

UGI CORP /PA/
Form 8-K
August 24, 2006

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 18, 2006

UGI Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

1-11071

23-2668356

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

460 No. Gulph Road, King of Prussia,
Pennsylvania

19406

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

610 337-1000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.

On August 18, 2006, UGI Utilities, Inc. ("UGI Utilities"), a subsidiary of the Registrant, entered into an unsecured Credit Agreement (the "Credit Agreement") among UGI Utilities, as borrower, Credit Suisse Securities (USA), LLC as Syndication Agent, Credit Suisse, Cayman Islands Branch, as Administrative Agent, Credit Suisse Securities (USA), LLC, Citigroup Global Markets Inc. and Wachovia Capital Markets, LLC as Joint Lead Arrangers (collectively, the "Lead Arrangers") and the financial institutions from time to time parties thereto as lenders (collectively, the "Lenders").

Under and subject to the terms and conditions of the Credit Agreement, on August 24, 2006 the Lenders made a term loan to UGI Utilities in the aggregate amount of \$275 million. UGI Utilities used the proceeds of the loan made under the Credit Agreement to finance a portion of the purchase price for the acquisition of all of the natural gas utility assets of PG Energy, a division of Southern Union Company, and all of the stock of PG Energy Services Inc., a subsidiary of Southern Union Company (together, the "Acquisition"), and to pay related costs and expenses.

At UGI Utilities' election from time to time, borrowings under the Credit Agreement will bear interest at a rate equal to (i) the Eurodollar Rate plus the applicable margin under the Credit Agreement ("eurodollar rate advances") or (ii) the higher of the Federal Funds Rate plus 0.50% or the base rate of interest publicly announced by Credit Suisse in New York, N.Y. from time to time, in each case plus the applicable fees due under the Credit Agreement. The margin on eurodollar rate advances will be based on the credit ratings assigned to certain indebtedness of UGI Utilities.

The Maturity Date under the Credit Agreement is August 23, 2007, which is 364 days after the conditions precedent to borrowing under the Credit Agreement were met. The loans under the Credit Agreement must be repaid upon the receipt by UGI Utilities of net cash proceeds from the incurrence of any new indebtedness (other than intercompany indebtedness and indebtedness under UGI Utilities' revolving credit facility) and the sale of any equity interests in the capital markets, in each case in an amount equal to such net cash proceeds. UGI Utilities may also voluntarily prepay its borrowings under the Credit Agreement, in whole or in part, without any premium or penalty.

The Credit Agreement contains customary representations and warranties and affirmative and negative covenants for agreements of this type, including, among others, a covenant regarding the maintenance of a financial ratio, covenants relating to financial reporting, compliance with laws, payment of taxes, preservation of existence, books and records, maintenance of properties and insurance, limitations on liens, restrictions on mergers and restrictions on sales of all or substantially all of UGI Utilities' assets, and limitations on changes in the nature of UGI Utilities' business.

The Credit Agreement provides for customary events of default, including, among other things, the event of nonpayment of principal, interest, fees or other amounts, a representation or warranty proving to have been incorrect when made, failure to perform or observe covenants within a specified period of time, a cross-default to other UGI Utilities' indebtedness of a specified amount, the bankruptcy or insolvency of UGI Utilities, monetary judgment defaults of a specified amount, a change of control of UGI Utilities, and ERISA defaults resulting in liability of a specified amount. In the event of a default by UGI Utilities, the requisite number of Lenders (or the agent at their request) may declare all amounts owed under the Credit Agreement immediately due and payable. For defaults related to insolvency and receivership, all outstanding loans and other amounts will become immediately due and payable. Under the terms of the Credit Agreement, a 2% interest penalty may apply to any outstanding amount not paid when due or that remains outstanding while an event of default exists.

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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 hereunto duly authorized.

UGI Corporation

August 24, 2006

By: *Robert W. Krick*

Name: Robert W. Krick
Title: Vice President and Treasurer