UGI CORP /PA/
Form 8-K
January 24, 2011

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): January 24, 2011

# 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.**

UGI Corporation (the "Company") has agreed to pay an annual salary and provide certain other benefits to Mr. Robert C. Flexon in connection with his service commencing February 14, 2011 as Chief Financial Officer of the Company. A description of the employment arrangement is set forth in Item 5.02 below and is being filed as Exhibit 10.1 to this Current Report on Form 8-K.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On January 24, 2011, the Company announced that, effective February 14, 2011, Robert C. Flexon, age 52, will serve as Chief Financial Officer of the Company, replacing Peter Kelly in that position, who, as previously announced, will retire effective February 13, 2011.

Mr. Flexon is the former Chief Executive Officer of Foster Wheeler AG, a global engineering and construction contractor and power equipment supplier, a position in which he served from June to October 2010. He also served as a director of Foster Wheeler AG from 2006 to 2009 and from May to October 2010. Previously, he was President and Chief Executive Officer of Foster Wheeler USA from November 2009 to May 2010. Prior to joining Foster Wheeler, Mr. Flexon was Executive Vice President and Chief Financial Officer of NRG Energy, Inc., a wholesale power generation company, a position which he held from February to November 2009. He previously served as Executive Vice President and Chief Operating Officer of NRG Energy, Inc. from March 2008 to February 2009 and as Executive Vice President and Chief Financial Officer of NRG Energy, Inc. from 2004 to 2008. Prior to joining NRG Energy, Inc., Mr. Flexon held executive positions with Hercules, Inc., a manufacturer of specialty chemicals, and various key positions, including General Auditor, with Atlantic Richfield Company.

Mr. Flexon's annual base salary will be $475,020 and he will participate in the Company's annual bonus plan. His target annual bonus plan opportunity, as a percentage of annual base salary, will be 75%, prorated for fiscal year 2011 based on his date of hire.

Mr. Flexon will participate in the Company's long-term compensation plan, the UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 ("2004 Plan"). The Company's Board of Directors approved awards to Mr. Flexon under the 2004 Plan to be effective February 14, 2011 as follows:

1) an award of 30,000 stock units with dividend equivalents, with a three year vesting period;

2) an award of 75,000 stock options, with a ten-year term which will vest in equal thirds over a three-year period beginning on the anniversary of the date of grant, with an option price equal to the fair market value of a share of the Company's common stock on the date of grant;

3) an award of 15,000 performance units with dividend equivalents which may be earned at the end of the 2011-2013 measurement period based on the Company's total shareholder return ("TSR") relative to the TSR of the companies in the Russell Midcap Utilities Index, excluding telecommunications companies, for the three-year period ending December 31, 2013; and

4) a transition award of 15,000 performance units with dividend equivalents; 5,000 of these performance units may be earned at the end of the 2009-2011 measurement period based on the Company's TSR relative to the TSR of the companies in the S&P Utilities Index for the three-year period ending December 31, 2011; and 10,000 of these performance units may be earned at the end of the 2010-2012 measurement period based on the Company's TSR relative to the TSR of the companies in the S&P Utilities Index for the three-year period ending December 31, 2012. The Board of Directors changed the Company's peer group for valuing long-term incentive compensation from the S&P Utilities Index to the Russell Midcap Utilities Index, excluding telecommunications companies, effective beginning with the 2011-2013 measurement period.

Pursuant to a change in control agreement, the Company will provide Mr. Flexon with cash benefits ("Benefits") if the Company terminates his employment without "cause" or if he terminates employment for "good reason" at any time within two years following a change in control of the Company. "Cause" generally includes (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. "Good reason" generally includes a material diminution in authority, duties, responsibilities or base compensation; a material breach by the Company of the terms of the agreement; and substantial relocation requirements.

If the events trigger a payment following a change in control, the Benefits payable to Mr. Flexon will be as specified under his change in control agreement unless payments under the Company's Senior Executive Employee Severance Plan ("Severance Plan") would be greater, in which case

Benefits would be provided under the Severance Plan. Benefits under this arrangement will be equal to three times his base salary and annual bonus. The annual bonus shall be calculated for this purpose as the greater of (x) the average annual cash bonus paid to Mr. Flexon for the three full fiscal years of the Company preceding the fiscal year in which the termination date occurs and (y) Mr. Flexon's target annual cash bonus for the fiscal year in which the termination date occurs. Mr. Flexon will also receive the cash equivalent of his target bonus, prorated for the number of months served in the fiscal year. In addition, Mr. Flexon will receive a cash payment based on the cost he would have incurred to continue medical and dental coverage under the Company’s plans for three years (less the amount Mr. Flexon would be required to contribute for such coverage if he were an active employee). Mr. Flexon will also receive his benefit under the Company’s 2009 Supplemental Executive Retirement Plan for New Employees ("SERP") and such benefit will be calculated as if he had continued in employment for three years. In addition, outstanding performance units, stock units and dividend equivalents will be paid in cash based on the fair market value of the Company’s common stock. Performance units will be paid in an amount equal to the greater of (i) the target award, or (ii) the award amount that would have been paid if the performance unit measurement period ended on the date of the change in control, as determined by the Company’s Compensation and Management Development Committee. In the event the Benefits would constitute "excess parachute payments," as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall reduce the value of the Benefits such that they are not subject to an excise tax under Section 280G of the Code.

Mr. Flexon will participate in the Company’s benefit plans, including the SERP and the Severance Plan. Under the SERP, the Company credits to each participant’s account annually an amount equal to 5 percent of the participant’s compensation (salary and annual bonus) up to the Code compensation limit ($245,000 in 2011) and 10 percent of compensation in excess of such limit. In addition, if any portion of the Company's matching contribution under the Company's qualified 401(k) Savings Plan ("Savings Plan") is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant’s account. Benefits vest on the fifth anniversary of a participant’s employment commencement date. Participants direct the investment of their account balances among a number of funds, which are generally the same funds available to participants in the Company's 401(k) Savings Plan, other than the Company’s stock fund. Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within fifteen days after expiration of a six-month postponement period following "separation from service" as defined in the Code. Amounts payable under the Company's SERP may be deferred in accordance with the Company’s 2009 Deferral Plan.

Under the Severance Plan, benefits are payable to Mr. Flexon if his employment is involuntarily terminated for any reason other than for just cause or as a result of his death or disability. Under the Severance Plan, "just cause" generally means (i) dismissal of an executive due to misappropriation of funds, (ii) substance abuse or habitual insobriety that adversely affects the executive’s ability to perform his or her job, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties. The Severance Plan provides for cash payments equal to Mr. Flexon’s compensation for a period of time ranging from six months to eighteen months depending on his length of service ("Continuation Period"). In addition, Mr. Flexon will receive the cash equivalent of his target bonus, prorated for the number of months served in the fiscal year prior to termination. However, if his termination occurs in the last two months of the fiscal year, the Company has the discretion to determine whether Mr. Flexon will receive a pro-rated target bonus, or the actual annual bonus which would have been paid after the end of the fiscal year, had Mr. Flexon’s entire bonus been contingent on meeting the Company’s financial performance goal, pro-rated for the number of months served. Under the Severance Plan, Mr. Flexon will receive a cash payment based on the cost he would have incurred to continue medical and dental coverage under the Company’s plans for the Continuation Period (less the amount Mr. Flexon would be required to contribute for such coverage if he were an active employee). The Severance Plan also provides for outplacement services for a period of twelve months following a participant’s termination of employment, and reimbursement for tax preparation services for the final year of employment. Provided that Mr. Flexon is eligible to retire, all payments under the Severance Plan may be reduced by an amount equal to the fair market value of certain equity-based awards, other than stock options, payable to Mr. Flexon after the termination of employment.

In order to receive benefits under the Severance Plan or his change in control agreement, Mr. Flexon is required to execute a release which discharges the Company and its subsidiaries from liability for any claims he may have against any of them, other than claims for amounts or benefits due him under any plan, program or contract provided by or entered into with the Company or its subsidiaries. The Severance Plan also requires Mr. Flexon to ratify any post-employment activities agreement in effect and to cooperate in attending to matters pending at the time of termination of employment.

In addition to the benefits set forth above, the employee savings plan and Company paid life and disability insurance are generally available to all employees. Mr. Flexon is also eligible for certain executive perquisites including tax preparation services and participation in the executive health maintenance program.

**Item 8.01 Other Events.**

On January 24, 2011, UGI Corporation announced that Robert C. Flexon was named Chief Financial Officer of the Company. A copy of the press release is furnished as Exhibit 99 to this report.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

10.1 Description of oral employment at-will arrangement between UGI Corporation and Mr. Robert Flexon.

99 Press Release of UGI Corporation dated January 24, 2011.

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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

*January 24, 2011*

By: *Jessica A. Milner*

*Name: Jessica A. Milner*
*Title: Assistant Secretary*

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Exhibit Index

| **Exhibit No.** | **Description** |
|---|---|
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| 99 | Press Release of UGI Corporation dated January 24, 2011. |