premiums and the write-off of unamortized debt issuance costs. Net loss attributable to UGI reflects an after-tax loss of \$0.7 million associated with this early extinguishment of debt (see Note 8 to condensed consolidated financial statements).

UGI CORPORATION AND SUBSIDIARIES

UGI International

For the three months ended June 30,	2017		2016		Decrease
(Dollars in millions)					
Revenues	\$	351.3	\$	395.5	\$ (44.2) (11.2)%
Total margin (a)	\$	173.1	\$	215.8	\$ (42.7) (19.8)%
Operating and administrative expenses (b)	\$	141.1	\$	154.9	\$ (13.8) (8.9)%
Operating income (b)	\$	0.5	\$	33.5	\$ (33.0) (98.5)%
(Loss) income before income taxes (b) (c)	\$	(5.2)	\$	27.7	\$ (32.9) (118.8)%
Retail gallons sold (millions)		158.6		169.9	(11.3) (6.7)%
UGI International degree days—% (warmer) than normal (e)		(13.7)%		(6.1)%	— —

(a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended June 30, 2017 and 2016 excludes net pre-tax (losses) gains of \$(5.6) million and \$13.1 million, respectively, on UGI International commodity derivative instruments not associated with current-period transactions.

(b) Reflects impacts of Finagaz integration expenses for the three months ended June 30, 2017 and 2016, of \$7.0 million and \$4.5 million, respectively.

(c) Loss before income taxes for the three months ended June 30, 2017, excludes pre-tax unrealized losses of \$16.0 million on certain foreign currency derivative instruments.

(d) Deviation from average heating degree days primarily for the 30-year period 1981-2010 at locations in our UGI International service territories.

Average temperatures during the 2017 three-month period at UGI International were 13.7% warmer than normal and 8.1% warmer than the prior-year period. Total retail gallons sold during the 2017 three-month period were lower than the prior-year period principally reflecting the volume effects of the warmer weather. During the 2017 three-month period, the average wholesale commodity price for propane in northwest Europe was approximately 22% higher than in the prior-year period while the average wholesale commodity price for butane was approximately 28% higher than in the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2017 and 2016 three-month periods, the average un-weighted euro-to-dollar translation rates were approximately \$1.11 and \$1.13, respectively, and the average un-weighted British pound sterling-to-dollar translation rates were approximately \$1.29 and \$1.43, respectively. The effects of these weaker currencies did not have a significant impact on UGI International net loss for the 2017 three-month period.

UGI International revenues decreased \$44.2 million during the 2017 three-month period principally reflecting the impact of the lower retail gallons sold, lower revenues on lower wholesale volumes sold and the translation impact of the weaker British pound sterling and the euro. UGI International cost of sales decreased \$1.5 million during the 2017 three-month period principally reflecting the effects of the lower retail and wholesale LPG gallons sold and the translation impact on cost of sales from the weaker British pound sterling and the euro partially offset by higher average LPG commodity prices.

UGI International total margin was \$42.7 million lower than in the prior-year period reflecting lower average retail bulk and cylinder LPG unit margins, the decrease in retail gallons sold resulting from the warmer weather and, to a much lesser extent, the translation impact of the weaker currencies. The lower average retail bulk and cylinder LPG unit margins principally reflect the negative effects on current-year period unit margins of higher LPG commodity costs and the beneficial impact on prior-year unit margins of declining LPG wholesale commodity costs.

The \$33.0 million decrease in UGI International operating income principally reflects the \$42.7 million decrease in total margin and slightly higher depreciation and amortization expense partially offset by a \$13.8 million decrease in operating and administrative expenses. The decrease in operating and administrative expenses includes lower expenses in France reflecting expense synergies associated with the Finagaz integration, lower maintenance and logistics expenses and the translation effects of the weaker euro and British pound sterling. These decreases in operating and administrative expenses were partially offset by slightly higher incremental Finagaz integration expenses. Operating and administrative expenses include \$7.0 million and \$4.5 million of Finagaz integration expenses in the 2017 and 2016 three-month periods, respectively. UGI International income before income taxes decreased \$32.9 million principally reflecting the previously mentioned \$33.0 million decrease in UGI International operating income.

UGI CORPORATION AND SUBSIDIARIES

Midstream & Marketing

For the three months ended June 30,	2017	2016	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 222.8	\$ 166.0	\$ 56.8 34.2 %
Total margin (a)	\$ 33.4	\$ 41.9	\$ (8.5) (20.3)%
Operating and administrative expenses	\$ 23.1	\$ 22.7	\$ 0.4 1.8 %
Operating income	\$ 2.8	\$ 11.3	\$ (8.5) (75.2)%
Income before income taxes	\$ 3.3	\$ 10.9	\$ (7.6) (69.7)%

(a) Total margin represents total revenues less total cost of sales. Total margin for the three months ended June 30, 2017 and 2016 excludes net pre-tax (losses) gains of \$(25.0) million and \$26.9 million, respectively, on Midstream & Marketing commodity derivative instruments not associated with current-period transactions.

Temperatures across Midstream & Marketing's energy marketing territory averaged 22.9% warmer than normal and 26.1% warmer than in the prior-year period. Midstream & Marketing's 2017 three-month period revenues were \$56.8 million higher than in the 2016 three-month period principally reflecting higher natural gas revenues partially offset by lower capacity management revenues. The increase in natural gas revenues principally reflects the effects of higher volumes from customer growth. Midstream & Marketing cost of sales were \$189.4 million in the 2017 three-month period compared to \$124.1 million in the 2016 three-month period, an increase of \$65.3 million, principally reflecting higher natural gas cost of sales primarily a result of the higher natural gas volumes.

Midstream & Marketing total margin decreased \$8.5 million in the 2017 three-month period primarily reflecting lower capacity management total margin (\$8.4 million), largely due to higher fixed demand charges associated with higher capacity contract commitments and lower capacity prices, and lower HVAC total margin (\$1.0 million). These decreases in total margin were partially offset by slightly higher storage and peaking total margin.

Midstream & Marketing operating income and income before income taxes during the 2017 three-month period decreased \$8.5 million and \$7.6 million, respectively. The decrease in operating income principally reflects the previously mentioned decrease in total margin (\$8.5 million), higher depreciation expenses (\$1.2 million), and slightly higher total operating and administrative expenses (\$0.4 million) partially offset by a \$1.4 million increase in other operating income, primarily allowance for funds used during construction ("AFUDC") associated with pipeline capital expenditures. The slight increase in total operating and administrative expenses reflects higher wages and benefits expenses, which were offset in large part by lower Conemaugh and Hunlock electricity generating station operating and maintenance expenses, while the increase in depreciation primarily reflects incremental depreciation from the expansion of our natural gas pipeline and peaking assets. The decrease in income before income taxes in the 2017 three-month period principally reflects the lower operating income (\$8.5 million) slightly offset by \$0.8 million from our PennEast pipeline equity investment reflecting AFUDC income.

UGI Utilities

For the three months ended June 30,	2017	2016	Increase (Decrease)
(Dollars in millions)			
Revenues	\$ 146.6	\$ 140.3	\$ 6.3 4.5 %
Total margin (a)	\$ 93.6	\$ 94.8	\$ (1.2) (1.3)%
Operating and administrative expenses	\$ 52.0	\$ 46.1	\$ 5.9 12.8 %
Operating income	\$ 27.7	\$ 29.8	\$ (2.1) (7.0)%
Income before income taxes	\$ 17.5	\$ 20.7	\$ (3.2) (15.5)%
Gas Utility system throughput—billions of cubic feet ("bcf")			
Core market	8.7	10.3	(1.6) (15.5)%
Total	46.5	43.6	2.9 6.7 %
Electric Utility distribution sales - millions of kilowatt hours ("gwh")	209.5	215.7	(6.2) (2.9)%
Gas Utility heating degree days—% (warmer) colder than normal (b)	(21.2)%	11.9%	— —

(a) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e., Electric Utility gross receipts taxes, of \$1.0 million and \$1.1 million during the three months ended June 30, 2017 and 2016, respectively. For financial

UGI CORPORATION AND SUBSIDIARIES

statement purposes, revenue-related taxes are included in “Utility taxes other than income taxes” on the Condensed Consolidated Statements of Income.

- (b) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility’s service territory.

Temperatures in Gas Utility’s service territory during the three months ended June 30, 2017, were 21.2% warmer than normal and nearly 30% warmer than during the three months ended June 30, 2016. In particular, weather in the month of April 2017 was 43.6% warmer than in April 2016. Gas Utility core market volumes decreased 1.6 bcf (15.5%) principally reflecting the effects of the warmer 2017 three-month period weather partially offset by growth in the number of core market customers. Total Gas Utility distribution system throughput increased 2.9 bcf reflecting higher large firm delivery service volumes principally associated with service to a new natural gas-fired generation facility partially offset by the lower core market volumes. Gas Utility’s core market customers comprise firm-residential, commercial and industrial (“retail core-market”) customers who purchase their gas from Gas Utility and, to a lesser extent, residential and small commercial customers who purchase their gas from others. Electric Utility kilowatt-hour sales were 2.9% lower than in the prior-year period primarily reflecting the impact of the warmer spring weather on Electric Utility heating-related sales.

UGI Utilities revenues increased \$6.3 million reflecting higher Gas Utility revenues (\$7.8 million). The higher Gas Utility revenues principally reflect higher off-system sales revenues (\$7.0 million) and higher delivery service revenues (\$1.5 million). Gas Utility core market revenues were comparable to the prior year and reflect the effects of the lower core market throughput (\$10.5 million) offset by higher average retail core market PGC rates (\$6.1 million) and an increase in UGI Gas base rates that became effective on October 19, 2016 (\$4.2 million). Because Gas Utility and Electric Utility are subject to reconcilable PGC and DS recovery mechanisms, increases or decreases in the actual cost of gas or electricity associated with customers who purchase their gas or electricity from UGI Utilities impact revenues and cost of sales but have no direct effect on total margin. UGI Utilities cost of sales was \$52.0 million in the three-months ended June 30, 2017, compared with \$44.4 million in the three months ended June 30, 2016, primarily reflecting the effects of higher average Gas Utility retail core market PGC rates (\$6.1 million) and higher cost of sales associated with Gas Utility off-system sales (\$7.0 million) partially offset by the lower retail core-market throughput (\$4.7 million).

UGI Utilities total margin decreased \$1.2 million principally reflecting lower total margin from Gas Utility core market customers (\$1.6 million) and lower other margin partially offset by higher large firm delivery service total margin (\$1.3 million). The decrease in Gas Utility core market margin reflects the effects of lower core market throughput (\$5.8 million) partially offset by the increase in UGI Gas base rates (\$4.2 million). Electric Utility total margin was lower than the prior-year three-month period reflecting the lower Electric Utility sales and lower transmission revenue.

UGI Utilities operating income decreased \$2.1 million principally reflecting the decrease in total margin (\$1.2 million), higher operating and administrative expenses (\$5.9 million) and higher depreciation and amortization expenses (\$1.3 million). These decreases in operating income were offset by a \$5.8 million environmental insurance settlement. UGI Utilities 2017 three-month period operating and administrative expenses include higher customer accounts expense (\$3.6 million) and, to a lesser extent, higher storage, transmission and production expenses and higher distribution system expenses. UGI Utilities income before income taxes decreased \$3.2 million reflecting the decrease in UGI Utilities operating income (\$2.1 million) and higher interest expense.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2017 three-month period was \$56.8 million, approximately equal to the \$56.4 million of consolidated interest expense recorded during the 2016 three-month period. The 2017 three-month period interest expense reflects lower average interest rates on long-term debt at AmeriGas Propane largely offset by the effects of higher long-term debt outstanding at AmeriGas Propane and UGI Utilities.

Our effective income tax rate as a percentage of pre-tax income (loss) (excluding the effects on such rate of pre-tax income (loss) associated with noncontrolling interests not subject to federal income taxes) reflects the impacts in both periods of slight changes in the estimated annual effective income tax rates on year-to-date pre-tax earnings (loss). In addition, 2017 three-month period income taxes includes excess tax benefits on share-based payments of \$2.6 million resulting from the adoption of new accounting guidance effective October 1, 2016 (see Note 3 to condensed consolidated financial statements).

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2017 Nine-Month Period compared to the 2016 Nine-Month Period

Net Income Attributable to UGI Corporation by Business Unit

For the nine months ended June 30,	2017		2016		Variance - Favorable (Unfavorable)	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% Change
AmeriGas Propane (a)	\$ 47.2	10.9%	\$ 53.4	13.1%	\$ (6.2)	(11.6)%
UGI International (b)(c)	165.6	38.4%	132.3	32.4%	33.3	25.2 %
Midstream & Marketing	83.1	19.3%	77.2	18.9%	5.9	7.6 %
UGI Utilities	120.1	27.8%	99.2	24.3%	20.9	21.1 %
Corporate & Other (d) (e)	15.6	3.6%	46.4	11.3%	(30.8)	N.M.
Net income attributable to UGI Corporation	\$ 431.6	100.0%	\$ 408.5	100.0%	\$ 23.1	5.7 %

- (a) Includes net after-tax losses of \$9.6 million and \$6.1 million from extinguishments of debt for the nine months ended June 30, 2017 and 2016, respectively (see Note 8 to condensed consolidated financial statements).
- (b) Nine months ended June 30, 2017, includes beneficial impact of a \$27.4 million adjustment to net deferred income tax liabilities associated with a change in French income tax rate (see Note 2 to condensed consolidated financial statements) and an income tax settlement refund of \$6.7 million, plus interest, in France.
- (c) Includes after-tax integration expenses associated with Finagaz of \$14.3 million and \$9.6 million for the nine months ended June 30, 2017 and 2016, respectively.
- (d) Includes net after-tax gains on commodity derivative instruments not associated with current-period transactions of \$29.3 million and \$55.6 million for the nine months ended June 30, 2017 and 2016, respectively, and in the 2017 nine-month period, after-tax unrealized losses on certain foreign currency derivative instruments of \$10.5 million.
- (e) Nine months ended June 30, 2017, includes a \$4.5 million after-tax loss associated with the impairment of a cost basis investment. See Note 2 to condensed consolidated financial statements.

N.M. — Variance is not meaningful.

AmeriGas Propane

For the nine months ended June 30,	2017		2016		Increase (Decrease)	
(Dollars in millions)						
Revenues	\$ 2,008.3		\$ 1,918.3		\$ 90.0	4.7 %
Total margin (a)	\$ 1,194.3		\$ 1,206.1		\$ (11.8)	(1.0)%
Partnership operating and administrative expenses	\$ 694.2		\$ 686.6		\$ 7.6	1.1 %
Partnership Adjusted EBITDA (b)(c)	\$ 514.7		\$ 537.7		\$ (23.0)	(4.3)%
Operating income (c) (d)	\$ 373.8		\$ 398.3		\$ (24.5)	(6.2)%
Retail gallons sold (millions)	863.4		883.7		\$ (20.3)	(2.3)%
Heating degree days—% (warmer) than normal (e)	(13.4)%		(14.3)%		—	—

- (a) Total margin represents total revenues less total cost of sales. Total margin for the nine months ended June 30, 2017 and 2016 excludes net pre-tax (losses) gains of \$(8.9) million and \$61.7 million, respectively, on AmeriGas Propane commodity derivative instruments not associated with current-period transactions.
- (b) Partnership Adjusted EBITDA should not be considered as an alternative to net income (loss) (as an indicator of operating performance) and is not a measure of performance or financial condition under GAAP. Management uses Partnership Adjusted EBITDA as the primary measure of segment profitability for the AmeriGas Propane segment (see Note 14 to condensed consolidated financial statements).
- (c) Amounts for the nine months ended June 30, 2017, reflect adjustments to correct previously recorded gains on sales of fixed assets (\$8.8 million) and decreased depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage acquisition in 2012, which reduced Partnership Adjusted EBITDA by \$8.8 million and reduced operating income by \$7.7 million.
- (d) Operating income reflects certain operating and administrative expenses of the General Partner.
- (e) Deviation from average heating degree days for the 30-year period 1981-2010 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

UGI CORPORATION AND SUBSIDIARIES

AmeriGas Propane's retail gallons sold during the 2017 nine-month period decreased 2.3% compared with the prior-year period. Average temperatures based upon heating degree days during the 2017 nine-month period were approximately equal to the prior-year period but significantly warmer than normal. Although average temperatures during the 2017 nine-month period were approximately equal to the prior year, the critical heating season months of January and February averaged more than 9% warmer than during the same period of the prior year.

AmeriGas Propane's retail propane revenues increased \$77.0 million during the 2017 nine-month period reflecting the effects of higher average retail selling prices (\$116.0 million) partially offset by the lower retail volumes sold (\$39.0 million). Wholesale propane revenues increased \$8.0 million during the 2017 nine-month period reflecting the effects of higher average wholesale selling prices (\$8.9 million) partially offset by lower wholesale volumes sold (\$0.9 million). Average daily wholesale propane commodity prices during the 2017 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 48% higher than such prices during the 2016 nine-month period when commodity propane prices were at recent historic lows. Other revenues in the 2017 nine-month period were slightly higher than in the prior-year period. AmeriGas Propane total cost of sales increased \$101.8 million principally reflecting the effects of higher Partnership average propane product costs (\$116.0 million) reduced by the effects of the lower propane volumes sold (\$15.3 million).

AmeriGas Propane total margin decreased \$11.8 million in the 2017 nine-month period principally reflecting lower retail propane total margin (\$15.5 million) partially offset by higher non-propane total margin. The decrease in retail propane total margin principally reflects the decrease in retail volumes sold partially offset by slightly higher average retail unit margin.

Partnership Adjusted EBITDA decreased \$23.0 million in the 2017 nine-month period principally reflecting the effects of the lower total margin (\$11.8 million) and the impact of lower other operating income (\$11.3 million), principally lower gains on asset sales primarily resulting from an \$8.8 million adjustment recorded during the first quarter of Fiscal 2017 to correct previously recorded gains on sales of fixed assets acquired with the Heritage acquisition in 2012. Partnership operating and administrative expenses in the 2017 nine-month period were \$7.6 million higher than the prior year principally reflecting the previously mentioned \$7.5 million environmental accrual associated with the site of a former MGP. The \$7.5 million environmental accrual is excluded from the calculation of Partnership Adjusted EBITDA. Excluding the environmental accrual in the current-year period, 2017 nine-month period Partnership operating and administrative expenses were about equal to the prior year as higher general insurance and self-insured casualty and liability expenses (\$7.9 million), principally as a result of a settlement with an insurance carrier and, to a lesser extent, higher vehicle lease expenses were largely offset by lower employee group insurance expense (\$10.7 million). AmeriGas Propane operating income decreased \$24.5 million in the 2017 nine-month period principally reflecting the \$11.8 million decrease in total margin, the \$7.5 million MGP environmental accrual, and the \$11.3 million decrease in other operating income partially offset by a \$7.2 million decrease in depreciation and amortization expense.

During the 2017 nine-month period, AmeriGas Partners recognized a pre-tax loss of \$59.7 million associated with early repayments of \$980.8 million principal amount of AmeriGas Partners' 7.00% Senior Notes comprising early redemption premiums and the write-off of unamortized debt issuance costs. Net income attributable to UGI reflects an after-tax loss of \$9.6 million associated with these early extinguishments of debt (see Note 8 to condensed consolidated financial statements). During the 2016 nine-month period AmeriGas Partners recognized a pre-tax loss of \$37.1 million (\$6.1 million after-tax) associated with extinguishments of debt.

UGI International

For the nine months ended June 30,	2017		2016		Decrease	
(Dollars in millions)						
Revenues	\$	1,511.1	\$	1,552.4	\$	(41.3) (2.7)%
Total margin (a)	\$	761.8	\$	798.9	\$	(37.1) (4.6)%
Operating and administrative expenses (b)	\$	466.3	\$	480.9	\$	(14.6) (3.0)%
Operating income (b)	\$	210.4	\$	230.1	\$	(19.7) (8.6)%
Income before income taxes (b) (c)	\$	195.0	\$	211.2	\$	(16.2) (7.7)%
Retail gallons sold (millions) (d)		665.9		669.5	\$	(3.6) (0.5)%
UGI International degree days—% (warmer) than normal (e)		(4.9)%		(11.7)%		— —

(a) Total margin represents total revenues less total cost of sales. Total margin for the nine months ended June 30, 2017 and 2016 excludes net pre-tax (losses) gains of \$(7.1) million and \$32.1 million, respectively, on UGI International commodity derivative instruments not associated with current-period transactions.

(b) Reflects impacts of Finagaz integration expenses for the nine months ended June 30, 2017 and 2016, of \$21.8 million and \$15.5 million, respectively.

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- (c) Income before income taxes for the nine months ended June 30, 2017 excludes net pre-tax unrealized losses on certain foreign currency derivative contracts of \$16.1 million.
- (d) Excludes retail gallons from our LPG business in China, which was sold in March 2016.
- (e) Deviation from average heating degree days primarily for the 30-year period 1981-2010 at locations in our UGI International service territories.

Average temperatures during the 2017 nine-month period at UGI International were approximately 4.9% warmer than normal but 7.6% colder than the prior-year period. Total retail gallons sold during the 2017 nine-month period were slightly lower than the prior-year period as the volume effects of the colder weather were more than offset by a 29.1 million gallon decline in autogas volumes, principally as a result of exiting the low-margin, high-volume autogas business in Poland, and lower crop-drying volumes as a result of a dry crop season in France. During the 2017 nine-month period, average wholesale commodity prices for propane and butane in northwest Europe were approximately 30% higher than in the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2017 and 2016 nine-month periods, the average un-weighted euro-to-dollar translation rates were approximately \$1.07 and \$1.09, respectively, and the average un-weighted British pound sterling-to-dollar translation rates were approximately \$1.25 and \$1.47, respectively. The effects of these weaker currencies did not negatively impact UGI International net income due to gains on foreign currency exchange contracts.

UGI International revenues decreased \$41.3 million during the 2017 nine-month period as the translation impact on revenues of the weaker British pound sterling and euro, the effects of exiting the low-margin autogas business in Poland and lower 2017 nine-month period wholesale sales were partially offset by higher average bulk and cylinder LPG selling prices and the effects of the colder weather on bulk sales. UGI International cost of sales decreased \$4.2 million during the 2017 nine-month period as the translation impact from the weaker British pound sterling and the euro, lower volumes associated with exiting the autogas business in Poland, and the effects of the lower wholesale sales were substantially offset by the effects on cost of sales from the higher average LPG commodity costs and increase in bulk sales.

UGI International total margin decreased \$37.1 million primarily reflecting (1) the translation effects of the weaker British pound sterling and euro; (2) slightly lower average retail bulk and cylinder LPG unit margins; and (3) the absence of margin from the autogas business in Poland. The slightly lower average retail bulk and cylinder LPG unit margins principally reflect the negative effects on current-year period unit margins of higher LPG commodity costs and the beneficial effects on prior-year unit margins of declining LPG wholesale commodity costs. These decreases in margin were partially offset by the increase in bulk sales resulting from the colder weather.

The \$19.7 million decrease in UGI International operating income principally reflects the previously mentioned \$37.1 million decrease in total margin and a \$3.7 million increase in depreciation and amortization partially offset by (1) a \$14.6 million decrease in operating and administrative expenses and (2) a \$7.0 million increase in other operating income. The decrease in operating and administrative expenses principally reflects lower operating and administrative costs in France resulting from synergies associated with the Finagaz integration and the translation effects of the weaker euro and British pound sterling offset, in part, by slightly higher incremental Finagaz integration expenses. Operating and administrative expenses include \$21.8 million and \$15.5 million of Finagaz integration expenses in the 2017 and 2016 nine-month periods, respectively. The increase in other operating income reflects, in large part, the absence of a \$5.5 million loss recorded during the prior-year period associated with interest rate hedge ineffectiveness. UGI International income before income taxes decreased \$16.2 million principally reflecting the previously mentioned \$19.7 million decrease in UGI International operating income offset by slightly lower interest expense principally due to a lower 2017 nine-month period average interest rate on UGI France SAS's €600 million Senior Facilities Agreement term loan.

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Midstream & Marketing

For the nine months ended June 30,	2017		2016		Increase
(Dollars in millions)					
Revenues	\$	916.3	\$	691.7	\$ 224.6 32.5%
Total margin (a)	\$	225.3	\$	223.4	\$ 1.9 0.9%
Operating and administrative expenses	\$	70.1	\$	68.4	\$ 1.7 2.5%
Operating income	\$	134.6	\$	132.0	\$ 2.6 2.0%
Income before income taxes	\$	136.2	\$	130.3	\$ 5.9 4.5%

(a) Total margin represents total revenues less total cost of sales. Total margin for the nine months ended June 30, 2017 and 2016 excludes net pre-tax gains of \$61.1 million and \$39.3 million, respectively, on Midstream & Marketing commodity derivative instruments not associated with current period transactions.

Temperatures across Midstream & Marketing's energy marketing territory were 14.1% warmer than normal but 1.5% colder than in the prior-year period. Midstream & Marketing 2017 nine-month period revenues were \$224.6 million higher than in the 2016 nine-month period principally reflecting higher natural gas revenues and, to a much lesser extent, higher peaking revenues. The increase in natural gas revenues principally reflects higher natural gas volumes associated with customer growth, the slightly colder weather, and higher average natural gas prices while the increase in peaking revenues reflects an increase in the number of contracts. These increases in revenues were partially offset principally by lower capacity management and electric generation revenues. Midstream & Marketing cost of sales were \$691.0 million in the 2017 nine-month period compared to \$468.3 million in the 2016 nine-month period, an increase of \$222.7 million, principally reflecting higher natural gas cost of sales primarily a result of the higher natural gas volumes and prices.

Midstream & Marketing total margin increased \$1.9 million in the 2017 nine-month period principally reflecting higher peaking total margin (\$12.6 million) and higher natural gas total margin (\$4.3 million). The increase in peaking total margin reflects an increase in the number of contracts while the higher natural gas total margin reflects the higher volume sales. These increases in total margin were offset primarily by lower electric generation total margin (\$5.7 million), reflecting lower electricity generation volumes and lower capacity revenue, and a decrease in margin from capacity management (\$4.6 million) and storage services (\$2.9 million). The decline in capacity management margin reflects higher fixed demand charges associated with higher capacity contract commitments partially offset by slightly higher prices for pipeline capacity during the fiscal 2017 heating season.

Midstream & Marketing operating income and income before income taxes during the 2017 nine-month period increased \$2.6 million and \$5.9 million, respectively. The increase in operating income principally reflects a \$5.0 million increase in other operating income, primarily AFUDC associated with pipeline capital expenditures, and the previously mentioned increase in total margin (\$1.9 million) partially offset by higher depreciation expense (\$2.9 million) and slightly higher total operating and administrative expenses (\$1.7 million). The \$1.7 million increase in operating and administrative expenses reflects higher wage and benefits expense partially offset by lower Conemaugh and Hunlock electricity generating station operating and maintenance expenses, while the \$2.9 million increase in depreciation expense principally reflects incremental depreciation from the expansion of our natural gas pipeline and peaking assets. The increase in income before income taxes in the 2017 nine-month period reflects the higher operating income and \$3.2 million from our PennEast pipeline equity investment reflecting AFUDC income.

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UGI Utilities

For the nine months ended June 30,	2017	2016	Increase
(Dollars in millions)			
Revenues	\$ 768.0	\$ 660.3	\$ 107.7 16.3%
Total margin (a)	\$ 438.5	\$ 399.5	\$ 39.0 9.8%
Operating and administrative expenses	\$ 158.2	\$ 145.2	\$ 13.0 9.0%
Operating income	\$ 226.3	\$ 192.6	\$ 33.7 17.5%
Income before income taxes	\$ 195.8	\$ 164.7	\$ 31.1 18.9%
Gas Utility system throughput—billions of cubic feet (“bcf”)			
Core market	65.4	61.7	3.7 6.0%
Total	194.6	165.6	29.0 17.5%
Electric Utility distribution sales - millions of kilowatt hours (“gwh”)	710.5	706.0	4.5 0.6%
Gas Utility heating degree days—% (warmer) than normal (b)	(11.3)%	(12.9)%	— —

(a) Total margin represents total revenues less total cost of sales and revenue-related taxes, i.e., Electric Utility gross receipts taxes, of \$3.5 million and \$3.5 million during the nine months ended June 30, 2017 and 2016, respectively. For financial statement purposes, revenue-related taxes are included in “utility taxes other than income taxes” on the Condensed Consolidated Statements of Income.

(b) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility’s service territory.

Temperatures in Gas Utility’s service territory during the nine months ended June 30, 2017, were 11.3% warmer than normal but 1.5% colder than during the nine months ended June 30, 2016. Gas Utility core market volumes increased 3.7 bcf (6.0%) principally reflecting the effects of the slightly colder 2017 nine-month period weather and growth in the number of core market customers. Total Gas Utility distribution system throughput increased 29.0 bcf reflecting significantly higher large firm delivery service volumes principally associated with service to a new natural gas-fired generation facility and the higher core market volumes. These increases were partially offset by lower interruptible delivery service volumes. Electric Utility kilowatt-hour sales were 0.6% higher than the prior-year period, principally reflecting the impact of the slightly colder weather on Electric Utility heating-related sales.

UGI Utilities revenues increased \$107.7 million reflecting a \$105.8 million increase in Gas Utility revenues and slightly higher Electric Utility revenues. The higher Gas Utility revenues principally reflect an increase in core market revenues (\$72.1 million), higher large firm delivery service revenues (\$12.6 million) and higher off-system sales revenues (\$22.1 million). The \$72.1 million increase in Gas Utility core market revenues reflects the effects of the higher core market throughput (\$22.6 million), higher average retail core market PGC rates (\$31.7 million) and the increase in UGI Gas base rates effective October 19, 2016 (\$17.8 million). The increase in Electric Utility revenues principally reflects the higher Electric Utility volumes (\$0.4 million) and slightly higher average DS rates (\$1.4 million). UGI Utilities cost of sales was \$326.0 million in the nine months ended June 30, 2017 compared with \$257.3 million in the nine months ended June 30, 2016, principally reflecting the higher Gas Utility retail core-market volumes (\$11.2 million), higher average retail core market PGC rates (\$31.6 million) and higher cost of sales associated with Gas Utility off-system sales (\$22.1 million). In addition, the higher cost of sales reflects an increase in Electric Utility cost of sales of \$1.8 million resulting from the higher volumes sold and the slightly higher DS rates.

UGI Utilities total margin increased \$39.0 million principally reflecting higher total margin from Gas Utility core market customers (\$29.3 million) and higher large firm delivery service total margin (\$9.4 million). The increase in Gas Utility core market margin principally reflects the higher core market throughput (\$11.5 million) and the increase in UGI Gas base rates effective October 19, 2016 (\$17.8 million). Electric Utility total margin increased slightly principally reflecting the higher volume sales as a result of the slightly colder weather.

UGI Utilities operating income increased \$33.7 million, principally reflecting the increase in total margin (\$39.0 million) and higher other operating income, net (\$10.6 million). The higher other operating income, net reflects a \$5.8 million environmental insurance settlement, the absence of a non-recurring charge recorded in the prior-year period related to environmental matters (\$2.5 million) and lower interest on PGC overcollections (\$1.7 million). These increases in operating income were reduced by higher operating and administrative expenses (\$13.0 million) and higher depreciation and amortization expense (\$2.7 million) associated with increased capital expenditure activity. Operating and administrative expenses in the prior-year nine-month period were reduced by the capitalization of \$5.4 million of development stage IT project costs that had been expensed in prior periods

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but qualified for capitalization during the 2016 nine-month period. The increase in UGI Utilities operating and administrative expenses in the current year also reflects higher customer accounts expense (\$4.0 million) and higher employee benefits expenses (\$2.6 million). UGI Utilities income before income taxes increased \$31.1 million reflecting the increase in UGI Utilities operating income (\$33.7 million), partially offset by higher interest expense.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2017 nine-month period was \$168.0 million, \$3.6 million lower than the \$171.6 million of interest expense recorded during the 2016 nine-month period. The lower interest expense principally reflects lower average interest rates on long-term debt at UGI International and AmeriGas Propane. These decreases were partially offset by the effects of higher long-term debt outstanding at AmeriGas Propane and UGI Utilities.

Our effective income tax rate as a percentage of pre-tax income (excluding the effects on such rate of pre-tax income associated with non-controlling interests not subject to federal income taxes) was 31.2% in the 2017 nine-month period compared to 39.2% in the 2016 nine-month period. The significant decrease in the effective income tax rate is due primarily to the impact of the change in the French corporate income tax rate on net deferred income tax liabilities, which reduced consolidated income tax expense during the 2017 nine-month period by \$27.4 million (see Note 2 to condensed consolidated financial statements); the effects of an income tax settlement refund of \$6.7 million, plus interest, in France; and the impact of \$9.6 million of excess tax benefits on share-based payments resulting from the adoption of new accounting guidance effective October 1, 2016 (see Note 3 to condensed consolidated financial statements).

FINANCIAL CONDITION AND LIQUIDITY

We depend on both internal and external sources of liquidity to provide funds for working capital and to fund capital requirements. Our short-term cash requirements not met by cash from operations are generally satisfied with borrowings under credit facilities and, in the case of Midstream & Marketing, also from a Receivables Facility. Long-term cash requirements are generally met through issuance of long-term debt or equity securities. We believe that each of our business units has sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and Receivable Facility borrowings; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt and equity securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units. Our cash and cash equivalents totaled \$604.3 million at June 30, 2017, compared with \$502.8 million at September 30, 2016. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at June 30, 2017 and September 30, 2016, UGI had \$232.2 million and \$125.7 million of cash and cash equivalents, respectively, most of which are located in the U.S. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

UGI CORPORATION AND SUBSIDIARIES

Long-term Debt and Short-term Borrowings

Long-term Debt

The Company's debt outstanding at June 30, 2017 and September 30, 2016, comprises the following:

(Currency in millions)	June 30, 2017						September 30, 2016
	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Other	Total	Total
Short-term borrowings	\$ 75.5	\$ 8.4	\$ 30.0	\$ 50.0	\$ —	\$ 163.9	\$ 291.7
Long-term debt (including current maturities):							
Senior notes	\$ 2,575.0	\$ —	\$ —	\$ 675.0	\$ —	\$ 3,250.0	\$ 2,905.8
Term loans and notes	—	797.1	—	80.0	—	877.1	884.9
Other long-term debt	37.0	0.9	0.6	—	9.7	48.2	41.6
Unamortized debt issuance costs	(32.7)	(4.9)	—	(3.9)	(0.1)	(41.6)	(36.8)
Total long-term debt	\$ 2,579.3	\$ 793.1	\$ 0.6	\$ 751.1	\$ 9.6	\$ 4,133.7	\$ 3,795.5
Total debt	\$ 2,654.8	\$ 801.5	\$ 30.6	\$ 801.1	\$ 9.6	\$ 4,297.6	\$ 4,087.2

AmeriGas Partners. In December 2016, AmeriGas Partners issued \$700.0 million principal amount of 5.50% Senior Notes due May 2025 (the “AmeriGas Partners’ 5.50% Senior Notes”). The net proceeds from the issuance of the AmeriGas Partners’ 5.50% Senior Notes were used in December 2016 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners’ 7.00% Senior Notes having an aggregate principal balance of \$500.0 million plus accrued and unpaid interest and early redemption premiums; (2) the reduction of short-term borrowings; and (3) general corporate purposes.

In February 2017, AmeriGas Partners issued \$525.0 million principal amount of 5.75% Senior Notes due May 2027 (the “AmeriGas Partners’ 5.75% Senior Notes”). The net proceeds from the issuance of the AmeriGas Partners’ 5.75% Senior Notes were used in February 2017 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners’ 7.00% Senior Notes having an aggregate principal balance of \$378.3 million plus accrued and unpaid interest and early redemption premiums; (2) the repayment of short-term borrowings; and (3) general corporate purposes.

In May 2017, AmeriGas Partners repaid the remaining AmeriGas Partners’ 7.00% Senior Notes not previously tendered, having an aggregate principal balance of \$102.5 million, plus early redemption premiums and accrued and unpaid interest.

UGI Utilities. Pursuant to a Note Purchase Agreement, in October 2016, UGI Utilities issued \$100.0 million aggregate principal amount of 4.12% Senior Notes due October 2046 (the “UGI Utilities’ 4.12% Senior Notes”). The net proceeds of the issuance of the UGI Utilities’ 4.12% Senior Notes were used (1) to provide additional financing for UGI Utilities’ infrastructure replacement and betterment capital program and information technology initiatives; and (2) for general corporate purposes.

Credit Facilities

Additional information related to the Company’s credit agreements can be found in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and Note 5 to the Consolidated Financial Statements in the Company’s 2016 Annual Report.

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Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility discussed below) as of June 30, 2017 and 2016, is presented in the table below.

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Capacity
As of June 30, 2017				
AmeriGas OLP	\$ 525.0	\$ 75.5	\$ 67.2	\$ 382.3
UGI France SAS	€ 60.0	€ —	€ —	€ 60.0
Flaga GmbH (a)	€ 55.0	€ —	€ 7.0	€ 48.0
UGI Utilities	\$ 300.0	\$ 50.0	\$ 2.0	\$ 248.0
Energy Services, LLC	\$ 240.0	\$ —	\$ —	\$ 240.0
As of June 30, 2016				
AmeriGas OLP	\$ 525.0	\$ 11.4	\$ 63.0	\$ 450.6
UGI France SAS	€ 60.0	€ —	€ —	€ 60.0
Flaga GmbH (a)	€ 55.0	€ —	€ 9.6	€ 45.4
UGI Utilities	\$ 300.0	\$ 130.0	\$ 2.0	\$ 168.0
Energy Services, LLC	\$ 240.0	\$ —	\$ —	\$ 240.0

(a) Total capacity comprises a €25 million multi-currency revolving credit facility, a €5 million overdraft facility and a €25 million guarantee facility. Guarantees outstanding reduce the available capacity on the €25 million guarantee facility.

The average daily and peak short-term borrowings under the Company's principal credit agreements during the nine months ended June 30, 2017 and 2016 are as follows:

(Currency in millions)	For the nine months ended June 30, 2017		For the nine months ended June 30, 2016	
	Average	Peak	Average	Peak
AmeriGas OLP	\$ 83.0	\$ 292.5	\$ 110.0	\$ 249.0
UGI France SAS	€ —	€ —	€ —	€ —
Flaga GmbH	€ —	€ —	€ —	€ —
UGI Utilities	\$ 74.5	\$ 137.0	\$ 171.6	\$ 232.0
Energy Services, LLC	\$ 8.4	\$ 28.0	\$ 12.5	\$ 35.0

Energy Services, LLC also has a receivables purchase facility ("Receivables Facility") with an issuer of receivables-backed commercial paper currently scheduled to expire in October 2017. Energy Services, LLC intends to extend the Receivables Facility prior to its scheduled expiration. At June 30, 2017, the outstanding balance of ESFC trade receivables was \$51.6 million, of which \$30.0 million was sold to the bank. At June 30, 2016, the outstanding balance of ESFC trade receivables was \$40.4 million and there were no amounts sold to the bank. Amounts sold to the bank are reflected as "short-term borrowings" on the Condensed Consolidated Balance Sheets. During the nine months ended June 30, 2017 and 2016, peak sales of receivables were \$49.0 million and \$46.0 million, respectively, and average daily amounts sold were \$10.9 million and \$25.5 million, respectively. For additional information regarding the Receivables Facility, see Note 7 to the condensed consolidated financial statements.

Dividends and Distributions

On July 25, 2017, UGI's Board of Directors approved a quarterly dividend of \$0.25 per common share payable October 1, 2017 to shareholders of record on September 15, 2017. On April 25, 2017, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to \$0.25 per Common Share, or \$1.00 on an annual basis. The new dividend rate reflects an approximately 5.3% increase from the previous quarterly rate of \$0.2375. The new quarterly dividend rate was effective with the dividend payable on July 1, 2017, to shareholders of record on June 15, 2017.

On July 24, 2017, the General Partner's Board of Directors approved a quarterly distribution of \$0.95 per Common Unit payable August 18, 2017, to unitholders of record on August 10, 2017. During the nine months ended June 30, 2017, AmeriGas Partners declared and paid quarterly distributions on all limited partner units at a rate of \$0.95 per Common Unit for the quarter ended March 31, 2017, and \$0.94 per Common Unit for each of the quarters ended December 31, 2016 and September 30, 2016.

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Cash Flows

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 and services consumed during the peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the fourth and first fiscal quarters when the Company's investment in working capital, principally inventories and accounts receivable, is generally greatest.

Operating Activities. Cash flow provided by operating activities was \$ 846.0 million in the 2017 nine -month period compared to \$ 863.0 million in the 2016 nine -month period. Cash flow from operating activities before changes in operating working capital was \$ 976.7 million in the 2017 nine -month period compared to \$879.5 million in the prior-year period. The higher cash flow from operating activities before changes in operating working capital reflects the positive effects on cash flow of higher net income (after adjusting net income for the non-cash effects of changes in unrealized gains on derivative instruments, and the losses on extinguishments of debt at AmeriGas Partners, the cash flow effects of which are reflected in cash flows from financing activities) and the absence of a \$36.0 million cash settlement of interest rate protection agreements at UGI Utilities recorded in the prior year. Cash used to fund changes in operating working capital totaled \$ 130.7 million in the 2017 nine -month period compared to \$16.5 million in the prior-year period. The significantly higher cash required to fund changes in accounts receivable and inventories reflects, in large part, the impact of higher LPG and natural gas costs during the current-year period.

Investing Activities. Cash flow used by investing activities was \$ 531.7 million in the 2017 nine -month period compared with \$ 367.1 million in the prior-year period. Investing activity cash flow is principally affected by expenditures for property, plant and equipment; cash paid for acquisitions of businesses; changes in restricted cash balances; investments in investees; and proceeds from sales of assets and businesses. Cash payments for property, plant and equipment were \$471.9 million in the 2017 nine -month period compared to \$370.6 million in the prior-year period reflecting, in large part, higher pipeline and peaking asset-related cash capital expenditures at our Midstream & Marketing segment, and higher information technology capital expenditures at UGI Utilities. Cash used for acquisitions of businesses in the 2017 and 2016 nine -month period reflects net cash paid for acquisitions at AmeriGas Propane and UGI International.

Financing Activities. Cash flow used by financing activities was \$ 217.1 million in the 2017 nine -month period compared with cash flow provided by financing activities of \$ 48.6 million in the prior-year period. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings; dividends and distributions on UGI Common Stock and AmeriGas Partners Common Units; and, from time to time, issuances of UGI and AmeriGas Partners equity instruments. In October 2016, UGI Utilities issued \$100 million of 4.12% Senior Notes and used the net proceeds principally to reduce short-term borrowings and for general corporate purposes. In December 2016, AmeriGas Partners and AmeriGas Finance Corp. issued \$700.0 million of 5.50% Senior Notes the net proceeds of which were used in large part for the early repayment of a portion of AmeriGas Partners' 7.00% Senior Notes having an aggregate principal balance of \$500.0 million plus accrued and unpaid interest and early redemption premiums. In February 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$525 million of 5.75% Senior Notes the net proceeds of which were used primarily for the early repayments in February and May of the remaining outstanding AmeriGas Partners' 7.00% Senior Notes having an aggregate principal balance of \$480.8 million plus accrued and unpaid interest and early redemption premiums. See Note 8 to condensed consolidated financial statements for additional information on these debt transactions.

The effect of exchange rate changes on cash during the nine months ended June 31, 2017, reflects the effects on foreign subsidiary cash balances of a weaker euro and British pound sterling.

UTILITY REGULATORY MATTERS

Base Rate Filings. On January 19, 2017, PNG filed a rate request with the Pennsylvania Public Utility Commission ("PUC") to increase PNG's base operating revenues for residential, commercial and industrial customers by \$21.7 million annually. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service. PNG requested that the new gas rates become effective March 20, 2017. The PUC entered an Order dated February 9, 2017, suspending the effective date for the rate increase to allow for investigation and public hearings. On June 30, 2017, all active parties supported the filing of a Joint Petition for Approval of Settlement of all issues with the PUC. Under the terms of the Joint Petition, UGI Utilities will be permitted, effective October 20, 2017, to increase PNG's annual base distribution rates by \$11.3 million. On July 25, 2017, the PUC administrative law judge recommended that the settlement be adopted without modification. Although the Company expects to receive the final order from the PUC approving the settlement by October 2017, the Company cannot predict the timing or the ultimate outcome of the rate case review process.

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On October 14, 2016, the PUC approved a previously filed Joint Petition for Approval of Settlement of all issues providing for a \$27.0 million annual base distribution rate increase for UGI Gas. The increase became effective on October 19, 2016.

Distribution System Improvement Charge. On April 14, 2012, legislation became effective enabling gas and electric utilities in Pennsylvania, under certain circumstances, to recover the cost of eligible capital investment in distribution system infrastructure improvement projects between base rate cases. The charge enabled by the legislation is known as a distribution system improvement charge (“DSIC”). The primary benefit to a company from a DSIC charge is the elimination of regulatory lag, or delayed rate recognition, that occurs under traditional ratemaking relating to qualifying capital expenditures. To be eligible for a DSIC, a utility must have filed a general rate filing within five years of its petition seeking permission to include a DSIC in its tariff, and not exceed certain earnings tests. Absent PUC permission, the DSIC is capped at 5% of distribution charges billed to customers.

PNG and CPG received PUC approval on a DSIC tariff, initially set at zero, in 2014. PNG and CPG began charging a DSIC at a rate other than zero beginning on April 1, 2015 and April 1, 2016, respectively. In March 2016, PNG and CPG filed petitions seeking approval to increase the maximum allowable DSIC from 5% to 10% of billed distribution revenues. On May 10, 2017, the PUC issued a final Order to approve an increase of the maximum allowable DSIC to 7.5% of billed distribution revenues effective July 1, 2017, for PNG and CPG, pending reconsideration at the Company’s Long-term Infrastructure Improvement Plan filing in 2018.

On November 9, 2016, UGI Gas received PUC approval to establish a DSIC tariff mechanism, capped at 5% of distribution charges billed to customers, effective January 1, 2017. Revenue collected pursuant to the mechanism will be subject to refund and recoupment based on the PUC’s final resolution of certain matters set aside for hearing before an administrative law judge. UGI Gas will be permitted to recover revenue under the mechanism for the amount of DSIC-eligible plant placed into service in excess of the threshold amount of DSIC-eligible plant agreed upon in the settlement of its recent base rate case. Achievement of that threshold is not likely to occur prior to September 30, 2017.

UGI CORPORATION AND SUBSIDIARIES**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our primary market risk exposures are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. 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.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership and our UGI International operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for LPG and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and UGI International 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. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of LPG are generally settled at expiration of the contract. In addition, certain of our UGI International businesses hedge a portion of their anticipated U.S. dollar-denominated LPG product purchases through the use of forward foreign currency exchange contracts as further described below.

Gas Utility's tariffs contain clauses that permit recovery of all of the prudently incurred costs of natural gas it sells to its customers, including the cost of financial instruments used to hedge purchased gas costs. 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 derivative financial instruments, including natural gas futures and option contracts traded on the NYMEX, to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in Gas Utility's PGC recovery mechanism. At June 30, 2017, the fair values of Gas Utility's natural gas futures and option contracts were net losses of \$ 0.1 million.

Electric Utility's DS tariffs contain clauses which permit recovery of all prudently incurred power costs, including the cost of financial instruments used to hedge electricity costs, through the application of DS rates. Because of this ratemaking mechanism, there is limited power cost risk, including the cost of FTRs and forward electricity purchase contracts, associated with our Electric Utility operations. At June 30, 2017, all of our Electric Utility's forward electricity purchase contracts were subject to the NPNS exception. At June 30, 2017, the fair values of Electric Utility's FTRs were not material.

In addition, Gas Utility and Electric Utility from time to time enter into exchange-traded gasoline futures contracts for a portion of gasoline volumes expected to be used in their operations. These gasoline futures contracts are recorded at fair value with changes in fair value reflected in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income.

In order to manage market price risk relating to substantially all of Midstream & Marketing's fixed-price sales contracts for natural gas and electricity, Midstream & Marketing enters into NYMEX, ICE and over-the-counter natural gas and electricity futures and natural gas basis swap contracts or enters into fixed-price supply arrangements. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge a portion of its anticipated sales of electricity from its electricity generation facilities. Although Midstream & Marketing's fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas or electricity would adversely impact Midstream & Marketing's results. In order to reduce this risk of supplier nonperformance, Midstream & Marketing has diversified its purchases across a number of suppliers.

From time to time, Midstream & Marketing purchases FTRs to economically hedge certain transmission costs that may be associated with its fixed-price electricity sales contracts. Midstream & Marketing from time to time also enters into NYISO capacity swap contracts to economically hedge the locational basis differences for customers it serves on the NYISO electricity grid. Midstream & Marketing also uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of natural gas.

Midstream & Marketing has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, Midstream & Marketing would be required to purchase electricity on the spot market.

UGI CORPORATION AND SUBSIDIARIES

or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact Midstream & Marketing's results.

The fair value of unsettled commodity price risk sensitive derivative instruments held at June 30, 2017 (excluding those Gas Utility and Electric Utility commodity derivative instruments that are refundable to, or recoverable from, customers) was a gain of \$3.1 million. A hypothetical 10% adverse change in the market price of LPG, gasoline, natural gas, electricity and electricity transmission congestion charges would decrease such gain by approximately \$45.3 million at June 30, 2017.

Interest Rate Risk

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 their 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 at June 30, 2017, includes short-term borrowings and UGI France SAS's and Flaga GmbH's variable-rate term loans. These debt agreements have interest rates that are generally indexed to short-term market interest rates. UGI France SAS and Flaga GmbH, through the use of pay-fixed, receive-variable interest rate swaps, have fixed the underlying euribor interest rates on their euro-denominated term loans through all, or a substantial portion of, the periods such debt is outstanding. In addition, Flaga GmbH's U.S. dollar-denominated loan has been swapped from a floating U.S. dollar-denominated interest rate to a fixed euro-denominated interest rate through a cross-currency swap, removing interest rate risk (and foreign currency exchange risk as further described below under Foreign Currency Exchange Rate Risk) associated with the underlying interest payments. At June 30, 2017, combined borrowings outstanding under variable-rate debt agreements, excluding UGI France SAS's and Flaga GmbH's effectively fixed-rate debt, totaled \$163.9 million.

Long-term debt associated with our domestic businesses is typically issued at fixed rates of interest based upon market rates for debt with 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. In order to reduce interest rate risk associated with near- to medium-term forecasted issuances of fixed rate debt, from time to time we enter into IRPAs.

The fair value of unsettled interest rate risk sensitive derivative instruments held at June 30, 2017 (including pay-fixed, receive-variable interest rate swaps) was a loss of \$2.2 million. A 50 basis point adverse change in the three-month euribor rate and three-month LIBOR would result in a decrease in fair value of approximately \$2.2 million.

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the U.S. dollar versus the euro and, to a lesser extent, the U.S. dollar versus the British pound sterling. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at June 30, 2017 by approximately \$115.0 million, which amount would be reflected in other comprehensive income. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries ("net investment hedges"). Gains or losses on net investment hedges remain in accumulated other comprehensive income until such foreign operations are sold or liquidated. At June 30, 2017, there were no unsettled net investment hedges outstanding.

In addition, in order to reduce exposure to foreign exchange rate volatility related to our foreign LPG operations, through September 30, 2016, we entered into forward foreign currency exchange contracts to hedge a portion of anticipated U.S. dollar-denominated LPG product purchases primarily during the heating-season months of October through March.

Beginning October 1, 2016, in order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts.

As previously mentioned, Flaga GmbH has a cross-currency swap to hedge its exposure to the variability in expected future cash flows associated with the foreign currency and interest rate risk of U.S. dollar-denominated debt. This cross-currency hedge includes initial and final exchanges of principal from a fixed euro denomination to a fixed U.S. dollar-denominated amount, to be exchanged at a specified rate, which was determined by the market spot rate on the date of issuance.

UGI CORPORATION AND SUBSIDIARIES

The fair value of unsettled foreign currency exchange rate risk sensitive derivative instruments held at June 30, 2017, including the fair value of Flaga GmbH's cross-currency swap, was a loss of \$13.9 million. A hypothetical 10% adverse change in the value of the euro and the British pound sterling versus the U.S. dollar would result in a decrease in fair value of approximately \$50.3 million.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate.

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At June 30, 2017, restricted cash in brokerage accounts totaled \$6.7 million. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at June 30, 2017. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At June 30, 2017, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in reports filed or submitted 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 required disclosure. 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 effective at the reasonable assurance level.

(b) Change in Internal Control over Financial Reporting

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

UGI CORPORATION AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the Company’s repurchases of its common stock during the quarter ended June 30, 2017.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2017 to April 30, 2017	65,000	\$49.60	65,000	10.92 million
May 1, 2017 to May 31, 2017	—	—	—	10.92 million
June 1, 2017 to June 30, 2017	—	—	—	10.92 million
Total	65,000		65,000	

(1) Shares of UGI Corporation Common Stock are repurchased through a share repurchase program announced by the Company on January 30, 2014. The Board of Directors authorized the repurchase of up to 15 million shares of UGI Corporation Common Stock over a four-year period.

ITEM 6. EXHIBITS

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and 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	Bylaws of UGI Corporation, Amended and Restated as of July 25, 2017.	UGI	Form 8-K (7/25/17)	3.1
10.1	UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees, as Amended and Restated as of June 15, 2017.			
10.2	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for UGI, Utilities and AmeriGas Employees, dated January 1, 2017.			
10.3	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Performance Unit Grant Letter for UGI and Utilities Employees, dated January 1, 2017.			
10.4	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Stock Unit Grant Letter for Non Employee Directors, dated January 24, 2017.			
10.5	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for Non Employee Directors, dated January 24, 2017.			

UGI CORPORATION AND SUBSIDIARIES

10.6	UGI Corporation 2009 Deferral Plan, as amended and restated effective June 15, 2017.			
10.7	UGI Corporation Senior Executive Employee Severance Plan, as amended as of June 15, 2017.			
10.8	Amendment to Senior Facilities Agreement, dated March 8, 2017, by and between UGI France, as Borrower, Guarantor and Security Grantor, and Natixis, as Facility Agent and Security Agent.			
10.9	Form of AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated effective June 15, 2017.	AmeriGas Partners, L.P.	Form 10-Q (6/30/17)	10.1
10.10	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Performance Unit Grant Letter for Employees, dated January 1, 2017.	AmeriGas Partners, L.P.	Form 10-Q (6/30/17)	10.2
10.11	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Non Employee Directors, dated January 23, 2017.	AmeriGas Partners, L.P.	Form 10-Q (6/30/17)	10.3
10.12	AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended as of June 15, 2017.	AmeriGas Partners, L.P.	Form 10-Q (6/30/17)	10.4
10.13	UGI Utilities, Inc. Senior Executive Employee Severance Plan, as amended as of July 10, 2017.	Utilities	Form 10-Q (6/30/17)	10.1
31.1	Certification by the Chief Executive Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended June 30, 2017, 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-Q for the quarter ended June 30, 2017, 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-Q for the quarter ended June 30, 2017, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	XBRL Instance			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Labels Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			

UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

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

UGI Corporation

(Registrant)

Date: August 4, 2017

By: /s/ Kirk R. Oliver

Kirk R. Oliver

Chief Financial Officer

Date: August 4, 2017

By: /s/ Marie-Dominique Ortiz-Landazabal

Marie-Dominique Ortiz-Landazabal

Vice President - Accounting and Financial Control
and Chief Accounting Officer

UGI CORPORATION AND SUBSIDIARIES

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UGI CORPORATION
2009 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
FOR NEW EMPLOYEES
As Amended and Restated as of June 15, 2017

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ARTICLE I

STATEMENT OF PURPOSE

The purpose of the UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees (the “2009 UGI SERP”) is to provide a fair and competitive level of retirement benefits to certain management and other highly compensated employees and thereby to attract and retain the highest quality executives to UGI Corporation, UGI Utilities, Inc. and its subsidiaries, including UGI Penn Natural Gas, Inc., UGI Central Penn Gas, Inc., and, effective October 1, 2010, UGI Energy Services, LLC. To address these purposes and to account for the closure of the Pension Plan and the CPG Pension Plan, each as defined herein, certain employees of UGI Corporation, UGI Utilities, Inc. and its subsidiaries, including UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., and, effective October 1, 2010, UGI Energy Services, LLC (those designated as “Participants”), will be provided with supplemental retirement benefits. The 2009 UGI SERP was amended and restated as of October 1, 2010 to include certain employees of UGI Energy Services, LLC, and was subsequently amended and restated as of November 22, 2013, and was amended as of July 26, 2016. This amendment and restatement of the 2009 UGI SERP incorporates the July 26, 2016 and January 17, 2017 changes and additional changes that were made by the Administrative Committee on June 15, 2017. The amendment and restatement is effective as of June 15, 2017.

ARTICLE II

DEFINITIONS

Sec. 2.01 “Administrative Committee” shall mean the administrative committee designated pursuant to Article VII to administer the 2009 UGI SERP in accordance with its terms.

Sec. 2.02 “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Sec. 2.03 “Beneficiary” shall mean the person designated by a Participant to receive any benefits payable after the Participant’s death. UGI shall provide a form for this purpose. In the event a Participant has not filed a Beneficiary designation with UGI or none of the designated Beneficiaries are living at the date of the Participant’s death, the Beneficiary shall be the Participant’s estate.

Sec. 2.04 “Board” shall mean the Board of Directors of UGI.

Sec. 2.05 “Cause” shall mean (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of UGI, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of UGI’s written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and UGI, (v) gross

misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

Sec. 2.06 "Change in Control Agreement" shall mean a Change in Control Agreement between an Employee and a Participating Employer.

Sec. 2.07 "Code" shall mean the Internal Revenue Code of 1986, as amended.

Sec. 2.08 "Compensation Committee" shall mean the Compensation and Management Development Committee of the Board.

Sec. 2.09 "Compensation" shall mean a Participant's actual base salary earned from the Participating Employers with respect to each Plan Year, plus the amount of annual bonus paid under the applicable bonus or severance plan with respect to each Plan Year, regardless of the payment date. Compensation shall include any such salary and bonus that that would be payable to the Employee except for an election by the Employee to have such compensation deferred under any qualified savings plan, non-qualified deferred compensation plan, or section 125 plan, of the Participating Employers. Compensation shall be based on the period of time during which the Participant participated in the 2009 UGI SERP, as described in Section 3.01.

Sec. 2.10 "CPG Pension Plan" shall mean the UGI Central Penn Gas, Inc. Employees' Retirement Plan.

Sec. 2.11 "Deferral Plan" shall mean the UGI Corporation 2009 Deferral Plan.

Sec. 2.12 "Effective Date" of the 2009 UGI SERP shall mean January 1, 2009, for Participating Employers other than UGI Energy Services, LLC. The 2009 UGI SERP shall be effective for UGI Energy Services, LLC as of October 1, 2010. The effective date of the amended and restated 2009 UGI SERP is June 15, 2017, except as otherwise indicated.

Sec. 2.13 "Employee" shall mean any person in the employ of a Participating Employer other than a person (i) whose terms and conditions of employment are determined through collective bargaining with a third party or (ii) who is characterized as an independent contractor by a Participating Employer, no matter how characterized by a court or government agency. No retroactive characterization of an individual's status for any other purpose shall make an individual an "Employee" for purposes hereof unless specifically determined otherwise by a Participating Employer for the purposes of this 2009 UGI SERP.

Sec. 2.14 "Employment Commencement Date" shall mean the first day on which a Participant became an employee of UGI or its Affiliates, or any entity whose business or assets have been acquired by UGI or its Affiliates or by any predecessor of such entities. If any interruption of employment occurred after the date described in the preceding sentence, the "Employment Commencement Date" after reemployment shall be the first day on which the Participant became an employee as described in the preceding sentence after the most recent such interruption of the employment relationship between the Participant and UGI or any of its Affiliates, unless the Administrative Committee determines otherwise.

Sec. 2.15 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

Sec. 2.16 “Executive Annual Bonus Plan” shall mean the UGI Corporation Executive Annual Bonus Plan or the UGI Utilities, Inc. Executive Annual Bonus Plan, each as amended from time to time, and any successor plans.

Sec. 2.17 “Key Employee” shall mean an employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by such Committee or its delegate in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

Sec. 2.18 “Matching Contribution” shall have the meaning given that term under the Savings Plan.

Sec. 2.19 “Participant” shall mean each Employee who meets the requirements of Section 3.01 hereof.

Sec. 2.20 “Participating Employer” shall mean an employer listed on Schedule A.

Sec. 2.21 “Pension Plan” shall mean the Retirement Income Plan for Employees of UGI Utilities, Inc., as currently in effect and as it may hereafter be amended, and any plan designated by the Board as a successor thereto.

Sec. 2.22 “Plan Year” shall mean the 12-month period beginning on October 1 and ending on September 30.

Sec. 2.23 “Postponement Period” shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by Section 409A of the Code) during which 2009 UGI SERP benefits may not be paid to the Key Employee under section 409A of the Code.

Sec. 2.24 “Retirement” shall mean 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 or service after attaining (i) age 55 with ten or more years of service with UGI and its Affiliates or (ii) age 65 with five or more years of service with UGI and its Affiliates.

Sec. 2.25 “Savings Plan” shall mean the UGI Utilities, Inc. Savings Plan.

Sec. 2.26 “Section 401(a)(17) Limit” shall mean the maximum amount of compensation that is recognized under section 401(a)(17) of the Code for the calendar year in which the Plan Year begins.

Sec. 2.27 “Termination for Cause” shall mean termination of the Participant’s employment by UGI or an Affiliate for Cause.

Sec. 2.28 “Termination without Cause” shall mean termination of the Participant’s employment by UGI or an Affiliate without Cause.

Sec. 2.29 “Total Disability” shall mean a disability that qualifies the Participant for long term disability benefits under UGI’s long term disability policy (without regard to any waiting period), even if the Participant did not elect long-term disability coverage.

Sec. 2.30 “UGI” shall mean UGI Corporation.

Sec. 2.31 “2009 UGI SERP” shall mean the UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees as set forth herein and as the same may be hereafter amended.

Sec. 2.32 “UGI Utilities” shall mean UGI Utilities, Inc.

ARTICLE III

PARTICIPATION AND VESTING

Sec. 3.01 Participation.

(a) For Employees of a Participating Employer other than UGI Energy Services, LLC, on and after the Effective Date, each Employee who (i) is eligible to receive a bonus under an Executive Annual Bonus Plan at any time during the applicable Plan Year, (ii) is hired or rehired by a Participating Employer on or after the Effective Date (including by a transfer from an Affiliate), and (iii) is not accruing a benefit under the Pension Plan, CPG Pension Plan or any other defined benefit plan maintained by a Participating Employer and its Affiliates shall be eligible to become a Participant in the 2009 UGI SERP. Employees who meet the requirements of this subsection (a) as of the Effective Date shall become Participants in the 2009 UGI SERP as of the Effective Date.

(b) For Employees of UGI Energy Services, LLC, each Employee who (i) is eligible to receive a bonus under an Executive Annual Bonus Plan at any time during the applicable Plan Year, (ii) is employed by UGI Energy Services, LLC (including by a transfer from an Affiliate) and (iii) is not accruing a benefit under the Pension Plan, CPG Pension Plan or any other defined benefit plan maintained by a Participating Employer and its Affiliates shall be eligible to become a Participant in the 2009 UGI SERP. Employees who met the requirements of this subsection (b) as of October 1, 2010 became Participants in the 2009 UGI SERP as of October 1, 2010.

(c) Each newly hired Employee who meets the requirements of subsection (a) or (b), as applicable, shall become a Participant in the 2009 UGI SERP immediately upon his or her date of hire.

(d) Each newly promoted Employee of a Participating Employer, and each Employee who transfers to a Participating Employer from an Affiliate that is not a Participating Employer, and who meets the requirements of subsection (a) or (b), as applicable, shall become a Participant in the 2009 UGI SERP as of his or her transfer or promotion date. UGI shall make a credit to the account of a promoted or transferred Participant under Section 4.01 for the initial Plan Year of participation, based on the Participant's Compensation for the period after the Participant's promotion or transfer.

(e) A Participant shall cease to be a Participant upon termination of employment with UGI and its Affiliates, upon the Participant's Total Disability (regardless of whether the Participant remains employed by UGI or an Affiliate), upon transfer to an Affiliate that is not a Participating Employer, or upon transfer to a position that does not qualify for eligibility under subsection (a) or (b) above. In the event of (i) a termination of employment due to Retirement, death or Termination without Cause, (ii) Total Disability (regardless of whether the Participant remains employed by UGI or an Affiliate), or (iii) a transfer to an Affiliate that is not a Participating Employer or a transfer to a position that does not qualify for eligibility under subsection (a) or (b) above, UGI shall make a credit to the Participant's account under Section 4.01 for the Plan Year in which the termination of employment, Total Disability or transfer occurs, based on the Participant's Compensation for the period before the Participant's termination of employment, Total Disability or transfer, as applicable. A Participant will not be eligible to receive a credit for the year in which termination of employment occurs if the termination is due to the Participant's resignation for any reason (other than death or Total Disability) or a Termination with Cause.

Sec. 3.02 Vesting. Benefits under this 2009 UGI SERP shall vest on the fifth anniversary of a Participant's most recent Employment Commencement Date, if the Participant continues to be employed by UGI and its Affiliates through the vesting date, unless the Compensation Committee determines that a Participant's benefits should vest, in whole or in part, sooner. A Participant's benefit under this 2009 UGI SERP shall also vest if the Participant's employment with UGI and its Affiliates terminates on account of death or Total Disability. Notwithstanding anything to the contrary, a Participant shall vest in his or her benefits under Section 4.05 of this 2009 UGI SERP when the Participant's employment has terminated under the circumstances described in Section 4.05 and the Participant has met all the requirements of the Participant's Change in Control Agreement that entitle the Participant to receive the benefits described in Section 4.05.

ARTICLE IV

BENEFITS

Sec. 4.01 Benefit Credits.

(a) UGI shall establish a bookkeeping account for each Participant. Subject to Section 4.02, at the end of each Plan Year, UGI shall credit to the Participant's account an amount equal to 5% of the Participant's maximum recognizable Compensation as determined under the Section 401(a)(17) Limit, and 10% of the Participant's Compensation, if any, in excess

of the Section 401(a)(17) Limit. For UGI Energy Services, LLC Participants, this subsection (a) shall be effective for Plan Years beginning on or after October 1, 2010.

(b) In addition, in the event that any portion of the Matching Contribution allocated to a Participant under the Savings Plan with respect to the Savings Plan year in which the Plan Year begins is forfeited to satisfy the nondiscrimination requirements of section 401(m) of the Code, UGI shall credit to the Participant's account under the 2009 UGI SERP, in the Plan Year in which the forfeiture occurs, an amount that is equal to the forfeited Matching Contributions, adjusted for earnings and losses as provided under the Savings Plan to the date forfeited. The allocation with respect to forfeited Matching Contributions shall not exceed the Matching Contributions that would have been provided under the Savings Plan in the absence of any plan-based restrictions that reflect limits on qualified plan contributions under the Code, in accordance with section 409A of the Code. For UGI Energy Services, LLC Participants, this subsection (b) shall be effective for Savings Plan years beginning on or after January 1, 2011.

Sec. 4.02 Timing of Credits. Amounts shall be credited to a Participant's account annually within 90 days after the end of the Plan Year. Notwithstanding the foregoing, in the event of a Participant's termination of employment or Total Disability, amounts shall be credited to the Participant's account in accordance with Section 3.01(e) as of the Participant's termination date or the date of Total Disability, as applicable.

Sec. 4.03 Earnings.

(a) For purposes of measuring the investment returns of a Participant's account, the Participant may select the investment funds in which all or part of his account shall be deemed to be invested, from the investment funds designated by the Administrative Committee.

(b) A Participant shall make an investment designation by such method as the Administrative Committee determines. An investment designation shall remain effective until another valid designation has been made by the Participant. The Participant may amend his or her investment designation at such time or times as permitted by the Administrative Committee in its sole discretion, and in accordance with such procedures as may be established by the Administrative Committee.

(c) In the absence of any Participant election designating the deemed investment of his account, a Participant shall be deemed to have elected that his account be invested in the manner selected by the Administrative Committee for such circumstance.

(d) Each Participant's account shall be adjusted periodically to take into account the gains, losses and income returns of the investment funds selected by the Participant.

Sec. 4.04 Divestiture. Each Participant shall be divested of, and shall immediately forfeit, any benefit to which the Participant is otherwise entitled under the 2009 UGI SERP if the Participant experiences a Termination for Cause or if the Participant terminates employment with UGI and its Affiliates prior to satisfying the vesting requirements in Section 3.02 above.

Sec. 4.05 Change of Control Benefit. In the event of a Change of Control (as defined in the applicable Change in Control Agreement), if and to the extent required by a Participant's Change in Control Agreement, each Participant in the 2009 UGI SERP who is entitled to receive severance benefits under a Change in Control Agreement shall receive a credit to the Participant's account equal to the aggregate credits that would have been made under Section 4.01(a) had the Participant continued in employment during the continuation period under the Change in Control Agreement and received annual compensation as described in the Change in Control Agreement. This amount shall be credited to the Participant's account as of the Participant's termination date.

ARTICLE V

FORM AND TIMING OF BENEFIT DISTRIBUTION

Sec. 5.01 Form of Benefit Distributions. A Participant's vested account under the 2009 UGI SERP shall be paid in a lump sum to the Participant upon the Participant's termination of employment with UGI and its Affiliates for any reason other than Termination for Cause. In the event of death, the Participant's vested account shall be paid in a lump sum to the Participant's beneficiary designated in writing on a form filed with the Administrative Committee or its designee or, if there is none, to the Participant's estate.

Sec. 5.02 Timing of Benefit Distributions. Except as otherwise required by Section 5.03 below, vested benefits payable under the 2009 UGI SERP shall be paid within 60 days after a Participant's termination of employment for a reason other than Termination for Cause.

Sec. 5.03 Key Employees. If required by section 409A of the Code, no benefits shall be paid to a Participant who is a Key Employee during the Postponement Period. If a Participant is a Key Employee and payment of benefits under the 2009 UGI SERP is required to be delayed for the Postponement Period, the accumulated amounts withheld on account of section 409A of the Code shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Participant dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the Participant's beneficiary (as described in Section 5.01) within 60 days after the Participant's death.

Sec. 5.04 Deferral Elections. Notwithstanding the foregoing, prior to February 1, 2017, a Participant could make a one-time, irrevocable election to elect to have the Participant's vested account under this 2009 UGI SERP credited to the Participant's account under the Deferral Plan on the date of the Participant's separation from service, in lieu of the payments described in Section 5.01 and 5.02. If the Participant made a deferral election prior to February 1, 2017, the Participant's vested account under this 2009 UGI SERP will be credited to the Participant's account under the Deferral Plan at separation from service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. An election under this Section 5.04 was required to be made in writing, on a form and at a time prescribed by the Administrative Committee and was irrevocable upon submission to the Corporate Secretary of UGI Corporation.

ARTICLE VI

FUNDING OF BENEFITS

Sec. 6.01 Source of Funds. The Board may, but shall not be required to, authorize the establishment of a rabbi trust for the benefits described herein. In any event, UGI's obligation hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of UGI or any such vehicle.

Sec. 6.02 Participant Contributions. There shall be no contributions made by Participants under the 2009 UGI SERP.

ARTICLE VII

THE COMMITTEE

Sec. 7.01 Appointment and Tenure of Administrative Committee Members. The Administrative Committee shall consist of one or more persons who shall be appointed by and serve at the pleasure of the Compensation Committee. Any Administrative Committee member may resign by delivering his or her written resignation to the Compensation Committee. Vacancies arising by the death, resignation or removal of an Administrative Committee member may be filled by the Compensation Committee.

Sec. 7.02 Meetings; Majority Rule. Any and all acts of the Administrative Committee taken at a meeting shall be by a majority of all members of the Administrative Committee. The Administrative Committee may act by vote taken in a meeting (at which a majority of members shall constitute a quorum). The Administrative Committee may also act by unanimous consent in writing without the formality of convening a meeting.

Sec. 7.03 Delegation. The Administrative Committee may, by majority decision, delegate to each or any one of its members, authority to sign any documents on its behalf, or to perform ministerial acts, but no person to whom such authority is delegated shall perform any act involving the exercise of any discretion without first obtaining the concurrence of a majority of the members of the Administrative Committee, even though such person alone may sign any document required by third parties. The Administrative Committee shall elect one of its members to serve as Chairperson. The Chairperson shall preside at all meetings of the Administrative Committee or shall delegate such responsibility to another Administrative Committee member. The Administrative Committee shall elect one person to serve as Secretary to the Administrative Committee. All third parties may rely on any communication signed by the Secretary, acting as such, as an official communication from the Administrative Committee.

Sec. 7.04 Authority and Responsibility of the Administrative Committee. The Administrative Committee shall have only such authority and responsibilities as are delegated to it by the Compensation Committee or specifically under this 2009 UGI SERP. The Administrative Committee shall have full power and express discretionary authority to administer and interpret the 2009 UGI SERP, to make factual determinations and to adopt or

amend such rules and regulations for implementing the 2009 UGI SERP and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Administrative Committee's authorities and responsibilities shall also include:

- (a) maintenance and preservation of records relating to Participants, former Participants, and their beneficiaries;
- (b) preparation and distribution to Participants of all information and notices required under federal law or the provisions of the 2009 UGI SERP;
- (c) preparation and filing of all governmental reports and other information required under law to be filed or published;
- (d) construction of the provisions of the 2009 UGI SERP, to correct defects therein and to supply omissions thereto;
- (e) engagement of assistants and professional advisers;
- (f) arrangement for bonding, if required by law; and
- (g) promulgation of procedures for determination of claims for benefits.

Sec. 7.05 Compensation of Administrative Committee Members. The members of the Administrative Committee shall serve without compensation for their services as such, but all expenses of the Administrative Committee shall be paid or reimbursed by UGI.

Sec. 7.06 Committee Discretion. Any discretion, actions or interpretations to be made under the 2009 UGI SERP by the Administrative Committee or by the Compensation Committee on behalf of UGI shall be made in its sole discretion, not acting in a fiduciary capacity, need not be uniformly applied to similarly situated individuals, and shall be final, binding and conclusive upon the parties. All benefits under the 2009 UGI SERP shall be provided conditional upon the Participant's acknowledgement, in writing or by acceptance of the benefits, that all decisions and determinations of the Administrative Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the 2009 UGI SERP.

Sec. 7.07 Indemnification of the Committees. Each member of the Administrative Committee and each member of the Compensation Committee shall be indemnified by UGI against costs, expenses and liabilities (other than amounts paid in settlement to which UGI does not consent) reasonably incurred by the member in connection with any action to which the member may be a party by reason of the member's service on the applicable Committee, except in relation to matters as to which the member shall be adjudged in such action to be personally guilty of gross negligence or willful misconduct in the performance of the member's duties. The foregoing right to indemnification shall be in addition to such other rights as the Administrative Committee member or the Compensation Committee member may enjoy as a matter of law or by reason of insurance coverage of any kind, but shall not extend to costs, expenses and/or liabilities

otherwise covered by insurance or that would be so covered by any insurance then in force if such insurance contained a waiver of subrogation. Rights granted hereunder shall be in addition to and not in lieu of any rights to indemnification to which the Administrative Committee member or the Compensation Committee member may be entitled pursuant to the by-laws of UGI. Service on the Administrative Committee or the Compensation Committee shall be deemed in partial fulfillment of the applicable Committee member's function as an employee, officer, or director of UGI, if the Committee member also serves in that capacity.

ARTICLE VIII

AMENDMENT AND TERMINATION

Sec. 8.01 Amendment. The provisions of the 2009 UGI SERP may be amended at any time and from time to time by the Compensation Committee for any reason without either the consent of or prior notice to any Participant; *provided, however*, that no such amendment shall serve to reduce the benefit that has accrued on behalf of a Participant as of the effective date of the amendment. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the 2009 UGI SERP as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations; (ii) correct errors and omissions in the 2009 UGI SERP document; and (iii) facilitate the administration and operation of the 2009 UGI SERP.

Sec. 8.02 2009 UGI SERP Termination. While it is UGI's intention to continue the 2009 UGI SERP indefinitely in operation, UGI, by action of the Compensation Committee, reserves the right to terminate the 2009 UGI SERP in whole or in part at any time for any reason without either the consent of or prior notice to any Participant. No such termination shall reduce the benefit that has accrued on behalf of a Participant as of the effective date of the termination, but UGI may immediately distribute all accrued benefits upon termination of the 2009 UGI SERP in accordance with section 409A of the Code.

ARTICLE IX

CLAIMS PROCEDURES

Sec. 9.01 Claim. Any person or entity claiming a benefit, requesting an interpretation or ruling under the 2009 UGI SERP (hereinafter referred to as "claimant"), or requesting information under the 2009 UGI SERP shall present the request in writing to the Administrative Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within 90 days of receipt of the benefit claim by the Administrative Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Administrative Committee shall provide notice of the extension prior to the termination of the 90 day period. In no event may the extension exceed a total of 180 days from the date of the original receipt of the claim.

Sec. 9.02 Denial of Claim. If the claim or request is denied, the written or electronic notice of denial shall state:

- (a) The reason(s) for denial;
- (b) Reference to the specific 2009 UGI SERP provisions on which the denial is based;
- (c) A description of any additional material or information required and an explanation of why it is necessary; and
- (d) An explanation of the 2009 UGI SERP's claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

Sec. 9.03 Final Decision. The decision on review shall normally be made within 60 days after the Administrative Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing or in electronic form and shall:

- (a) State the specific reason(s) for the denial;
- (b) Reference the relevant 2009 UGI SERP provisions;
- (c) State that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and
- (d) State that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and bind all parties concerned.

Sec. 9.04 Review of Claim. Any claimant whose claim or request is denied or who has not received a response within 60 days may request a review by notice given in writing or electronic form to the Administrative Committee. Such request must be made within 60 days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, 60 days after receipt by the Administrative Committee of the claimant's claim or request. The claim or request shall be reviewed by the Administrative Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

ARTICLE X

MISCELLANEOUS PROVISIONS

Sec. 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant under the 2009 UGI SERP shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be

free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate commute, pledge, encumber or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the 2009 UGI SERP.

Sec. 10.02 No Contract of Employment. Neither the establishment of the 2009 UGI SERP, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or Employee, or any person whomsoever, the right to be retained in the service of a Participating Employer, and all Participants and other Employees shall remain subject to discharge to the same extent as if the 2009 UGI SERP had never been adopted.

Sec. 10.03 Severability of Provisions. If any provision of the 2009 UGI SERP shall be held invalid or unenforceable, such validity or unenforceability shall not affect any other provisions hereof, and the 2009 UGI SERP shall be construed and enforced as if such provision had not been included.

Sec. 10.04 Heirs, Assigns and Personal Representatives. The 2009 UGI SERP shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Sec. 10.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the 2009 UGI SERP, and shall not be employed in the construction of the 2009 UGI SERP.

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

Sec. 10.07 Controlling Law. The 2009 UGI SERP shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, exclusive of conflict of law provisions thereof, to the extent not preempted by Federal law, which shall otherwise control.

Sec. 10.08 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Participating Employers, the Board, the Administrative Committee, the Compensation Committee and all other parties with respect thereto.

Sec. 10.09 Lost Payees. A benefit shall be deemed forfeited if the Administrative Committee is unable to locate a Participant to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the proper payee for the forfeited benefit.

Sec. 10.10 Reliance on Data and Consents. The Participating Employers, the Board, the Compensation Committee, the Administrative Committee, all fiduciaries with respect to the 2009

UGI SERP, and all other persons or entities associated with the operation of the 2009 UGI SERP, and the provision of benefits thereunder, may reasonably rely on the truth, accuracy and completeness of all data provided by the Participant, including, without limitation, data with respect to age, health and marital status. Furthermore, the Participating Employers, the Board, the Compensation Committee, the Administrative Committee and all fiduciaries with respect to the 2009 UGI SERP may reasonably rely on all consents, elections and designations filed with the 2009 UGI SERP or those associated with the operation of the 2009 UGI SERP by any Participant, or the representatives of any such person without duty to inquire into the genuineness of any such consent, election or designation. None of the aforementioned persons or entities associated with the operation of the 2009 UGI SERP or the benefits provided under the 2009 UGI SERP shall have any duty to inquire into any such data, and all may rely on such data being current to the date of reference, it being the duty of the Participants to advise the appropriate parties of any change in such data.

Sec. 10.11 Taxation.

(a) The 2009 UGI SERP is intended to comply with section 409A of the Code. Notwithstanding anything in the 2009 UGI SERP to the contrary, allocations to the 2009 UGI SERP shall be made consistent with section 409A, and distributions may only be made under the 2009 UGI SERP upon an event and in a manner permitted by section 409A of the Code. All payments under the 2009 UGI SERP shall be subject to applicable tax withholding. Distributions upon termination of employment shall only be made upon the Participant's "separation from service" under section 409A of the Code, and in no event may a Participant designate the calendar year of a payment.

(b) If a Participant is subject to tax under the Federal Insurance Contribution Act (FICA) before distributions are to be made under the 2009 UGI SERP, a distribution may be made under the 2009 UGI SERP to pay the FICA tax imposed under section 3101 of the Code, section 3121(a) of the Code, and section 3121(v)(2) of the Code, or to pay the income tax at source on wages imposed under section 3401 of the Code or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the FICA amount, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 of the Code wages and taxes. The total payment made pursuant to this subsection must not exceed the aggregate FICA and related tax amount permitted under section 409A of the Code.

SCHEDULE A

PARTICIPATING EMPLOYERS

1. UGI Corporation
2. UGI Utilities, Inc.
3. UGI Penn Natural Gas, Inc.
4. UGI Central Penn Gas, Inc.
5. UGI Energy Services, LLC, effective as of October 1, 2010

UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated January 1, 2017 (the “Date of Grant”), is delivered by UGI Corporation (“UGI”) to you (the “Participant”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the “Plan”), provides for the grant of options to purchase shares of common stock of UGI. The Compensation and Management Development Committee of the Board of Directors of UGI (the “Committee”) has decided to make a stock option grant to the Participant. The Participant’s portal in the Morgan Stanley website for Plan participants (the “Grant Summary”) sets forth the number of shares subject to the Option granted to the Participant in this grant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a nonqualified stock option (the “Option”) to purchase the number of shares of common stock of UGI (“Shares”) specified in the Grant Summary at an exercise price of \$46.08 per Share. The Option shall become exercisable according to Section 2 below.
2. Exercisability of Option. The Option shall become exercisable on the following dates, if the Participant is employed by, or providing service to, the Company (as defined below) on the applicable date:

<u>Date</u>	<u>Shares for Which the Option is Exercisable</u>
January 1, 2018	33⅓%
January 1, 2019	33⅓%
January 1, 2020	33⅓%

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

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on December 31, 2026), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

(b) If the Participant ceases to be employed by, or provide service to, the Company, the Option will terminate on the date the Participant ceases such employment or service. However, if the Participant ceases to be employed by, or provide service to, the Company by reason of one of the following events, the Option held by the Participant will thereafter be exercisable pursuant to the following terms:

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

(ii) *Retirement* . If the Participant ceases to be employed by, or provide service to, the Company on account of Retirement on or after the date that is six months following the Date of Grant, the Option will thereafter become exercisable as if the Participant had continued to be employed by, or provide service to, the Company after the date of such Retirement. In this case, the Option will terminate upon the expiration date of the Option. However, if the Participant ceases to be employed by, or provide service to, the Company on account of Retirement within six months following the Date of Grant, the Option will terminate on the date of such termination of employment or service.

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

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

(v) *Termination without Cause or Good Reason Termination upon or within two years after a Change of Control.* Notwithstanding the foregoing, if the Participant's employment or service terminates on account of a Termination without Cause or a Good Reason Termination upon or within two years after a Change of Control, the Option will be fully and immediately exercisable. The Option will terminate upon the earlier of the expiration date of the Option or the expiration of the 13-month period commencing on the date the Participant ceases to be employed by, or provide service to, the Company; provided that if the Participant is eligible for Retirement at the date of such termination of employment, the Option will terminate on the expiration date of the Option.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option through the Morgan Stanley website for Plan participants. Payment of the exercise price and any applicable withholding taxes must be made prior to issuance of the Shares. The Participant shall pay the exercise price (i) in cash, (ii) by "net exercise," which is the surrender of shares for which the Option is exercisable to the Company in exchange for a distribution of Shares equal to the amount by which the then fair market value of the Shares subject to the exercised Option exceeds the applicable Option Price, (iii) by payment through a broker in accordance with procedures acceptable to the Committee and permitted by Regulation T of the Federal Reserve Board or (iv) by such other method as the Committee may approve. The Committee may impose such limitations as it deems appropriate on the use of Shares to exercise the Option.

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

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

5. Restrictive Covenants.

(a) The Participant acknowledges and agrees that, in consideration for the grant of the Option the Participant agrees to comply with all written restrictive covenants and agreements with the Company, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Option (without regard to whether any portion of the Option has vested), and the outstanding Option shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any shares of Common Stock upon exercise of the Option, the Committee may in its discretion require the Participant to return to the Company any such shares of Common Stock, net of the exercise price paid by the Participant; provided, that if the Participant has disposed of any such shares of Common Stock received upon exercise of the Option, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such shares of Common Stock as of the date of disposition, net of the exercise price paid by the Participant upon exercise of the Option.

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

(a) “*Change of Control*” shall mean a Change of Control of UGI as defined in the Plan. In addition, “Change of Control” shall include (i) any of the events with respect to UGI Utilities, Inc. (“Utilities”) defined as a “Change of Control” on Exhibit A hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event, and (ii) any of the events with respect to AmeriGas Propane, Inc. (“AmeriGas”) defined as a “Change of Control” on Exhibit B hereto to the extent that the Participant is employed by AmeriGas as of the date of the occurrence of such event.

(b) “*Company*” means UGI and its Subsidiaries (as defined in the Plan).

(c) “*Disability*” means a long-term disability as defined in the Company’s long-term disability plan applicable to the Participant.

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

(e) “*Good Reason Termination*” shall mean a termination of employment or service initiated by the Participant upon or within two years after a Change of Control upon one or more of the following occurrences:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant’s base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Grant Letter, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant’s principal place of business

immediately preceding the Change of Control, without the Participant's express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 14, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term "Good Reason Termination" shall have the meaning given that term in the Change in Control Agreement.

(f) "*Retirement*" means the Participant's retirement under the Retirement Income Plan for Employees of UGI Utilities, Inc., if the Participant is covered by that Retirement Income Plan. "Retirement" for other Company employees means termination of employment or service after attaining (i) age 55 with ten or more years of service with the Company or (ii) age 65 with five or more years of service with the Company.

(g) "*Termination without Cause*" means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

7. Change of Control. If a Change of Control occurs, the Committee may take such actions with respect to the Option as it deems appropriate pursuant to the Plan. The Option shall not automatically become exercisable upon a Change of Control but, instead, shall become exercisable as described in Sections 2 and 3 above.

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

9. Grant Subject to Plan Provisions and Company Policies.

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

(b) All Shares issued pursuant to this Option grant shall be subject to the UGI Corporation Stock Ownership Policy. This Option grant and all Shares issued pursuant to this Option grant shall be subject to any applicable clawback and other policies implemented by the Board of Directors of UGI, as in effect from time to time.

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

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

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. 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. 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.

14. 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.

15. Acceptance. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or

she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Option described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan, including the Grant Letter, and (v) agrees that all the decisions and determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this Grant.

* * *

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EXHIBIT A

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of UGI Utilities, Inc. (“Utilities”) or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

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

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

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

EXHIBIT B

Change of Control with Respect to AmeriGas

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of AmeriGas Propane, Inc. (“AmeriGas”) as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

(A) Completion by AmeriGas, the “Public Partnership” or the “Operating Partnership” (as defined in the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P., including, without limitation, Exhibit A thereto) of a reorganization, merger or consolidation (a “Propane Business Combination”), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the AmeriGas voting securities or of the outstanding units of AmeriGas Partners, L.P. (“Outstanding Units”) immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the AmeriGas’ voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of AmeriGas’ voting securities or the Outstanding Units, as the case may be; or

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

AmeriGas' voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas' voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

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

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

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

January 2017 grant document
UGI and Utilities Employees

UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated January 1, 2017 (the “Date of Grant”), is delivered by UGI Corporation (“UGI”) to you (the “Participant”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the “Plan”) provides for the grant of performance units (“Performance Units”) with respect to shares of common stock of UGI (“Shares”). The Compensation and Management Development Committee of the Board of Directors of UGI (the “Committee”) has decided to grant Performance Units to the Participant. The Participant’s portal in the Morgan Stanley website for Plan participants (the “Grant Summary”) sets forth the number of Performance Units granted to the Participant with respect to this grant.

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

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a target award of the number of Performance Units specified in the Grant Summary (the “Target Award”). The Performance Units are contingently awarded and will be earned and payable if and to the extent that the Performance Goals (defined below) and other conditions of the Grant Letter are met. The Performance Units are granted with Dividend Equivalents (as defined in Section 8).

2. Performance Goals.

(a) The Participant shall earn the right to payment of the Performance Units if the Performance Goals are met for the Performance Period, and if the Participant continues to be employed by, or provide service to, the Company (as defined in Section 8) through December 31, 2019. The Performance Period is the period beginning January 1, 2017 and ending December 31, 2019. The Total Shareholder Return (“TSR”) goals and other requirements of this Section 2 are referred to as the “Performance Goals.”

(b) The Target Award level of Performance Units and Dividend Equivalents will be payable if UGI’s TSR equals the median TSR of the comparison group designated by the Committee (the “Peer Group”) for the Performance Period. The Peer Group is the group of companies that comprises the Russell Midcap Utilities Index, excluding telecommunications companies, as of the beginning of the Performance Period, as set forth on the attached Exhibit A.

and as described herein. If a company is added to the Russell Midcap Utilities Index during the Performance Period, that company is not included in the TSR calculation. A company that is included in the Russell Midcap Utilities Index at the beginning of the Performance Period will be removed from the TSR calculation only if the company ceases to exist as a publicly traded company during the Performance Period (including by way of a merger or similar transaction in which the company is not the surviving company), consistent with the methodology described in subsection (c) below. Companies that are designated at the beginning of the Performance Period as telecommunications companies in the Russell Midcap Utilities Index shall be excluded from the TSR calculation. The actual amount of the award of Performance Units may be higher or lower than the Target Award, or it may be zero, based on UGI's TSR percentile rank relative to the companies in the Peer Group, as follows:

<u>UGI's TSR Rank</u>	<u>Percentage of Target Award Earned (Percentile)</u>
90th	200%
75th	162.5%
60th	125%
50th	100%
40th	70%
25th	25%
Less than 25th	0%

The 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 Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, 2016) and the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, 2019), respectively. The TSR calculation gives effect to all dividends throughout the three-year Performance Period as if they had been reinvested.

(d) The Target Award is the amount designated for 100% (50th TSR rank) performance. The Participant can earn up to 200% of the Target Award if UGI's TSR percentile rank exceeds the 50th TSR percentile rank, according to the foregoing schedule.

(e) At the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and the amount to be paid with respect to the Performance Units. Except as described in Sections 3 and 6 below, the Participant must be employed by, or providing service to, the Company on December 31, 2019 in order for the Participant to receive payment with respect to the Performance Units.

3. Termination of Employment or Service.

(a) Except as described below, if the Participant ceases to be employed by, or provide services to, the Company before December 31, 2019, the Performance Units and all Dividend Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service on account of Retirement (as defined in Section 8), Disability (as defined in Section 8) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Dividend Equivalents, if the Performance Goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after the end of the Performance Period, based on achievement of the Performance Goals, multiplied by a fraction, the numerator of which is the number of calendar years during the Performance Period in which the Participant has been employed by, or provided service to, the Company and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service on account of Retirement, Disability or death, the prorated amount shall be paid after the end of the Performance Period, pursuant to Section 4 below, except as provided in Section 6.

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 pay to the Participant (i) Shares equal to the number of Performance Units to be paid according to achievement of the Performance Goals, up to the Target Award, provided that the Company may withhold Shares to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect of the Performance Units earned up to the Target Award, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the number of Shares equal to the Performance Units to be paid in excess of the Target Award, subject to applicable tax withholding. Payment shall be made between January 1, 2020 and March 15, 2020, except as provided in Section 6 below.

5. Dividend Equivalents with Respect to Performance Units.

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

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

(c) The target amount of Dividend Equivalents (100% of the Dividend Equivalents credited to the Participant's account) will be earned if UGI's TSR rank is at the 50th TSR percentile rank for the Performance Period. The Participant can earn up to 200% of the target amount of Dividend Equivalents if UGI's TSR percentile rank exceeds the 50th TSR rank, according to the schedule in Section 2 above. Except as described in Section 3(b) above, or Section 6, if the Participant's employment or service with the Company terminates before December 31, 2019, all Dividend Equivalents will be forfeited.

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

6. Change of Control.

(a) If a Change of Control occurs, the Performance Units and Dividend Equivalents shall not automatically become payable upon the Change of Control, but, instead, shall become payable as described in this Section 6. The Committee may take such other actions with respect to the Performance Units and Dividend Equivalents as it deems appropriate pursuant to the Plan. The term "Change of Control" shall mean a Change of Control of UGI as defined in the Plan. In addition, "Change of Control" shall include (i) any of the events with respect to UGI Utilities, Inc. ("Utilities") defined as a "Change of Control" on Exhibit B hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event, and (ii) any of the events with respect to AmeriGas Propane, Inc. ("AmeriGas") defined as a "Change of Control" on Exhibit C hereto to the extent that the Participant is employed by AmeriGas as of the date of the occurrence of such event.

(b) If a Change of Control occurs during the Performance Period, the Committee shall calculate a Change of Control Amount as follows:

(i) The Performance Period shall end as of the closing date of the Change of Control (the "Change of Control Date") and the TSR ending date calculation for the Performance Period shall be based on the 90 calendar day period ending on the Change of Control Date.

(ii) The Committee shall calculate a "Change of Control Amount" equal to the greater of (i) the Target Award amount or (ii) the amount of Performance Units that would be payable based on the Company's achievement of the Performance Goals as of the Change of Control Date, as determined by the Committee. The Change of Control Amount shall include related Dividend Equivalents and, if applicable, interest as described below.

(iii) The Committee shall determine whether the Change of Control Amount attributable to Performance Units shall be (A) converted to units with respect to shares or other equity interests of the acquiring company or its parent ("Successor Units"), in

which case Dividend Equivalents shall continue to be credited on the Successor Units, or (B) valued based on the Fair Market Value of the Performance Units as of the Change of Control Date and credited to a bookkeeping account for the Participant, in which case interest shall be credited on the amount so determined at a market rate for the period between the Change of Control Date and the applicable payment date. Notwithstanding the provisions of Section 4, all payments on and after a Change of Control shall be made in cash. If alternative (A) above is used, the cash payment shall equal the Fair Market Value on the date of payment of the number of shares or other equity interests underlying the Successor Units, plus accrued Dividend Equivalents. All payments shall be subject to applicable tax withholding.

(c) If a Change of Control occurs during the Performance Period and the Participant continues in employment or service through December 31, 2019, the Change of Control Amount shall be paid in cash between January 1, 2020 and March 15, 2020.

(d) If a Change of Control occurs during the Performance Period, and the Participant has a Termination without Cause or a Good Reason Termination upon or within two years after the Change of Control Date and before December 31, 2019, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 14 below.

(e) If a Change of Control occurs during the Performance Period, and the Participant terminates employment or service on account of Retirement, Disability or death upon or after the Change of Control Date and before December 31, 2019, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 14 below; provided that, if required by section 409A, if the Participant's Retirement, Disability or death occurs more than two years after the Change of Control Date, payment will be made between January 1, 2020 and March 15, 2020, and not upon the earlier separation from service.

(f) If a Participant's employment or service terminates on account of Retirement, death or Disability before a Change of Control, and a Change of Control subsequently occurs before the end of the Performance Period, the prorated amount in Section 3(b) shall be calculated by multiplying the fraction described in Section 3(b) by the Change of Control Amount. The prorated Change of Control Amount shall be paid in cash within 30 days after the Change of Control Date, subject to Section 14 below.

7. Restrictive Covenants.

(a) The Participant acknowledges and agrees that, in consideration for the grant of Performance Units, the Participant agrees to comply with all written restrictive covenants and agreements with the Company, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Performance Units (without regard to whether the Performance Units have vested), and the outstanding Performance Units shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any shares of Common Stock upon settlement of the Performance Units, the Committee may in its discretion require the Participant to return to the Company any such shares of Common Stock; provided, that if the Participant has disposed of any such shares of Common Stock received upon settlement of the Performance Units, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such shares of Common Stock as of the date of disposition.

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

(d) “*Employed by, or provide service to, the Company*” shall mean employment or service as an employee or director of the Company. The Participant shall not be considered to have a termination of employment or service under this Grant Letter until the Participant is no longer employed by, or performing services for, the Company.

(e) “*Good Reason Termination*” shall mean a termination of employment or service initiated by the Participant upon or after a Change of Control upon one or more of the following events:

(i) a material diminution in the authority, duties or responsibilities held by the Participant immediately prior to the Change of Control;

(ii) a material diminution in the Participant’s base salary as in effect immediately prior to the Change of Control; or

(iii) a material change in the geographic location at which the Participant must perform services (which, for purposes of this Agreement, means the Participant is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Participant’s principal place of business immediately before the Change of Control, without the Participant’s express written consent).

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 16, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term “Good Reason Termination” shall have the meaning given that term in the Change in Control Agreement.

(f) “*Performance Unit*” means a hypothetical unit that represents the value of one share of UGI common stock.

(g) “*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 or service after attaining (i) age 55 with ten or more years of service with the Company or (ii) age 65 with five or more years of service with the Company.

(h) “*Termination without Cause*” means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company’s written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant’s position.

9. Withholding. All payments under this Grant Letter are subject to applicable tax withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal (including FICA), state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter. The Company may withhold from cash distributions to cover required tax withholding, or may withhold Shares to cover required tax withholding in an amount equal to the minimum applicable tax withholding amount.

10. Grant Subject to Plan Provisions and Company Policies.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and

payment of Performance Units and Dividend Equivalents are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Shares, (ii) adjustments pursuant to Section 5(d) of the Plan, and (iii) other requirements of applicable law. The Committee shall have the authority to interpret and construe the grant pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) This Performance Unit grant and Shares issued pursuant to this Performance Unit grant shall be subject to the UGI Corporation Stock Ownership Policy as adopted by the Board of Directors of UGI and any applicable clawback and other policies implemented by the Board of Directors of UGI, as in effect from time to time.

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

12. No Shareholder Rights. Neither the Participant, nor any person entitled to receive payment 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 distributed to the Participant or successor.

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

14. Compliance with Code Section 409A. Notwithstanding the other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, or an exception, and shall be administered accordingly. Any reference to a Participant's termination of employment shall mean a Participant's "separation from service," as such term is defined under section 409A. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment. Notwithstanding anything in this Grant Letter to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Grant Letter is required to be delayed for a period of six months after separation from service pursuant to section 409A, payment of such amount shall be delayed as required by section 409A and shall be paid within 10 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of section 409A shall be paid to the personal representative of the Participant's estate within 60 days after the date of the Participant's death. Notwithstanding anything in this Grant Letter to the contrary, if a Change of Control is not a "change in control event" under section 409A, any Performance Units and Dividend Equivalents

that are payable pursuant to Section 6 shall be paid to the Participant between January 1, 2020 and March 15, 2020, and not upon the earlier separation from service, if required by section 409A.

15. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter 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.

16. Notice. Any notice to UGI provided for in this Grant Letter 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.

17. Acceptance. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan, including the Grant Letter, and (v) agrees that all the decisions and determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this Grant.

* * *

EXHIBIT A

UGI CORPORATION
PERFORMANCE UNIT PEER GROUP

RUSSELL MIDCAP UTILITIES
(EXCLUDING TELECOMS)
as of 1/1/2017

AES Corp/VA (AES)	Great Plains Energy Inc (GXP)
Alliant Energy Corp (LNT)	Hawaiian Electric Industries Inc (HE)
Ameren Corp (AEE)	MDU Resources Group Inc (MDU)
American Water Works Co Inc (AWK)	National Fuel Gas Co (NFG)
Aqua America Inc (WTR)	NiSource Inc (NI)
Atmos Energy Corp (ATO)	NRG Energy Inc (NRG)
Avangrid Inc (AGR)	OGE Energy Corp (OGE)
Calpine Corp (CPN)	Pinnacle West Capital Corp (PNW)
CenterPoint Energy Inc (CNP)	PPL Corp (PPL)
CMS Energy Corp (CMS)	Public Service Enterprise Group Inc (PEG)
Consolidated Edison Inc (ED)	SCANA Corp (SCG)
DTE Energy Co (DTE)	Sempra Energy (SRE)
Edison International (EIX)	UGI Corp (UGI)
Entergy Corp (ETR)	Vectren Corp (VVC)
Eversource Energy (ES)	WEC Energy Group Inc (WEC)
FirstEnergy Corp (FE)	Westar Energy Inc (WR)
	Xcel Energy Inc (XEL)

EXHIBIT B

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of UGI Utilities, Inc. (“Utilities”) or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

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

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

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

EXHIBIT C

Change of Control with Respect to AmeriGas

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of AmeriGas Propane, Inc. (“AmeriGas”) as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

(A) Completion by AmeriGas, the “Public Partnership” or the “Operating Partnership” (as defined in the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P., including, without limitation, Exhibit A thereto) of a reorganization, merger or consolidation (a “Propane Business Combination”), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the AmeriGas voting securities or of the outstanding units of AmeriGas Partners, L.P. (“Outstanding Units”) immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the AmeriGas’ voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of AmeriGas’ voting securities or the Outstanding Units, as the case may be; or

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

AmeriGas' voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of AmeriGas' voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

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

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

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

UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
STOCK UNIT GRANT LETTER

This STOCK UNIT GRANT LETTER is dated January 24, 2017 (the “Date of Grant”) and delivered by UGI Corporation (“UGI”), to _____ (the “Participant”) (the “Grant Letter”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan, as amended (the “Plan”) provides for the grant of stock units with respect to shares of common stock of UGI (“Shares”). The Board of Directors of UGI (the “Board”) has decided to make a stock unit grant to the Participant.

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

1. Grant of Stock Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of 3,000 Stock Units (as defined in Section 4). The Stock Units are granted with Dividend Equivalents (as defined in Section 4).

(b) UGI shall keep records in an Account (as defined in Section 4) to reflect the number of Stock Units and Dividend Equivalents credited to the Participant. Fractional Stock Units shall accumulate in the Participant’s Account and shall be added to other fractional Stock Units to create whole Stock Units.

2. Dividend Equivalents with Respect to Stock Units.

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

(b) *Conversion to Stock Units.* On the last day of each Plan Year (as defined in Section 4), the amount of the Dividend Equivalents credited to the Participant’s Account during that Plan Year shall be converted to a number of Stock Units, based on the Unit Value (as defined in Section 4) on the last day of the Plan Year. In the event of a Change of Control (as defined in the Plan) or in the event the Participant dies or Separates from Service (as defined in Section 4) prior to the last day of the Plan Year, as soon as practicable following such event, and in no event

later than the date on which Stock Units are redeemed in accordance with Section 3, UGI shall convert the amount of Dividend Equivalents previously credited to the Participant's Account during the Plan Year to a number of Stock Units based on the Unit Value on the date of such Change of Control, death or Separation from Service.

3. Events Requiring Redemption of Stock Units.

(a) *Redemption.* UGI shall redeem Stock Units credited to the Participant's Account at the times and in the manner prescribed by this Section 3. When Stock Units are to be redeemed, UGI will determine the Unit Value of the Stock Units credited to the Participant's Account as of the date of the Participant's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Shares (with fractional Shares paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash.

(b) *Separation from Service or Death.* In the event the Participant Separates from Service or dies, UGI shall redeem all the Stock Units then credited to the Participant's Account as of the date of the Participant's Separation from Service or death. In the event of a Separation from Service, the redemption amount shall be paid within 30 business days after the date of the Participant's Separation from Service. In the event of death, the redemption amount shall be paid to the Participant's estate within 60 business days after the Participant's death.

(c) *Change of Control.* In the event of a Change of Control, UGI shall redeem all the Stock Units then credited to the Participant's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Stock Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code (as defined in Section 4), the Participant's Stock Units shall be redeemed and paid in cash upon Separation from Service on the applicable date described in subsection (b) above (based on the aggregate Unit Value on the date of Separation from Service as determined by the Board), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Board may provide for the Stock Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Deferral Elections.* Notwithstanding the foregoing, pursuant to the Deferral Plan, the Participant may make a one-time, irrevocable election to elect to have all of the Participant's Stock Units credited to the Participant's account under the Deferral Plan on the date of the Participant's Separation from Service, in lieu of the redemption and payments described in subsection (b) above. If the Participant makes a deferral election, the Participant's Stock Units will be credited to the Participant's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Participant makes a deferral election under the Deferral Plan and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of

Control occurs before the Participant's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Participant's Separation from Service. An election under the Deferral Plan shall be made in writing, on a form and at a time prescribed by the committee that administers the Deferral Plan and shall be irrevocable upon submission to the Corporate Secretary.

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

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

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

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

(d) "*Deferral Plan*" means the UGI Corporation 2009 Deferral Plan.

(e) "*Plan Year*" means the calendar year.

(f) "*Separates from Service*" or "*Separation from Service*" means the Participant's termination of service as a non-employee director and as an employee of UGI for any reason other than death and shall be determined in accordance with section 409A of the Code.

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

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

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

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

7. Grant Subject to Plan Provisions and Company Policies.

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

(b) All Shares issued pursuant to this Stock Unit grant shall be subject to any applicable policies implemented by the Board of Directors of UGI, as in effect from time to time.

8. No Shareholder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a shareholder with respect to Shares, until certificates for Shares have been issued upon payment of Stock Units. The Participant shall not have any interest in any fund or specific assets of UGI by reason of this award or the Stock Unit account established for the Participant.

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

10. Compliance with Code Section 409A. Notwithstanding any other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Code. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment.

11. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter 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.

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

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

Attest: UGI Corporation

Name: By: _____
Title:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Stock Units described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

Non-Employee Directors

UGI CORPORATION
2013 OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT LETTER

This STOCK OPTION GRANT, dated January 24, 2017 (the “Date of Grant”), is delivered by UGI Corporation (“UGI”) to _____ (the “Participant”).

RECITALS

The UGI Corporation 2013 Omnibus Incentive Compensation Plan (the “Plan”) provides for the grant of options to purchase shares of common stock of UGI. The Board of Directors of UGI (the “Board”) has decided to make a stock option grant to the Participant.

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

1. Grant of Option. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Board hereby grants to the Participant a nonqualified stock option (the “Option”) to purchase 9,000 shares of common stock of UGI (“Shares”) at an exercise price of \$46.31 per Share. The Option shall be fully and immediately exercisable on the Date of Grant.

2. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period (5:00 p.m. EST on January 23, 2027), unless it is terminated at an earlier date pursuant to the provisions of this Grant Letter or the Plan.

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

(i) *Retirement*. If the Participant Separates from Service on account of Retirement, the Option held by such Participant may be exercised at any time prior to the expiration date of the Option.

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

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

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

3. Exercise Procedures.

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

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

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

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

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

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

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

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

(e) “*Termination without Cause*” means termination of employment or service by the Company for the convenience of the Company for any reason other than (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company’s written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant’s position.

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

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

7. Grant Subject to Plan Provisions and Company Policies.

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

(b) All Shares issued pursuant to this grant shall be subject to any applicable policies implemented by the Board of Directors of UGI as in effect from time to time.

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

9. Assignment and Transfers. Except as the Board may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.
10. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.
11. Notice. Any notice to UGI provided for in this Grant Letter shall be addressed to UGI in care of the Corporate Secretary at UGI's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

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

Attest: UGI Corporation

Name: By: _____
Title:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Option described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

UGI CORPORATION

2009 DEFERRAL PLAN

As amended and restated effective June 15, 2017

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EXHIBIT D	DISTRIBUTION ELECTION FORM – PARTICIPANTS 30 2009 UGI SERP
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BACKGROUND

UGI Corporation currently maintains the UGI Corporation Supplemental Executive Retirement Plan (“UGI SERP”) and the UGI Corporation 2009 Supplemental Executive Retirement Plan (“2009 UGI SERP”) (collectively, the “UGI Plans”), and the UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended, and 2013 Omnibus Incentive Compensation Plan (collectively, with any predecessor equity plans, the “Equity Plan”). AmeriGas Propane Inc. currently maintains the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan (“AmeriGas SERP”), and the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. (“2010 AmeriGas LTIP”). UGI Corporation grants stock units to non-employee directors under the Equity Plan, and AmeriGas Propane, Inc. grants phantom units to non-employee directors under the 2010 AmeriGas LTIP.

UGI Corporation and AmeriGas Propane, Inc. desire to allow employees who are participants in the UGI Plans or the AmeriGas SERP, and non-employee directors who hold stock units or phantom units, to defer benefits under the UGI Plans, AmeriGas SERP, stock units or phantom units after separation from service. UGI Corporation and AmeriGas Propane, Inc. have adopted this amended and restated Plan to allow such deferral of benefits. Non-employee directors of the AmeriGas Board are eligible to participate in the Plan as of the date on which the APLP unitholders approved the 2010 AmeriGas LTIP. The Compensation Committee amended the Plan effective February 1, 2017 (the “Freeze Date”) to freeze the Plan with respect to Employees, so that, on or after the Freeze Date, only Employees who previously elected to participate in the Plan may be Plan participants. The Plan is hereby amended and restated effective June 15, 2017 to incorporate the closure of the Plan with respect to Employees and to make certain other administrative changes to the Plan.

All shares of UGI Corporation common stock that are to be distributed pursuant to stock units deferred under this Plan shall be issued under the applicable Equity Plan and shall in all respects be subject to the terms of the applicable Equity Plan. All common units of APLP that are to be distributed pursuant to phantom units deferred under this Plan shall be issued under the 2010 AmeriGas LTIP and shall in all respect be subject to the terms of the 2010 AmeriGas LTIP.

ARTICLE 1

Definitions

- 1.1 “2009 UGI SERP” means the UGI Corporation 2009 Supplemental Executive Retirement Plan.
- 1.2 “2010 AmeriGas LTIP” means the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P.
- 1.3 “Account” means a bookkeeping account established pursuant to Section 3.1 to reflect the total amount standing to the credit of the Participant under the Plan.

- 1.4 “Administrative Committee” shall mean the committee designated by the Compensation Committee to administer the Plan.
- 1.5 “Affiliated Company” means any affiliate or subsidiary of the Company, including AmeriGas Propane, Inc.
- 1.6 “Agreement” means the written instrument that sets forth the terms and conditions of a grant issued under the UGI Plans or AmeriGas SERP, or Stock Units, including all amendments thereto.
- 1.7 “AmeriGas Board” means the Board of Directors of AmeriGas Propane, Inc., as constituted from time to time.
- 1.8 “AmeriGas LTIP Change of Control” means a “Change of Control” as defined in the 2010 AmeriGas LTIP.
- 1.9 “AmeriGas SERP” means the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as amended.
- 1.10 “APLP” means AmeriGas Partners, L.P.
- 1.11 “APLP Partnership Agreement” means the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., dated as of July 27, 2009, as amended from time to time.
- 1.12 “Beneficiary” means the person designated by a Participant to receive any benefits payable after the Participant’s death. The Company shall provide a form for this purpose. In the event a Participant has not filed a Beneficiary designation with the Company or none of the designated Beneficiaries are living at the date of the Participant’s death, the Beneficiary shall be the Participant's estate.
- 1.13 “Board” means the Board of Directors of the Company.
- 1.14 “Change of Control” means “Change of Control” of the Company, as defined in the applicable Equity Plan under which the Stock Units were granted.
- 1.15 “Code” means the Internal Revenue Code of 1986, as amended.
- 1.16 “Common Unit” means a unit representing a fractional part of the partnership interests of all limited partners and assignees with respect to APLP and having the rights and obligations specified with respect to common units in the APLP Partnership Agreement.
- 1.17 “Compensation Committee” means the Compensation and Management Development Committee of the Board.

- 1.18 “Company” means UGI Corporation and its successors.
- 1.19 “Deferral Election” means an election to defer benefits under the UGI Plans, AmeriGas SERP benefits, Stock Units or Phantom Units as described in Section 3.2.
- 1.20 “Distribution Equivalent” means an amount determined by multiplying the number of Common Units subject to Phantom Units by the per-Common Unit cash distribution, or the per Common Unit fair market value of any distribution in consideration other than cash, paid by APLP on its Common Units.
- 1.21 “Dividend Equivalent” means an amount determined by multiplying the number of shares of common stock of the Company subject to Stock Units by the per-share cash dividend, or the per-share fair market value of any dividend in consideration other than cash, paid by the Company on its common stock.
- 1.22 “Effective Date” of the Plan is January 1, 2009.
- 1.23 “Employee” means any individual employed by the Employer as an officer, senior manager or other highly compensated employee.
- 1.24 “Employer” means the Company and its Affiliated Companies, either collectively or individually, as the context requires.
- 1.25 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.
- 1.26 “Equity Plan” means the Company’s 2004 Omnibus Equity Compensation Plan, as amended, the Company’s 2013 Omnibus Incentive Compensation Plan, and any predecessor equity plan.
- 1.27 “Freeze Date” has the meaning set forth in the recitals.
- 1.28 “Grant Letter” means the written instrument that sets forth the terms and conditions of the Phantom Units, including all amendments thereto.
- 1.29 “Key Employee” means an Employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.
- 1.30 “Non-Employee Director” means a member of the Board or AmeriGas Board, as applicable, who is not an employee of the Employer.

- 1.31 “Participant” means any Employee or Non-Employee Director who satisfies the eligibility requirements set forth in Article 2 and, before the Freeze Date, elects to participate in the Plan.
- 1.32 “Phantom Units” means phantom units issued to Non-Employee Directors of the AmeriGas Board under the 2010 AmeriGas LTIP.
- 1.33 “Plan” means this UGI Corporation 2009 Deferral Plan.
- 1.34 “Postponement Period” means, for a Key Employee, the period of six months after Separation from Service (or such other period as may be required by section 409A of the Code), during which payments may not be made to the Key Employee under section 409A of the Code.
- 1.35 “Re-Deferral Election” means an election to re-defer the payment date of an Account as described in Section 4.3.
- 1.36 “Retirement Distribution Account” means a distribution account described in Section 4.2.
- 1.37 “Separation from Service” means a Participant’s separation from service with the Employer within the meaning of section 409A of the Code and the regulations promulgated thereunder.
- 1.38 “Stock Units” means the stock units issued to Non-Employee Directors under the Equity Plan.
- 1.39 “UGI Plans” means collectively, the UGI SERP and the 2009 UGI SERP.
- 1.40 “UGI SERP” means the UGI Corporation Supplemental Executive Retirement Plan, as amended.
- 1.41 “Unit Value” means, at any time, the value of each Stock Unit or Phantom Unit, as applicable, which shall be equal to the Fair Market Value (as defined in the Equity Plan or 2010 AmeriGas LTIP, as applicable) of a share of the Company’s common stock or a Common Unit, as applicable, on such date.

ARTICLE 2

Eligibility

2.1 Participation .

Each Employee who earned an accrued benefit under the UGI Plans or the AmeriGas SERP and elected to participate in the Plan prior to the Freeze Date, and each Non-Employee Director who receives a grant of Stock Units or Phantom Units, shall be eligible to participate in the Plan. Non-Employee Directors of the AmeriGas Board shall become eligible to participate in the Plan as of the date on which the APLP unitholders approve the 2010 AmeriGas LTIP, or, if later, as of the date on which the Non-Employee Director first receives a grant of Phantom Units. Each such Employee (prior to the Freeze Date) and each Non-Employee Director may elect to become a Participant by electing to have an Account established under this Plan upon Separation from Service, as described in Section 3.2 below. No Employee may elect to participate in the Plan on or after the Freeze Date.

ARTICLE 3

Benefits

3.1 Account.

The Employer shall create and maintain on its books an Account for each Participant after Separation from Service, to which it shall credit amounts credited to the Plan pursuant to this Article 3. The Employer shall also credit each Participant's Account with deemed earnings, Dividend Equivalents or Distribution Equivalents, as applicable, in accordance with the provisions of Article 7 below.

3.2 Deferral Elections with respect to the UGI Plans, AmeriGas SERP, Stock Units and Phantom Units.

(a) An Employee who had an accrued benefit in the UGI SERP or the AmeriGas SERP as of December 1, 2008, could elect in 2008 to have his or her benefit under the UGI SERP or AmeriGas SERP at Separation from Service credited to the Employee's Account under this Plan as of the date of the Employee's Separation from Service. A Non-Employee Director who held Stock Units as of December 31, 2008, could elect in 2008 to have his or her Stock Units at Separation from Service credited to the Non-Employee Director's Account under this Plan as of the date of the Non-Employee Director's Separation from Service.

(b) An Employee who first accrues a benefit in the UGI SERP after December 31, 2008 and before the Freeze Date may elect to have his or her benefit under the UGI SERP credited to the Employee's Account under this Plan as of the date of the Employee's Separation from Service. The election must be made no later than 30 days following the first day of the calendar year following the calendar year in which the Employee first accrues a benefit under the UGI SERP, or as otherwise required by section 409A.

(c) An Employee who first accrues a benefit in the AmeriGas SERP after December 31, 2008 and before the Freeze Date may elect to have his or her benefit under the AmeriGas SERP credited to the Employee's Account under this Plan as of the date of the Employee's Separation from Service. The election must be made before the first year in which the Employee accrues a benefit under the AmeriGas SERP (or any other nonqualified deferred compensation plan that is aggregated with the AmeriGas SERP for purposes of section 409A) or in the case of a newly hired Employee, not later than 30 days after the Employee first becomes eligible to participate in the AmeriGas SERP (or any other nonqualified deferred compensation plan that is aggregated with the AmeriGas SERP for purposes of section 409A), with respect to compensation for services to be performed after the election, in accordance with section 409A.

(d) A Non-Employee Director of the Board who first receives Stock Units after December 31, 2008, may elect to have his or her Stock Units credited to the Non-Employee Director's Account under this Plan as of the date of the Non-Employee Director's Separation from Service. The election must be made before the first year in which the Non-Employee Director receives Stock Units or, in the case of a newly elected (after January 1, 2009) Non-Employee Director, not later than 30 days after the Non-Employee Director first becomes eligible to participate in the Plan, with respect to compensation for services to be performed after the election, in accordance with section 409A.

(e) A Non-Employee Director of the AmeriGas Board who receives Phantom Units under the 2010 AmeriGas LTIP may elect to have his or her Phantom Units credited to the Non-Employee Director's Account under this Plan as of the date of the Non-Employee Director's Separation from Service. For Non-Employee Directors of the AmeriGas Board who first become eligible to participate in the Plan upon APLP unitholder approval of the 2010 AmeriGas LTIP, the election must be made no later than 30 days after they first become eligible to participate in the Plan, with respect to compensation for services to be performed after the election, in accordance with section 409A. Subsequently, newly elected Non-Employee Directors of the AmeriGas Board must make the election no later than 30 days after the Non-Employee Director first becomes eligible to participate in the Plan, with respect to compensation for services to be performed after the election, in accordance with section 409A.

(f) An Employee who first accrues a benefit in the 2009 UGI SERP on or after October 1, 2009 and before the Freeze Date may elect to have his or her benefit under the 2009 UGI SERP credited to the Employee's Account under this Plan as of the date of the Employee's Separation from Service. The election must be made before the first year in which the Employee accrues a benefit under the 2009 UGI SERP (or any other nonqualified deferred compensation plan that is aggregated with the 2009 UGI SERP for purposes of section 409A) or, in the case of a newly hired Employee, not later than 30 days after the Employee first becomes eligible to participate in the 2009 UGI SERP (or any other nonqualified deferred compensation

plan that is aggregated with the 2009 UGI SERP for purposes of section 409A), with respect to compensation for services to be performed after the election, in accordance with section 409A.

(g) Each Employee or Non-Employee Director who makes an election under subsection (a), (b), (c), (d), (e) or (f) shall elect, at the same time, the form and time of payment of the benefits to be credited to his or her Account under this Plan, as described in Section 3.3 below.

(h) If an Employee makes an election with respect to his or her benefit in the AmeriGas SERP and subsequently becomes eligible for the first time to participate in the 2009 UGI SERP, the Employee's election with respect to the AmeriGas SERP shall apply with respect to any benefits earned under both the AmeriGas SERP and the 2009 UGI SERP. Similarly, if an Employee makes an election with respect to his or her benefit in the 2009 UGI SERP and subsequently becomes eligible for the first time to participate in the AmeriGas SERP, the Employee's election with respect to the 2009 UGI SERP shall apply with respect to any benefits earned under both the AmeriGas SERP and the 2009 UGI SERP.

(i) Notwithstanding the foregoing, the Administrative Committee may impose such rules and restrictions as it deems appropriate on Deferral Elections, in accordance with section 409A, including rules and restrictions with respect to the ability of newly promoted Employees to make Deferral Elections under the Plan.

(j) Notwithstanding the foregoing, no Employee may first become a Participant on or after the Freeze Date.

3.3 Election of Form and Time of Payment .

When an Employee or Non-Employee Director makes an election pursuant to Section 3.2, the Employee or Non-Employee Director shall select one or more of the following forms and times of payment under the Plan for amounts credited under the UGI Plans, AmeriGas SERP, Stock Units or Phantom Units, as applicable:

(a) An Employee may elect that the Employee's benefits under the UGI Plans or the AmeriGas SERP be paid in a lump sum payment within 30 business days after the Employee's Separation from Service date, subject to the Postponement Period for section 409A. A Non-Employee Director may elect that his or her Stock Units or Phantom Units shall be paid in a lump sum payment within 30 business days after his or her Separation from Service date. To the extent that any benefits under the UGI Plans, AmeriGas SERP benefits, Stock Units or Phantom Units are to be paid in a lump sum under this subsection (a), such benefits, Stock Units or Phantom Units shall be paid in accordance with the UGI Plans, AmeriGas SERP, Stock Unit Agreements or Phantom Unit Grant Letters, as applicable, and no Account for such benefits, Stock Units or Phantom Units will be established under this Plan.

(b) A Participant may elect that as of the Participant's Separation from Service date, the amounts deferred from the UGI Plans, AmeriGas SERP, Stock Units or Phantom Units, as applicable, shall be credited to a Retirement Distribution Account and shall be paid in installments over two to 10 years. The payments shall commence 14 months after the Participant's Separation from Service date and shall be paid annually thereafter in the calendar year following the first payment and subsequent calendar years.

(c) A Participant may elect that as of the Participant's Separation from Service date, the amounts deferred from the UGI Plans, AmeriGas SERP, Stock Units or Phantom Units, as applicable, shall be credited to up to five Retirement Distribution Accounts, each of which shall be paid in a lump sum in the year specified by the Participant. The first Retirement Distribution Account shall become payable 14 months after the Participant's Separation from Service date, unless the Participant has elected otherwise in accordance with the Plan.

3.4 Delivery Instructions

Each Participant's deferral election must be made in writing on the distribution election form attached hereto as Exhibits A, B, C, D or E, as applicable, or similar forms, and must be filed with the Company's Corporate Secretary.

ARTICLE 4

Distributions to Participants

4.1 Separation from Service.

When a Participant Separates from Service, the amounts to be credited from the UGI Plans, AmeriGas SERP, Stock Units or Phantom Units, as applicable, shall be credited to the Participant's Account under this Plan in accordance with the Participant's distribution election pursuant to Section 3.3. The amounts shall be distributed as follows:

(a) If the Participant has elected a lump sum payment under Section 3.3(a), the amount shall be distributed in a lump sum payment as described in Section 3.3(a) under the UGI Plans, AmeriGas SERP, Stock Unit Agreement or Phantom Unit Grant Letter, as applicable.

(b) If the Participant has elected installment payments under Section 3.3(b), the amount shall be distributed in the number of installments elected, as described in Section 3.3(b). The installments will be paid annually, and each installment will be calculated as the amount credited to the Participant's Retirement Distribution Account

immediately before the distribution date, divided by the number of remaining years in the payment schedule.

(c) If the Participant has elected one to five Retirement Distribution Accounts under Section 3.3(c), each Retirement Distribution Account shall be paid in a lump sum on the specified date after the Participant's Separation from Service.

(d) If a Participant has not elected the form and timing of payment, the amount will be distributed in a lump sum payment as described in Section 3.3(a).

(e) Notwithstanding the foregoing or any elections to the contrary, if the total amounts credited to the Participant's aggregate Retirement Distribution Accounts is less than \$25,000 at the Participant's Separation from Service date, distribution shall be made in a lump sum payment as described in Section 3.3(a).

4.2 Death

(a) If a Participant dies before Separation from Service, the Participant's benefit under the UGI SERP will be paid to his or her surviving spouse in the form designated by the Participant under Section 3.3. If a Participant dies before Separation from Service and does not have a surviving spouse, no death benefit will be paid under the UGI SERP. If a Participant dies after Separation from Service, the Participant's benefit under the UGI SERP will be paid to his or her Beneficiary in the form and at the time designated by the Participant under Section 3.3.

(b) If a Participant dies before or after Separation from Service, the Participant's benefit under the AmeriGas SERP, the 2009 UGI SERP, the Participant's Stock Units or Phantom Units, as applicable, will be paid to his or her Beneficiary in the form and at the time designated by the Participant under Section 3.3.

4.3 Re-Deferral Elections.

Subject to the timing requirements described below, a Participant may change his or her elections regarding the time and form of distribution (a "***Re-Deferral Election***"), as follows:

(a) A Participant who has previously elected to receive his or her distribution in the form of a lump sum (or whose distribution is payable in a lump sum by operation of the Plan) may elect to re-defer all or any part of that scheduled distribution to a later date pursuant to subsection (b) below. A Participant who has previously elected to receive his or her distribution in the form of installments may elect to re-defer the entire distribution amount to a later date, provided that the election must be made pursuant to subsection (b) below before the installment payments begin.

(b) Any Re-Deferral Election (i) will be irrevocable when made, (ii) may not accelerate the payment (in the case of installments, the Re-Deferral Election may not accelerate the first scheduled payment), (iii) will not be effective as to any payment scheduled to be made within 12 months of the Re-Deferral Election and (iv) must defer the first payment to which the Re-Deferral Election applies for at least five additional years. All Re-Deferral Elections must be made in accordance with section 409A of the Code.

(c) No Re-Deferral Election may be made by a Participant who Separates from Service before the Participant has attained age 55 and has completed 10 years of service with the Employer. No Re-Deferral Election may be made after a Participant's death. No Re-Deferral Election may be made after the tenth anniversary of the Participant's Separation from Service.

(d) In addition, in no event may a Participant make a Re-Deferral Election unless the Participant's Retirement Distribution Account to be re-deferred is at least \$25,000 at the time of the election.

(e) Notwithstanding the foregoing, the Company reserves the right to reject any new Re-Deferral Election, in which case the applicable Account will be distributed in accordance with the Participant's deferral election or Re-Deferral Election then in effect.

(f) A Participant's Re-Deferral Election must be made in writing and filed with the Company's Corporate Secretary. The Company must acknowledge receipt of the Re-Deferral Election in order for the Re-Deferral Election to be valid. The Re-Deferral Election must designate a form and time of payment described in Section 3.3, except that the payment date shall be postponed as described in the Re-Deferral Election. All references in Sections 4.1 and 4.2 to payment dates and forms under Section 3.3 shall be deemed to include any applicable Re-Deferral Elections.

4.4 Change of Control.

(a) The following provisions apply in the event of a Change of Control of the Company, notwithstanding anything in the Plan to the contrary:

(i) A Change of Control will not affect the form and timing of distribution of the benefits under the UGI Plans and the AmeriGas SERP that are deferred under this Plan.

(ii) In the event of a Change of Control that is a change in control event under section 409A of the Code, the Company shall redeem all the Stock Units then credited to the Participant's Account and the redemption amount shall be paid in cash on the closing date of the Change of Control. The amount paid shall equal the product of the number of Stock Units being redeemed multiplied by the Unit Value at the date of the Change of Control.

(iii) In the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code, the Participant's Stock Units shall be redeemed and paid in cash within 30 business days after the Participant's Separation from Service date, instead of upon the Change of Control. (For example, an acquisition by any person of 20% or more of the voting power of the Company's stock may be a Change of Control under the Equity Plan, whereas the section 409A definition requires that the person acquire 30% of the voting power of the stock). If the Change of Control is not a change in control event under section 409A of the Code and the Participant Separated from Service before the Change of Control, the Participant's Stock Units shall be paid in cash at the applicable date specified in Section 4.1, 4.2 or 4.3. If payment is delayed after the Change of Control pursuant to this subsection (iii), the Compensation Committee may provide for the Stock Units to be valued at the Unit Value as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(b) The following provisions apply in the event of an AmeriGas LTIP Change of Control, notwithstanding anything in the Plan to the contrary:

(i) In the event of an AmeriGas LTIP Change of Control that is a change in control event under section 409A of the Code, APLP shall redeem all the Phantom Units then credited to the Participant's Account and the redemption amount shall be paid in cash on the closing date of the AmeriGas LTIP Change of Control. The amount paid shall equal the product of the number of Phantom Units being redeemed multiplied by the Unit Value at the date of the AmeriGas LTIP Change of Control.

(ii) In the event that the transaction constituting an AmeriGas LTIP Change of Control is not a change in control event under section 409A of the Code, the Participant's Phantom Units shall be redeemed and paid in cash within 30 business days after the Participant's Separation from Service date, instead of upon the AmeriGas LTIP Change of Control. If the AmeriGas LTIP Change of Control is not a change in control event under section 409A of the Code and the Participant Separated from Service before the AmeriGas LTIP Change of Control, the Participant's Phantom Units shall be paid in cash at the applicable date specified in Section 4.1, 4.2 or 4.3. If payment is delayed after the AmeriGas LTIP Change of Control, pursuant to this subsection (ii), the Compensation Committee may provide for the Phantom Units to be valued at the Unit Value as of the date of the AmeriGas LTIP Change of Control and interest to be credited on the amount so determined at a market rate for the period between the AmeriGas LTIP Change of Control date and the payment date.

4.5 Medium of Payment. All distributions under the Plan shall be made in cash, except that (i) distributions of Stock Units (including Dividend Equivalents) shall be made 65% in Company common stock issued under the Equity Plan and 35% in cash, or as otherwise specified under the applicable Stock Unit Agreement or under Section 4.4,

and (ii) distributions of Phantom Units (including Distribution Equivalents) shall be made 65% in Common Units issued under the 2010 AmeriGas LTIP and 35% in cash, or as otherwise specified under the applicable Phantom Unit Grant Letter or under Section 4.4.

4.6 Section 409A Six-Month Delay.

Notwithstanding any provision of the Plan to the contrary, distributions upon a Separation from Service to a Participant who is a Key Employee shall not be made during the Participant's Postponement Period. If payment is required to be delayed for the Postponement Period pursuant to section 409A, the accumulated amounts withheld on account of section 409A shall be paid in a lump sum payment within 15 days of the Postponement Period. If the Participant dies during the Postponement Period prior to the distribution of the Participant's Retirement Distribution Account, the amounts withheld on account of section 409A shall be paid to the Participant's estate within 60 days after the Participant's death.

ARTICLE 5

Vesting

5.1 The balance credited to a Participant's Account shall be fully vested at all times.

ARTICLE 6

Funding

6.1 The Board may, but shall not be required to, authorize the establishment of a rabbi trust for the benefits described herein. In any event, the Company's obligation hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of the Company or any such vehicle.

ARTICLE 7

Investments

7.1 After a Participant's Separation from Service, amounts credited to the Plan from the UGI Plans, AmeriGas SERP, Stock Units or Phantom Units shall be credited with earnings and losses as follows:

(a) Amounts credited to a Participant's Retirement Distribution Account from the UGI Plans or the AmeriGas SERP that are to be paid pursuant to Section 3.3(b) or 3.3(c) shall be deemed to be invested in investment funds according to procedures established by the Administrative Committee. The Participant may select the

investment funds from among the funds made available by the Administrative Committee. If a Participant does not select the investment funds, the amounts credited for the Participant shall be deemed invested in a target retirement fund selected by the Administrative Committee.

(b) Stock Units that are credited to the Plan and are to be paid pursuant to Section 3.3(b) or 3.3(c) shall continue to be held in the form of Stock Units. Dividend Equivalents shall be credited to the Participant's Account with respect to Stock Units when dividends are paid on Company common stock, in an amount equal to the Dividend Equivalent associated with the Stock Units held by the Participant on the record date for the dividend. On the last day of each calendar year, the amount of the Dividend Equivalents credited to the Participant's Account during that calendar year shall be converted to a number of Stock Units, based on the Unit Value on the last day of that calendar year. In the event of a Change of Control or in the event the Participant dies or Separates from Service prior to the last day of a calendar year, as soon as practicable following such event, and in no event later than the date on which Stock Units are distributed, the Company shall convert the amount of Dividend Equivalents previously credited to the Participant's Account during the calendar year to a number of Stock Units based on the Unit Value on the date of such Change of Control, death or Separation from Service, as applicable.

(c) Phantom Units that are credited to the Plan and are to be paid pursuant to Section 3.3(b) or 3.3(c) shall continue to be held in the form of Phantom Units. Distribution Equivalents shall be credited to the Participant's Account with respect to Phantom Units when distributions are paid on Common Units, in an amount equal to the Distribution Equivalent associated with the Phantom Units held by the Participant on the record date for the distribution. On the last day of each calendar year, the amount of the Distribution Equivalents credited to the Participant's Account during that calendar year shall be converted to a number of Phantom Units, based on the Unit Value on the last day of that calendar year. In the event of an AmeriGas LTIP Change of Control or in the event the Participant dies or Separates from Service prior to the last day of a calendar year, as soon as practicable following such event, and in no event later than the date on which Phantom Units are distributed, the Company shall convert the amount of Distribution Equivalents previously credited to the Participant's Account during the calendar year to a number of Phantom Units based on the Unit Value on the date of such AmeriGas LTIP Change of Control, death or Separation from Service, as applicable.

7.2 Each Participant's Account shall be adjusted periodically to take into account the gains, losses and income returns of the deemed investments selected by the Participant or as otherwise provided under this Article 7. The Employer shall not be required to invest any funds in the forms of investment made available hereunder and, in any event, any such investments shall at all times remain the property of the Employer.

ARTICLE 8

Administration

- 8.1 Appointment and Tenure of Administrative Committee Members. The Administrative Committee shall consist of one or more persons who shall be appointed by and serve at the pleasure of the Compensation Committee. Any Administrative Committee member may resign by delivering his or her written resignation to the Compensation Committee. Vacancies arising by the death, resignation or removal of an Administrative Committee member may be filled by the Compensation Committee.
- 8.2 Meetings; Majority Rule. Any and all acts of the Administrative Committee taken at a meeting shall be by a majority of all members of the Administrative Committee. The Administrative Committee may act by vote taken in a meeting (at which a majority of members shall constitute a quorum). The Administrative Committee may also act by unanimous consent in writing without the formality of convening a meeting.
- 8.3 Delegation. The Administrative Committee may, by majority decision, delegate to each or any one of its members, authority to sign any documents on its behalf, or to perform ministerial acts, but no person to whom such authority is delegated shall perform any act involving the exercise of any discretion without first obtaining the concurrence of a majority of the members of the Administrative Committee, even though such person alone may sign any document required by third parties. The Administrative Committee shall elect one of its members to serve as Chairperson. The Chairperson shall preside at all meetings of the Administrative Committee or shall delegate such responsibility to another Administrative Committee member. The Administrative Committee shall elect one person to serve as Secretary to the Administrative Committee. All third parties may rely on any communication signed by the Secretary, acting as such, as an official communication from the Administrative Committee.
- 8.4 Authority and Responsibility of the Administrative Committee. The Administrative Committee shall have only such authority and responsibilities as are delegated to it by the Compensation Committee or specifically provided herein. The Administrative Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules and regulations for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Administrative Committee's authorities and responsibilities shall also include:
- (a) maintenance and preservation of records relating to Participants, former Participants, and their beneficiaries;
 - (b) preparation and distribution to Participants of all information and notices required under Federal law or the provisions of the Plan;

- (c) preparation and filing of all governmental reports and other information required under law to be filed or published;
- (d) engagement of assistants and professional advisers;
- (e) arrangement for bonding, if required by law; and
- (f) promulgation of procedures for determination of claims for benefits.

8.5 Compensation of Administrative Committee Members. The members of the Administrative Committee shall serve without compensation for their services as such, but all expenses of the Administrative Committee shall be paid or reimbursed by the Company.

8.6 Administrative Committee Discretion. Any discretion, actions, or interpretations to be made under the Plan by the Administrative Committee shall be made in its sole discretion, need not be uniformly applied to similarly situated individuals, and shall be final, binding, and conclusive on the parties. All benefits under the Plan shall be provided conditional upon the Participant's acknowledgement, in writing or by acceptance of the benefits, that all decisions and determinations of the Administrative Committee shall be final and binding on the Participant, his or her Beneficiaries and any other person having or claiming an interest under the Plan.

8.7 Indemnification of the Administrative Committee. Each member of the Administrative Committee shall be indemnified by the Company against costs, expenses and liabilities (other than amounts paid in settlement to which the Company does not consent) reasonably incurred by him or her in connection with any action to which he or she may be a party by reason of his or her service as a member of the Administrative Committee, except in relation to matters as to which he or she shall be adjudged in such action to be personally guilty of gross negligence or willful misconduct in the performance of his or her duties. The foregoing right to indemnification shall be in addition to such other rights as the Administrative Committee member may enjoy as a matter of law or by reason of insurance coverage of any kind, but shall not extend to costs, expenses and/or liabilities otherwise covered by insurance or that would be so covered by any insurance then in force if such insurance contained a waiver of subrogation. Rights granted hereunder shall be in addition to and not in lieu of any rights to indemnification to which the Administrative Committee member may be entitled pursuant to the by-laws of the Company. Service on the Administrative Committee shall be deemed in partial fulfillment of the Administrative Committee member's function as an employee, officer and/or director of the Company, if he or she serves in that capacity as well as in the role of Administrative Committee member

ARTICLE 9

Claims Procedure

9.01Claim. Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as “claimant”), or requesting information under the Plan shall present the request in writing to the Administrative Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within 90 days of receipt of the benefit claim by the Administrative Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Administrative Committee shall provide notice of the extension prior to the termination of the 90 day period, which notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a decision. In no event may the extension exceed a total of 180 days from the date of the original receipt of the claim.

9.02Denial of Claim. If the claim or request is denied, the written or electronic notice of denial shall state:

- (a) The specific reasons for denial;
- (b) Reference to the specific Plan provisions on which the denial is based;
- (c) A description of any additional material or information required and an explanation of why it is necessary;
and
- (d) An explanation of the Plan’s claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

9.03Review of Claim. Any claimant whose claim or request is denied or who has not received a response within 60 days may request a review by notice given in writing or electronic form to the Administrative Committee. Such request must be made within 60 days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, 60 days after receipt by the Administrative Committee of the claimant’s claim or request. The claim or request shall be reviewed by the Administrative Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may (a) request, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant’s claim for benefits; and (b) submit written comments, documents, records and other information related to the claim.

The Administrative Committee shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim,

regardless of whether the information was submitted or considered in the initial benefit determination.

9.04 Final Decision. The decision on review shall normally be made within 60 days after the Administrative Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a decision. The decision shall be in writing or in electronic form and shall:

- (a) State the specific reasons for the denial;
- (b) Specific reference to the pertinent Plan provisions on which the decision is based;
- (c) State that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and
- (d) State that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and binding on all parties concerned.

9.05 Claims Procedures Mandatory. The internal claims procedures set forth in this Article 9 are mandatory. If a claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Article 9, the denial of the claim shall become final and binding on all persons for all purposes.

9.06 Exhaustion of Claims and Appeals Procedures. A claim or action (a) to recover benefits allegedly due under the Plan or by reason of any law; (b) to enforce rights under the Plan; (c) to clarify rights to future benefits under the Plan; or (d) that relates to the Plan and seeks a remedy, ruling or judgment of any kind against the Plan or a Plan fiduciary or party in interest (collectively, a "Judicial Claim"), may not be commenced in any court or forum until after the claimant has exhausted the Plan's claims and appeals procedures, including, for these purposes, any voluntary appeal right (an "Administrative Claim"). A claimant must raise all arguments and produce all evidence the claimant believes supports the claim or action in the Administrative Claim and shall be deemed to have waived every argument and the right to produce any evidence not submitted to the Administrative Committee as part of the Administrative Claim.

ARTICLE 10

Amendment

10.1 The provisions of the Plan may be amended at any time and from time to time by the Compensation Committee for any reason without either the consent of or prior notice to any Participant; *provided, however*, that no such amendment shall serve to reduce the benefit that has been credited to an Account on behalf of a Participant as of the effective date of the amendment. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations; (ii) correct errors and omissions in the Plan document; and (iii) facilitate the administration and operation of the Plan.

ARTICLE 11

Termination

11.1 While it is the Company's intention to continue the Plan indefinitely in operation, the Compensation Committee may terminate the Plan in whole or in part at any time for any reason without either the consent of or prior notice to any Participant. No such termination shall reduce the benefit that has been credited to an Account on behalf of a Participant as of the effective date of the termination, but the Company may distribute all accrued benefits upon termination of the Plan in accordance with section 409A of the Code.

ARTICLE 12

Miscellaneous

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

12.2 Compensation. Any amounts payable hereunder shall not be deemed salary or other compensation to a Participant for the purposes of computing benefits to which the Participant may be entitled under any other arrangement established by the Employer for the benefit of its employees.

- 12.3No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or Employee, or any person whomsoever, the right to be retained in the service of the Company or any other participating employer hereunder, and all Participants and other Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.
- 12.4Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provision had not been included.
- 12.5Heirs, Assigns and Personal Representatives. The Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.
- 12.6Successors. Unless the Compensation Committee directs otherwise before a Change of Control, in the event of a Change of Control, the Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company thereof, (i) to acknowledge expressly that this Plan is binding upon and enforceable against such successor in accordance with the terms hereof, (ii) to become jointly and severally obligated with the Company to perform the obligations under this Plan, and (iii) to agree not to amend or terminate the Plan for a period of three years after the date of succession without the consent of the affected Participant.
- 12.7Headings and Captions. The headings and captions herein are provided for reference and convenience only, and shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.
- 12.8Controlling Law. The Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, exclusive of conflict of law provisions thereof, to the extent not preempted by Federal law, which shall otherwise control.
- 12.9Payments to Minors, Etc.. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefore shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Board, the Compensation Committee, the Administrative Committee and all other parties with respect thereto.
- 12.10Reliance on Data and Consents. The Company, the Board, the Compensation Committee, the Administrative Committee and all other persons or entities associated with the operation of the Plan, and the provision of benefits thereunder, may reasonably rely on the truth, accuracy and completeness of all data provided by the

Participant, including, without limitation, data with respect to age, health and marital status. Furthermore, the Company, the Board, the Compensation Committee and the Administrative Committee may reasonably rely on all consents, elections and designations filed with the Plan or those associated with the operation of the Plan by any Participant, or the representatives of any such person without duty to inquire into the genuineness of any such consent, election or designation. None of the aforementioned persons or entities associated with the operation of the Plan or the benefits provided under the Plan shall have any duty to inquire into any such data, and all may rely on such data being current to the date of reference, it being the duty of the Participants to advise the appropriate parties of any change in such data.

12.11 Section 409A

(a) The Plan is intended to comply with the requirements of section 409A of the Code, and shall in all respects be administered in accordance with section 409A. Notwithstanding anything in the Plan to the contrary, distributions may only be made under the Plan upon an event and in a manner permitted by section 409A of the Code. To the extent that any provision of the Plan would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Plan to fail to satisfy the requirements of section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall a Participant, directly or indirectly, designate the calendar year of payment, except as permitted by section 409A of the Code.

(b) If a Participant is subject to tax under the Federal Insurance Contribution Act (FICA) on his or her Account before distributions are to be made under the Plan, a distribution may be made under the Plan to pay the FICA tax imposed under section 3101 of the Code, section 3121(a) of the Code, and section 3121(v)(2) of the Code, or to pay the income tax at source on wages imposed under section 3401 of the Code or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the FICA amount, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 of the Code wages and taxes. The total payment made pursuant to this subsection must not exceed the aggregate FICA and related tax amount permitted under section 409A of the Code.

12.12 Stock Units Subject to Equity Plan Provisions. In addition to the provisions of this Plan, Stock Units shall be governed by the applicable Equity Plan, which is incorporated herein by reference. Stock Units shall be interpreted and administered in accordance with the Equity Plan, including provisions pertaining to (i) the registration, qualification or listing of the shares of Company common stock, (ii) changes in capitalization of the Company and (iii) other requirements of applicable law.

12.13 Phantom Units Subject to 2010 AmeriGas LTIP Provisions. In addition to the provisions of this Plan, Phantom Units shall be governed by the 2010 AmeriGas LTIP which is incorporated herein by reference. Phantom Units shall be interpreted and

administered in accordance with the 2010 AmeriGas LTIP, including provisions pertaining to (i) the registration, qualification or listing of the Common Units, (ii) changes in capitalization of APLP and (iii) other requirements of applicable law.

Exhibit A

Distribution Election Form – UGI SERP Participants

**UGI Corporation
2009 Deferral Plan**

Distribution Election Form – UGI SERP Participants

Name _____

Address _____

Daytime Phone Number _____

Under the UGI Corporation 2009 Deferral Plan (the “Deferral Plan”), you may elect to have your accrued benefit in the UGI Corporation Supplemental Executive Retirement Plan (“UGI SERP”) at separation from service credited to the Deferral Plan upon your separation from service. If you wish to do this, you must also elect the time and form of payment of the account that will be established for you under the Deferral Plan. The alternative times and forms of payment are listed below.

You should review the Deferral Plan document for a complete description of how the Deferral Plan works. The capitalized terms used below are defined in the Deferral Plan. This election is subject to the terms and conditions of the Deferral Plan, which are incorporated herein by reference.

Please complete and return this form to the Corporate Secretary, UGI Corporation, 460 Gulph Road, King of Prussia, PA 19406.

I. TIME AND FORM OF PAYMENT (After Separation from Service)

Note: You may check one form of payment for your entire UGI SERP benefit, or you may specify that your UGI SERP benefit will be paid in several forms of payment, by specifying whole percentages. If you specify several forms of payment, you should make sure that the percentages add up to 100%.

Upon Separation from Service, I elect to have my UGI SERP benefit distributed as follows:

A. Lump Sum Payment :

- ☐ Lump sum payment at my Separation from Service. (*Note: Under section 409A of the Internal Revenue Code, this payment will be made six months following your Separation from Service.*)

This election applies to _____ % of my UGI SERP benefit.

B. Installment Payments :

- This election applies to _____% of my UGI SERP benefit.

- ☐ Retirement Distribution Account #1 – Lump sum payment 14 months following my Separation from Service. This election applies to _____% of my UGI SERP benefit.
- ☐ Retirement Distribution Account #2 – Lump sum payment in the first calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my UGI SERP benefit.
- ☐ Retirement Distribution Account #3 – Lump sum payment in the second calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my UGI SERP benefit.
- ☐ Retirement Distribution Account #4 – Lump sum payment in the third calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my UGI SERP benefit.
- ☐ Retirement Distribution Account #5 – Lump sum payment in the fourth calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my UGI SERP benefit.

II. BENEFICIARY DESIGNATION

If you die after Separation from Service but before your UGI SERP benefit has been completely distributed, your unpaid benefit will be payable to your designated Beneficiary. If you designate more than one Beneficiary, you should make sure that the percentages add up to 100%.

Beneficiary Designation: I designate the following persons to be the Beneficiary of my UGI SERP benefit (including my account under the Deferral Plan) if I die after Separation from Service. If any designated Beneficiary is not living (or is not in existence) at my death, then that Beneficiary's share shall be allocated pro rata to the other surviving Beneficiaries. If no designated Beneficiary is living (or is in existence) at my death, then my Beneficiary shall be my estate. (Note: If more than one Beneficiary is named, please indicate percentage to be paid to each .)

%

Name

Street

Relationship City _____
 State Zip _____
 Name Street _____ %
 Relationship City _____
 State Zip _____
 Name Street _____ %
 Relationship City _____
 State Zip _____

The foregoing Beneficiary designation supersedes and replaces any previous Beneficiary designation that I may have made under the UGI SERP or the Deferral Plan.

III. ACKNOWLEDGMENT AND SIGNATURE

By signing this election form, I understand that these elections are made in accordance with and are subject to the terms of the Deferral Plan. I understand and agree that the Deferral Plan's Administrative Committee shall have full power and express discretionary authority to interpret and administer the Deferral Plan and to make all determinations with respect to the Deferral Plan. All actions taken by the Deferral Plan's Administrative Committee shall be final, conclusive and binding upon all participants, beneficiaries, spouses and all other persons having an interest therein.

These elections are irrevocable and are subject to the terms of the Deferral Plan.

Date Name _____

[To be completed by []]

Filing Date

Date received by [] : _____, _____

Exhibit B

Distribution Election Form – AmeriGas SERP Participants

**UGI Corporation
2009 Deferral Plan**

Distribution Election Form – AmeriGas SERP Participants

Name _____

Address _____

Daytime Phone Number _____

Under the UGI Corporation 2009 Deferral Plan (the “Deferral Plan”), you may elect to have your accrued benefit in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan (“AmeriGas SERP”) at separation from service credited to the Deferral Plan upon your separation from service. If you wish to do this, you must also elect the time and form of payment of the account that will be established for you under the Deferral Plan. The alternative times and forms of payment are listed below.

You should review the Deferral Plan document for a complete description of how the Deferral Plan works. The capitalized terms used below are defined in the Deferral Plan. This election is subject to the terms and conditions of the Deferral Plan, which are incorporated herein by reference.

NOTE: If you make an election with respect to your benefit in the AmeriGas SERP and you subsequently become eligible for the first time to participate in the 2009 UGI SERP, your election with respect to the AmeriGas SERP shall apply with respect to any benefits earned under both the AmeriGas SERP and the 2009 UGI SERP. In that event, all references below to the AmeriGas SERP shall be deemed to include the 2009 UGI SERP.

Please complete and return this form to the Corporate Secretary, UGI Corporation, 460 Gulph Road, King of Prussia, PA 19406.

I. TIME AND FORM OF PAYMENT (After Separation from Service)

Note: You may check one form of payment for your entire AmeriGas SERP benefit, or you may specify that your AmeriGas SERP benefit will be paid in several forms of payment, by specifying whole percentages. If you specify several forms of payment, you should make sure that the percentages add up to 100%.

Upon Separation from Service, I elect to have my AmeriGas SERP benefit distributed as follows:

B. Lump Sum Payment :

- ☐ Lump sum payment at my Separation from Service. (*Note*: Under section 409A of the Internal Revenue Code, this payment will be made six months following your Separation from Service.)

This election applies to _____ % of my AmeriGas SERP benefit.

B. Installment Payments :

- ☐ Payments in _____ (Note : Fill in 2 to 10) annual installments, commencing 14 months following my Separation from Service, and annually thereafter in the calendar year following the first payment and subsequent calendar years .

This election applies to _____% of my AmeriGas SERP benefit.

C. One to Five Retirement Distribution Accounts :

- ☐ Retirement Distribution Account #1 – Lump sum payment 14 months following my Separation from Service. This election applies to _____% of my AmeriGas SERP benefit.
- ☐ Retirement Distribution Account #2 – Lump sum payment in the first calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my AmeriGas SERP benefit.
- ☐ Retirement Distribution Account #3 – Lump sum payment in the second calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my AmeriGas SERP benefit.
- ☐ Retirement Distribution Account #4 – Lump sum payment in the third calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my AmeriGas SERP benefit.
- ☐ Retirement Distribution Account #5 – Lump sum payment in the fourth calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my AmeriGas SERP benefit.

Note : These elections are irrevocable . Under the Deferral Plan and section 409A of the Internal Revenue Code, you may make a Re-Deferral Election to postpone a payment, but not to accelerate a payment. Any Re-Deferral Election must be made at least one year before the scheduled payment date and must postpone payment for at least five years beyond the scheduled payment date. Re-Deferral Elections are subject to other restrictions described in the Deferral Plan.

II. BENEFICIARY DESIGNATION

If you die before receiving your entire AmeriGas SERP benefit, your benefit under the AmeriGas SERP will be payable to your designated Beneficiary. If you designate more than one Beneficiary, you should make sure that the percentages add up to 100%.

Beneficiary Designation: I designate the following persons to be the Beneficiary of my AmeriGas SERP benefit (including my account under the Deferral Plan) if I die before or after Separation from Service. If any designated Beneficiary is not living (or is not in existence) at my death, then that Beneficiary's share shall be allocated pro rata to the other surviving Beneficiaries. If no designated beneficiary is living (or in existence) at my death, then my Beneficiary shall be my estate. (Note : If more than one Beneficiary is named, please indicate percentage to be paid to each .)

Name Street _____ %

Relationship	City		
<hr/>			
State	Zip		
<hr/>			
Name	Street		%
<hr/>			
Relationship	City		
<hr/>			
State	Zip		
<hr/>			
Name	Street		%
<hr/>			
Relationship	City		
<hr/>			
State	Zip		

The foregoing Beneficiary designation supersedes and replaces any previous Beneficiary designation that I may have made under the AmeriGas SERP or the Deferral Plan.

III. ACKNOWLEDGMENT AND SIGNATURE

By signing this election form, I understand that these elections are made in accordance with and are subject to the terms of the Deferral Plan. I understand and agree that the Deferral Plan's Administrative Committee shall have full power and express discretionary authority to interpret and administer the Deferral Plan and to make all determinations with respect to the Deferral Plan. All actions taken by the Deferral Plan's Administrative Committee shall be final, conclusive and binding upon all participants, beneficiaries, spouses and all other persons having an interest therein.

These elections are irrevocable and are subject to the terms of the Deferral Plan.

Date	Name	
------	------	--

[To be completed by []]

[To be completed by []]

Filing Date

Date received by [] : []

Exhibit C

Distribution Election Form – Non-Employee Directors

**UGI Corporation
2009 Deferral Plan**

Distribution Election Form – UGI Non-Employee Directors

Name _____

Address _____

Daytime Phone Number _____

Under the UGI Corporation 2009 Deferral Plan (the “Deferral Plan”), you may elect to have your outstanding Stock Units at separation from service credited to the Deferral Plan upon your separation from service. If you wish to do this, you must also elect the time and form of payment of the account that will be established for you under the Deferral Plan. The alternative times and forms of payment are listed below.

You should review the Deferral Plan document for a complete description of how the Deferral Plan works. The capitalized terms used below are defined in the Deferral Plan. This election is subject to the terms and conditions of the Deferral Plan, which are incorporated herein by reference.

Please complete and return this form to the Corporate Secretary, UGI Corporation, 460 Gulph Road, King of Prussia, PA 19406.

I. TIME AND FORM OF PAYMENT (After Separation from Service)

Note: You may check one form of payment for all of your Stock Units, or you may specify that your Stock Units be paid in several forms of payment, by specifying whole percentages. If you specify several forms of payment, you should make sure that the percentages add up to 100%.

Upon Separation from Service, I elect to have my Stock Units distributed as follows:

C. Lump Sum Payment :

☐ Lump sum payment at my Separation from Service.

This election applies to _____% of my Stock Units.

B. Installment Payments :

☐ Payments in _____ (*Note* : Fill in 2 to 10) annual installments, commencing 14 months following my Separation from Service, and annually thereafter in the calendar year following the first payment and subsequent calendar years .

This election applies to _____% of my Stock Units.

C. One to Five Retirement Distribution Accounts :

- ☐ Retirement Distribution Account #1 – Lump sum payment 14 months following my Separation from Service. This election applies to _____% of my Stock Units.
- ☐ Retirement Distribution Account #2 – Lump sum payment in the first calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Stock Units.
- ☐ Retirement Distribution Account #3 – Lump sum payment in the second calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Stock Units.
- ☐ Retirement Distribution Account #4 – Lump sum payment in the third calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Stock Units.
- ☐ Retirement Distribution Account #5 – Lump sum payment in the fourth calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Stock Units.

Note : *These elections are irrevocable . Under the Deferral Plan and section 409A of the Internal Revenue Code, you may make a Re-Deferral Election to postpone a payment, but not to accelerate a payment. Any Re-Deferral Election must be made at least one year before the scheduled payment date and must postpone payment for at least five years beyond the scheduled payment date. Re-Deferral Elections are subject to other restrictions described in the Deferral Plan.*

II. BENEFICIARY DESIGNATION

If you die before payment of all your Stock Units, your Stock Units will be payable to your designated Beneficiary, notwithstanding any provision of your Stock Unit agreement to the contrary. If you designate more than one Beneficiary, you should make sure that the percentages add up to 100%.

Beneficiary Designation: I designate the following persons to be the Beneficiary under the Deferral Plan if I die before or after Separation from Service. If any designated Beneficiary is not living (or is not in existence) at my death, then that Beneficiary's share shall be allocated pro rata to the other surviving Beneficiaries. If no designated Beneficiary is living (or in existence) at my death, then my Beneficiary shall be my estate. (Note : *If more than one Beneficiary is named, please indicate percentage to be paid to each .*)

_____	_____	_____ %
Name	Street	
_____	_____	
Relationship	City	
_____	_____	
State	Zip	

Name Street _____ %

Relationship City _____

State Zip _____

Name Street _____ %

Relationship City _____

State Zip _____

The foregoing Beneficiary designation supersedes and replaces any previous Beneficiary designation that I may have made with respect to the Stock Units under the Deferral Plan.

III. ACKNOWLEDGMENT AND SIGNATURE

By signing this election form, I understand that these elections are made in accordance with and are subject to the terms of the Deferral Plan. I understand and agree that the Deferral Plan's Administrative Committee shall have full power and express discretionary authority to interpret and administer the Deferral Plan and to make all determinations with respect to the Deferral Plan. All actions taken by the Deferral Plan's Administrative Committee shall be final, conclusive and binding upon all participants, beneficiaries, spouses and all other persons having an interest therein.

These elections are irrevocable and are subject to the terms of the Deferral Plan.

Date Name _____

[To be completed by []]

Filing Date

Date received by [] : _____

Exhibit D

Distribution Election Form – 2009 UGI SERP Participants

**UGI Corporation
2009 Deferral Plan**

Distribution Election Form – 2009 UGI SERP Participants

Name _____

Address _____

Daytime Phone Number _____

Under the UGI Corporation 2009 Deferral Plan (the “Deferral Plan”), you may elect to have your accrued benefit in the UGI Corporation 2009 Supplemental Executive Retirement Plan (“2009 UGI SERP”) at separation from service credited to the Deferral Plan upon your separation from service. If you wish to do this, you must also elect the time and form of payment of the account that will be established for you under the Deferral Plan. The alternative times and forms of payment are listed below.

You should review the Deferral Plan document for a complete description of how the Deferral Plan works. The capitalized terms used below are defined in the Deferral Plan. This election is subject to the terms and conditions of the Deferral Plan, which are incorporated herein by reference.

NOTE: If you make an election with respect to your benefit in the 2009 UGI SERP and you subsequently become eligible for the first time to participate in the AmeriGas SERP, your election with respect to the 2009 UGI SERP shall apply with respect to any benefits earned under both the AmeriGas SERP and the 2009 UGI SERP. In that event, all references below to the 2009 UGI SERP shall be deemed to include the AmeriGas SERP.

Please complete and return this form to the Corporate Secretary, UGI Corporation, 460 Gulph Road, King of Prussia, PA 19406.

I. TIME AND FORM OF PAYMENT (After Separation from Service)

Note: You may check one form of payment for your entire 2009 UGI SERP benefit, or you may specify that your 2009 UGI SERP benefit will be paid in several forms of payment, by specifying whole percentages. If you specify several forms of payment, you should make sure that the percentages add up to 100%.

Upon Separation from Service, I elect to have my 2009 UGI SERP benefit distributed as follows:

D. Lump Sum Payment :

- ☐ Lump sum payment at my Separation from Service. (*Note: Under section 409A of the Internal Revenue Code, this payment will be made six months following your Separation from Service.*)

This election applies to _____ % of my 2009 UGI SERP benefit.

B. Installment Payments :

- ☐ Payments in _____ (*Note* : Fill in 2 to 10) annual installments, commencing 14 months following my Separation from Service, and annually thereafter in the calendar year following the first payment and subsequent calendar years .

This election applies to _____% of my 2009 UGI SERP benefit.

C. One to Five Retirement Distribution Accounts :

- ☐ Retirement Distribution Account #1 – Lump sum payment 14 months following my Separation from Service. This election applies to _____% of my 2009 UGI SERP benefit.
- ☐ Retirement Distribution Account #2 – Lump sum payment in the first calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my 2009 UGI SERP benefit.
- ☐ Retirement Distribution Account #3 – Lump sum payment in the second calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my 2009 UGI SERP benefit.
- ☐ Retirement Distribution Account #4 – Lump sum payment in the third calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my 2009 UGI SERP benefit.
- ☐ Retirement Distribution Account #5 – Lump sum payment in the fourth calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my 2009 UGI SERP benefit.

Note : These elections are irrevocable . Under the Deferral Plan and section 409A of the Internal Revenue Code, you may make a Re-Deferral Election to postpone a payment, but not to accelerate a payment. Any Re-Deferral Election must be made at least one year before the scheduled payment date and must postpone payment for at least five years beyond the scheduled payment date. Re-Deferral Elections are subject to other restrictions described in the Deferral Plan.

II. BENEFICIARY DESIGNATION

If you die before receiving your entire 2009 UGI SERP benefit, your benefit under the 2009 UGI SERP will be payable to your designated Beneficiary. If you designate more than one Beneficiary, you should make sure that the percentages add up to 100%.

Beneficiary Designation: I designate the following persons to be the Beneficiary of my 2009 UGI SERP benefit (including my account under the Deferral Plan) if I die after Separation from Service. If any designated Beneficiary is not living (or is not in existence) at my death, then that Beneficiary's share shall be allocated pro rata to the other surviving Beneficiaries. If no designated Beneficiary is living (or is in existence) at my death, then my Beneficiary shall be my estate. (*Note* : If more than one Beneficiary is named, please indicate percentage to be paid to each .)

Name Street _____ %

Relationship	City		
<hr/>			
State	Zip		
<hr/>			
Name	Street		%
<hr/>			
Relationship	City		
<hr/>			
State	Zip		
<hr/>			
Name	Street		%
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Relationship	City		
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State	Zip		
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The foregoing Beneficiary designation supersedes and replaces any previous Beneficiary designation that I may have made under the 2009 UGI SERP or the Deferral Plan.

III. ACKNOWLEDGMENT AND SIGNATURE

By signing this election form, I understand that these elections are made in accordance with and are subject to the terms of the Deferral Plan. I understand and agree that the Deferral Plan's Administrative Committee shall have full power and express discretionary authority to interpret and administer the Deferral Plan and to make all determinations with respect to the Deferral Plan. All actions taken by the Deferral Plan's Administrative Committee shall be final, conclusive and binding upon all participants, beneficiaries, spouses and all other persons having an interest therein.

These elections are irrevocable and are subject to the terms of the Deferral Plan.

Date	Name	
<hr/>		

[To be completed by []]

Filing Date

Date received by [] : ,

Exhibit E

Distribution Election Form – AmeriGas Non-Employee Directors

**UGI Corporation
2009 Deferral Plan**

Distribution Election Form – AmeriGas Non-Employee Directors

Name _____

Address _____

Daytime Phone Number _____

Under the UGI Corporation 2009 Deferral Plan (the “Deferral Plan”), you may elect to have your outstanding phantom units under the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. (“Phantom Units”) at separation from service credited to the Deferral Plan upon your separation from service. If you wish to do this, you must also elect the time and form of payment of the account that will be established for you under the Deferral Plan. The alternative times and forms of payment are listed below.

You should review the Deferral Plan document for a complete description of how the Deferral Plan works. The capitalized terms used below are defined in the Deferral Plan. This election is subject to the terms and conditions of the Deferral Plan, which are incorporated herein by reference.

Please complete and return this form to the Corporate Secretary, UGI Corporation, 460 Gulph Road, King of Prussia, PA 19406.

I. TIME AND FORM OF PAYMENT (After Separation from Service)

Note: You may check one form of payment for all of your Phantom Units, or you may specify that your Phantom Units will be paid in several forms of payment, by specifying whole percentages. If you specify several forms of payment, you should make sure that the percentages add up to 100%.

Upon Separation from Service, I elect to have my Phantom Units distributed as follows:

A. Lump Sum Payment :

☐ Lump sum payment at my Separation from Service.

This election applies to _____ % of my Phantom Units.

B. Installment Payments :

☐ Payments in _____ (*Note: Fill in 2 to 10*) annual installments, commencing 14 months following my Separation from Service, and annually thereafter in the calendar year following the first payment and subsequent calendar years .

This election applies to _____% of my Phantom Units.

C. One to Five Retirement Distribution Accounts :

- ☐ Retirement Distribution Account #1 – Lump sum payment 14 months following my Separation from Service. This election applies to _____% of my Phantom Units.
- ☐ Retirement Distribution Account #2 – Lump sum payment in the first calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Phantom Units.
- ☐ Retirement Distribution Account #3 – Lump sum payment in the second calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Phantom Units.
- ☐ Retirement Distribution Account #4 – Lump sum payment in the third calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Phantom Units.
- ☐ Retirement Distribution Account #5 – Lump sum payment in the fourth calendar year following payment of Retirement Distribution Account #1. This election applies to _____% of my Phantom Units.

Note : *These elections are irrevocable . Under the Deferral Plan and section 409A of the Internal Revenue Code, you may make a Re-Deferral Election to postpone a payment, but not to accelerate a payment. Any Re-Deferral Election must be made at least one year before the scheduled payment date and must postpone payment for at least five years beyond the scheduled payment date. Re-Deferral Elections are subject to other restrictions described in the Deferral Plan.*

II. BENEFICIARY DESIGNATION

If you die before payment of all your Phantom Units, your Phantom Units will be payable to your designated Beneficiary. If you designate more than one Beneficiary, you should make sure that the percentages add up to 100%.

Beneficiary Designation: I designate the following persons to be the Beneficiary under the Deferral Plan if I die before or after Separation from Service. If any designated Beneficiary is not living (or is not in existence) at my death, then that Beneficiary's share shall be allocated pro rata to the other surviving Beneficiaries. If no designated beneficiary is living (or in existence) at my death, then my Beneficiary shall be my estate. (Note: *If more than one Beneficiary is named, please indicate percentage to be paid to each .*)

_____	_____	_____	_____ %
Name	Street		
_____	_____	_____	
Relationship	City		
_____	_____	_____	
State	Zip		

Name Street _____ %

Relationship City _____

State Zip _____

Name Street _____ %

Relationship City _____

State Zip _____

The foregoing Beneficiary designation supersedes and replaces any previous Beneficiary designation that I may have made with respect to the Phantom Units under the Deferral Plan.

III. ACKNOWLEDGMENT AND SIGNATURE

By signing this election form, I understand that these elections are made in accordance with and are subject to the terms of the Deferral Plan. I understand and agree that the Deferral Plan's Administrative Committee shall have full power and express discretionary authority to interpret and administer the Deferral Plan and to make all determinations with respect to the Deferral Plan. All actions taken by the Deferral Plan's Administrative Committee shall be final, conclusive and binding upon all participants, beneficiaries, spouses and all other persons having an interest therein.

These elections are irrevocable and are subject to the terms of the Deferral Plan.

Date Name _____

To be completed by [_____]

Filing Date

Date received by [_____] : _____ , _____

UGI CORPORATION
SENIOR EXECUTIVE EMPLOYEE
SEVERANCE PLAN
As amended as of June 15, 2017

UGI CORPORATION
SENIOR EXECUTIVE EMPLOYEE
SEVERANCE PLAN

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ARTICLE I

PURPOSE AND TERM OF PLAN

Section 1.01 Purpose of the Plan. This Senior Executive Employee Severance Plan is applicable to Executive Employees (as defined below) of UGI Corporation and its Affiliates (as defined below). The Plan is intended to help alleviate financial hardships that may be experienced by Executive Employees whose employment is involuntary terminated. The Plan is intended to be a “severance pay plan” for purposes of ERISA (as defined below). The benefits paid by the Plan are not deferred compensation, and no employee shall have a vested right to such benefits. The Plan has been drafted to give the Company (as defined below) broad discretion in designating individuals who are eligible for benefits and the amount of such benefits. All actions taken by the Company shall be in its role as the plan sponsor and not as a fiduciary.

Section 1.02 Term of the Plan. The Plan has been amended and restated as of June 15, 2017. The Plan will continue until such time as the Company, acting in its sole discretion, elects to modify, supersede or terminate it in accordance with the further provisions hereof.

ARTICLE II

DEFINITIONS

Section 2.01 “Administrative Committee” shall mean the administrative committee designated pursuant to Article VI of the Plan to administer the Plan in accordance with its terms, or its delegate.

Section 2.02 “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Section 2.03 “Annual Compensation” shall mean the Participant’s annual base salary and applicable target annual bonus amount (if any) in effect on the Participant’s Employment Termination Date.

Section 2.04 “Benefit” or “Benefits” shall mean any or all of the benefits that a Participant is entitled to receive pursuant to Article IV of the Plan.

Section 2.05 “Board of Directors” shall mean the Board of Directors of the Company, or any successor thereto.

Section 2.06 “Change in Control” shall mean a change of control of the Company as defined in the Company’s 2013 Omnibus Incentive Compensation Plan, as amended from time to time, or a successor plan.

Section 2.07 “Change in Control Agreement” shall mean a written Change in Control Agreement between an employee and the Company or an Affiliate.

Section 2.08 “Chief Executive Officer” shall mean the individual serving as the Chief Executive Officer of the Company as of the date of reference.

Section 2.09 “Chief Operating Officer” shall mean the individual serving as the Chief Operating Officer of the Company as of the date of reference.

Section 2.10 “COBRA Cost” shall mean the applicable premium under section 4980B(f)(4) of the Code for continued medical and dental COBRA coverage under the benefit plans of the Company or an Affiliate.

Section 2.11 “COBRA Coverage” shall mean continued medical and dental coverage under benefit plans of the Company or an Affiliate, as determined under section 4980B of the Code.

Section 2.12 “Code” shall mean the Internal Revenue Code of 1986, as amended.

Section 2.13 “Company” shall mean UGI Corporation, a Pennsylvania corporation, and any corporation succeeding to the business of UGI Corporation by merger, consolidation, liquidation, purchase of assets or stock or similar transaction.

Section 2.14 “Compensation Committee” shall mean the Compensation and Management Development Committee of the Board of Directors.

Section 2.15 “Employment Commencement Date” shall mean the most recent date on which a Participant became an employee of the Company or an Affiliate of the Company or, if the Company determines that service before an acquisition shall be taken into account, the most recent date on which a Participant became an employee of an entity whose business or assets have been acquired by the Company or an Affiliate.

Section 2.16 “Employment Termination Date” shall mean the date on which the Participant separates from service with the Company and its Affiliates within the meaning of section 409A of the Code.

Section 2.17 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.18 “Executive Annual Bonus Plan” shall mean the UGI Corporation Executive Annual Bonus Plan as in effect from time to time.

Section 2.19 “Executive Employee” shall mean any of the following employees who are employed in the United States:

(a) An executive level employee of the Company who participates in the Executive Annual Bonus Plan and who has a Change in Control Agreement in effect with the Company or an Affiliate; or

(b) An executive level employee of the Company or an Affiliate who is employed in the United States and who is designated in writing by the Compensation Committee as eligible to participate in this Plan.

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

Section 2.20 “Just Cause” shall mean dismissal of an Executive Employee due to (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company or any Affiliate, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company’s written code of conduct, or other material written employment policies, applicable to the Executive Employee, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Executive Employee and the Company or any Affiliate, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or

failure to perform the material duties of the Executive Employee's position. Disputes with respect to whether Just Cause exists shall be resolved in accordance with Article IX.

Section 2.21 “Key Employee” shall mean an employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

Section 2.22 “Month of Service” shall mean each calendar month (with each partial month counted as a full month) of continuous service with the Company and its Affiliates beginning on the Participant's Employment Commencement Date and ending on the Participant's Employment Termination Date. Months of Service with an entity whose business or assets have been acquired by the Company or an Affiliate shall be counted only if so determined by the Company.

Section 2.23 “Monthly Compensation” shall mean the Participant's Annual Compensation divided by 12.

Section 2.24 “Paid Notice” shall mean the cash amount payable to a Participant in lieu of notice as determined pursuant to Section 4.01(a).

Section 2.25 “Participant” shall mean any Executive Employee who receives Benefits under the Plan.

Section 2.26 “Plan” shall mean the UGI Corporation Senior Executive Employee Severance Plan, as set forth herein, and as the same may from time to time be amended.

Section 2.27 “Plan Year” shall mean each fiscal year of the Company during which this Plan is in effect.

Section 2.28 “Postponement Period” shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which deferred compensation may not be paid to the Key Employee under section 409A of the Code.

Section 2.29 “Release” shall mean a release and discharge of the Company, all of its Affiliates, and all affiliated persons and entities from any and all claims, demands and causes of action, other than as to amounts or benefits due to the Participant under any qualified employee retirement plan of the Company or an Affiliate, which shall be in such form as may be proscribed by the Company, acting as Plan sponsor and not as a fiduciary, from time to time and with such modifications as the Company deems appropriate for the Participant's particular situation.

Section 2.30 “Salary Continuation Period” shall mean (i) the number of months of Paid Notice plus (ii) one business day for each month that is included in the Participant’s Months of Service, up to a maximum of one year. Each calendar week is considered to consist of five business days for this purpose.

Section 2.31 “Separation Pay” shall mean the cash amount payable to a Participant as determined pursuant to Section 4.01(b).

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

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

Section 3.02 Substantially Comparable Employment. Notwithstanding anything herein to the contrary, no Benefits shall be due hereunder to an Executive Employee in connection with the disposition of a business, division or affiliated company by the Company or an Affiliate if substantially comparable terms of employment, as determined by the Company, have been offered to the Executive Employee by the transferee; *provided, however*, that the Company, acting in its role as Plan sponsor and not as a fiduciary, may determine that the Company or an Affiliate will provide some or all of the Benefits to an Executive Employee whose employment with the Company and its Affiliates is terminated as described in Section 3.01. For purposes of this Plan, “substantially comparable terms of employment” shall mean an executive level position with (i) no reduction in the Executive Employee’s annual base salary as of the date of the transaction, and (ii) no material change in the geographic location at which the Executive Employee must perform services (which, for purposes of this Plan, means a location that is not more than 50 miles from the Executive Employee’s principal place of business immediately before the transaction).

Section 3.03 Conditions to Entitlement to Benefits.

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

and make himself or herself available to answer questions or assist in matters which may require attention after the Participant's Employment Termination Date. Notwithstanding the foregoing, accrued vacation described in Section 4.01(d) shall be paid without regard to the Participant's execution of a Release, to the extent required by applicable state law.

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

ARTICLE IV

BENEFITS

Section 4.01 Amount of Immediate Cash Benefit. The Company, acting in its role as Plan sponsor and not as a fiduciary, shall determine which Executive Employees shall be awarded a Benefit hereunder and the amount of any such Benefit. The Company may take into account any factors it determines to be relevant in deciding which Executive Employees shall be awarded Benefits and the amount of such Benefits, and need not apply its determinations in a uniform manner to terminated Executive Employees similarly situated. All such decisions shall be final, binding and conclusive with respect to the Executive Employee. Unless the Company determines otherwise, subject in all events to Section 3.03, the amount to be paid to a Participant eligible to receive Benefits under Section 3.01 hereof upon the Participant's separation from service shall be paid in a lump sum as provided in Section 5.01 hereof and shall equal the sum of the amounts described in subsections (a) through (d), except that any payment under paragraph (c) below will be excluded from the lump sum payment and paid separately as provided below:

(a) Paid Notice as follows:

(i) In the case of the Chief Executive Officer, an amount of Paid Notice equal to 18 months of the Chief Executive Officer's Monthly Compensation.

(ii) In the case of the Chief Operating Officer, an amount of Paid Notice equal to 12 months of the Chief Operating Officer's Monthly Compensation.

(iii) In the case of all other Participants, an amount of Paid Notice equal to six months of the Participant's Monthly Compensation, unless otherwise designated in writing by the Company.

(b) An amount of Separation Pay equal to one day's pay (calculated by dividing the Participant's Annual Compensation by 260) for each Month of Service; provided, however, that such amount shall not exceed 100% of the Participant's Annual Compensation.

(c) The Administrative Committee may determine in its sole discretion that an annual bonus will be paid for the year of termination. The Administrative Committee may take into account factors such as Company and Affiliate performance, individual performance and the portion of the year elapsed prior to the Employment Termination Date. The annual bonus shall not exceed a pro rata portion of the Participant's target annual bonus for the year of termination. The bonus, if any, shall be paid within 60 days after the Employment Termination Date, unless the Executive Annual Bonus Plan in effect for the year specifically provides otherwise with respect to termination of employment. If a bonus is payable to the Participant under the Executive Annual Bonus Plan for the year of termination, no bonus will be payable under this Plan.

(d) An amount equal to the Participant's earned and accrued vacation entitlement, including banked vacation time, and personal holidays through the Participant's Employment Termination Date.

Section 4.02 Executive Benefits.

(a) If a Participant receives Benefits under Section 4.01, the Company shall pay to the Participant a single lump sum payment, as provided in Section 5.01 and subject to Section 3.03, equal to the COBRA Cost that the Participant would incur if the Participant continued medical and dental coverage under the Company's benefit plans through the end of the Salary Continuation Period, based on the benefits in effect for the Participant (and where applicable, his or her spouse and dependents) at the Participant's Employment Termination Date, less the amount that the Participant would be required to contribute for medical and dental coverage if such Participant were an active employee. The cash payment shall include an additional payment equal to 75% of the lump sum payment described in the preceding sentence.

(b) A Participant who receives Benefits under Section 4.01 may elect continuation coverage under the Company's applicable medical and dental plans during the Salary Continuation Period by paying the COBRA Cost of such coverage, provided such continued coverage would not result in adverse tax consequences to the Participant, Company or an Affiliate and provided such continued coverage is permitted under the applicable medical and dental plans. If the Participant elects such coverage, the Participant shall be responsible for paying the COBRA Cost of such coverage during the Salary Continuation Period in order to be eligible for the coverage. Notwithstanding anything herein to the contrary, any such continued coverage shall be discontinued if, and at the time, the Participant obtains other employment and becomes eligible to participate in the plan of, or is provided similar coverage by, a new employer. Any applicable conversion rights shall be provided to the Participant at the time coverage ceases. COBRA Coverage shall run concurrently with the Salary Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(c) If a Participant who receives Benefits under Section 4.01 is entitled to receive tax preparation services immediately before his or her termination of employment, the Participant shall be entitled to receive tax preparation services for the final calendar year of his or her employment under the terms of the Company's tax preparation reimbursement policy. The Company shall reimburse the Participant for the services within 60 days following the Company's receipt of proof of payment for the services, but in no event later than December 31 of the calendar year following the calendar year in which the expense is incurred, provided that the Company receives proof of payment for the services at least 60 days before such December 31.

(d) The Company shall provide to each Participant who receives benefits under Section 4.01 outplacement services for up to 12 months following his or her Employment Termination Date through a vendor selected by the Company.

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

Section 4.04 Effect on Other Benefits.

(a) After a Participant's termination of employment, the Participant shall not accrue benefits under any benefit plan of the Company or an Affiliate, and a terminated Participant shall not accrue vacation days, paid holidays, paid sick days or other benefits for any part of the Salary Continuation Period.

(b) Notwithstanding anything in this Plan to the contrary, no benefits shall be paid under this Plan if the Participant receives severance benefits under a Change in Control Agreement or any other severance agreement or arrangement with the Company or an Affiliate.

(c) Notwithstanding anything herein to the contrary, the Benefits payable under this Plan to any Participant may be reduced by any and all payments required to be made by the Company or an Affiliate under federal, state and local law, including the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101 et. seq. or under any employment agreement or special severance arrangement, as determined by the Company, acting as Plan sponsor and not as a fiduciary.

ARTICLE V

METHOD AND DURATION OF BENEFIT PAYMENTS

Section 5.01 Method of Payment. The cash Benefit to which a Participant is entitled, pursuant to Article IV, shall be paid in a lump sum payment. Payment shall be made within 60 days following the Participant's Employment Termination Date, subject to the fulfillment of all conditions for payment of the Benefit set forth in Section 4.01 and compliance with all requirements of Section 3.03. Payment shall be made by mail to the last address provided by the Participant to the Company or an Affiliate. All payments under the Plan are subject to applicable federal, state and local taxes.

Section 5.02 Section 409A.

(a) Notwithstanding any provision of the Plan to the contrary, if required by section 409A of the Code and if a Participant is a Key Employee, no Benefits shall be paid to the Participant during the Postponement Period. If a Participant is a Key Employee and payment of Benefits is required to be delayed for the Postponement Period under section 409A, the accumulated amounts withheld on account of section 409A of the Code shall be paid in a lump sum payment within 30 days after the end of the Postponement Period. If the Participant dies during the Postponement Period prior to the payment of Benefits, the amounts withheld on account of section 409A of the Code shall be paid to the Participant's estate within 60 days after the Participant's death.

(b) This Agreement is intended to meet the requirements of the "short-term deferral" exception, the "separation pay" exception and other exceptions under section 409A of the Code. Notwithstanding anything in this Plan to the contrary, if required by section 409A, payments may only be made under this Plan upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Plan, the term "termination of employment" shall mean the Participant's separation from service with the Company and its Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, the right to a series of payments under the Plan shall be treated as a right to a series of separate payments. All reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of section 409A of the Code. **In no event may a Participant designate the year of payment for any amounts payable under the Plan.** Notwithstanding any provision of the Plan to the contrary, if the payments and benefits provided for under the Plan are subject to section 409A, in no event shall the timing of a Participant's execution of the Release, directly or indirectly, result in the Participant designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year.

Section 5.03 Payments After Death. If a Participant dies after separation from service and before the Participant has received any Benefit that the Participant is entitled to receive under Article IV, any unpaid Benefit that the Participant would otherwise have received shall be payable to the Participant's estate.

ARTICLE VI

ADMINISTRATION

Section 6.01 Appointment. The Administrative Committee shall consist of one or more persons appointed by the Compensation Committee. Administrative Committee members may be, but need not be, employees of the Company.

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

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

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

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

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

Section 6.07 Records, Reporting, and Disclosure. The Administrative Committee shall keep all individual and group records relating to Participants and former Participants and all other records necessary for the proper operation of the Plan. Such records shall be made available to the Company and its Affiliates and to each Participant for examination during business hours except that a Participant shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Administrative Committee shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company or an Affiliate, as payor of the Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts which may be similarly reportable).

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

Section 6.09 Benefits of the Chief Executive Officer. Notwithstanding the foregoing, the Compensation Committee shall serve as the Administrative Committee under the Plan with respect to the Chief Executive Officer of the Company. The Compensation Committee shall make all determinations with respect to the Chief Executive Officer as to any matter that directly pertains to, or affects, the Chief Executive Officer.

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

ARTICLE VII

AMENDMENT AND TERMINATION

Section 7.01 Amendment, Suspension and Termination. The Company, by action of its Board of Directors or the Compensation Committee or its delegate, retains the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason, and without either the consent of or the prior notification to any Participant. No such amendment shall give the Company or an Affiliate the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations; (ii) correct errors and omissions in the Plan document; and (iii) facilitate the administration and operation of the Plan.

ARTICLE VIII

DUTIES OF THE COMPANY

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

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

Section 8.03 Discretion, Delegation.

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

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

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 Application for Benefits. A terminated employee who believes that he or she is eligible for benefits under this Plan may apply for such benefits by completing and filing with the Administrative Committee an application for benefits on a form supplied by the Administrative Committee. Each such application must be supported by such information as the Administrative Committee deems relevant and appropriate.

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

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

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

(b) Subject to subsection (a), the claimant or his duly authorized representative may:

- (i) request a review upon written notice to the Administrative Committee;
- (ii) request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
- (iii) submit written comments, documents, records and other information related to the claim.

(c) The Named Appeals Fiduciary (as described in Section 9.04) shall issue a decision no later than 60 days after receipt of a request for review unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the terminated employee's notice of appeal. If the Named Appeals Fiduciary determines that an extension of time for processing is required, the Named Appeals Fiduciary shall furnish written notice of the extension before the end of the initial 60-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Appeals Fiduciary expects to render a decision.

(d) The Named Appeals Fiduciary shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether the information was submitted or considered in the initial benefit determination.

(e) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement. The notice advising of the denial shall be written in a manner calculated to be understood by the terminated employee and shall set forth:

- (i) the specific reason(s) for the decision;
- (ii) specific references to the pertinent Plan provisions on which the decision is based;
- (iii) the claimant's right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and
- (iv) the claimant's right to bring a civil action under section 502(a) of ERISA.

Section 9.04 Appointment of the Named Appeals Fiduciary. The Named Appeals Fiduciary shall be the person or persons named as such by the Compensation Committee, or, if no such person or persons be named, then the person or persons named by the Administrative Committee as the Named Appeals Fiduciary. Named Appeals Fiduciaries may at any time be

removed by the Compensation Committee, and any Named Appeals Fiduciary named by the Administrative Committee may be removed by the Administrative Committee. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a “Named Fiduciary” within the meaning of ERISA, and unless appointed to other fiduciary responsibilities, shall have no authority, responsibility or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

Section 9.05 Claims Procedures Mandatory. The internal claims procedures set forth in this Article IX are mandatory. If a claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Article IX, the denial of the claim shall become final and binding on all persons for all purposes.

Section 9.06 Exhaustion of Claims and Appeals Procedures. A claim or action (a) to recover benefits allegedly due under the Plan or by reason of any law; (b) to enforce rights under the Plan; (c) to clarify rights to future benefits under the Plan; or (d) that relates to the Plan and seeks a remedy, ruling or judgment of any kind against the Plan or a Plan fiduciary or party in interest (collectively, a “Judicial Claim”), may not be commenced in any court or forum until after the claimant has exhausted the Plan’s claims and appeals procedures, including, for these purposes, any voluntary appeal right (an “Administrative Claim”). A claimant must raise all arguments and produce all evidence the claimant believes supports the claim or action in the Administrative Claim and shall be deemed to have waived every argument and the right to produce any evidence not submitted to the Named Appeals Fiduciary as part of the Administrative Claim. Any Judicial Claim must be commenced in the appropriate court or forum no later than 12 months from the earliest of (i) the date of the claimant’s termination of employment; (ii) the date the Administrative Committee or its delegate first denied the claimant’s request; or (iii) the first date the claimant knew or should have known the principal facts on which such claim or action is based; provided, however, that, if the claimant commences an Administrative Claim before the expiration of such 12-month period, the period for commencing a Judicial Claim shall expire on the later of the end of the 12-month period and the date that is three months after the final denial of the claimant’s Administrative Claim, such that the claimant has exhausted the Plan’s claims and appeals procedures. Any claim or action that is commenced, filed or raised, whether a Judicial Claim or an Administrative Claim, after expiration of such 12-month limitations period (or, if applicable, expiration of the three-month limitations period following exhaustion of the Plan’s claims and appeals procedures) shall be time-barred. Filing or commencing a Judicial Claim before the claimant exhausts the Administrative Claim requirements shall not toll the 12-month limitations period (or, if applicable, the three month limitations period).

ARTICLE X

MISCELLANEOUS

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

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

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

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

Section 10.05 Unfunded Plan. The Plan shall not be funded. The Company may, but shall not be required to, set aside or designate an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Participant shall have any right to, or interest in, any assets of the Company or an Affiliate which may be applied by the Company or an Affiliate to the payment of Benefits.

Section 10.06 Payments to Incompetent Persons. Any Benefit payable to or for the benefit of an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, its

Affiliates, the Administrative Committee, the Compensation Committee and all other parties with respect thereto.

Section 10.07 Controlling Law. This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, to the extent not preempted by Federal law, without giving effect to any Pennsylvania choice of law provisions.

UGI France

A French *société par action simplifiée* with a share capital of €
Registered office: Immeuble Reflex, Les Renardières, 4 place Victor Hugo, 92400 Courbevoie
452 431 232 RCS Nanterre
(the « **Parent** »)

To: **NATIXIS**

Attention: Sharon Jones and Laetitia José

Address: 68-76 Quai de la Rappée, 75012 Paris

Fax: 00 33 (0)1 58 19 28 80

In its capacity as Facility Agent under the Senior Facilities Agreement and under the Intercreditor Agreement

Paris, 8 March 2017

Re: Consent requests letter – Amendment to the Senior Facilities Agreement and to the Intercreditor Agreement and waiver of the Relevant Default

Dear Sir/Madam,

Reference is made to:

- a €660,000,000 French-law governed senior facilities agreement dated 30 April 2015 and entered into between , *inter alios* , (i) the Parent as Guarantor, Security Grantor and Borrower, (ii) the financial institutions listed therein as Mandated Lead Arrangers, Underwriters and Bookrunners, (iii) HSBC France as Senior Mandated Lead Arranger, (iv) Natixis as Facility Agent and Security Agent and (v) the financial institutions listed therein as Original Lenders, to which Antargaz and Finagaz (previously known as TotalGaz) have acceded on 29 May 2015 as Borrowers (the “ **Senior Facilities Agreement** ”), and

- an intercreditor agreement dated 29 May 2015 entered into between , *inter alios* , the Parent, Antargaz, Finagaz (previously known as TotalGaz), the Senior Lenders, the Hedging Lenders listed therein, UGI International Holdings B.V., Natixis as Facility Agent and Security Agent and the Subordinated Debtors (the “ **Intercreditor Agreement** ”).

Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the Senior Facilities Agreement or in the Intercreditor Agreement, as the case may be.

This letter is a Finance Document.

The Parent is writing to you in your capacity as Facility Agent in order to obtain the required consents of the relevant Finance Parties on the requests described in paragraph 2 below.

1. Background

Clause 17.17 (*Financial Covenant*) of the Senior Facilities Agreement, as in force as at the date of this letter, provides that the Parent shall procure on each Testing Date (being 31 March and 30 September of each year) the satisfaction of the Leverage Ratio according to such Clause.

In addition, Clause 17.9.3 (*Dividend and interest payment under the Subordinated Loans*) of the Senior Facilities Agreement, as in force as at the date of this letter, provides that the Parent shall not distribute any dividend nor pay in cash any interest arising from a Subordinated Loan in case of (i) an Event of Default continuing or (ii) the Leverage Ratio, as calculated on a *pro forma* basis (taking into account the distribution or the payment of cash interest) for the Testing Date immediately preceding the proposed distribution or payment of cash interest and for the Testing Date occurring immediately after the proposed distribution or payment of cash interest, being higher than the Leverage Ratio to be complied with on each of these relevant Testing Dates.

Likewise, the Intercreditor Agreement provides (i) under clauses 4.2 (*Permitted Payments*), that the Parent may not make payment of cash interests arising from a Subordinated Loan to the benefit of the Subordinated Lender and (ii) under clause 4.6 (*Shareholder Undertakings*) that the Parent may not distribute dividends, reserves, share premium or any other type of distribution to the benefit of the Shareholder provided that, in each case, (i) a Senior Default is continuing or (ii) the Leverage Ratio, as calculated on a *pro forma* basis (taking into account the distribution or the payment of cash interest) for the Testing Date immediately preceding the proposed distribution date or payment of cash interest date and for the Testing Date occurring immediately after the proposed distribution date or payment date of cash interest, being higher than the Leverage Ratio to be complied with on each of these relevant Testing Dates. It being specified that (i) the Parent shall provide the Facility Agent with a certificate confirming that the two conditions listed above are satisfied with the detail of the calculation of the Leverage Ratio on a *pro forma* basis at least ten (10) Business Days prior to the date of the relevant payment and (ii) the Parent may be authorised to pay cash of interest under the Subordinated Loans in amounts not exceeding 5% per annum.

As you may have noted from reading the last Compliance Certificates, the Leverage Ratio level of the Group as at the Testing Date falling on 31 March 2016 was equal to 1.59 and as at the Testing Date falling on 30 September 2016 was equal to 1.46, each satisfying the covenant relating to the Leverage Ratio as set out in the Senior Facilities Agreement (being lower than 3.5:1). As a consequence, the Parent has distributed dividends to the Shareholder in the course of January 2017. However, the Parent did not provide the Facility Agent with the certificate confirming compliance with the relevant conditions applicable to such distribution at least ten (10) Business Days prior to the date of that distribution (the “ **Relevant Default** ”).

In addition, distribution of dividends and payment of cash interest under the Subordinated Loans may occur on a quarterly basis. Consequently, the Parent wants to simplify the monitoring of such payment of cash interest arising from the Subordinated Loans or such distribution of dividend.

2. Consent requests

2.1 The Parent hereby requests the consent of the Majority Lenders in accordance with the terms of paragraph of Clause 25.1 (*Procedures*) of the Senior Facilities Agreement to amend the following clauses of the Senior Facilities Agreement and the Intercreditor Agreement:

- a. clause 17.9.3 (*Dividend and interest payment under the Subordinated Loans*) of the Senior Facilities Agreement shall be amended as follows (it being specified that the changes to be made are marked-up below against the terms of the Senior Facilities Agreement for ease of reference only):

“The Parent procures that no dividend shall be distributed by it and no interest arising from a Subordinated Loan shall be paid unless in cash in case of:

(i) ~~the occurrence of an~~ no Event of Default has occurred and for so long as it is continuing; and or

(ii) the Leverage Ratio for the relevant period ending on the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed distribution or the payment of cash interest is made, as calculated on a pro forma basis (taking into account ~~the that proposed distribution and/or the payment of cash interest and any other distribution and/or payment of cash interest made since that Testing Date~~) for the Testing Date occurring immediately preceding the proposed distribution or payment of cash interest and for the Testing Date occurring immediately after the proposed distribution or payment of cash interest, being equal to or less higher than the covenanted Leverage Ratio to be complied with on each of these such relevant Testing Date s, and

(iii) the Parent has notified the Facility Agent that it reasonably estimates, to the best of its knowledge (taking into account the proposed distribution and/or payment of cash interest and any other distribution and/or payment of cash interest made since the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed distribution or the payment of cash interest is made), that the undertaking to comply with the covenanted Leverage Ratio set out in clause 17.17 (Financial Covenant) on the immediately next Testing Date falling after the date of the relevant distribution or payment of cash interest will be met.”

- b. clause 4.2 (*Permitted Payments*) of the Intercreditor Agreement shall be amended as follows (it being specified that the changes to be made are marked-up below against the terms of the Intercreditor Agreement for ease of reference only):

“Subject to Clauses 6 (Turnover of non-Permitted Payments) and 8 (Subordination on insolvency):

- (a) the Parent may pay, and the Shareholder may receive, dividends under the conditions set out in Clause 0 (Shareholder Undertaking).*

(b) *the relevant Subordinated Debtor may make, and a Subordinated Lender may receive, payments of cash interest arising from a Subordinated Loan (other than a Subordinated PIK Loan) not exceeding 5% per annum if:*

- (i) no Senior Default has occurred and is continuing, and

- (ii) the Leverage Ratio for the relevant period ending on the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed payment of cash interest is made, as calculated on a pro forma basis (taking into account the ~~that~~ proposed payment of cash interest and any other distribution in accordance with clause 4.6 (Shareholder Undertakings) and/or payment of cash interest made since that Testing Date) for the Testing Date immediately preceding the proposed payment date of cash interest and for the Testing Date occurring immediately after the proposed payment date of cash interest is equal to or less than the covenanted Leverage Ratio to be complied with on each of these ~~such~~ relevant Testing Date s, and

- (iii) the Parent has notified the Facility Agent that it reasonably estimates, to the best of its knowledge (taking into account the proposed payment of cash interest and any other distribution in accordance with clause 4.6 (Shareholder Undertakings) and/or payment of cash interest made since the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed payment of cash interest is made), that the undertaking to comply with the covenanted Leverage Ratio set out in clause 17.17 (Financial Covenant) of the Senior Facilities Agreement on the immediately next Testing Date falling after the date of the relevant payment of cash interest will be met.

The Parent on behalf of the relevant Subordinated Debtor shall provide the Facility Agent with a certificate confirming that the ~~three~~ ~~two~~ conditions listed above are satisfied at the relevant payment date of cash interest and the detail of the calculation of the Leverage Ratio on a pro forma basis according to paragraph (ii) above at least ten (10) Business Days prior to the payment of any cash interest under a Subordinated Loan.

(c) *No repayment of principal or payment of any sum under a Subordinated Loan other than the cash interest referred to under paragraph (b) above with respect to Subordinated Loans other than Subordinated PIK Loans will be authorised unless the Senior Finance Parties have given their prior consent provided however that any loan refinancing any of the Subordinated Loans (other than Subordinated PIK Loans) shall be*

approved by the Majority Senior Lenders and provided that such refinancing loan (i) provides for the same terms, conditions and quantum as the Subordinated Loan which is refinanced and (ii) is fully subordinated in accordance with this Agreement.”

2.2 The Parent hereby requests the consent of all Senior Finance Parties in accordance with the terms of paragraph of Clause 4.6 (*Shareholder Undertakings*) of the Intercreditor Agreement to amend the following clauses of the Intercreditor Agreement:

- a. clause 4.6 (*Shareholder Undertakings*) of the Intercreditor Agreement shall be amended as follows (it being specified that the changes to be made are marked-up below against the terms of the Intercreditor Agreement for ease of reference only):

“The Shareholder undertakes not to vote, and not to receive, any distribution of dividends, distributable reserves, share premium or any other type of distribution from the Parent ~~in case of~~ unless :

- (i) ~~the occurrence of a~~ no Senior Default has occurred and ~~for so long as it is continuing, or~~ and

- (ii) the Leverage Ratio for the relevant period ending on the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed distribution is made, as calculated on a pro forma basis (taking into account ~~the~~ that proposed distribution and any other distribution and/or payment of cash interest in accordance with clause 4.2 (Permitted Payments) made since that Testing Date) ~~for the Testing Date immediately preceding the proposed distribution date and for the Testing Date occurring immediately after the proposed distribution date, being higher is equal to or less than the covenanted Leverage Ratio to be complied with on each of these~~ such relevant Testing Date s, and

- (iii) the Parent has notified the Facility Agent that it reasonably estimates, to the best of its knowledge (taking into account the proposed distribution and any other distribution and/or payment of cash interest in accordance with clause 4.2 (Permitted Payments) made since the most recent Testing Date in respect of which a Compliance Certificate has been delivered to the Facility Agent prior to the date on which the proposed distribution is made), that the undertaking to comply with the covenanted Leverage Ratio set out in clause 17.17 (Financial Covenant) of the Senior Facilities Agreement on the immediately next Testing Date falling after the date of the relevant distribution will be met.

The Parent shall provide the Facility Agent with a certificate confirming that the ~~three~~ two conditions listed above are satisfied at the relevant distribution date and the detail of the calculation of the Leverage Ratio on a pro forma basis according to paragraph (ii) above at least ten (10) Business Days prior

to any distribution. Any distribution not complying with these conditions prior to the Senior Discharge Date can only occur with the prior consent of the Senior Finance Parties."

2.3 The Parent hereby further requests the consent of (i) all Senior Finance Parties in accordance with the terms of paragraph (vii) of Clause 25.2 (*Exceptions*) of the Senior Facilities Agreement to waive (x) the Relevant Default which has arisen under clause 4.6 (*Shareholder Undertakings*) of the Intercreditor Agreement and under clause 18.1.13 (*Breach of other obligations*) of the Senior Facilities Agreement and any other default arising as a result of the Company not having provided the Facility Agent with the certificate confirming compliance with the relevant conditions applicable to the relevant distribution at least ten (10) Business Days prior to the date of that distribution and (y) all their rights under the Finance Documents as a result of or in connection therewith.

3. Transfers

If a Lender transfers all or part of its Commitments under the Senior Facilities Agreement, the relevant transferee shall be bound by the terms of this letter.

4. Acceptance

We thank you for distributing, where applicable, this letter to the relevant Lenders, and for returning a countersigned copy of this letter no later than 24 March 2017.

By countersigning a copy of this letter, whereupon it shall become effective (the " **Effective Date** "), you hereby confirm the consent of (i) the Majority Lenders to the requests set out in paragraph 2.1 and (ii) all Senior Finance Parties to the requests set out in paragraphs 2.2 and 2.3 above.

As from the Effective Date:

- the Senior Facilities Agreement and the Intercreditor Agreement shall be deemed to be amended to reflect the amendments set out in paragraphs 2.1 and 2.2 above, as applicable;
- the provisions of the Senior Facilities Agreement and the Intercreditor Agreement (including their respective schedules) not otherwise amended by this letter shall remain in full force and effect; and
- any reference to a provision of the Senior Facilities Agreement or the Intercreditor Agreement, as the case may be, shall be construed as a reference to a provision of the Senior Facilities Agreement or the Intercreditor Agreement, as the case may be, as amended by this letter.

Save as expressly otherwise provided in this letter, nothing in this letter or in the Senior Facilities Agreement or in the Intercreditor Agreement as amended by this letter constitutes a novation of any rights or obligations of any party under the Senior Facilities Agreement or under the Intercreditor Agreement.

For the avoidance of doubt, the Parties agree that the countersignature of this letter by the Facility Agent shall constitute and be considered as notification of all other parties

under the Finance Documents as required under and in accordance with Clause 25.1(ii) of the Senior Facilities Agreement.

5. Governing law

This letter is governed by French law.

The *Tribunal de commerce de Paris* has exclusive jurisdiction to settle any dispute arising out of or in connection with this letter.

Yours sincerely,

The Parent

UGI France

(on behalf of itself and on behalf of the all other Obligors)

/s/ Eric Naddeo

By: Eric Naddeo

Title: *Président*

Natixis

as Facility Agent under the Senior Facilities Agreement and the Intercreditor Agreement (on behalf itself and on behalf of the Majority Lenders)

We hereby (x) confirm the consent of (i) the Majority Lenders to the requests set out in paragraph 2.1 of this letter and (ii) all Senior Finance Parties to the requests set out in paragraphs 2.2 and 2.3 of this letter and (y) confirm that all other parties to the Finance Documents have been notified according to Clause 25.1(ii) of the Senior Facilities Agreement.

By: /s/ Sharon Jones /s/ Gilles Panetto
Name: Sharon Jones Gilles Panetto
Date:

CERTIFICATION

I, John L. Walsh, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ John L. Walsh

John L. Walsh
President and Chief Executive Officer of
UGI Corporation

CERTIFICATION

I, Kirk R. Oliver, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Kirk R. Oliver

Kirk R. Oliver

Chief Financial Officer of UGI Corporation

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

I, John L. Walsh, Chief Executive Officer, and I, Kirk R. Oliver, 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-Q for the period ended June 30, 2017 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHIEF EXECUTIVE OFFICER

/s/ John L. Walsh

John L. Walsh

Date: August 4, 2017

CHIEF FINANCIAL OFFICER

/s/ Kirk R. Oliver

Kirk R. Oliver

Date: August 4, 2017