UGI CORP /PA/
Form 10-Q
February 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 31, 2008
OR

o **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	23-2668356
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

19406
(Zip Code)

(610) 337-1000
(Registrant s telephone number, including area code)

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

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

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

At January 31, 2009, there were 108,012,824 shares of UGI Corporation Common Stock, without par value, outstanding.

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

	December 31, 2008	September 30, 2008	December 31, 2007
ASSETS			
Current assets			
Cash and cash equivalents	$ 175.5	$ 245.2	$ 212.3
Restricted cash	116.4	70.3	19.7
Accounts receivable (less allowances for doubtful accounts of $52.6, $40.8 and $36.3, respectively)	759.8	488.0	903.1
Accrued utility revenues	90.2	20.8	82.1
Inventories	345.2	400.8	393.6
Deferred income taxes	94.6	27.5	17.3
Utility regulatory assets	47.0	16.0	14.6
Partnership collateral deposits	131.8	17.8	
Derivative financial instruments	8.0	12.7	36.9
Prepaid expenses and other current assets	27.4	39.5	17.9
Total current assets	1,795.9	1,338.6	1,697.5
Property, plant and equipment, at cost (less accumulated depreciation and amortization of $1,640.7, $1,515.1 and $1,416.3, respectively)	2,707.5	2,449.5	2,419.0
Goodwill	1,525.4	1,489.7	1,513.6
Intangible assets (less accumulated amortization of $93.7, $90.1 and $90.2, respectively)	154.4	155.0	171.7
Utility regulatory assets	103.4	91.4	90.6
Investments in equity investees	63.9	63.1	66.0
Other assets	95.7	97.7	109.7
Total assets	$ 6,446.2	$ 5,685.0	$ 6,068.1
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities			
Current maturities of long-term debt	$ 81.2	$ 81.8	$ 14.4
UGI Utilities bank loans	283.0	57.0	257.0
AmeriGas Propane bank loans	146.0		67.0
Other bank loans	8.7	79.4	9.7
Accounts payable	546.7	461.8	714.1
Derivative financial instruments	251.6	103.2	15.8
Other current liabilities	481.9	401.0	400.0
Total current liabilities	1,799.1	1,184.2	1,478.0

Long-term debt	2,090.5	1,987.3	2,052.5
Deferred income taxes	446.2	491.0	522.4
Deferred investment tax credits	5.9	6.0	6.3
Other noncurrent liabilities	559.2	439.6	391.9
Total liabilities	4,900.9	4,108.1	4,451.1
Commitments and contingencies (note 8)			
Minority interests, principally in AmeriGas Partners	137.4	159.2	213.7
Common Stockholders Equity			
Common Stock, without par value (authorized - 300,000,000 shares; issued - 115,247,694, 115,247,694 and 115,152,994 shares, respectively)	860.4	858.3	833.9
Retained earnings	725.0	630.9	556.7
Accumulated other comprehensive (loss) income	(121.7)	(15.2)	77.2
	1,463.7	1,474.0	1,467.8
Treasury stock, at cost	(55.8)	(56.3)	(64.5)
Total common stockholders equity	1,407.9	1,417.7	1,403.3
Total liabilities and stockholders equity	$ 6,446.2	$ 5,685.0	$ 6,068.1

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended December 31, 2008	2007
Revenues	$ 1,778.5	$ 1,764.7
Costs and expenses:		
Cost of sales (excluding depreciation shown below)	1,171.1	1,242.0
Operating and administrative expenses	313.0	286.7
Utility taxes other than income taxes	4.6	4.5
Depreciation and amortization	47.7	44.9
Other income, net	(47.3)	(9.6)
	1,489.1	1,568.5
Operating income	289.4	196.2
Loss from equity investees	(0.2)	(0.7)
Interest expense	(37.1)	(36.1)
Income before income taxes and minority interests	252.1	159.4
Income taxes	(68.2)	(48.5)
Minority interests, principally in AmeriGas Partners	(69.0)	(30.9)
Net income	$ 114.9	$ 80.0
Earnings Per Common Share:		
Basic	$ 1.06	$ 0.75
Diluted	$ 1.05	$ 0.74
Average common shares outstanding (millions):		
Basic	108.224	106.981
Diluted	109.009	108.318
Dividends declared per common share	$ 0.1925	$ 0.1850

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 114.9	$ 80.0
Reconcile to net cash from operating activities:		
Depreciation and amortization	47.7	44.9
Minority interests, principally in AmeriGas Partners	69.0	30.9
Gain on sale of California storage facility	(39.9)	
Deferred income taxes, net	(29.2)	8.7
Provision for uncollectible accounts	17.7	7.8
Net change in settled accumulated other comprehensive income	(31.3)	8.0
Other, net	(4.4)	(2.5)
Net change in:		
Accounts receivable and accrued utility revenues	(340.0)	(511.4)
Inventories	78.1	(33.3)
Deferred fuel costs	10.1	2.6
Accounts payable	73.8	289.1
Partnership collateral deposits	(114.0)	
Other current assets	14.1	0.7
Other current liabilities	73.0	(8.1)
Net cash used by operating activities	(60.4)	(82.6)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(72.9)	(51.8)
Acquisitions of businesses, net of cash acquired	(300.7)	1.2
Proceeds from sale of California storage facility	42.4	
Net proceeds from disposals of assets	0.5	3.9
Increase in restricted cash	(46.1)	(6.9)
Other, net		(2.1)
Net cash used by investing activities	(376.8)	(55.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(20.8)	(19.7)
Distributions on AmeriGas Partners publicly held Common Units	(20.7)	(19.7)
Issuances of debt	108.0	
Repayments of debt	(0.6)	(0.8)
Increase in UGI Utilities bank loans	226.0	67.0
Increase in AmeriGas Propane bank loans	146.0	67.0
Other bank loans (decrease) increase	(65.9)	0.6

Issuances of UGI Common Stock		1.7		1.6
Net cash provided by financing activities		373.7		96.0
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(6.2)		2.8
Cash and cash equivalents decrease	$	(69.7)	$	(39.5)
Cash and cash equivalents:				
End of period	$	175.5	$	212.3
Beginning of period		245.2		251.8
Decrease	$	(69.7)	$	(39.5)

See accompanying notes to condensed consolidated financial statements.

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UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

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

1. Basis of Presentation

UGI Corporation (UGI) is a holding company that, through subsidiaries and joint-venture affiliates, distributes and markets energy products and related services. In the United States, we own and operate (1) a retail propane distribution business; (2) natural gas and electric distribution utilities; (3) electricity generation facilities; and (4) energy marketing and related businesses. Internationally, we distribute liquefied petroleum gases (LPG) in France, central and eastern Europe and China. We refer to UGI and its consolidated subsidiaries collectively as the Company or we.

We conduct a national propane distribution business through AmeriGas Partners, L.P. (AmeriGas Partners) and its principal operating subsidiaries AmeriGas Propane, L.P. (AmeriGas OLP) and AmeriGas OLP s subsidiary, AmeriGas Eagle Propane, L.P. (Eagle OLP). AmeriGas Partners, AmeriGas OLP and Eagle OLP are Delaware limited partnerships. UGI s wholly owned second-tier subsidiary AmeriGas Propane, Inc. (the General Partner) serves as the general partner of AmeriGas Partners and AmeriGas OLP. AmeriGas OLP and Eagle OLP (collectively referred to as the Operating Partnerships) comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states. We refer to AmeriGas Partners and its subsidiaries together as the Partnership and the General Partner and its subsidiaries, including the Partnership, as AmeriGas Propane. At December 31, 2008, the General Partner and its wholly owned subsidiary Petrolane Incorporated (Petrolane) collectively held a 1% general partner interest and 42.9% limited partner interest in AmeriGas Partners, and an effective 44.4% ownership interest in AmeriGas OLP and Eagle OLP. Our limited partnership interest in AmeriGas Partners comprises 24,691,209 AmeriGas Partners Common Units (Common Units). The remaining 56.1% interest in AmeriGas Partners comprises 32,322,742 publicly held Common Units representing limited partner interests.

Our wholly owned subsidiary UGI Enterprises, Inc. (Enterprises) through subsidiaries (1) conducts an LPG distribution business in France; (2) conducts LPG distribution businesses and participates in an LPG joint-venture business, Zentraleuropa LPG Holding (ZLH), in central and eastern Europe (collectively, Flaga); and (3) participates in an LPG joint-venture business in the Nantong region of China. Our LPG distribution business in France is conducted through Antargaz, a subsidiary of AGZ Holding (AGZ), and its operating subsidiaries (collectively, Antargaz). We refer to our foreign operations collectively as International Propane.

Our natural gas and electric distribution utility businesses are conducted through our wholly owned subsidiary UGI Utilities, Inc. and its subsidiaries UGI Penn Natural Gas, Inc. (UGIPNG) and UGI Central Penn Gas, Inc (CPG). UGI Utilities, UGIPNG and CPG own and operate natural gas distribution utilities in eastern, northeastern and central Pennsylvania. UGI Utilities also owns and operates an electric distribution utility in northeastern Pennsylvania (Electric Utility). UGI Utilities, Inc. s natural gas distribution utility is referred to herein as UGI Gas; UGIPNG s natural gas distribution utility is referred to herein as PNG Gas; and CPG s natural gas distribution utility, which was acquired on October 1, 2008 (see Note 9), is referred to herein as CPG Gas. UGI Gas, PNG Gas and CPG Gas are collectively referred to as Gas Utility. Gas Utility is subject to regulation by the Pennsylvania Public Utility Commission (PUC) and the Maryland Public Service Commission, and Electric Utility is subject to regulation by the PUC.

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Through other subsidiaries, Enterprises also conducts an energy marketing business primarily in the eastern United States (collectively, Energy Services). Energy Services wholly owned subsidiary, UGI Development Company (UGID), owns and operates a 48-megawatt coal-fired electric generation station located in northeastern Pennsylvania and owns an approximate 6% interest in a 1,711-megawatt coal-fired electric generation station located in western Pennsylvania. UGID recently completed construction of an 11-megawatt landfill gas powered electricity generation facility. In addition, Energy Services wholly owned subsidiary UGI Asset Management, Inc., through its subsidiary Atlantic Energy, Inc. (collectively, Asset Management), owns a propane storage terminal located in Chesapeake, Virginia. Through other Enterprises subsidiaries, we own and operate heating, ventilation, air-conditioning, refrigeration and electrical contracting services businesses in the Middle Atlantic states (HVAC/R).

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

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2008 condensed consolidated balance sheet data were derived from audited financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2008 (Company s 2008 Annual Report). Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Restricted Cash. Restricted cash represents those cash balances in our commodity futures brokerage accounts which are restricted from withdrawal.

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

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

	Three Months Ended December 31,	
	2008	2007
Denominator (millions of shares):		
Average common shares outstanding for basic computation	108.224	106.981
Incremental shares issuable for stock options and awards	0.785	1.337
Average common shares outstanding for diluted computation	109.009	108.318

Comprehensive Income. The following table presents the components of comprehensive income for the three months ended December 31, 2008 and 2007:

	Three Months Ended December 31,	
	2008	2007
Net income	$ 114.9	$ 80.0
Other comprehensive (loss) income	(106.5)	19.5
Comprehensive income	$ 8.4	$ 99.5

Other comprehensive (loss) income principally comprises (1) gains and losses on derivative instruments qualifying as cash flow hedges principally commodity instruments, interest rate protection agreements, interest rate swaps and foreign currency derivatives, net of reclassifications to net income; (2) actuarial gains and losses on postretirement benefit plans; and (3) foreign currency translation adjustments. In addition, effective December 31, 2008, UGI Utilities merged two of the defined benefit pension plans that it sponsors. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 87, Employers Accounting for Pensions (SFAS 87),v were required to remeasure the merged plan s assets and obligations and, in accordance with SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an Amendment of FASB Statements No. 87, 88, 106 and 132(R) (SFAS 158) record the funded status at December 31, 2008 in our Condensed Consolidated Balance Sheet. The remeasurement resulted in an increase in other comprehensive loss of $38.7 during the three months ended December 31, 2008 (see Note 7). The significant increase in other comprehensive loss for the three months ended December 31, 2008 also reflects the effects of declining LPG and natural gas prices on derivative commodity financial instruments.

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

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

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Income Taxes. As a result of settlements with tax authorities during the three months ended December 31, 2008, the Company adjusted its unrecognized tax benefits which reduced income tax expense and increased net income by $2.0.

Newly Adopted Accounting Standards. We adopted the provisions of SFAS No. 157, Fair Value Measurements (SFAS 157), effective October 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In February 2008, the Financial Accounting Standards Board (FASB) issued two FASB Staff Positions (FSPs) amending SFAS 157. FSP SFAS 157-1 amends SFAS 157 to exclude SFAS No. 13, Accounting for Leases, and its related interpretive accounting pronouncements that address leasing transactions. FSP SFAS 157-2 delays the effective date of SFAS 157 until fiscal years beginning after November 15, 2008 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The standard, as amended by FSP SFAS 157-1 and FSP SFAS 157-2, applies to new fair value measurements for the Company as follows: effective October 1, 2008 (Fiscal 2009) the standard applies to our measurements of fair values of financial instruments (including the assets of our previously mentioned merged pension plan as of December 31, 2008) and recurring fair value measurement of non-financial assets and liabilities; on October 1, 2009 (Fiscal 2010), the standard will apply to all remaining fair value measurements including nonrecurring measurements of non-financial assets and liabilities such as potential impairments of goodwill, other intangible assets and other long-lived assets. It will also apply to non-financial assets acquired and liabilities assumed that are initially measured at fair value in a business combination but that are not subject to remeasurement at fair value in subsequent periods. In October 2008, the FASB issued FSP FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active which clarifies the application of SFAS 157 to financial assets in a market that is not active. FSP 157-3 allows for the use of unobservable inputs in determining the fair value of a financial asset when relevant observable inputs do not exist or when observable inputs require significant adjustment based on unobservable data. FSP 157-3 did not have an impact on our results of operations or financial condition. See Note 6 for further information on fair value measurements in accordance with SFAS 157.

Effective October 1, 2008, we adopted FSP No. FIN 39-1, Amendment of FASB Interpretation No. 39 (FSP 39-1). FSP 39-1 permits companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. In addition, upon the adoption, companies are permitted to change their accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. FSP 39-1 requires retrospective application for all periods presented. We have elected to continue our policy of reflecting derivative asset or liability positions, as well as cash collateral, on a gross basis in our Condensed Consolidated Balance Sheets. Accordingly, the adoption of FSP 39-1 did not impact our financial statements.

Also effective October 1, 2008, we adopted SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). Under SFAS 159, we may elect to report individual financial instruments and certain items at fair value with changes in fair value reported in earnings. Once made, this election is irrevocable for those items. The adoption of SFAS 159 did not impact our financial statements.

Recently Issued Accounting Standards Not Yet Adopted. In April 2008, the FASB issued FSP No. SFAS 142-3, Determination of the Useful Life of Intangible Assets (FSP SFAS 142-3). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R), and other applicable accounting literature. FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (Fiscal 2010) and must be applied prospectively to intangible assets acquired after the effective date. We are currently evaluating the provisions of FSP SFAS 142-3.

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In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161). SFAS 161 requires enhanced disclosures in the following areas: (1) qualitative disclosures about the overall objectives and strategies for using derivatives; (2) quantitative disclosures of the fair value of the derivative instruments and related gains and losses in a tabular format; and (3) credit-risk-related contingent features in derivative instruments. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008 (second quarter of Fiscal 2009). We are currently evaluating the impact of the provisions of SFAS 161 on our future disclosures.

In December 2007, the FASB issued SFAS 141R, Business Combinations. SFAS 141R applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS 141R establishes, among other things, principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognizes and measures the goodwill acquired in a business combination or gain from a bargain purchase; and (3) determines what information with respect to a business combination should be disclosed. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008 (Fiscal 2010). Among the more significant changes in accounting for acquisitions are (1) transaction costs will generally be expensed (rather than being included as costs of the acquisition); (2) contingencies, including contingent consideration, will generally be recorded at fair value with subsequent adjustments recognized in operations (rather than as adjustments to the purchase price); and (3) decreases in valuation allowances on acquired deferred tax assets will be recognized in operations (rather than decreases in goodwill). Generally, the effects of SFAS 141R will depend on future acquisitions.

Also in December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). SFAS 160 is effective for us on October 1, 2009 (Fiscal 2010). This standard will significantly change the accounting and reporting relating to noncontrolling interests in a consolidated subsidiary. After adoption, noncontrolling interests ($137.4, $159.2 and $213.7 at December 31, 2008, September 30, 2008 and December 31, 2007, respectively) will be classified as stockholders equity, a change from its current classification as minority interests between liabilities and stockholders equity. Earnings attributable to minority interests ($69.0 and $30.9 in the three months ended December 31, 2008 and 2007, respectively) will be included in net income, although such income will continue to be deducted to measure earnings per share. In addition, changes in a parent s ownership interest while retaining control will be accounted for as equity transactions and any retained noncontrolling equity investments in a former subsidiary will be initially measured at fair value.

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

2. Intangible Assets

The Company s intangible assets comprise the following:

	December 31, 2008	September 30, 2008	December 31, 2007
Goodwill (not subject to amortization)	$ 1,525.4	$ 1,489.7	$ 1,513.6
Other intangible assets:			
Customer relationships, noncompete agreements and other	$ 200.7	$ 197.3	$ 212.3
Trademark (not subject to amortization)	47.4	47.8	49.6
Gross carrying amount	248.1	245.1	261.9
Accumulated amortization	(93.7)	(90.1)	(90.2)
Net carrying amount	$ 154.4	$ 155.0	$ 171.7

The increase in goodwill and other intangible assets during the three months ended December 31, 2008 principally reflects the effects of acquisitions. Amortization expense of intangible assets was $4.4 and $4.6 for the three months ended December 31, 2008 and 2007, respectively. No amortization is included in cost of sales in the Condensed Consolidated Statements of Income. Our expected aggregate amortization expense of intangible assets for the next five fiscal years is as follows: Fiscal 2009 $17.5; Fiscal 2010 $16.0; Fiscal 2011 $15.5; Fiscal 2012 $15.4; Fiscal 2013 $14.8.

3. Segment Information

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

The accounting policies of the six segments disclosed are the same as those described in Note 1, Organization and Significant Accounting Policies, in the Company s 2008 Annual Report. We evaluate AmeriGas Propane s performance principally based upon the Partnership s earnings before interest expense, income taxes, depreciation and amortization (Partnership EBITDA). Although we use Partnership EBITDA to evaluate AmeriGas Propane s profitability, it should not be considered as an alternative to net income (as an indicator of operating performance) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America. We evaluate the performance of our International Propane, Gas Utility, Electric Utility and Energy Services segments principally based upon their income before income taxes.

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3. Segment Information (continued)

Three Months Ended December 31, 2008:

			Reportable Segments						
							International Propane		
	Total	Elims.	AmeriGas Propane	Gas Utility	Electric Utility	Energy Services	Antargaz	Other (a)	Corporate & Other (b)
Revenues	$ 1,778.5	$ (56.0)	$ 727.1	$ 410.4	$ 35.9	$ 359.1	$ 264.8	$ 12.3	$ 24.9