

**UGI UTILITIES, INC.**

**CHARTER**  
**of the AUDIT COMMITTEE**  
**of the BOARD OF DIRECTORS**

The Board of Directors of UGI Utilities, Inc. (the “Company”) has determined that the Audit Committee of the Board shall assist the Board in fulfilling certain of the Board’s oversight responsibilities. The Board hereby adopts this charter to establish the governing principles of the Audit Committee.

***The Scope of the Audit Committee’s Responsibilities***

The Audit Committee is to assist the Board in fulfilling its oversight responsibilities:

- A. to oversee the quality and integrity of the Company’s financial statements and related disclosure and the adequacy of the Company’s accounting and auditing processes, disclosure controls and procedures and internal control over financial reporting;
- B. to become knowledgeable about and to review the Company’s compliance with applicable legal and regulatory requirements;
- C. to monitor the qualifications, independence and performance of the Company’s independent registered public accountants (“Independent Accountants”), the performance of the internal audit function, and the qualifications of the internal audit staff; and
- D. to provide a means for open communication among the Company’s Independent Accountants, management, internal audit staff and the Board.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the role or responsibility of the Audit Committee to (i) determine that the Company’s financial statements are complete and accurate or prepared in accordance with generally accepted accounting principles or (ii) assure compliance with applicable laws and regulations and the Company’s codes of conduct. The primary responsibility for these matters rests with the Company’s management. Nor is it the duty of the Audit Committee to plan or conduct audits. The Independent Accountants and management are responsible for planning and conducting audits of the financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information and on the accuracy of the financial and other information provided to the Committee by such persons or organizations.

### ***Membership of the Audit Committee***

A. The Board shall appoint the members of the Audit Committee at the Board's annual organizational meeting on the recommendation of the Corporate Governance Committee, and the members shall serve until the next such meeting or until their successors are appointed by the Board. The Board may also fill interim vacancies and remove and replace any member of the Committee at any time. The Board shall designate one member to serve as Chair of the Committee.

B. The Audit Committee shall be composed of not less than three members who are neither officers nor employees of the Company or any of its affiliates. The members will be Directors who are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as Committee members. At least one member of the Committee shall have accounting or related financial management expertise. All of the members shall meet the independence, financial literacy and other requirements of all applicable rules and regulations of the Securities and Exchange Commission (the "SEC") and of the principal market (i.e., New York Stock Exchange) or transaction reporting system on which the Company's securities are traded or quoted (collectively, the "Exchanges"). A Director who is serving on the audit committee of three or more public companies shall not be appointed or reappointed to the Audit Committee unless the Board determines that such simultaneous service would not impair the Director's ability to serve effectively on the Audit Committee.

### ***Meetings of the Audit Committee***

The Audit Committee shall hold at least four regular meetings annually and such other meetings as may be called by the Chair of the Committee or at the request of the Independent Accountants, the head of internal audit staff (the "General Auditor") or management. Periodically, the Audit Committee shall meet separately with management, the General Auditor and the Independent Accountants.

### ***Responsibilities of the Audit Committee***

The Audit Committee shall have the responsibility to:

A. Business and Financial Risks and Internal Controls

- discuss with management, the Independent Accountants and the General Auditor the quality and integrity of the Company's financial statements and related disclosure and the adequacy of the Company's accounting and auditing processes, information technology processes and controls, disclosure controls and procedures and internal control over financial reporting;
- review management's assessment of the Company's internal control over financial reporting;

- review with management, the Independent Accountants and the General Auditor the Company's policies and procedures for compliance with applicable legal and regulatory requirements, including all certifications of financial statements and other financial information and internal controls over financial reporting required to be given by the senior executive and financial officers;
- review and discuss material written communications between the Independent Accountants and management;
- monitor compliance with the Company's code of ethical conduct for the chief executive officer and senior financial officers (including its provisions with respect to conflicts of interest) and with the procedures adopted to enforce compliance with it and act on any request for a waiver of compliance;
- discuss the Company's policies with respect to risk assessment and risk management;
  - monitor compliance with the Company's Enterprise Risk Management Policies;
- review and, if acceptable, approve any transactions involving the Company in which a Director or an executive officer has a material interest within the meaning of the applicable rules of the SEC;
- establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, and auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- investigate any matter brought to the Committee's attention within the scope of its duties.

B. The Independent Registered Public Accountants ("Independent Accountants")

- exercise sole authority to appoint, retain, fix the compensation of and oversee the performance of the Independent Accountants employed by the Company to audit its financial statements;
- approve in advance all other services to be provided by the Independent Accountants and the fees and other compensation to be paid for such services;
- advise the Independent Accountants that they report directly to the Audit Committee and that their ultimate responsibility is to the Board and the Audit Committee;

- evaluate annually the effectiveness and objectivity of the Independent Accountants;
- obtain and review annually from the Independent Accountants a formal written statement identifying all relationships between the Independent Accountants and the Company and its affiliates, discuss with the Independent Accountants any disclosed relationships that may impact the objectivity and independence of the Independent Accountants, and satisfy itself of the objectivity and independence of the Independent Accountants;
- obtain and review annually, or more frequently as the Committee considers appropriate, a report from the Independent Accountants describing: the Independent Accountants' internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the Independent Accountants, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding five years, respecting independent audits carried out by the Independent Accountants, and any steps taken to deal with these issues;
- set clear Company hiring policies for employees or former employees of the Independent Accountants;
- regularly review with the Independent Accountants any audit problems or difficulties, including any restrictions on the scope of the Independent Accountants' activities or on access to requested information, and any significant disagreements with management; and management's response to same; and
- review the personal use of the Independent Accountants by any member of the Audit Committee, or by any employee of the Company in a financial reporting oversight role.

C. The Financial Reporting Process

- review:
  - (1) the adoption and application of and major changes to critical accounting policies and estimates used in preparing the financial statements;
  - (2) the major issues regarding accounting principles and financial statement presentations, including significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;

(3) analyses prepared by management and/or the Independent Accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;

(4) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

(5) the type and presentation of information to be included in Company's earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as any financial information and earnings guidance provided to analysts and rating agencies;

- meet with the Independent Accountants and management to discuss the proposed scope of the audit, including any items that the Independent Accountants are required to discuss with the Audit Committee, such as, any significant changes to accounting policies, the integrity of the financial reporting process and any proposed changes or improvements in financial, accounting or auditing practices;

- meet to review and discuss with management and the Independent Accountants the Company's quarterly financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Quarterly Report on Form 10-Q and any other matters that the Independent Accountants are required to discuss with management;

- meet to review and discuss with management and the Independent Accountants the Company's annual audited financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any other matters that the Independent Accountants are required to discuss with management; and, based on such review and discussions, recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K;

- make such disclosures with respect to the Committee as may be required in the Company's Annual Report on Form 10-K; and

- review audit reports on the operation of retirement plans for the Company.

D. The Internal Audit Process

- review, assess and approve the charter for the internal audit function;

- review and approve the annual internal audit plan prepared by the internal audit staff and discuss with the General Auditor any significant changes to and the implementation of the internal audit plan;
- discuss with the General Auditor the results of internal audits, any recommendations made to management as a result of internal audits and management's responses to those recommendations; and
- oversee the activities, organizational structure and performance of the internal audit function, including the qualifications of the internal audit staff.

E. Other Matters

- review and reassess the adequacy of this charter on an annual basis and recommend changes to the Board as needed;
- report to the Board the matters discussed at each meeting of the Audit Committee;
- keep an open line of communication with management, the internal audit staff, the Independent Accountants and the Board;
- review annually the expenses submitted by the Chief Executive Officer for payment or reimbursement by the Company;
- review annually the amount and status of any loans made to officers of the Company;
- retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. The Company shall provide appropriate funding, as determined by the Committee, for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, as well as for appropriate funding, as determined by the Committee, for payment of compensation to the Independent Accountants;
- conduct an annual performance self-evaluation of the Committee and report to the Board the results of that self-evaluation; and
- perform other functions as assigned by the Board.

Approved by the Board of Directors on February 23, 2005.

Approved by the Board of Directors on July 31, 2007.

Approved by the Board of Directors on January 20, 2011.