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 October 31, 2020

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 numbers: 001-11331, 333-06693-02, 000-50182 and 000-50183

Ferrellgas Partners, L.P.
Ferrellgas Partners Finance Corp.
Ferrellgas, L.P.
Ferrellgas Finance Corp.

(Exact name of registrants as specified in their charters)

Delaware Delaware Delaware Delaware	43-1698480 43-1742520 43-1698481 14-1866671
(States or other jurisdictions of incorporation or organization)	(I.R.S. Employer Identification Nos.)
7500 College Boulevard, Suite 1000, Overland Park, Kansas	66210
(Address of principal executive office)	(Zip Code)

Registrants' telephone number, including area code: (913) 661-1500

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted 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 registrants were required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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.

Ferrellgas Partners, L.P.:

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☒
			Emerging Growth Company ☐

Ferrellgas Partners Finance Corp, Ferrellgas, L.P. and Ferrellgas Finance Corp.:

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☒
			Emerging Growth Company ☐

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.

Ferrellgas Partners, L.P. and Ferrellgas, L.P. ☐

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Ferrellgas Partners, L.P. and Ferrellgas, L.P. Yes ☐ No ☒

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. Yes ☒ No ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
N/A	N/A	N/A

At November 30, 2020, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	97,152,665	Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock
Ferrellgas, L.P.	n/a	n/a
Ferrellgas Finance Corp.	1,000	Common Stock

Documents Incorporated by Reference: None

EACH OF FERRELLGAS PARTNERS FINANCE CORP. AND FERRELLGAS FINANCE CORP. MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(A) AND (B) OF FORM 10-Q AND ARE THEREFORE, WITH RESPECT TO EACH SUCH REGISTRANT, FILING THIS FORM 10-Q WITH THE REDUCED DISCLOSURE FORMAT.

FERRELLGAS PARTNERS, L.P.
FERRELLGAS PARTNERS FINANCE CORP.
FERRELLGAS, L.P.
FERRELLGAS FINANCE CORP.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)
(unaudited)

	October 31, 2020	July 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents (including $96,909 and $95,759 of restricted cash at October 31, 2020 and July 31, 2020, respectively)	$ 299,527	$ 333,761
Accounts and notes receivable, net (including $120,261 and $103,703 of accounts receivable pledged as collateral at October 31, 2020 and July 31, 2020, respectively)	119,488	101,438
Inventories	78,980	72,664
Prepaid expenses and other current assets	40,088	35,944
Total current assets	538,083	543,807
Property, plant and equipment, net	592,132	591,042
Goodwill, net	246,946	247,195
Intangible assets (net of accumulated amortization of $425,426 and $423,290 at October 31, 2020 and July 31, 2020, respectively)	101,812	104,049
Operating lease right-of-use assets	100,349	107,349
Other assets, net	73,522	74,748
Total assets	$ 1,652,844	$ 1,668,190
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 44,641	$ 33,944
Current portion of long-term debt	859,095	859,095
Current operating lease liabilities	28,280	29,345
Other current liabilities	186,938	167,466
Total current liabilities	1,118,954	1,089,850
Long-term debt	1,647,106	1,646,396
Operating lease liabilities	83,337	89,022
Other liabilities	49,543	51,190
Contingencies and commitments (Note L)		
Partners' deficit:		
Common unitholders (97,152,665 units outstanding at October 31, 2020 and July 31, 2020)	(1,171,359)	(1,126,452)
General partner unitholder (989,926 units outstanding at October 31, 2020 and July 31, 2020)	(71,741)	(71,287)
Accumulated other comprehensive income (loss)	5,534	(2,303)
Total Ferrellgas Partners, L.P. partners' deficit	(1,237,566)	(1,200,042)
Noncontrolling interest	(8,530)	(8,226)
Total partners' deficit	(1,246,096)	(1,208,268)
Total liabilities and partners' deficit	$ 1,652,844	$ 1,668,190

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except unit data)
(unaudited)

	For the three months ended October 31,	
	2020	**2019**
Revenues:		
Propane and other gas liquids sales	$ 281,049	$ 273,385
Other	19,845	19,829
Total revenues	300,894	293,214
Costs and expenses:		
Cost of sales - propane and other gas liquids sales	137,627	134,028
Cost of sales - other	3,667	3,681
Operating expense - personnel, vehicle, plant and other	109,027	114,543
Operating expense - equipment lease expense	6,830	8,388
Depreciation and amortization expense	21,390	19,219
General and administrative expense	13,080	9,695
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Operating income	7,752	630
Interest expense	(54,226)	(45,697)
Other income (expense), net	108	(132)
Loss before income taxes	(46,366)	(45,199)
Income tax expense	87	518
Net loss	(46,453)	(45,717)
Net loss attributable to noncontrolling interest	(391)	(373)
Net loss attributable to Ferrellgas Partners, L.P.	(46,062)	(45,344)
Less: General partner's interest in net loss	(461)	(453)
Common unitholders' interest in net loss	$ (45,601)	$ (44,891)
Basic and diluted net loss per common unit	$ (0.47)	$ (0.46)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	For the three months ended October 31, 2020	For the three months ended October 31, 2019
Net loss	$ (46,453)	$ (45,717)
Other comprehensive income (loss):		
Change in value of risk management derivatives	5,767	(13,627)
Reclassification of losses on derivatives to earnings, net	2,150	7,479
Other comprehensive income (loss)	7,917	(6,148)
Comprehensive loss	(38,536)	(51,865)
Less: Comprehensive loss attributable to noncontrolling interest	(311)	(435)
Comprehensive loss attributable to Ferrellgas Partners, L.P.	$ (38,225)	$ (51,430)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' DEFICIT
(in thousands)
(unaudited)

	Number of units							
	Common unitholders	General partner unitholder	Common unitholders	General partner unitholder	Accumulated other comprehensive income (loss)	Total Ferrellgas Partner, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
Balance at July 31, 2020	97,152.7	989.9	$ (1,126,452)	$ (71,287)	$ (2,303)	$ (1,200,042)	$ (8,226)	$ (1,208,268)
Contributions in connection with non-cash ESOP compensation charges	—	—	694	7	—	701	7	708
Net loss	—	—	(45,601)	(461)	—	(46,062)	(391)	(46,453)
Other comprehensive income	—	—	—	—	7,837	7,837	80	7,917
Balance at October 31, 2020	97,152.7	989.9	(1,171,359)	(71,741)	5,534	(1,237,566)	(8,530)	(1,246,096)

	Number of units							
	Common unitholders	General partner unitholder	Common unitholders	General partner unitholder	Accumulated other comprehensive loss	Total Ferrellgas Partner, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
Balance at July 31, 2019	97,152.7	989.9	$ (1,046,245)	$ (70,476)	$ (14,512)	$ (1,131,233)	$ (7,705)	$ (1,138,938)
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	779	8	—	787	8	795
Distributions	—	—	—	—	—	—	(1)	(1)
Cumulative adjustment for lease accounting standard	—	—	(1,347)	(14)	—	(1,361)	(14)	(1,375)
Net loss	—	—	(44,891)	(453)	—	(45,344)	(373)	(45,717)
Other comprehensive loss	—	—	—	—	(6,086)	(6,086)	(62)	(6,148)
Balance at October 31, 2019	97,152.7	989.9	(1,091,704)	(70,935)	(20,598)	(1,183,237)	(8,147)	(1,191,384)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the three months ended October 31, 2020	2019
Cash flows from operating activities:		
Net loss	$ (46,453)	$ (45,717)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	21,390	19,219
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Provision for doubtful accounts	678	665
Deferred income tax expense (benefit)	(1)	554
Other	2,346	3,450
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(18,728)	(14,410)
Inventories	(6,316)	(4,541)
Prepaid expenses and other current assets	(334)	(8,008)
Accounts payable	10,479	11,360
Accrued interest expense	14,827	34,167
Other current liabilities	6,154	8,214
Other assets and liabilities	2,946	(872)
Net cash provided by (used in) operating activities	(11,491)	7,111
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	—	(6,400)
Capital expenditures	(19,454)	(18,126)
Proceeds from sale of assets	1,407	835
Cash payments to construct assets in connection with future lease transactions	—	(16,879)
Cash receipts in connection with leased vehicles	—	5,863
Net cash used in investing activities	(18,047)	(34,707)
Cash flows from financing activities:		
Payments on long-term debt	(696)	(512)
Net additions to short-term borrowings	—	37,000
Net additions to collateralized short-term borrowings	—	11,000
Cash paid for financing costs	(2,297)	(1,102)
Noncontrolling interest activity	—	(1)
Cash payments for principal portion of finance lease liability	(1,703)	(38)
Net cash provided by (used in) financing activities	(4,696)	46,347
Net change in cash and cash equivalents	(34,234)	18,751
Cash and cash equivalents - beginning of period	333,761	11,054
Cash, cash equivalents and restricted cash - end of period	$ 299,527	$ 29,805

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per unit data, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas Partners, L.P. ("Ferrellgas Partners") was formed on April 19, 1994, and is a publicly traded limited partnership, owning an approximate 99% limited partner interest in Ferrellgas, L.P. (the "operating partnership"). Ferrellgas Partners and the operating partnership, collectively referred to as "Ferrellgas," are both Delaware limited partnerships and are governed by their respective partnership agreements. Ferrellgas Partners was formed to acquire and hold a limited partner interest in the operating partnership. As of October 31, 2020, Ferrell Companies, Inc., a Kansas corporation ("Ferrell Companies"), beneficially owns 22.8 million of Ferrellgas Partners' outstanding common units.

Ferrellgas, Inc., a Delaware corporation and a wholly-owned subsidiary of Ferrell Companies, is the sole general partner of Ferrellgas Partners and one of three general partners of the operating partnership. Ferrellgas, Inc. has retained an approximate 1% general partner economic interest in Ferrellgas Partners and also holds an approximate 1% general partner economic interest in the operating partnership, representing an effective 2% general partner economic interest in Ferrellgas on a combined basis. As the sole general partner of Ferrellgas Partners, Ferrellgas, Inc. performs all management functions required by Ferrellgas Partners. Unless contractually provided for, creditors of the operating partnership have no recourse with regards to Ferrellgas Partners.

The term "general partner" (i) with respect to Ferrellgas Partners refers to Ferrellgas, Inc. and (ii) with respect to the operating partnership refers to (a) Ferrellgas, Inc., in the case of any economic general partner interest and (b) Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, collectively, in the case of any voting general partner interest.

Ferrellgas Partners is a holding entity that conducts no operations and has two subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners owns a 100% equity interest in Ferrellgas Partners Finance Corp., whose only business activity is to act as the co-issuer and co-obligor of any debt issued by Ferrellgas Partners. The operating partnership is the only operating subsidiary of Ferrellgas Partners.

Ferrellgas is primarily engaged in the retail distribution of propane and related equipment sales. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas serves residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

Due to seasonality, the results of operations for the three months ended October 31, 2020 are not necessarily indicative of the results to be expected for the full fiscal year ending July 30, 2021.

The condensed consolidated financial statements of Ferrellgas reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas' Annual Report on Form 10-K for fiscal 2020.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020, which Ferrellgas Partners failed to repay, that are classified as current in the condensed consolidated financial statements. Additionally, Ferrellgas, L.P. has $500.0 million in unsecured notes due May 1, 2021, that are also classified as current in the condensed consolidated financial statements. The ability of Ferrellgas Partners to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. Given these concerns, Ferrellgas Partners believes there is substantial doubt about the entity's ability to continue as a going concern. Ferrellgas has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in its ongoing process to reduce existing debt and address its debt maturities. On December 10, 2020, Ferrellgas Partners, Ferrellgas

Partners Finance Corp., the operating partnership and additional Ferrellgas entities entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. There is no assurance that the transactions contemplated by the TSA will be consummated and the outcome of Ferrellgas' debt reduction strategy continues to remain uncertain. See Note N – Subsequent Events, for a discussion of the TSA and the transactions contemplated thereunder. Additionally, see Note F – Debt below for further discussion of the outstanding debt.

B. Summary of significant accounting policies

(1) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for expected credit losses, fair value of reporting units, recoverability of long-lived assets, assumptions used to value business combinations, determination of incremental borrowing rate used to measure right-of-use asset and lease liability, fair values of derivative contracts and stock-based compensation calculations.

Update to accounting estimates:

On August 1, 2020 Ferrellgas adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. As a result, we updated our significant accounting policies for the measurement of expected credit losses below.

Allowance for expected credit losses

Ferrellgas closely monitors accounts receivable balances and estimates the allowance for expected credit losses. The estimate is primarily based on historical collection experience and other factors, including those related to current market conditions and events. The expected credit losses associated with accounts receivable have not historically been material and the adoption impact on Ferrellgas' allowance for expected credit losses was immaterial as of October 31, 2020.

(2) New accounting standards:

FASB Accounting Standard Update No. 2016-13

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326),* which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Ferrellgas adopted the amended guidance effective August 1, 2020. The adoption of this standard did not have a material impact on the condensed consolidated financial statements.

C. **Leases**

The following table provides the operating and financing ROU assets and lease liabilities as of October 31, 2020 and July 31, 2020:

Leases	Classification		October 31, 2020		July 31, 2020
Assets					
Operating lease assets	Operating lease right-of-use assets	$	100,349	$	107,349
Financing lease assets	Other assets, net		39,753		41,426
Total leased assets		$	140,102	$	148,775
Liabilities					
Current					
Operating	Current operating lease liabilities	$	28,280	$	29,345
Financing	Other current liabilities		7,186		6,955
Noncurrent					
Operating	Operating lease liabilities		83,337		89,022
Financing	Other liabilities		32,033		33,473
Total leased liabilities		$	150,836	$	158,795

The following table provides the lease expenses for the three months ended October 31, 2020 and 2019:

		For the three months ended October 31,			
Leases expense	Classification		2020		2019
Operating lease expense	Operating expense - personnel, vehicle, plant and other	$	1,783	$	1,741
	Operating expense - equipment lease expense		6,442		7,607
	Cost of sales - propane and other gas liquids sales		526		389
	General and administrative expense		282		266
Total operating lease expense			9,033		10,003
Short-term expense	Operating expense - personnel, vehicle, plant and other		2,033		1,954
	General and administrative expense		242		110
Total short-term expense			2,275		2,064
Variable lease expense	Operating expense - personnel, vehicle, plant and other		746		675
	Operating expense - equipment lease expense		388		733
Total variable lease expense			1,134		1,408
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization expense		2,165		40
Interest on lease liabilities	Interest expense		945		42
Total finance lease expense			3,110		82
Total lease expense (a)		$	15,552	$	13,557

(a) As of October 31, 2020 and 2019 Ferrellgas has also recognized $0.1 million and $0.1 million, respectively, of expense related to the accretion of lease exit costs associated with a crude oil storage agreement that is no longer being utilized, primarily due to various Midstream dispositions, and for which Ferrellgas does not anticipate any future economic benefit.

Minimum annual payments under existing operating and finance lease liabilities as of October 31, 2020 are as follows:

Maturities of lease liabilities	Operating leases	Finance leases	Total
2021	$ 25,539	$ 7,751	$ 33,290
2022	27,163	9,709	36,872
2023	35,832	7,742	43,574
2024	18,150	7,173	25,323
2025	12,889	7,183	20,072
Thereafter	21,532	10,655	32,187
Total lease payments	$ 141,105	$ 50,213	$ 191,318
Less: Imputed interest	29,488	10,994	40,482
Present value of lease liabilities	$ 111,617	$ 39,219	$ 150,836

The following table represents the weighted-average remaining lease term and discount rate as of October 31, 2020:

	As of October 31, 2020	
Lease type	Weighted-average remaining lease term (years)	Weighted-average discount rate
Operating leases	5.3	8.2%
Finance leases	5.9	8.6%

Cash flow information is presented below:

	For the three months ended October 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities for operating leases:		
Operating cash flows	$ 8,395	$ 11,049
Cash paid for amounts included in the measurement of lease liabilities for financing leases:		
Operating cash flows	$ 877	$ 42
Financing cash flows	$ 1,703	$ 38

D. Supplemental financial statement information

Inventories consist of the following:

	October 31, 2020	July 31, 2020
Propane gas and related products	$ 65,513	$ 58,733
Appliances, parts and supplies, and other	13,467	13,931
Inventories	$ 78,980	$ 72,664

In addition to inventories on hand, Ferrellgas enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of October 31, 2020, Ferrellgas had committed, for supply procurement purposes, to take delivery of approximately 1.7 million gallons of propane at fixed prices.

Prepaid expenses and other current assets consist of the following:

	October 31, 2020	July 31, 2020
Broker margin deposit assets	$ 9,381	$ 14,398
Other	30,707	21,546
Prepaid expenses and other current assets	$ 40,088	$ 35,944

Other current liabilities consist of the following:

	October 31, 2020	July 31, 2020
Accrued interest	$ 68,668	$ 53,841
Customer deposits and advances	40,898	32,257
Accrued payroll	13,431	18,375
Accrued insurance	10,994	14,796
Price risk management liabilities	1,506	5,029
Other	51,441	43,168
Other current liabilities	$ 186,938	$ 167,466

Shipping and handling expenses are classified in the following condensed consolidated statements of operations line items:

	For the three months ended October 31,	
	2020	2019
Operating expense - personnel, vehicle, plant and other	$ 47,531	$ 48,015
Depreciation and amortization expense	4,523	1,840
Operating expense - equipment lease expense	5,883	7,642
	$ 57,937	$ 57,497

Cash and cash equivalents consist of the following:

	October 31, 2020	July 31, 2020
Cash and cash equivalents	$ 202,618	$ 238,002
Restricted cash (1)	96,909	95,759
Cash, cash equivalents and restricted cash	$ 299,527	$ 333,761

(1) As of October 31, 2020, the $96.9 million of restricted cash includes $79.4 million of pledged cash collateral for letters of credit outstanding, an $11.5 million cash deposit made with the administrative agent under the terminated Senior Secured Credit Facility, which may be used by the administrative agent to pay contingent obligations arising under the Financing Agreement that governed the Senior Secured Credit Facility, and $6.0 million of additional pledged collateral. As of July 31, 2020, the $95.8 million of restricted cash includes $78.2 million of pledged cash collateral for letters of credit outstanding, an $11.5 million cash deposit made with the administrative agent under the terminated Senior Secured Credit Facility, which may be used by the administrative agent to pay contingent obligations arising under the Financing Agreement that governed the Senior Secured Credit Facility, and $6.1 million of additional pledged collateral. For additional discussion see Note I – Debt.

For purposes of the condensed consolidated statements of cash flows, Ferrellgas considers cash equivalents to include all highly liquid debt instruments purchased with an original maturity of three months or less. Certain cash flow and significant non-cash activities are presented below:

	For the three months ended October 31,	
	2020	2019
Cash paid for:		
Interest	$ 36,997	$ 8,284
Income taxes	$ 35	$ —
Non-cash investing and financing activities:		
Liabilities incurred in connection with acquisitions	$ —	$ 520
Change in accruals for property, plant and equipment additions	$ (65)	$ (43)
Lease liabilities arising from operating right-of-use assets	$ 366	$ 11,563
Lease liabilities arising from finance right-of-use assets	$ 554	$ 5,614

E. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	October 31, 2020	July 31, 2020
Accounts receivable pledged as collateral	$ 120,261	$ 103,703
Accounts receivable not pledged as collateral (including other reserves)	823	(825)
Note receivable	15,148	12,648
Other	37	36
Less: Allowance for expected credit losses	(16,781)	(14,124)
Accounts and notes receivable, net	$ 119,488	$ 101,438

At October 31, 2020, $120.3 million of trade accounts receivable were pledged as collateral, but Ferrellgas had no outstanding collateralized notes payable due to a commercial paper conduit. At July 31, 2020, $103.7 million of trade accounts receivable were pledged as collateral, but Ferrellgas had no outstanding collateralized notes payable due to a commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from the operating partnership. The operating partnership does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

As of October 31, 2020, Ferrellgas had received no cash proceeds from trade accounts receivables securitized, with $26.0 million remaining capacity to receive additional proceeds or issue letters of credit. As of July 31, 2020, Ferrellgas had received no cash proceeds from trade accounts receivables securitized, with $11.0 million remaining capacity to receive additional proceeds or issue letters of credit.

The agreement governing the accounts receivable securitization facility (the “Purchase Agreement”) requires the operating partnership to maintain a fixed charge coverage ratio of not less than 1.00x and a senior secured leverage ratio of not greater than 3.00x. The operating partnership was in compliance with these financial ratio requirements as of October 31, 2020. However, if at any time the operating partnership is not in compliance with these financial ratio requirements, Ferrellgas will be unable to access the facility for working capital or other cash requirements and the facility may be terminated. This facility matures in May 2021 and includes an option, at Ferrellgas’ request and consent, for the purchasers in their sole discretion to extend the facility for up to an additional three years.

F. Debt

Long-term debt

Long-term debt consists of the following:

	October 31, 2020	July 31, 2020
Unsecured senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2023 (2)	500,000	500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $770 and $937 at October 31, 2020 and July 31, 2020, respectively (3)	475,770	475,937
Fixed rate, 8.625%, due 2020 (4)	357,000	357,000
Secured senior notes		
Fixed rate, 10.00%, due 2025, net of unamortized premium of $3,424 at October 31, 2020 and $3,573 at July 31, 2020, respectively (5)	703,424	703,573
Notes payable		
9.7% and 9.4% weighted average interest rate at October 31, 2020 and July 31, 2020, respectively, due 2020 to 2029, net of unamortized discount of $449 and $537 at October 31, 2020 and July 31, 2020, respectively	3,956	4,564
Total debt, excluding unamortized debt issuance and other costs	2,540,150	2,541,074
Unamortized debt issuance and other costs	(33,949)	(35,583)
Less: current portion of long-term debt	859,095	859,095
Long-term debt	$ 1,647,106	$ 1,646,396

(1) During November 2010, the operating partnership issued $500.0 million aggregate principal amount of 6.50% senior notes due 2021. These notes are general unsecured senior obligations of the operating partnership and are (i) effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of the operating partnership's subsidiaries. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021.

(2) During June 2015, the operating partnership issued $500.0 million aggregate principal amount of 6.75% senior notes due 2023. These notes are general unsecured senior obligations of the operating partnership and are (i) effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of any subsidiary of the operating partnership that is not a guarantor of these notes. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. The outstanding principal amount is due June 15, 2023. The operating partnership would incur prepayment penalties if it were to repay the notes prior to June 15, 2021.

(3) During fiscal 2014, the operating partnership issued $475.0 million aggregate principal amount of 6.75% senior notes due 2022, $325.0 million of which was issued at par and $150.0 million of which was issued at 104% of par. These notes are general unsecured senior obligations of the operating partnership and are (i) effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of the operating partnership's subsidiaries. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on January 15 and July 15 of each year. The outstanding principal amount is due January 15, 2022.

(4) During January 2017, Ferrellgas Partners issued $175.0 million aggregate principal amount of additional 8.625% unsecured senior notes due 2020, issued at 96% of par. Ferrellgas Partners contributed the net proceeds from the offering of approximately $166.1 million to the operating partnership, which used such amounts to

repay borrowings under its previous senior secured credit facility. During April 2010, Ferrellgas Partners issued $280.0 million of these notes. During March 2011, Ferrellgas Partners redeemed $98.0 million of these notes. These notes are general unsecured senior obligations of Ferrellgas Partners and are (i) effectively junior to all existing and future senior secured indebtedness of Ferrellgas Partners, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of the operating partnership and its subsidiaries. The unsecured senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. The outstanding principal amount was due on June 15, 2020, but has not been repaid.

(5) During April 2020, the operating partnership issued $700.0 million aggregate principal amount of 10.00% senior secured first lien notes due 2025, $575.0 million of which was issued at par and $125.0 million of which was issued at 103% of par. These notes are senior secured obligations of the operating partnership and the guarantors of such notes, including Ferrellgas Partners, the general partners of the operating partnership and certain subsidiaries of the operating partnership, and are (i) effectively senior to all existing senior unsecured indebtedness of the operating partnership and the guarantors, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of Ferrellgas Receivables, LLC, a special purpose subsidiary that does not guarantee the notes. The senior notes bear interest from the date of issuance, payable semiannually in arrears on April 15 and October 15 of each year. The operating partnership would incur prepayment penalties if it were to repay the notes prior to April 15, 2024. The outstanding principal amount is due on April 15, 2025.

The scheduled principal payments on long-term debt are as follows:

Payment due by fiscal year	Scheduled principal payments
2021 (a)	$ 858,425
2022	476,435
2023	500,999
2024	329
2025	700,199
Thereafter	19
Total	$ 2,536,406

(a) Includes the Ferrellgas Partners Notes, which matured on June 15, 2020, but have not yet been repaid.

Letters of credit outstanding at October 31, 2020 and July 31, 2020 totaled $127.1 million and $126.0 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. At October 31, 2020 and July 31, 2020 Ferrellgas did not have in place a credit facility providing for the issuance of letters of credit and had $79.4 million and $78.2 million, respectively, of restricted cash pledged as cash collateral for letters of credit outstanding. Additionally, at both October 31, 2020 and July 31, 2020, Ferrellgas also issued letters of credit of $50.0 million by utilizing our liquidity available on the accounts receivable securitization facility.

Forbearance Agreement with respect to Ferrellgas Partners' 8.625% Unsecured Senior Notes due June 15, 2020

On June 7, 2020, Ferrellgas Partners and additional Ferrellgas entities entered into a Forbearance Agreement (the "Forbearance Agreement") with the beneficial owners (or nominees, investment managers, advisors or subadvisors for the beneficial owners, collectively referred to as the "Forbearing Noteholders") of approximately 77% of the aggregate principal amount of Ferrellgas Partners' 8.625% unsecured senior notes due June 15, 2020, pursuant to which the Forbearing Noteholders agreed to forbear from exercising any default-related rights and remedies with respect to the Ferrellgas Partners Notes and to direct the trustee thereunder not to take any remedial action. The forbearance period under the Forbearance Agreement expired on August 15, 2020. Following the expiration of the forbearance period, discussions with representatives of the Forbearing Noteholders have continued.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit Ferrellgas Partners' ability and the ability of specified subsidiaries to, among other things, make restricted payments and incur additional indebtedness. The general partner believes that the most restrictive of these covenants are the restricted payments covenants in the indenture governing the outstanding notes of Ferrellgas Partners and the indentures governing the outstanding notes of the operating partnership, which are discussed below.

Ferrellgas Partners, L.P., the master limited partnership

The indenture governing the outstanding notes of Ferrellgas Partners due June 15, 2020 contains a covenant that restricts the ability of Ferrellgas Partners to make certain restricted payments, including distributions on its common units. Ferrellgas Partners continues to comply with the restrictive covenants with respect to the $357.0 million aggregate principal amount of its unsecured senior notes due June 15, 2020 as it continues to negotiate with the Forbearing Noteholders.

Under this covenant, subject to the limited exception described below, Ferrellgas Partners may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indenture generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2020, Ferrellgas Partners' consolidated fixed charge coverage ratio was 1.38x.

If the consolidated fixed charge coverage ratio is below 1.75x, Ferrellgas Partners may make restricted payments of up to $50.0 million in total over a sixteen quarter period. As a result of distributions paid to common unitholders in September 2017, December 2017, March 2018, June 2018, and September 2018, while this ratio was less than 1.75x, Ferrellgas Partners has used substantially all of its capacity under the limited exception and therefore is currently restricted by this covenant from making future restricted payments, including distributions to common unitholders. Accordingly, no distributions have been or will be paid to common unitholders for the three months ended October 31, 2020, and the general partner expects that this covenant will continue to prohibit Ferrellgas Partners from making common unit distributions, unless and until the outstanding notes of Ferrellgas Partners due 2020 are restructured, refinanced or otherwise satisfied. While there can be no assurance of success, as part of our debt and interest expense reduction strategy, we are presently considering potential solutions to address the maturity of the outstanding notes of Ferrellgas Partners due June 15, 2020, as well as the upcoming maturity of the operating partnership's $500.0 million in unsecured notes due May 1, 2021. The potential solutions include, among others, restructuring, refinancing or a transaction to exchange new notes for some or all of these notes.

Ferrellgas, L.P., the operating partnership

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants, in the indentures governing the operating partnership's notes, subject to the limited exceptions described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2020, the operating partnership's consolidated fixed charge coverage ratio was 1.65x.

Under the covenants in the indentures governing the operating partnership's unsecured notes, if the consolidated fixed charge coverage ratio is below 1.75x, the operating partnership may still make restricted payments in limited amounts determined under the indentures governing the operating partnership's unsecured notes. The distributions made by the operating partnership on June 15, 2019 and December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due June 2020 were made from capacity under this limited exception to the ratio requirement under the indentures governing the operating partnership's unsecured notes.

The indenture governing the operating partnership's senior secured first lien notes due 2025 contains a similar but, in some respects, a different restricted payments covenant. The covenant in the secured notes indenture provides for the same 1.75x consolidated fixed charge coverage ratio test as the unsecured notes indentures and a limited exception when that ratio is below 1.75x. In addition, the secured notes indenture also provides that, subject to a separate limited exception, described below, the operating partnership generally may not make a restricted payment unless the operating partnership's consolidated leverage ratio (defined in the secured notes indenture generally to mean the ratio of consolidated total debt to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is no greater than 5.5x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. The consolidated leverage ratio test applies regardless of whether the operating partnership's consolidated fixed coverage ratio is at least 1.75x or below 1.75x. As of October 31, 2020, the operating partnership's consolidated leverage ratio was substantially in excess of 5.5x. Additionally, the secured notes indenture provides for restricted payments under its limited exception to the consolidated fixed charge coverage ratio test that is less than the capacity available under the similar exception in the unsecured notes indentures. However, the secured notes indenture contains a separate exception to both the consolidated fixed charge coverage ratio test and the consolidated leverage ratio test that can be utilized to make certain specified restricted payments in a limited amount when the operating partnership does not meet either the consolidated fixed charge coverage ratio test or the consolidated leverage ratio test. This separate exception under the secured notes indenture currently has capacity for such specified restricted payments that is substantially the same as the capacity under the most restrictive of the operating partnership's unsecured notes indentures.

As described above, Ferrellgas Partners' unsecured notes due 2020 matured on June 15, 2020, and the outstanding principal amount of those notes was due to be paid on that date, together with accrued interest to the maturity date. Although the operating partnership has some capacity to make distributions under the operating partnership's unsecured and secured notes indentures, this capacity will not allow the operating partnership to make distributions to Ferrellgas Partners sufficient to pay the principal of and accrued interest on Ferrellgas Partners' unsecured senior notes due 2020 that was due at the maturity of those notes. Additionally, the restrictions in these indentures currently limit the ability of the operating partnership to make distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Debt and interest expense reduction strategy

Ferrellgas continues to pursue a strategy to reduce its debt and interest expense. Opportunities include the generation of additional cash flows through accretive acquisitions, continued restructuring or refinancing of existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas' common unit distributions, issuing equity or executing one or more debt exchanges. Ferrellgas expects to maintain its debt and interest expense reduction strategy until its consolidated leverage ratio reaches a level that it deems appropriate for its business. Ferrellgas engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in its ongoing process to reduce existing debt and address its debt maturities.

G. Partners' deficit

As of October 31, 2020 and July 31, 2020, limited partner units were beneficially owned by the following:

	October 31, 2020	July 31, 2020
Public common unitholders (1)	69,612,939	69,612,939
Ferrell Companies (2)	22,529,361	22,529,361
FCI Trading Corp. (3)	195,686	195,686
Ferrell Propane, Inc. (4)	51,204	51,204
James E. Ferrell (5)	4,763,475	4,763,475

(1) These common units are traded on the OTC Pink Market under the symbol "FGPR".
(2) Ferrell Companies is the owner of the general partner and an approximate 23% direct owner of Ferrellgas Partners' common units and thus a related party. Ferrell Companies also beneficially owns 195,686 and 51,204 common units of Ferrellgas Partners held by FCI Trading Corp. ("FCI Trading") and Ferrell Propane, Inc. ("Ferrell Propane"), respectively, bringing Ferrell Companies' total beneficial ownership to 23.4%.
(3) FCI Trading is an affiliate of the general partner and thus a related party.
(4) Ferrell Propane is controlled by the general partner and thus a related party.
(5) James E. Ferrell is the Interim Chief Executive Officer and President of our general partner; and is the Chairman of the Board of Directors of our general partner and a related party. JEF Capital Management owns 4,758,859 of these common units and is owned by the James E. Ferrell Revocable Trust Two and other family trusts, all of which James E. Ferrell and/or his family members are the trustees and beneficiaries. James E. Ferrell holds all voting common stock of JEF Capital Management. The remaining 4,616 common units are held by Ferrell Resources

Holdings, Inc., which is wholly-owned by the James E. Ferrell Revocable Trust One, for which James E. Ferrell is the trustee and sole beneficiary.

Partnership distributions

No distributions will be paid to common unitholders for the three months ended October 31, 2020.

Accumulated other comprehensive income (loss) ("AOCI")

See Note J – Derivative instruments and hedging activities – for details regarding changes in the fair value of risk management financial derivatives recorded within AOCI for the three months ended October 31, 2020 and 2019.

General partner's commitment to maintain its capital account

Ferrellgas' partnership agreements allow the general partner to have an option to maintain its effective 2% general partner interest concurrent with the issuance of other additional equity.

During the three months ended October 31, 2020, the general partner made non-cash contributions of $14.0 thousand to Ferrellgas to maintain its effective 2% general partner interest.

During the three months ended October 31, 2019, the general partner made non-cash contributions of $16.0 thousand to Ferrellgas to maintain its effective 2% general partner interest.

H. Revenue from contracts with customers

Disaggregation of revenue

Ferrellgas disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended October 31,	
	2020	2019
Retail - Sales to End Users	$ 174,645	$ 180,417
Wholesale - Sales to Resellers	102,612	82,704
Other Gas Sales	3,792	10,264
Other	19,845	19,829
Propane and related equipment revenues	$ 300,894	$ 293,214

Contract assets and liabilities

Ferrellgas' performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas' performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas offers "even pay" billing programs that can create customer deposits or advances, depending on whether Ferrellgas has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material, and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas does not capitalize these costs.

The following table presents the opening and closing balances of Ferrellgas' receivables, contract assets, and contract liabilities:

	October 31, 2020	July 31, 2020
Accounts receivable	$ 132,570	$ 108,483
Contract assets	$ 3,699	$ 7,079
Contract liabilities		
Deferred revenue (1)	$ 52,220	$ 42,911

(1) Of the beginning balance of deferred revenue, $11.4 million was recognized as revenue during the three months ended October 31, 2020.

Remaining performance obligations

Ferrellgas' remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas' even pay billing programs and Ferrellgas expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

I. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas' financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of October 31, 2020 and July 31, 2020:

	Asset (Liability)			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
October 31, 2020:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 7,161	$ —	$ 7,161
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (1,557)	$ —	$ (1,557)
July 31, 2020:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 3,112	$ —	$ 3,112
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (5,425)	$ —	$ (5,425)

Methodology

The fair values of Ferrellgas' non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

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. At October 31, 2020 and

July 31, 2020, the estimated fair value of Ferrellgas' long-term debt instruments was $2,232.3 million and $2,177.1 million, respectively. Ferrellgas estimates the fair value of long-term debt based on quoted market prices. The fair value of Ferrellgas' consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

J. Derivative instruments and hedging activities

Ferrellgas is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

Derivative instruments and hedging activity

During the three months ended October 31, 2020 and 2019, Ferrellgas did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives within Ferrellgas' condensed consolidated balance sheets as of October 31, 2020 and July 31, 2020:

	Final Maturity	October 31, 2020			
		Asset Derivatives		Liability Derivatives	
Derivative Instrument	Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 6,656	Other current liabilities	$ 1,506
Commodity derivatives-propane		Other assets, net	505	Other liabilities	51
		Total	$ 7,161	Total	$ 1,557

	Final Maturity	July 31, 2020			
		Asset Derivatives		Liability Derivatives	
Derivative Instrument	Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 2,846	Other current liabilities	$ 5,029
Commodity derivatives-propane		Other assets, net	266	Other liabilities	396
		Total	$ 3,112	Total	$ 5,425

Ferrellgas' exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of October 31, 2020 and July 31, 2020, respectively:

	October 31, 2020			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 9,381	Other current liabilities	$ 5,768
	Other assets, net	544	Other liabilities	483
		$ 9,925		$ 6,251

	July 31, 2020			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 14,398	Other current liabilities	$ 510
	Other assets, net	1,433	Other liabilities	—
		$ 15,831		$ 510

The following tables provide a summary of the effect on Ferrellgas' condensed consolidated statements of comprehensive income (loss) for the three months ended October 31, 2020 and 2019 due to derivatives designated as cash flow hedging instruments:

	For the three months ended October 31, 2020			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ 5,767	Cost of product sold-propane and other gas liquids sales	$ (2,150)	$ —
	$ 5,767		$ (2,150)	$ —

	For the three months ended October 31, 2019			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (13,627)	Cost of product sold-propane and other gas liquids sales	$ (7,479)	$ —
	$ (13,627)		$ (7,479)	$ —

The changes in derivatives included in AOCI for the three months ended October 31, 2020 and 2019 were as follows:

	For the three months ended October 31,	
Gains and losses on derivatives included in AOCI	2020	2019
Beginning balance	$ (2,313)	$ (14,756)
Change in value of risk management commodity derivatives	5,767	(13,627)
Reclassification of losses on commodity hedges to cost of sales - propane and other gas liquids sales, net	2,150	7,479
Ending balance	$ 5,604	$ (20,904)

Ferrellgas expects to reclassify net gains of approximately $5.2 million to earnings during the next 12 months. These net gains are expected to be offset by increased margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sale exception.

During the three months ended October 31, 2020 and 2019, Ferrellgas had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of October 31, 2020, Ferrellgas had financial derivative contracts covering 3.6 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas' counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by Ferrellgas in the forms of letters of credit, parental guarantees or cash. Ferrellgas has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at October 31, 2020, the maximum amount of loss due to credit risk that Ferrellgas would incur based upon the gross fair values of the derivative financial instruments is $3.5 million.

From time to time Ferrellgas enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas' debt rating. There were no open derivative contracts with credit-risk-related contingent features as of October 31, 2020.

K. Transactions with related parties

Ferrellgas has no employees and is managed and controlled by its general partner. Pursuant to Ferrellgas' partnership agreements, the general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of Ferrellgas and all other necessary or appropriate expenses allocable to Ferrellgas or otherwise reasonably incurred by its general partner in connection with operating Ferrellgas' business. These costs primarily include compensation and benefits paid to employees of the general partner who perform services on Ferrellgas' behalf and are reported in the condensed consolidated statements of operations as follows:

	For the three months ended October 31,	
	2020	2019
Operating expense	$ 60,980	$ 63,471
General and administrative expense	$ 6,719	$ 6,487

See additional discussions about transactions with the general partner and related parties in Note G – Partners' deficit.

L. Contingencies and commitments

Litigation

Ferrellgas' operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas.

Ferrellgas has been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The lawsuits, which were consolidated in the Western District of Missouri on October 16, 2014, allege that Ferrellgas and a competitor coordinated in 2008 to reduce the fill level in barbeque cylinders and combined to persuade a common customer to accept that fill reduction, resulting in increased cylinder costs to direct customers and end-user customers in violation of federal and certain state antitrust laws. The lawsuits seek treble damages, attorneys' fees, injunctive relief and costs on behalf of the putative class. These lawsuits have been coordinated for pretrial purposes by the multidistrict litigation panel. The Federal Court for the Western District of Missouri initially dismissed all claims brought by direct and indirect customers other than state law claims of indirect customers under Wisconsin, Maine and Vermont law. The direct customer plaintiffs filed an appeal, which resulted in a reversal of the district court's dismissal. We filed a petition for a writ of certiorari which was denied. An appeal by the indirect customer plaintiffs resulted in the court of appeals affirming the dismissal of the federal claims and remanding the case to the district court to decide whether to exercise supplemental jurisdiction over the remaining state law claims. Thereafter, in August 2019, Ferrellgas reached a settlement with the direct customers, pursuant to which it agreed to pay a total of $6.25 million to resolve all claims asserted by the putative direct purchaser class. With respect to the indirect customers, the district court exercised supplemental jurisdiction over the remaining state law claims, but then granted in part Ferrellgas' pleadings-based motion and dismissed 11 of the 24 remaining state law claims. As a result, there are 13 remaining state law claims brought by a putative class of indirect customers. Ferrellgas believes it has strong defenses and intends to vigorously defend itself against these remaining claims. Ferrellgas does not believe loss is probable or reasonably estimable at this time related to the putative class action lawsuit.

Ferrellgas and Bridger Logistics, LLC ("Bridger"), have been named, along with two former officers, in a lawsuit filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the Eastern District of Pennsylvania (the "EDPA Lawsuit"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger. The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached fiduciary duties owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. The lawsuit does not specify a specific amount of damages that Eddystone is seeking; however, Ferrellgas believes that the amount of such damages, if ultimately owed to Eddystone, could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim. On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit. The lawsuit is in the discovery stage; as such, management does not currently believe a loss is probable or reasonably estimable at this time.

M. Net earnings (loss) per unitholders' interest

Below is a calculation of the basic and diluted net loss per common unitholders' interest in the condensed consolidated statements of operations for the periods indicated:

	For the three months ended October 31,	
	2020	2019
Common unitholders' interest in net loss	$ (45,601)	$ (44,891)
Weighted average common units outstanding (in thousands)	97,152.7	97,152.7
Basic and diluted net loss per common unit	$ (0.47)	$ (0.46)

N. Subsequent events

Ferrellgas has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas' condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements, except as follows.

Transaction Support Agreement

On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., the operating partnership and additional Ferrellgas entities (collectively, the "Company Parties") entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims (collectively, the "Consenting Noteholders") arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. As of December 10, 2020, the Consenting Noteholders hold or represent, in the aggregate, approximately 74% of the outstanding amount of the Ferrellgas Partners Notes due June 15, 2020.

The TSA sets forth (i) a restructuring process to satisfy the obligations of Ferrellgas Partners and Ferrellgas Partners Finance Corp. under the Ferrellgas Partners Notes due June 15, 2020 (the "Ferrellgas Partners Transactions"), which will be effectuated through pre-packaged voluntary cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code filed by only Ferrellgas Partners and Ferrellgas Partners Finance Corp. and the confirmation of a pre-packaged plan of reorganization for Ferrellgas Partners and Ferrellgas Partners Finance Corp., and (ii) a refinancing process of the operating partnership, including but not limited to, replacement of the operating partnership's existing unsecured notes due 2021, 2022 and 2023 (the "operating partnership Transactions" and, together with the Ferrellgas Partners Transactions, the "Transactions"), which will be consummated on the effective date (the "Effective Date") of Ferrellgas Partners' plan of reorganization that implements the Ferrellgas Partners Transactions (the "Plan") and will close simultaneously with the Ferrellgas Partners Transactions effectuated under the Plan.

Generally, the TSA and the Transactions contemplate, among other things, the transactions and certain changes to the capital structure and governance of the Company Parties as described in more detail in the TSA.

Pursuant to the TSA, and subject to the terms and conditions thereof, the parties thereto have agreed to support, act in good faith and take all steps reasonably necessary and desirable to implement and consummate the Transactions until the TSA is terminated. The Consenting Noteholders have agreed, among other things, (i) to forbear from taking actions with respect to any default or event of default by the Company Parties under the indenture governing the Ferrellgas Partners Notes which arises solely as a result of the failure to make payments of the principal due on the Ferrellgas Partners Notes, and (ii) to vote in favor of any matter requiring approval to the extent necessary to implement the Transactions and the Plan.

The TSA contains certain milestones relating to the commencement of the solicitation of acceptances of the Plan (the "Solicitation"), the refinancing process and the Chapter 11 Cases, which include the dates by which Ferrellgas Partners is required to commence the Solicitation and, thereafter, commence the Chapter 11 Cases or obtain certain approval orders of the United States Bankruptcy Court for the District of Delaware. In addition, the milestones include the obligation of Ferrellgas Partners and Ferrellgas Partners Finance Corp. to emerge from chapter 11 protection no later than April 4, 2021, unless that deadline is extended pursuant to the terms of the TSA.

The TSA also provides that the TSA may be terminated by the Required Consenting Noteholders (as defined therein) with respect to the Consenting Noteholders or by any Company Party with respect to the Company Parties upon the occurrence of certain events set forth therein. In particular, the Company Parties may terminate the TSA in the event the governing body of any Company Party determines, after consulting with counsel, (i) that continuing to pursue any of the Transactions in the manner contemplated by the TSA would be inconsistent with the exercise of its contractual or fiduciary duties or applicable law or (ii) in the exercise of its contractual or fiduciary duties, to pursue an alternative transaction proposal.

There is no assurance that the restructuring and refinancing processes described in the TSA will be consummated.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	October 31, 2020	July 31, 2020
ASSETS		
Cash	$ 1,000	$ 1,000
Prepaid expenses and other current assets	—	1,850
Total assets	$ 1,000	$ 2,850
Contingencies and commitments (Note B)		
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	38,920	38,846
Accumulated deficit	(38,920)	(36,996)
Total stockholder's equity	$ 1,000	$ 2,850

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended October 31, 2020	2019
General and administrative expense	$ 1,924	$ 891
Net loss	$ (1,924)	$ (891)

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended October 31, 2020	2019
Cash flows from operating activities:		
Net loss	$ (1,924)	$ (891)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	1,850	838
Cash used in operating activities	(74)	(53)
Cash flows from financing activities:		
Capital contribution	74	53
Cash provided by financing activities	74	53
Net change in cash	—	—
Cash - beginning of period	1,000	1,000
Cash - end of period	$ 1,000	$ 1,000

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
(unaudited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

Ferrellgas Partners Finance Corp. (the "Finance Corp."), a Delaware corporation, was formed on March 28, 1996, and is a wholly-owned subsidiary of Ferrellgas Partners, L.P. (the "Partnership").

The Partnership contributed $1,000 to the Finance Corp. on April 8, 1996 in exchange for 1,000 shares of common stock.

The Finance Corp. has nominal assets, does not conduct any operations and has no employees.

Going Concern

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note B – Contingencies and commitments, the Finance Corp serves as co-issuer and co-obligor for debt securities of the Partnership. The Partnership has $357.0 million aggregate principal amount of unsecured senior notes due June 15, 2020, which the Partnership failed to repay, that are classified as current in its condensed consolidated financial statements. These obligations are only reported on the Partnership's condensed consolidated balance sheet. The ability of the Partnership to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. Additionally, the Finance Corp. does not have sufficient cash reserves or the ability to generate sufficient future cash flows to satisfy its obligations as co-obligor of the debt securities of the Partnership. Given these concerns, we believe there is substantial doubt about the Finance Corp's ability to continue as a going concern. The Partnership has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist with the Partnership's ongoing process to reduce existing debt and address its debt maturities. On December 10, 2020, the Partnership, Finance Corp., the operating partnership and additional Ferrellgas entities entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. There is no assurance that the transactions contemplated by the TSA will be consummated and the outcome of Ferrellgas' debt reduction strategy continues to remain uncertain. See Note C – Subsequent Events, for a discussion of the TSA and the transactions contemplated thereunder.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership. The Finance Corp. is liable as co-issuer and co-obligor for the $357.0 million aggregate principal amount of the Partnership's unsecured senior notes due June 15, 2020, which the Partnership failed to repay, and which obligation is only reported on the Partnership's condensed consolidated balance sheet.

C. Subsequent events

The Finance Corp. has evaluated events and transactions occurring after the balance sheet date through the date the Finance Corp.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements, except as follows.

Transaction Support Agreement

On December 10, 2020, the Partnership, Finance Corp., the operating partnership and additional Ferrellgas entities (collectively, the “Company Parties”) entered into a Transaction Support Agreement (the “TSA”) with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims (collectively, the “Consenting Noteholders”) arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. As of December 10, 2020, the Consenting Noteholders hold or represent, in the aggregate, approximately 74% of the outstanding amount of the Ferrellgas Partners Notes due June 15, 2020.

The TSA sets forth (i) a restructuring process to satisfy the obligations of the Partnership and the Finance Corp. under the Ferrellgas Partners Notes due June 15, 2020 (the “Ferrellgas Partners Transactions”), which will be effectuated through pre-packaged voluntary cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code filed by only the Partnership and the Finance Corp. and the confirmation of a pre-packaged plan of reorganization for the Partnership and the Finance Corp., and (ii) a refinancing process of the operating partnership and Ferrellgas Finance Corp., including but not limited to, replacement of the operating partnership’s and Ferrellgas Finance Corp.’s existing unsecured notes due 2021, 2022 and 2023 (the “operating partnership Transactions” and, together with the Ferrellgas Partners Transactions, the “Transactions”), which will be consummated on the effective date (the “Effective Date”) of the Partnership’s and the Finance Corp.’s plan of reorganization that implements the Ferrellgas Partners Transactions (the “Plan”) and will close simultaneously with the Ferrellgas Partners Transactions effectuated under the Plan.

Generally, the TSA and the Transactions contemplate, among other things, the transactions and certain changes to the capital structure and governance of the Company Parties as described in more detail in the TSA.

Pursuant to the TSA, and subject to the terms and conditions thereof, the parties thereto have agreed to support, act in good faith and take all steps reasonably necessary and desirable to implement and consummate the Transactions until the TSA is terminated. The Consenting Noteholders have agreed, among other things, (i) to forbear from taking actions with respect to any default or event of default by the Company Parties under the indenture governing the Ferrellgas Partners Notes which arises solely as a result of the failure to make payments of the principal due on the Ferrellgas Partners Notes, and (ii) to vote in favor of any matter requiring approval to the extent necessary to implement the Transactions and the Plan.

The TSA contains certain milestones relating to the commencement of the solicitation of acceptances of the Plan (the “Solicitation”), the refinancing process and the Chapter 11 Cases, which include the dates by which the Partnership and the Finance Corp. are required to commence the Solicitation and, thereafter, commence the Chapter 11 Cases or obtain certain approval orders of the United States Bankruptcy Court for the District of Delaware. In addition, the milestones include the obligation of the Partnership and the Finance Corp. to emerge from chapter 11 protection no later than April 4, 2021, unless that deadline is extended pursuant to the terms of the TSA.

The TSA also provides that the TSA may be terminated by the Required Consenting Noteholders (as defined therein) with respect to the Consenting Noteholders or by any Company Party with respect to the Company Parties upon the occurrence of certain events set forth therein. In particular, the Company Parties may terminate the TSA in the event the governing body of any Company Party determines, after consulting with counsel, (i) that continuing to pursue any of the Transactions in the manner contemplated by the TSA would be inconsistent with the exercise of its contractual or fiduciary duties or applicable law or (ii) in the exercise of its contractual or fiduciary duties, to pursue an alternative transaction proposal.

There is no assurance that the restructuring and refinancing processes described in the TSA will be consummated.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	October 31, 2020	July 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents (including $96,909 and $95,759 of restricted cash at October 31, 2020 and July 31, 2020, respectively)	$ 299,522	$ 333,755
Accounts and notes receivable, net (including $120,261 and $103,703 of accounts receivable pledged as collateral at October 31, 2020 and July 31, 2020, respectively)	119,488	101,438
Inventories	78,980	72,664
Prepaid expenses and other current assets	40,044	35,897
Total current assets	538,034	543,754
Property, plant and equipment, net	592,132	591,042
Goodwill, net	246,946	247,195
Intangible assets (net of accumulated amortization of $425,426 and $423,290 at October 31, 2020 and July 31, 2020, respectively)	101,812	104,049
Operating lease right-of-use assets	100,349	107,349
Other assets, net	73,522	74,748
Total assets	$ 1,652,795	$ 1,668,137
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 44,641	$ 33,944
Current portion of long-term debt	502,095	502,095
Current operating lease liabilities	28,280	29,345
Other current liabilities	159,910	148,136
Total current liabilities	734,926	713,520
Long-term debt	1,647,106	1,646,396
Operating lease liabilities	83,337	89,022
Other liabilities	49,543	51,190
Contingencies and commitments (Note L)		
Partners' deficit:		
Limited partner	(859,121)	(821,462)
General partner	(8,600)	(8,216)
Accumulated other comprehensive income (loss)	5,604	(2,313)
Total partners' deficit	(862,117)	(831,991)
Total liabilities and partners' deficit	$ 1,652,795	$ 1,668,137

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
(unaudited)

	For the three months ended October 31, 2020	For the three months ended October 31, 2019
Revenues:		
Propane and other gas liquids sales	$ 281,049	$ 273,385
Other	19,845	19,829
Total revenues	300,894	293,214
Costs and expenses:		
Cost of sales - propane and other gas liquids sales	137,627	134,028
Cost of sales - other	3,667	3,681
Operating expense - personnel, vehicle, plant and other	109,027	114,543
Operating expense - equipment lease expense	6,830	8,388
Depreciation and amortization expense	21,390	19,219
General and administrative expense	13,076	9,696
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Operating income	7,756	629
Interest expense	(46,528)	(36,877)
Other income (expense), net	108	(132)
Loss before income taxes	(38,664)	— (36,380)
Income tax expense	87	518
Net loss	$ (38,751)	$ (36,898)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	For the three months ended October 31, 2020	For the three months ended October 31, 2019
Net loss	$ (38,751)	$ (36,898)
Other comprehensive income (loss):		
Change in value of risk management derivatives	5,767	(13,627)
Reclassification of losses on derivatives to earnings, net	2,150	7,479
Other comprehensive income (loss)	7,917	(6,148)
Comprehensive loss	$ (30,834)	$ (43,046)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' DEFICIT
(in thousands)
(unaudited)

	Limited partner	General partner	Accumulated other comprehensive income (loss)	Total partners' deficit
Balance at July 31, 2020	$ (821,462)	$ (8,216)	$ (2,313)	$ (831,991)
Contributions in connection with non-cash ESOP compensation charges	701	7	—	708
Net loss	(38,360)	(391)	—	(38,751)
Other comprehensive income	—	—	7,917	7,917
Balance at October 31, 2020	$ (859,121)	$ (8,600)	$ 5,604	$ (862,117)

	Limited partner	General partner	Accumulated other comprehensive loss	Total partners' deficit
Balance at July 31, 2019	$ (758,186)	$ (7,570)	$ (14,647)	$ (780,403)
Contributions in connection with non-cash ESOP compensation charges	787	8	—	795
Cumulative adjustment for lease accounting standard	(1,361)	(14)	—	(1,375)
Distributions	(100)	(1)	—	(101)
Net loss	(36,525)	(373)	—	(36,898)
Other comprehensive loss	—	—	(6,148)	(6,148)
Balance at October 31, 2019	$ (795,385)	$ (7,950)	$ (20,795)	$ (824,130)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the three months ended October 31, 2020	2019
Cash flows from operating activities:		
Net loss	$ (38,751)	$ (36,898)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	21,390	19,219
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Provision for doubtful accounts	678	665
Deferred income tax expense (benefit)	(1)	554
Other	2,346	2,327
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(18,728)	(14,410)
Inventories	(6,316)	(4,541)
Prepaid expenses and other current assets	(337)	(7,970)
Accounts payable	10,479	11,360
Accrued interest expense	7,129	26,469
Other current liabilities	6,154	8,214
Other assets and liabilities	2,946	(872)
Net cash provided by (used in) operating activities	(11,490)	7,147
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	—	(6,400)
Capital expenditures	(19,454)	(18,126)
Proceeds from sale of assets	1,407	835
Cash payments to construct assets in connection with future lease transactions	—	(16,879)
Cash receipts in connection with leased vehicles	—	5,863
Net cash used in investing activities	(18,047)	(34,707)
Cash flows from financing activities:		
Distributions	—	(101)
Payments on long-term debt	(696)	(512)
Net additions to short-term borrowings	—	37,000
Net additions to collateralized short-term borrowings	—	11,000
Cash payments for principal portion of finance lease liability	(1,703)	(38)
Cash paid for financing costs and other	(2,297)	(1,102)
Net cash provided by (used in) financing activities	(4,696)	46,247
Net change in cash and cash equivalents	(34,233)	18,687
Cash and cash equivalents - beginning of period	333,755	11,046
Cash, cash equivalents and restricted cash - end of period	$ 299,522	$ 29,733

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas, L.P. is a limited partnership that owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. ("Ferrellgas Partners"), a publicly traded limited partnership, holds an approximate 99% limited partner interest in, and consolidates, Ferrellgas, L.P. Ferrellgas, Inc., a Delaware corporation and a wholly-owned subsidiary of Ferrell Companies, Inc., a Kansas corporation ("Ferrell Companies"), is the sole general partner of Ferrellgas Partners and one of three general partners of Ferrellgas, L.P. Ferrellgas, Inc. has retained an approximate 1% general partner economic interest in Ferrellgas Partners and also holds an approximate 1% general partner economic interest in Ferrellgas, L.P., representing an effective 2% general partner economic interest in Ferrellgas, L.P. on a combined basis.

As the sole general partner of Ferrellgas Partners, Ferrellgas, Inc. performs all management functions required by Ferrellgas Partners. Ferrellgas Partners and Ferrellgas, L.P., collectively referred to as "Ferrellgas," are governed by their respective partnership agreements. These agreements contain specific provisions for the allocation of net earnings and loss to each of the partners for purposes of maintaining the partner capital accounts.

The term "general partner" (i) with respect to Ferrellgas Partners refers to Ferrellgas, Inc. and (ii) with respect to Ferrellgas, L.P. refers to (a) Ferrellgas, Inc., in the case of any economic general partner interest and (b) Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, collectively, in the case of any voting general partner interest. As the general partners of Ferrellgas, L.P., Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC each have an equal vote and all general partner matters of Ferrellgas, L.P. are determined by the vote or consent of a majority of such entities. The general partners perform all management functions required by Ferrellgas, L.P. The general partner interests held by Ferrellgas GP II, LLC and Ferrellgas GP III, LLC are strictly voting and non-economic. Unless contractually provided for, creditors of Ferrellgas, L.P. have no recourse with regards to Ferrellgas Partners.

Ferrellgas, L.P. owns a 100% equity interest in Ferrellgas Finance Corp., whose only business activity is to act as the co-issuer and co-obligor of debt issued by Ferrellgas, L.P.

Ferrellgas, L.P. is primarily engaged in the retail distribution of propane and related equipment sales. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas, L.P. serves residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

Due to seasonality, the results of operations for the three months ended October 31, 2020 are not necessarily indicative of the results to be expected for the full fiscal year ending July 30, 2021.

The condensed consolidated financial statements of Ferrellgas, L.P. and subsidiaries reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas, L.P.'s Annual Report on Form 10-K for fiscal 2020.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. Ferrellgas, L.P. has $500.0 million in unsecured notes due May 1, 2021, that are classified as current in its condensed consolidated financial statements. Additionally, Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020, which Ferrellgas Partners failed to repay, that are classified as current in its condensed consolidated financial statements. Ferrellgas Partners' ability to restructure, refinance or otherwise satisfy these notes is directly impacted by the cash flows of Ferrellgas, L.P. The ability of Ferrellgas Partners to restructure or refinance these notes is uncertain considering the level of other outstanding indebtedness. Given these concerns, Ferrellgas Partners believes there is substantial doubt about Ferrellgas, L.P.'s ability to continue as a going concern. Ferrellgas has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in its ongoing process to reduce existing debt and address its debt maturities. On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and additional Ferrellgas entities entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. There is no assurance that the transactions contemplated by the TSA will be consummated and the outcome of Ferrellgas' debt reduction strategy continues to remain uncertain. See Note N – Subsequent Events, for a discussion of the TSA and the transactions contemplated thereunder. Additionally, see Note F – Debt below for further discussion of the outstanding debt.

B. Summary of significant accounting policies

(1) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for expected credit losses, fair value of reporting units, recoverability of long-lived assets, assumptions used to value business combinations, determination of incremental borrowing rate used to measure right-of-use asset and lease liability, fair values of derivative contracts and stock-based compensation calculations.

Update to accounting estimates:

On August 1, 2020 Ferrellgas, L.P. adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. As a result, we updated our significant accounting policies for the measurement of expected credit losses below.

Allowance for expected credit losses

Ferrellgas, L.P. closely monitors accounts receivable balances and estimates the allowance for expected credit losses. The estimate is primarily based on historical collection experience and other factors, including those related to current market conditions and events. The expected credit losses associated with accounts receivable have not historically been material and the adoption impact on Ferrellgas, L.P.'s allowance for expected credit losses was immaterial as of October 31, 2020.

(2) New accounting standards:

FASB Accounting Standard Update No. 2016-13

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326),* which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Ferrellgas, L.P. adopted the amended guidance effective August 1, 2020. The adoption of this standard did not have a material impact on the condensed consolidated financial statements.

C. Leases

The following table provides the operating and financing ROU assets and lease liabilities as of October 31, 2020 and July 31, 2020:

Leases	Classification	October 31, 2020	July 31, 2020
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 100,349	$ 107,349
Financing lease assets	Other assets, net	39,753	41,426
Total leased assets		$ 140,102	$ 148,775
Liabilities			
Current			
Operating	Current operating lease liabilities	$ 28,280	$ 29,345
Financing	Other current liabilities	7,186	6,955
Noncurrent			
Operating	Operating lease liabilities	83,337	89,022
Financing	Other liabilities	32,033	33,473
Total leased liabilities		$ 150,836	$ 158,795

The following table provides the lease expenses for the three months ended October 31, 2020 and 2019:

Leases expense	Classification	For the three months ended October 31, 2020	2019
Operating lease expense	Operating expense - personnel, vehicle, plant and other	$ 1,783	$ 1,741
	Operating expense - equipment lease expense	6,442	7,607
	Cost of sales - propane and other gas liquids sales	526	389
	General and administrative expense	282	266
Total operating lease expense		9,033	10,003
Short-term expense	Operating expense - personnel, vehicle, plant and other	2,033	1,954
	General and administrative expense	242	110
Total short-term expense		2,275	2,064
Variable lease expense	Operating expense - personnel, vehicle, plant and other	746	675
	Operating expense - equipment lease expense	388	733
Total variable lease expense		1,134	1,408
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization expense	2,165	40
Interest on lease liabilities	Interest expense	945	42
Total finance lease expense		3,110	82
Total lease expense (a)		$ 15,552	$ 13,557

(a) As of October 31, 2020 and 2019 Ferrellgas, L.P. has also recognized $0.1 million and $0.1 million, respectively, of expense related to the accretion of lease exit costs associated with a crude oil storage agreement that is no longer being utilized, primarily due to various Midstream dispositions, and for which Ferrellgas does not anticipate any future economic benefit.

Minimum annual payments under existing operating and finance lease liabilities as of October 31, 2020 are as follows:

Maturities of lease liabilities	Operating leases		Finance leases		Total	
2021	$	25,539	$	7,751	$	33,290
2022		27,163		9,709		36,872
2023		35,832		7,742		43,574
2024		18,150		7,173		25,323
2025		12,889		7,183		20,072
Thereafter		21,532		10,655		32,187
Total lease payments	$	141,105	$	50,213	$	191,318
Less: Imputed interest		29,488		10,994		40,482
Present value of lease liabilities	$	111,617	$	39,219	$	150,836

The following table represents the weighted-average remaining lease term and discount rate as of October 31, 2020:

	As of October 31, 2020	
Lease type	Weighted-average remaining lease term (years)	Weighted-average discount rate
Operating leases	5.3	8.2%
Finance leases	5.9	8.6%

Cash flow information is presented below:

	For the three months ended October 31,			
	2020		2019	
Cash paid for amounts included in the measurement of lease liabilities for operating leases:				
Operating cash flows	$	8,395	$	11,049
Cash paid for amounts included in the measurement of lease liabilities for financing leases:				
Operating cash flows	$	877	$	42
Financing cash flows	$	1,703	$	38

D. Supplemental financial statement information

Inventories consist of the following:

	October 31, 2020		July 31, 2020	
Propane gas and related products	$	65,513	$	58,733
Appliances, parts and supplies, and other		13,467		13,931
Inventories	$	78,980	$	72,664

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of October 31, 2020, Ferrellgas, L.P. had committed, for supply procurement purposes, to take delivery of approximately 1.7 million gallons of propane at fixed prices.

Prepaid expenses and other current assets consist of the following:

	October 31, 2020	July 31, 2020
Broker margin deposit assets	$ 9,381	$ 14,398
Other	30,663	21,499
Prepaid expenses and other current assets	$ 40,044	$ 35,897

Other current liabilities consist of the following:

	October 31, 2020	July 31, 2020
Accrued interest	$ 41,640	$ 34,511
Customer deposits and advances	40,898	32,257
Accrued payroll	13,431	18,375
Accrued insurance	10,994	14,796
Price risk management liabilities	1,506	5,029
Other	51,441	43,168
Other current liabilities	$ 159,910	$ 148,136

Shipping and handling expenses are classified in the following condensed consolidated statements of operations line items:

	For the three months ended October 31,	
	2020	2019
Operating expense - personnel, vehicle, plant and other	$ 47,531	$ 48,015
Depreciation and amortization expense	4,523	1,840
Operating expense - equipment lease expense	5,883	7,642
	$ 57,937	$ 57,497

Cash and cash equivalents consist of the following:

	October 31, 2020	July 31, 2020
Cash and cash equivalents	$ 202,613	$ 237,996
Restricted cash (1)	96,909	95,759
Cash, cash equivalents and restricted cash	$ 299,522	$ 333,755

(1) As of October 31, 2020, the $96.9 million of restricted cash includes $79.4 million of pledged cash collateral for letters of credit outstanding, an $11.5 million cash deposit made with the administrative agent under the terminated Senior Secured Credit Facility, which may be used by the administrative agent to pay contingent obligations arising under the Financing Agreement that governed the Senior Secured Credit Facility, and $6.0 million of additional pledged collateral. As of July 31, 2020, the $95.8 million of restricted cash includes $78.2 million of pledged cash collateral for letters of credit outstanding, an $11.5 million cash deposit made with the administrative agent under the terminated Senior Secured Credit Facility, which may be used by the administrative agent to pay contingent obligations arising under the Financing Agreement that governed the Senior Secured Credit Facility, and $6.1 million of additional pledged collateral. For additional discussion see Note I – Debt.

For purposes of the condensed consolidated statements of cash flows, Ferrellgas, L.P. considers cash equivalents to include all highly liquid debt instruments purchased with an original maturity of three months or less. Certain cash flow and significant non-cash activities are presented below:

	For the three months ended October 31,	
	2020	2019
Cash paid for:		
Interest	$ 36,997	$ 8,284
Income taxes	$ 35	$ —
Non-cash investing and financing activities:		

Liabilities incurred in connection with acquisitions	$ —	$ 520
Change in accruals for property, plant and equipment additions	$ (65)	$ (43)
Lease liabilities arising from operating right-of-use assets	$ 366	$ 11,563
Lease liabilities arising from finance right-of-use assets	$ 554	$ 5,614

E. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	October 31, 2020	July 31, 2020
Accounts receivable pledged as collateral	$ 120,261	$ 103,703
Accounts receivable not pledged as collateral (including other reserves)	823	(825)
Note receivable	15,148	12,648
Other	37	36
Less: Allowance for expected credit losses	(16,781)	(14,124)
Accounts and notes receivable, net	$ 119,488	$ 101,438

At October 31, 2020, $120.3 million of trade accounts receivable were pledged as collateral, but Ferrellgas, L.P. had no outstanding collateralized notes payable due to a commercial paper conduit. At July 31, 2020, $103.7 million of trade accounts receivable were pledged as collateral, but Ferrellgas, L.P. had no outstanding collateralized notes payable due to a commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from Ferrellgas, L.P. Ferrellgas, L.P. does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

As of October 31, 2020, Ferrellgas, L.P. had received no cash proceeds from trade accounts receivables securitized, with $26.0 million remaining capacity to receive additional proceeds or issue letters of credit. As of July 31, 2020, Ferrellgas, L.P. had received no cash proceeds from trade accounts receivables securitized, with $11.0 million remaining capacity to receive additional proceeds or issue letters of credit.

The agreement governing the accounts receivable securitization facility (the “Purchase Agreement”) requires the operating partnership to maintain a fixed charge coverage ratio of not less than 1.00x and a senior secured leverage ratio of not greater than 3.00x. The operating partnership was in compliance with these financial ratio requirements as of October 31, 2020. However, if at any time the operating partnership is not in compliance with these financial ratio requirements, Ferrellgas, L.P. will be unable to access the facility for working capital or other cash requirements and the facility may be terminated. This facility matures in May 2021 and includes an option, at Ferrellgas, L.P.’s request and consent, for the purchasers in their sole discretion to extend the facility for up to an additional three years.

F. Debt

Long-term debt

Long-term debt consists of the following:

	October 31, 2020	July 31, 2020
Unsecured senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2023 (2)	500,000	500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $770 and $937 at October 31, 2020 and July 31, 2020, respectively (3)	475,770	475,937
Secured senior notes		
Fixed rate, 10.00%, due 2025, net of unamortized premium of $3,424 and $3,573 at October 31, 2020 and July 31, 2020, respectively (4)	703,424	703,573
Notes payable		
9.7% and 9.4% weighted average interest rate at October 31, 2020 and July 31, 2020, respectively, due 2020 to 2029, net of unamortized discount of $449 and $537 at October 31, 2020 and July 31, 2020, respectively	3,956	4,564
Total debt, excluding unamortized debt issuance and other costs	2,183,150	2,184,074
Unamortized debt issuance and other costs	(33,949)	(35,583)
Less: current portion of long-term debt	502,095	502,095
Long-term debt	$ 1,647,106	$ 1,646,396

(1) During November 2010, Ferrellgas, L.P. issued $500.0 million aggregate principal amount of 6.50% senior notes due 2021.These notes are general unsecured senior obligations of Ferrellgas, L.P. and are (i) effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of the Ferrellgas, L.P.'s subsidiaries. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021.

(2) During June 2015, Ferrellgas, L.P. issued $500.0 million aggregate principal amount of 6.75% senior notes due 2023. These notes are general unsecured senior obligations of Ferrellgas, L.P. and certain subsidiaries and are (i) effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P. and such subsidiaries, to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of any subsidiary of Ferrellgas, L.P. that is not a guarantor of these notes. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. The outstanding principal amount is due on June 15, 2023. Ferrellgas, L.P. would incur prepayment penalties if it were to repay the notes prior to June 15, 2021.

(3) During fiscal 2014, Ferrellgas, L.P. issued $475.0 million aggregate principal amount of 6.75% senior notes due 2022, $325.0 million of which was issued at par and $150.0 million of which was issued at 104% of par. These notes are general unsecured senior obligations of Ferrellgas, L.P. and are (i) effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of Ferrellgas, L.P.'s subsidiaries. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on January 15 and July 15 of each year. The outstanding principal amount is due on January 15, 2022.

(4) During April 2020, Ferrellgas, L.P. issued $700.0 million aggregate principal amount of 10.00% senior secured first lien notes due 2025, $575.0 million of which was issued at par and $125.0 million of which was issued at 103% of par. These notes are senior secured obligations of Ferrellgas, L.P. and the guarantors of such notes, including Ferrellgas Partners, the general partners of Ferrellgas, L.P. and certain subsidiaries, and are (i) effectively senior to all existing senior unsecured indebtedness of Ferrellgas, L.P. and the guarantors, to the

extent of the value of the assets securing such debt, and (ii) structurally subordinated to all existing and future indebtedness and obligations of Ferrellgas Receivables, LLC, a special purpose subsidiary that does not guarantee the notes. The senior notes bear interest from the date of issuance, payable semiannually in arrears on April 15 and October 15 of each year. The operating partnership would incur prepayment penalties if it were to repay the notes prior to April 15, 2024. The outstanding principal amount is due on April 15, 2025.

The scheduled principal payments on long-term debt are as follows:

Payment due by fiscal year	**Scheduled principal payments**
2021	$ 501,425
2022	476,435
2023	500,999
2024	329
2025	700,199
Thereafter	19
Total	$ 2,179,406

Letters of credit outstanding at October 31, 2020 and July 31, 2020 totaled $127.1 million and $126.0 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. At October 31, 2020 and July 31, 2020, Ferrellgas, L.P. did not have in place a credit facility providing for the issuance of letters of credit and had $79.4 million and $78.2 million, respectively, of restricted cash pledged as cash collateral for letters of credit outstanding. Additionally, at both October 31, 2020 and July 31, 2020, Ferrellgas, L.P. also issued letters of credit of $50.0 million by utilizing our liquidity available on the accounts receivable securitization facility.

Forbearance Agreement with respect to Ferrellgas Partners' 8.625% Unsecured Senior Notes due June 15, 2020

On June 7, 2020, Ferrellgas Partners and additional Ferrellgas entities entered into a Forbearance Agreement (the "Forbearance Agreement") with the beneficial owners (or nominees, investment managers, advisors or subadvisors for the beneficial owners, collectively referred to as the "Forbearing Noteholders") of approximately 77% of the aggregate principal amount of Ferrellgas Partners' 8.625% unsecured senior notes due June 15, 2020, pursuant to which the Forbearing Noteholders agreed to forbear from exercising any default-related rights and remedies with respect to the Ferrellgas Partners Notes and to direct the trustee thereunder not to take any remedial action. The forbearance period under the Forbearance Agreement expired on August 15, 2020. Following the expiration of the forbearance period, discussions with representatives of the Forbearing Noteholders have continued.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the outstanding notes of Ferrellgas, L.P. contain various covenants that limit Ferrellgas Partners' ability and the ability of specified subsidiaries to, among other things, make restricted payments and incur additional indebtedness. The general partner believes that the most restrictive of these covenants are the restricted payments covenants discussed below.

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants, subject to the limited exception described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x , on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2020, the operating partnership's consolidated fixed charge coverage ratio was 1.65x.

Under the covenants in the indentures governing Ferrellgas, L.P.'s unsecured notes, if the consolidated fixed charge coverage ratio is below 1.75x, Ferrellgas, L.P. may still make restricted payments in limited amounts determined under the indentures governing Ferrellgas, L.P.'s unsecured notes. The distributions made by Ferrellgas, L.P. on June 15, 2019 and December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due June 2020 were made from capacity under this limited exception to the ratio requirement under the indentures governing Ferrellgas, L.P.'s unsecured notes.

The indenture governing Ferrellgas, L.P.'s senior secured first lien notes due 2025 contains a similar but, in some respects, a different restricted payments covenant. The covenant in the secured notes indenture provides for the same 1.75x consolidated fixed charge coverage ratio test as the unsecured notes indentures and a limited exception when that ratio is below 1.75x. In addition, the secured notes indenture also provides that, subject to a separate limited exception, described below, Ferrellgas, L.P. generally may not make a restricted payment unless Ferrellgas, L.P.'s consolidated leverage ratio (defined in the secured notes indenture generally to mean the ratio of consolidated total debt to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is no greater than 5.5x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. The consolidated leverage ratio test applies regardless of whether Ferrellgas, L.P.'s consolidated fixed coverage ratio is at least 1.75x or below 1.75x. As of October 31, 2020, Ferrellgas, L.P.'s consolidated leverage ratio was substantially in excess of 5.5x. Additionally, the secured notes indenture provides for restricted payments under its limited exception to the consolidated fixed charge coverage ratio test that is less than the capacity available under the similar exception in the unsecured notes indentures. However, the secured notes indenture contains a separate exception to both the consolidated fixed charge coverage ratio test and the consolidated leverage ratio test that can be utilized to make certain specified restricted payments in a limited amount when Ferrellgas, L.P. does not meet either the consolidated fixed charge coverage ratio test or the consolidated leverage ratio test. This separate exception under the secured notes indenture currently has capacity for such specified restricted payments that is substantially the same as the capacity under the most restrictive of Ferrellgas, L.P.'s unsecured notes indentures.

As described above, Ferrellgas Partners' unsecured notes due 2020 matured on June 15, 2020, and the outstanding principal amount of those notes was due to be paid on that date, together with accrued interest to the maturity date. Although Ferrellgas, L.P. has some capacity to make distributions under Ferrellgas, L.P.'s unsecured and secured notes indentures, this capacity will not allow Ferrellgas, L.P. to make distributions to Ferrellgas Partners sufficient to pay the principal of and accrued interest on Ferrellgas Partners' unsecured senior notes due 2020 due at the maturity of those notes. Additionally, the restrictions in these indentures currently limit the ability of Ferrellgas, L.P. to make distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders. Ferrellgas Partners continues to comply with the restrictive covenants with respect to the $357.0 million aggregate principal amount of Ferrellgas Partners Notes due June 15, 2020 as Ferrellgas Partners continues to negotiate with the Forbearing Noteholders.

Debt and interest expense reduction strategy

Ferrellgas, L.P. continues to pursue a strategy to reduce its debt and interest expense. Opportunities include the generation of additional cash flows through accretive acquisitions, continued restructuring or refinancing of existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas Partners' common unit distributions, issuing equity or executing one or more debt exchanges. Ferrellgas, L.P. expects to maintain its debt and interest expense reduction strategy until the consolidated leverage ratio reaches a level that it deems appropriate for its business. Ferrellgas, L.P. engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in its ongoing process to reduce existing debt and address its debt maturities.

G. Partners' deficit

Partnership distributions

Ferrellgas, L.P. has recognized the following distributions:

	For the three months ended October 31,	
	2020	2019
Ferrellgas Partners	$ —	$ 100
General partner	—	1

See additional discussions about transactions with related parties in Note K – Transactions with related parties.

Accumulated other comprehensive income (loss) ("AOCI")

See Note J – Derivative instruments and hedging activities for details regarding changes in the fair value of risk management financial derivatives recorded within AOCI for the three months ended October 31, 2020 and 2019.

General partner's commitment to maintain its capital account

Ferrellgas, L.P.'s partnership agreement allows the general partner to have an option to maintain its 1.0101% general partner interest concurrent with the issuance of other additional equity.

During the three months ended October 31, 2020, the general partner made non-cash contributions of $7.0 thousand to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

During the three months ended October 31, 2019, the general partner made non-cash contributions of $8.0 thousand to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

H. Revenue from contracts with customers

Disaggregation of revenue

Ferrellgas, L.P. disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended October 31,	
	2020	2019
Retail - Sales to End Users	$ 174,645	$ 180,417
Wholesale - Sales to Resellers	102,612	82,704
Other Gas Sales	3,792	10,264
Other	19,845	19,829
Propane and related equipment revenues	$ 300,894	$ 293,214

Contract assets and liabilities

Ferrellgas, L.P.'s performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas, L.P.'s performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas, L.P. does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas, L.P. offers "even pay" billing programs that can create customer deposits or advances, depending on whether Ferrellgas, L.P. has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas, L.P. incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas, L.P. does not capitalize these costs.

The following table presents the opening and closing balances of Ferrellgas, L.P.'s receivables, contract assets, and contract liabilities:

	October 31, 2020	July 31, 2020
Accounts receivable	$ 132,570	$ 108,483
Contract assets	$ 3,699	$ 7,079
Contract liabilities		
Deferred revenue (1)	$ 52,220	$ 42,911

(1) Of the beginning balance of deferred revenue, $11.4 million was recognized as revenue during the three months ended October 31, 2020.

Remaining performance obligations

Ferrellgas, L.P.'s remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas, L.P.'s even pay billing programs and Ferrellgas, L.P. expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

I. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas, L.P.'s financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of October 31, 2020 and July 31, 2020:

	Asset (Liability)			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
October 31, 2020:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 7,161	$ —	$ 7,161
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (1,557)	$ —	$ (1,557)
July 31, 2020:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 3,112	$ —	$ 3,112
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (5,425)	$ —	$ (5,425)

Methodology

The fair values of Ferrellgas, L.P.'s non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

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. At October 31, 2020 and

July 31, 2020, the estimated fair value of Ferrellgas, L.P.'s long-term debt instruments was $2,157.4 million and $2,054.4 million, respectively. Ferrellgas, L.P. estimates the fair value of long-term debt based on quoted market prices. The fair value of Ferrellgas, L.P.'s consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas, L.P. has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

J. Derivative instruments and hedging activities

Ferrellgas, L.P. is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas, L.P. utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

Derivative instruments and hedging activity

During the three months ended October 31, 2020 and 2019, Ferrellgas, L.P. did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives within Ferrellgas, L.P.'s condensed consolidated balance sheets as of October 31, 2020 and July 31, 2020:

		October 31, 2020			
	Final Maturity	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 6,656	Other current liabilities	$ 1,506
Commodity derivatives-propane		Other assets, net	505	Other liabilities	51
		Total	$ 7,161	Total	$ 1,557

		July 31, 2020			
	Final Maturity	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 2,846	Other current liabilities	$ 5,029
Commodity derivatives-propane		Other assets, net	266	Other liabilities	396
		Total	$ 3,112	Total	$ 5,425

Ferrellgas, L.P.'s exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas, L.P. for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of October 31, 2020 and July 31, 2020, respectively:

	October 31, 2020			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 9,381	Other current liabilities	$ 5,768
	Other assets, net	544	Other liabilities	483
		$ 9,925		$ 6,251

	July 31, 2020			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 14,398	Other current liabilities	$ 510
	Other assets, net	1,433	Other liabilities	—
		$ 15,831		$ 510

The following tables provide a summary of the effect on Ferrellgas, L.P.'s condensed consolidated statements of comprehensive income (loss) for the three months ended October 31, 2020 and 2019 due to derivatives designated as cash flow hedging instruments:

	For the three months ended October 31, 2020			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ 5,767	Cost of product sold- propane and other gas liquids sales	$ (2,150)	$ —
	$ 5,767		$ (2,150)	$ —

	For the three months ended October 31, 2019			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (13,627)	Cost of product sold- propane and other gas liquids sales	$ (7,479)	$ —
	$ (13,627)		$ (7,479)	$ —

The changes in derivatives included in AOCI for the three months ended October 31, 2020 and 2019 were as follows:

	For the three months ended October 31,	
Gains and losses on derivatives included in AOCI	2020	2019
Beginning balance	$ (2,313)	$ (14,756)
Change in value of risk management commodity derivatives	5,767	(13,627)
Reclassification of losses on commodity hedges to cost of sales - propane and other gas liquids sales, net	2,150	7,479
Ending balance	$ 5,604	$ (20,904)

Ferrellgas, L.P. expects to reclassify net gains of approximately $5.2 million to earnings during the next 12 months. These net gains are expected to be offset by increased margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sale exception.

During the three months ended October 31, 2020 and 2019, Ferrellgas, L.P. had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of October 31, 2020, Ferrellgas, L.P. had financial derivative contracts covering 3.6 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas, L.P. is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas, L.P.'s counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas, L.P. maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by Ferrellgas, L.P. in the forms of letters of credit, parental guarantees or cash. Ferrellgas, L.P. has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at October 31, 2020, the maximum amount of loss due to credit risk that Ferrellgas, L.P. would incur based upon the gross fair values of the derivative financial instruments is $3.5 million.

From time to time Ferrellgas, L.P. enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas, L.P.'s debt rating. There were no open derivative contracts with credit-risk-related contingent features as of October 31, 2020.

K. Transactions with related parties

Ferrellgas, L.P. has no employees and is managed and controlled by its general partner. Pursuant to Ferrellgas, L.P.'s partnership agreement, the general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of Ferrellgas, L.P. and all other necessary or appropriate expenses allocable to Ferrellgas, L.P. or otherwise reasonably incurred by its general partner in connection with operating Ferrellgas, L.P.'s business. These costs primarily include compensation and benefits paid to employees of the general partner who perform services on Ferrellgas, L.P.'s behalf and are reported in the condensed consolidated statements of operations as follows:

	For the three months ended October 31,	
	2020	2019
Operating expense	$ 60,980	$ 63,471
General and administrative expense	$ 6,719	$ 6,487

See additional discussions about transactions with the general partner and related parties in Note G – Partners' deficit.

L. Contingencies and commitments

Litigation

Ferrellgas, L.P.'s operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas, L.P. can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas, L.P. is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas, L.P.

Ferrellgas, L.P. has been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The lawsuits, which were consolidated in the Western District of Missouri on October 16, 2014, allege that Ferrellgas and a competitor coordinated in 2008 to reduce the fill level in barbeque cylinders and combined to persuade a common customer to accept that fill reduction, resulting in increased cylinder costs to direct customers and end-user customers in violation of federal and certain state antitrust laws. The lawsuits seek treble damages, attorneys' fees, injunctive relief and costs on behalf of the putative class. These lawsuits have been coordinated for pretrial purposes by the multidistrict litigation panel. The Federal Court for the Western District of Missouri initially dismissed all claims brought by direct and indirect customers other than state law claims of indirect customers under Wisconsin, Maine and Vermont law. The direct customer plaintiffs filed an appeal, which resulted in a reversal of the district court's dismissal. We filed a petition for a writ of certiorari which was denied. An appeal by the indirect customer plaintiffs resulted in the court of appeals affirming the dismissal of the federal claims and remanding the case to the district court to decide whether to exercise supplemental jurisdiction over the remaining state law claims. Thereafter, in August 2019, Ferrellgas, L.P. reached a settlement with the direct customers, pursuant to which it agreed to pay a total of $6.25 million to resolve all claims asserted by the putative direct purchaser class. With respect to the indirect customers, the district court exercised supplemental jurisdiction over the remaining state law claims, but then granted in part Ferrellgas' pleadings-based motion and dismissed 11 of the 24 remaining state law claims. As a result, there are 13 remaining state law claims brought by a putative class of indirect customers. Ferrellgas, L.P. believes it has strong defenses and intends to vigorously defend itself against these remaining claims. Ferrellgas, L.P. does not believe loss is probable or reasonably estimable at this time related to the putative class action lawsuit.

Ferrellgas, L.P. and Bridger Logistics, LLC ("Bridger"), have been named, along with two former officers, in a lawsuit filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the Eastern District of Pennsylvania (the "EDPA Lawsuit"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger. The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached fiduciary duties owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. The lawsuit does not specify a specific amount of damages that Eddystone is seeking; however, Ferrellgas believes that the amount of such damages, if ultimately owed to Eddystone, could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim. On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit. The lawsuit is in the discovery stage; as such, management does not currently believe a loss is probable or reasonably estimable at this time.

M. Guarantor financial information

The $500.0 million aggregate principal amount of registered 6.75% senior notes due 2023 co-issued by Ferrellgas, L.P. and Ferrellgas Finance Corp. are fully and unconditionally and jointly and severally guaranteed by all of Ferrellgas, L.P.'s 100% owned subsidiaries except: (i) Ferrellgas Finance Corp; (ii) certain special purposes subsidiaries formed for use in connection with our accounts receivable securitization; and (iii) foreign subsidiaries. Guarantees of these senior notes will be released under certain circumstances, including (i) in connection with any sale or other disposition of (a) all or substantially all of the assets of a guarantor or (b) all of the capital stock of such guarantor (including by way of merger or consolidation), in each case, to a person that is not Ferrellgas, L.P. or a restricted subsidiary of Ferrellgas, L.P., (ii) if Ferrellgas, L.P. designates any restricted subsidiary that is a guarantor as an unrestricted subsidiary, (iii) upon defeasance or discharge of the notes, (iv) upon the liquidation or dissolution of such guarantor, or (v) at such time as such guarantor ceases to guarantee any other indebtedness of either of the issuers and any other guarantor.

The guarantor financial information discloses in separate columns the financial position, results of operations and the cash flows of Ferrellgas, L.P. (Parent), Ferrellgas Finance Corp. (co-issuer), Ferrellgas, L.P.'s guarantor subsidiaries on a combined basis, and Ferrellgas, L.P.'s non-guarantor subsidiaries on a combined basis. The dates and the periods presented in the guarantor financial information are consistent with the periods presented in Ferrellgas, L.P.'s condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	As of October 31, 2020					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
ASSETS						
Current assets:						
Cash and cash equivalents	$ 296,890	$ 1	$ —	$ 2,631	$ —	$ 299,522
Accounts and notes receivable, net	15,547	—	—	103,941	—	119,488
Intercompany receivables	87,191	—	—	—	(87,191)	—
Inventories	78,980	—	—	—	—	78,980
Prepaid expenses and other current assets	40,044	—	—	—	—	40,044
Total current assets	518,652	1	—	106,572	(87,191)	538,034
Property, plant and equipment, net	592,132	—	—	—	—	592,132
Goodwill, net	246,946	—	—	—	—	246,946
Intangible assets, net	101,812	—	—	—	—	101,812
Investments in consolidated subsidiaries	37,821	—	—	—	(37,821)	—
Operating lease right-of-use assets	100,349	—	—	—	—	100,349
Other assets, net	71,029	—	2,255	238	—	73,522
Total assets	$ 1,668,741	$ 1	$ 2,255	$ 106,810	$ (125,012)	$ 1,652,795
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)						
Current liabilities:						
Accounts payable	$ 44,641	$ —	$ —	$ —	$ —	$ 44,641
Intercompany payables	—	—	—	87,191	(87,191)	—
Current portion of long-term debt	502,095	—	—	—	—	502,095
Current operating lease liabilities	28,280	—	—	—	—	28,280
Other current liabilities	175,856	—	—	(15,946)	—	159,910
Total current liabilities	750,872	—	—	71,245	(87,191)	734,926
Long-term debt	1,647,106	—	—	—	—	1,647,106
Operating lease liabilities	83,337	—	—	—	—	83,337
Other liabilities	49,543	—	—	—	—	49,543
Contingencies and commitments						
Partners' capital (deficit):						
Partners' equity	(867,721)	1	2,255	35,565	(37,821)	(867,721)
Accumulated other comprehensive income	5,604	—	—	—	—	5,604
Total partners' capital (deficit)	(862,117)	1	2,255	35,565	(37,821)	(862,117)
Total liabilities and partners' capital (deficit)	$ 1,668,741	$ 1	$ 2,255	$ 106,810	$ (125,012)	$ 1,652,795

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	As of July 31, 2020					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
ASSETS						
Current assets:						
Cash and cash equivalents	$ 332,244	$ 1	$ —	$ 1,510	$ —	$ 333,755
Accounts and notes receivable, net	11,879	—	24	89,535	—	101,438
Intercompany receivables	69,980	—	—	—	(69,980)	—
Inventories	72,664	—	—	—	.	72,664
Prepaid expenses and other current assets	35,897	—	—	—	—	35,897
Total current assets	522,664	1	24	91,045	(69,980)	543,754
Property, plant and equipment, net	591,042	—	—	—	—	591,042
Goodwill, net	247,195	—	—	—	—	247,195
Intangible assets, net	104,049	—	—	—	—	104,049
Investments in consolidated subsidiaries	37,662	—	—	—	(37,662)	—
Operating lease right-of-use assets	107,349	—	—	—	—	107,349
Other assets, net	72,137	—	2,255	356	—	74,748
Total assets	$ 1,682,098	$ 1	$ 2,279	$ 91,401	$ (107,642)	$ 1,668,137
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)						
Current liabilities:						
Accounts payable	$ 33,944	$ —	$ —	$ —	$ —	$ 33,944
Intercompany payables	—	—	—	69,980	(69,980)	—
Current portion of long-term debt	502,095	—	—	—	—	502,095
Current operating lease liabilities	29,345	—	—	—	—	29,345
Other current liabilities	162,097	—	—	(13,961)	—	148,136
Total current liabilities	727,481	—	—	56,019	(69,980)	713,520
Long-term debt	1,646,396	—	—	—	—	1,646,396
Operating lease liabilities	89,022	—	—	—	—	89,022
Other liabilities	51,190	—	—	—	—	51,190
Contingencies and commitments						
Partners' capital (deficit):						
Partners' equity	(829,678)	1	2,279	35,382	(37,662)	(829,678)
Accumulated other comprehensive income	(2,313)	—	—	—	—	(2,313)
Total partners' capital (deficit)	(831,991)	1	2,279	35,382	(37,662)	(831,991)
Total liabilities and partners' capital (deficit)	$ 1,682,098	$ 1	$ 2,279	$ 91,401	$ (107,642)	$ 1,668,137

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(in thousands)

	For the three months ended October 31, 2020					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Revenues:						
Propane and other gas liquids sales	$ 281,049	$ —	$ —	$ —	$ —	$ 281,049
Other	19,845	—	—	—	—	19,845
Total revenues	300,894	—	—	—	—	300,894
Costs and expenses:						
Cost of sales - propane and other gas liquids sales	137,627	—	—	—	—	137,627
Cost of sales - other	3,667	—	—	—	—	3,667
Operating expense - personnel, vehicle, plant and other	109,027	—	—	737	(737)	109,027
Operating expense - equipment lease expense	6,830	—	—	—	—	6,830
Depreciation and amortization expense	21,390	—	—	—	—	21,390
General and administrative expense	13,074	2	—	—	—	13,076
Non-cash employee stock ownership plan compensation charge	708	—	—	—	—	708
Loss on asset sales and disposals	813	—	—	—	—	813
Operating income (loss)	7,758	(2)	—	(737)	737	7,756
Interest expense	(45,901)	—	—	(627)	—	(46,528)
Other income (expense), net	129	—	(21)	1,679	(1,679)	108
Earnings (loss) before income taxes	(38,014)	(2)	(21)	315	(942)	(38,664)
Income tax expense	87	—	—	—	—	87
Equity in earnings (loss) of subsidiaries	292	—	—	—	(292)	—
Net earnings (loss)	(37,809)	(2)	(21)	315	(1,234)	(38,751)
Other comprehensive income	7,917	—	—	—	—	7,917
Comprehensive income (loss)	$ (29,892)	$ (2)	$ (21)	$ 315	$ (1,234)	$ (30,834)

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(in thousands)

	For the three months ended October 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Revenues:						
Propane and other gas liquids sales	$ 273,385	$ —	$ —	$ —	$ —	$ 273,385
Other	19,829	—	—	—	—	19,829
Total revenues	293,214	—	—	—	—	293,214
Costs and expenses:						
Cost of sales - propane and other gas liquids sales	134,028	—	—	—	—	134,028
Cost of sales - other	3,681	—	—	—	—	3,681
Operating expense - personnel, vehicle, plant and other	114,543	—	—	885	(885)	114,543
Operating expense - equipment lease expense	8,388	—	—	—	—	8,388
Depreciation and amortization expense	19,107	—	—	112	—	19,219
General and administrative expense	9,695	1	—	—	—	9,696
Non-cash employee stock ownership plan compensation charge	795	—	—	—	—	795
Loss on asset sales and disposals	2,235	—	—	—	—	2,235
Operating income (loss)	742	(1)	—	(997)	885	629
Interest expense	(35,691)	—	—	(1,186)	—	(36,877)
Other income (expense), net	(132)	—	—	720	(720)	(132)
Earnings (loss) before income taxes	(35,081)	(1)	—	(1,463)	165	(36,380)
Income tax expense	518	—	—	—	—	518
Equity in earnings (loss) of subsidiary	(1,464)	—	—	—	1,464	—
Net earnings (loss)	(37,063)	(1)	—	(1,463)	1,629	(36,898)
Other comprehensive loss	(6,148)	—	—	—	—	(6,148)
Comprehensive income (loss)	$ (43,211)	$ (1)	$ —	$ (1,463)	$ 1,629	$ (43,046)

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ended October 31, 2020					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Cash flows from operating activities:						
Net cash provided by (used in) operating activities	$ (9,925)	$ (2)	$ 3	$ (2,687)	$ 1,121	$ (11,490)
Cash flows from investing activities:						
Business acquisitions, net of cash acquired	—	—	—	—	—	—
Capital expenditures	(19,454)	—	—	—	—	(19,454)
Proceeds from sale of assets	1,407	—	—	—	—	1,407
Cash collected for purchase of interest in accounts receivable	—	—	—	153,131	(153,131)	—
Cash remitted to Ferrellgas, L.P. for accounts receivable	—	—	—	(152,010)	152,010	—
Intercompany loan to affiliate	(2,686)	—	—	—	2,686	—
Net cash provided by (used in) investing activities	(20,733)	—	—	1,121	1,565	(18,047)
Cash flows from financing activities:						
Payments on long-term debt	(696)	—	—	—	—	(696)
Net changes in advances with consolidated entities	—	2	(3)	2,687	(2,686)	—
Cash payments for principal portion of finance lease liability	(1,703)	—	—	—	—	(1,703)
Cash paid for financing costs and other	(2,297)	—	—	—	—	(2,297)
Net cash provided by (used in) financing activities	(4,696)	2	(3)	2,687	(2,686)	(4,696)
Net change in cash and cash equivalents	(35,354)	—	—	1,121	—	(34,233)
Cash and cash equivalents - beginning of year	332,244	1	—	1,510	—	333,755
Cash, cash equivalents and restricted cash - end of year	$ 296,890	$ 1	$ —	$ 2,631	$ —	$ 299,522

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ended October 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Cash flows from operating activities:						
Net cash provided by (used in) operating activities	$ 21,350	$ (1)	$ 506	$ (3,708)	$ (11,000)	$ 7,147
Cash flows from investing activities:						
Business acquisitions, net of cash acquired	(6,400)	—	—	—	—	(6,400)
Capital expenditures	(18,126)	—	—	—	—	(18,126)
Proceeds from sale of assets	835	—	—	—	—	835
Cash collected for purchase of interest in accounts receivable	—	—	—	161,600	(161,600)	—
Cash remitted to Ferrellgas, L.P. for accounts receivable	—	—	—	(172,600)	172,600	—
Intercompany loan to affiliate	(3,203)	—	—	—	3,203	—
Cash payment to construct assets in connection with future lease transactions	(16,879)	—	—	—	—	(16,879)
Cash receipts in connection with leased vehicles	5,863	—	—	—	—	5,863
Net cash provided by (used in) investing activities	(37,910)	—	—	(11,000)	14,203	(34,707)
Cash flows from financing activities:						
Distributions	(101)	—	—	—	—	(101)
Reductions in long-term debt	(512)	—	—	—	—	(512)
Net additions to short-term borrowings	37,000	—	—	—	—	37,000
Net additions to collateralized short-term borrowings	—	—	—	11,000	—	11,000
Net changes in advances with consolidated entries	—	1	(506)	3,708	(3,203)	—
Cash payments for principal portion of finance lease liability	(38)	—	—	—	—	(38)
Cash paid for financing costs and other	(1,102)	—	—	—	—	(1,102)
Net cash provided by (used in) financing activities	35,247	1	(506)	14,708	(3,203)	46,247
Net change in cash and cash equivalents	18,687	—	—	—	—	18,687
Cash and cash equivalents - beginning of year	11,045	1	—	—	—	11,046
Cash and cash equivalents - end of year	$ 29,732	$ 1	$ —	$ —	$ —	$ 29,733

N. Subsequent events

Ferrellgas, L.P. has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas, L.P.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements, except as follows.

Transaction Support Agreement

On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and additional Ferrellgas entities (collectively, the "Company Parties") entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims (collectively, the "Consenting Noteholders") arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. As of December 10, 2020, the Consenting Noteholders hold or represent, in the aggregate, approximately 74% of the outstanding amount of the Ferrellgas Partners Notes due June 15, 2020.

The TSA sets forth (i) a restructuring process to satisfy the obligations of Ferrellgas Partners and Ferrellgas Partners Finance Corp. under the Ferrellgas Partners Notes due June 15, 2020 (the "Ferrellgas Partners Transactions"), which will be effectuated through pre-packaged voluntary cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code filed by only Ferrellgas Partners and Ferrellgas Partners Finance Corp. and the confirmation of a pre-packaged plan of reorganization for Ferrellgas Partners and Ferrellgas Partners Finance Corp., and (ii) a refinancing process of Ferrellgas, L.P., including but not limited to, replacement of Ferrellgas, L.P.'s existing unsecured notes due 2021, 2022 and 2023 (the "operating partnership Transactions" and, together with the Ferrellgas Partners Transactions, the "Transactions"), which will be consummated on the effective date (the "Effective Date") of Ferrellgas Partners' plan of reorganization that implements the Ferrellgas Partners Transactions (the "Plan") and will close simultaneously with the Ferrellgas Partners Transactions effectuated under the Plan.

Generally, the TSA and the Transactions contemplate, among other things, the transactions and certain changes to the capital structure and governance of the Company Parties as described in more detail in the TSA.

Pursuant to the TSA, and subject to the terms and conditions thereof, the parties thereto have agreed to support, act in good faith and take all steps reasonably necessary and desirable to implement and consummate the Transactions until the TSA is terminated. The Consenting Noteholders have agreed, among other things, (i) to forbear from taking actions with respect to any default or event of default by the Company Parties under the indenture governing the Ferrellgas Partners Notes which arises solely as a result of the failure to make payments of the principal due on the Ferrellgas Partners Notes, and (ii) to vote in favor of any matter requiring approval to the extent necessary to implement the Transactions and the Plan.

The TSA contains certain milestones relating to the commencement of the solicitation of acceptances of the Plan (the "Solicitation"), the refinancing process and the Chapter 11 Cases, which include the dates by which Ferrellgas Partners is required to commence the Solicitation and, thereafter, commence the Chapter 11 Cases or obtain certain approval orders of the United States Bankruptcy Court for the District of Delaware. In addition, the milestones include the obligation of Ferrellgas Partners and Ferrellgas Partners Finance Corp. to emerge from chapter 11 protection no later than April 4, 2021, unless that deadline is extended pursuant to the terms of the TSA.

The TSA also provides that the TSA may be terminated by the Required Consenting Noteholders (as defined therein) with respect to the Consenting Noteholders or by any Company Party with respect to the Company Parties upon the occurrence of certain events set forth therein. In particular, the Company Parties may terminate the TSA in the event the governing body of any Company Party determines, after consulting with counsel, (i) that continuing to pursue any of the Transactions in the manner contemplated by the TSA would be inconsistent with the exercise of its contractual or fiduciary duties or applicable law or (ii) in the exercise of its contractual or fiduciary duties, to pursue an alternative transaction proposal.

There is no assurance that the restructuring and refinancing processes described in the TSA will be consummated.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	October 31, 2020	July 31, 2020
ASSETS		
Cash	$ 1,100	$ 1,100
Prepaid expenses and other current assets	—	1,500
Total assets	$ 1,100	$ 2,600
Contingencies and commitments (Note B)		
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	84,240	84,187
Accumulated deficit	(84,140)	(82,587)
Total stockholder's equity	$ 1,100	$ 2,600

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended October 31,	
	2020	2019
General and administrative expense	$ 1,553	$ 1,019
Net loss	$ (1,553)	$ (1,019)

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended October 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	$ (1,553)	$ (1,019)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	1,500	966
Cash used in operating activities	(53)	(53)
Cash flows from financing activities:		
Capital contribution	53	53
Cash provided by financing activities	53	53
Net change in cash	—	—
Cash - beginning of period	1,100	1,100
Cash - end of period	$ 1,100	$ 1,100

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
(unaudited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

Ferrellgas Finance Corp. (the “Finance Corp.”), a Delaware corporation, was formed on January 16, 2003, and is a wholly-owned subsidiary of Ferrellgas, L.P. (the “Partnership”).

The Partnership contributed $1,000 to the Finance Corp. on January 24, 2003 in exchange for 1,000 shares of common stock.

The Finance Corp. has nominal assets, does not conduct any operations and has no employees.

Going Concern

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note B – Contingencies and commitments, the Finance Corp serves as co-issuer and co-obligor for debt securities of the Partnership. The Partnership has $500.0 million in unsecured notes due May 1, 2021 that are classified as current in its condensed consolidated financial statements. This obligation is only reported on the condensed consolidated balance sheet of the Partnership. The ability of the Partnership to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. The Finance Corp. does not have sufficient cash reserves or the ability to generate sufficient future cash flows to satisfy its obligations as co-obligor of the debt securities of the Partnership. Given these concerns, we believe there is substantial doubt about the Finance Corp’s ability to continue as a going concern. The Partnership has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in the Partnership’s ongoing process to reduce existing debt and address its debt maturities. On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., the Partnership, Finance Corp. and additional Ferrellgas entities entered into a Transaction Support Agreement (the “TSA”) with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. There is no assurance that the transactions contemplated by the TSA will be consummated and the outcome of Ferrellgas’ debt reduction strategy continues to remain uncertain. See Note C – Subsequent Events, for a discussion of the TSA and the transactions contemplated thereunder.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership. The Finance Corp. is liable as co-issuer and co-obligor for (i) the $500 million aggregate principal amount of the Partnership’s unsecured senior notes due 2021, (ii) the $475 million aggregate principal amount of the Partnership’s unsecured senior notes due 2022, and (iii) the $500 million aggregate principal amount of the Partnership’s unsecured senior notes due 2023, which obligations are only reported on the Partnership’s condensed consolidated balance sheet.

C. Subsequent events

The Partnership has evaluated events and transactions occurring after the balance sheet date through the date the Partnership’s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements, except as follows.

Transaction Support Agreement

On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., the Partnership, Finance Corp. and additional Ferrellgas entities (collectively, the “Company Parties”) entered into a Transaction Support Agreement (the “TSA”) with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims (collectively, the “Consenting Noteholders”) arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. As of December 10, 2020, the Consenting Noteholders hold or represent, in the aggregate, approximately 74% of the outstanding amount of the Ferrellgas Partners Notes due June 15, 2020.

The TSA sets forth (i) a restructuring process to satisfy the obligations of Ferrellgas Partners and Ferrellgas Partners Finance Corp. under the Ferrellgas Partners Notes due June 15, 2020 (the “Ferrellgas Partners Transactions”), which will be effectuated through pre-packaged voluntary cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code filed by only Ferrellgas Partners and Ferrellgas Partners Finance Corp. and the confirmation of a pre-packaged plan of reorganization for Ferrellgas Partners and Ferrellgas Partners Finance Corp., and (ii) a refinancing process of the Partnership and the Finance Corp., including but not limited to, replacement of the Partnership’s and the Finance Corp.’s existing unsecured notes due 2021, 2022 and 2023 (the “operating partnership Transactions” and, together with the Ferrellgas Partners Transactions, the “Transactions”), which will be consummated on the effective date (the “Effective Date”) of Ferrellgas Partners’ plan of reorganization that implements the Ferrellgas Partners Transactions (the “Plan”) and will close simultaneously with the Ferrellgas Partners Transactions effectuated under the Plan.

Generally, the TSA and the Transactions contemplate, among other things, the transactions and certain changes to the capital structure and governance of the Company Parties as described in more detail in the TSA.

Pursuant to the TSA, and subject to the terms and conditions thereof, the parties thereto have agreed to support, act in good faith and take all steps reasonably necessary and desirable to implement and consummate the Transactions until the TSA is terminated. The Consenting Noteholders have agreed, among other things, (i) to forbear from taking actions with respect to any default or event of default by the Company Parties under the indenture governing the Ferrellgas Partners Notes which arises solely as a result of the failure to make payments of the principal due on the Ferrellgas Partners Notes, and (ii) to vote in favor of any matter requiring approval to the extent necessary to implement the Transactions and the Plan.

The TSA contains certain milestones relating to the commencement of the solicitation of acceptances of the Plan (the “Solicitation”), the refinancing process and the Chapter 11 Cases, which include the dates by which Ferrellgas Partners is required to commence the Solicitation and, thereafter, commence the Chapter 11 Cases or obtain certain approval orders of the United States Bankruptcy Court for the District of Delaware. In addition, the milestones include the obligation of Ferrellgas Partners and Ferrellgas Partners Finance Corp. to emerge from chapter 11 protection no later than April 4, 2021, unless that deadline is extended pursuant to the terms of the TSA.

The TSA also provides that the TSA may be terminated by the Required Consenting Noteholders (as defined therein) with respect to the Consenting Noteholders or by any Company Party with respect to the Company Parties upon the occurrence of certain events set forth therein. In particular, the Company Parties may terminate the TSA in the event the governing body of any Company Party determines, after consulting with counsel, (i) that continuing to pursue any of the Transactions in the manner contemplated by the TSA would be inconsistent with the exercise of its contractual or fiduciary duties or applicable law or (ii) in the exercise of its contractual or fiduciary duties, to pursue an alternative transaction proposal.

There is no assurance that the restructuring and refinancing processes described in the TSA will be consummated.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our management's discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners and the operating partnership.

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. have nominal assets, do not conduct any operations and have no employees other than officers. Ferrellgas Partners Finance Corp. serves as co-issuer and co-obligor for debt securities of Ferrellgas Partners, while Ferrellgas Finance Corp. serves as co-issuer and co-obligor for debt securities of the operating partnership. Accordingly, and due to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. is not presented.

In this Item 2 of the Quarterly Report on Form 10-Q, unless the context indicates otherwise:

- "us," "we," "our," "ours," "consolidated," or "Ferrellgas" are references exclusively to Ferrellgas Partners, L.P. together with its consolidated subsidiaries, including Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp., except when used in connection with "common units," in which case these terms refer to Ferrellgas Partners, L.P. without its consolidated subsidiaries;

- "Ferrellgas Partners" refers to Ferrellgas Partners, L.P. itself, without its consolidated subsidiaries;

- the "operating partnership" refers to Ferrellgas, L.P., together with its consolidated subsidiaries, including Ferrellgas Finance Corp.;

- our "general partner" (i) with respect to Ferrellgas Partners refers to Ferrellgas, Inc. and (ii) with respect to the operating partnership refers to (a) Ferrellgas, Inc., in the case of any economic general partner interest and (b) Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, collectively, in the case of any voting general partner interest;

- "Ferrell Companies" refers to Ferrell Companies, Inc., the sole shareholder or sole member, as applicable, of our general partners;

- "unitholders" refers to holders of common units of Ferrellgas Partners;

- "GAAP" refers to accounting principles generally accepted in the United States;

- "retail sales" refers to Propane and other gas liquid sales: Retail - Sales to End Users or the volume of propane sold primarily to our residential, industrial/commercial and agricultural customers;

- "wholesale sales" refers to Propane and other gas liquid sales: Wholesale - Sales to Resellers or the volume of propane sold primarily to our portable tank exchange customers and bulk propane sold to wholesale customers;

- "other gas sales" refers to Propane and other gas liquid sales: Other Gas Sales or the volume of bulk propane sold to other third-party propane distributors or marketers and the volume of refined fuel sold;

- "propane sales volume" refers to the volume of propane sold to our retail sales and wholesale sales customers;

- "Ferrellgas Partners Notes" refers to the $357.0 million aggregate principal amount of 8.625% unsecured senior notes due June 15, 2020 co-issued by Ferrellgas Partners and Ferrellgas Partners Finance Corp.;

- "Notes" refers to the notes of the condensed consolidated financial statements of Ferrellgas Partners or the operating partnership, as applicable; and

- “fiscal 2021” means the fiscal year ended July 31, 2021, “fiscal 2020” means the fiscal year ended July 31, 2020, “fiscal 2019” means the fiscal year ended July 31, 2019, and “fiscal 2018” means the fiscal year ended July 31, 2018.

Ferrellgas Partners is a holding entity that conducts no operations and has two direct subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners’ only assets are its approximate 99% limited partnership interest in the operating partnership and its 100% equity interest in Ferrellgas Partners Finance Corp. The common units of Ferrellgas Partners are traded on the OTC Pink Market and our activities are primarily conducted through the operating partnership.

The operating partnership was formed on April 22, 1994, and accounts for substantially all of our consolidated assets, sales and operating earnings, except for interest expense related to the senior notes co-issued by Ferrellgas Partners and Ferrellgas Partners Finance Corp.

Our general partner performs all management functions for us and our subsidiaries and holds an approximate 1% general partner interest in Ferrellgas Partners and an approximate 1% general partner interest in the operating partnership. The parent company of our general partner, Ferrell Companies, beneficially owns approximately 23.4% of our outstanding common units. Ferrell Companies is owned 100% by an employee stock ownership trust.

We file annual, quarterly, and current reports and other information with the Securities and Exchange Commission (the "SEC"). You may read and download our SEC filings over the Internet from several commercial document retrieval services as well as at the SEC’s website at www.sec.gov. Our SEC filings are also available on our website at www.ferrellgas.com at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any Internet addresses provided in this Quarterly Report on Form 10-Q are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet addresses is intended or deemed to be incorporated by reference herein.

The following is a discussion of our historical financial condition and results of operations and should be read in conjunction with our audited historical consolidated financial statements and accompanying Notes thereto included in our Annual Report on Form 10-K for fiscal 2020 and in our unaudited historical condensed consolidated financial statements and accompanying Notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

The discussions set forth in the “Results of Operations” and “Liquidity and Capital Resources” sections generally refer to Ferrellgas Partners and its consolidated subsidiaries. However, in these discussions there exists one material difference between Ferrellgas Partners and the operating partnership: Ferrellgas Partners has outstanding $357.0 million aggregate principal amount of 8.625% senior notes due June 15, 2020, and, accordingly, has interest expense that the operating partnership does not have. Ferrellgas Partners’ access to liquidity is dependent on distributions from the operating partnership. See the statements of operations in their respective condensed consolidated financial statements.

Cautionary Note Regarding Forward-looking Statements

Statements included in this report include forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. These statements often use words such as “anticipate,” “believe,” “intend,” “plan,” “projection,” “forecast,” “strategy,” “position,” “continue,” “estimate,” “expect,” “may,” “will,” or the negative of those terms or other variations of them or comparable terminology. These statements often discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future and are based upon the beliefs and assumptions of our management and on the information currently available to them. In particular, statements, express or implied, concerning our future operating results or our ability to generate sales, income or cash flow are forward-looking statements.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on any forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially from those expressed in or implied by these forward-looking statements. Many of the factors that will affect our future results are beyond our ability to control or predict. Some of the risk factors that may affect our business, financial condition or results of operations include:

- the effect of weather conditions on the demand for propane;

- the prices of wholesale propane, motor fuel and crude oil;
- disruptions to the supply of propane;
- competition from other industry participants and other energy sources;
- energy efficiency and technology advances;
- adverse changes in our relationships with our national tank exchange customers;
- significant delays in the collection of accounts or notes receivable;
- customer, counterparty, supplier or vendor defaults;
- changes in demand for, and production of, hydrocarbon products;
- disruptions to railroad operations on the railroads we use;
- increased trucking and rail regulations;
- inherent operating and litigation risks in gathering, transporting, handling and storing propane;
- our inability to complete acquisitions or to successfully integrate acquired operations;
- costs of complying with, or liabilities imposed under, environmental, health and safety laws;
- the impact of pending and future legal proceedings;
- the interruption, disruption, failure or malfunction of our information technology systems including due to cyber-attack;
- the impact of changes in tax law that could adversely affect the tax treatment of Ferrellgas Partners for federal income tax purposes;
- economic and political instability, particularly in areas of the world tied to the energy industry;
- disruptions in the capital and credit markets;
- access to available capital to meet our operating requirements up to and including the refinancing and/or restructuring of maturing debt instruments; and
- the impact of the inclusion in the report of our auditor of an “emphasis of matter” paragraph regarding substantial doubt as to our ability to continue as a going concern.

When considering any forward-looking statement, you should also keep in mind the risk factors set forth in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for fiscal 2020. Any of these risks could impair our business, financial condition or results of operations. Any such impairment may affect our ability to make distributions to our unitholders or pay interest on the principal of any of our debt securities. In addition, the trading price of our securities could decline as a result of any such impairment.

Except for our ongoing obligations to disclose material information as required by federal securities laws, we undertake no obligation to update any forward-looking statements or risk factors after the date of this Quarterly Report on Form 10-Q.

Recent developments

COVID-19

The coronavirus disease 2019 (COVID-19), which has been declared by the World Health Organization as a "Public Health Emergency of International Concern," continues to spread and severely impact the economy of the United States and other countries around the world. COVID-19 poses the risk that we or our employees, contractors, suppliers, customers and other business partners may be prevented from or limited in conducting business activities for an indefinite period of time. The outbreak of COVID-19 has already resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions, manufacturing restrictions, declarations of national emergency and states of emergency, business shutdowns and restrictions on the movement of people throughout the United States and the world. While some of our business operations and support systems are deemed essential in many jurisdictions, we are continuing to assess the impact that COVID-19 may have on our results of operations and financial condition and cannot at this time accurately predict what effects these conditions will have on our operations and sales due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak and the length of the travel restrictions and business closures imposed by governments in different jurisdictions. Additionally, initiatives we have implemented or may implement to slow and/or reduce the impact of COVID-19, such as using staggered start times for drivers, may increase our operating expenses and reduce the efficiency of our operations. Any of the foregoing events or other unforeseen consequences of public health epidemics may have further adverse impacts on U.S. and global economic conditions, including a general slowdown in the U.S. economy, which could decrease demand for our products and have a material adverse effect on our results of operations and financial condition.

Transaction Support Agreement

On December 10, 2020, Ferrellgas Partners, Ferrellgas Partners Finance Corp., the operating partnership and additional Ferrellgas entities (collectively, the "Company Parties") entered into a Transaction Support Agreement (the "TSA") with certain holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, claims (collectively, the "Consenting Noteholders") arising under, derived from or based upon the indenture governing the Ferrellgas Partners Notes due June 15, 2020. As of December 10, 2020, the Consenting Noteholders hold or represent, in the aggregate, approximately 74% of the outstanding amount of the Ferrellgas Partners Notes due June 15, 2020.

The TSA sets forth (i) a restructuring process to satisfy the obligations of Ferrellgas Partners and Ferrellgas Partners Finance Corp. under the Ferrellgas Partners Notes due June 15, 2020 (the "Ferrellgas Partners Transactions"), which will be effectuated through pre-packaged voluntary cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code filed by only Ferrellgas Partners and Ferrellgas Partners Finance Corp. and the confirmation of a pre-packaged plan of reorganization for Ferrellgas Partners and Ferrellgas Partners Finance Corp., and (ii) a refinancing process of the operating partnership, including but not limited to, replacement of the operating partnership's existing unsecured notes due 2021, 2022 and 2023 (the "operating partnership Transactions" and, together with the Ferrellgas Partners Transactions, the "Transactions"), which will be consummated on the effective date (the "Effective Date") of Ferrellgas Partners' plan of reorganization that implements the Ferrellgas Partners Transactions (the "Plan") and will close simultaneously with the Ferrellgas Partners Transactions effectuated under the Plan.

Generally, the TSA and the Transactions contemplate, among other things, the transactions and certain changes to the capital structure and governance of the Company Parties as described in more detail in the TSA.

Pursuant to the TSA, and subject to the terms and conditions thereof, the parties thereto have agreed to support, act in good faith and take all steps reasonably necessary and desirable to implement and consummate the Transactions until the TSA is terminated. The Consenting Noteholders have agreed, among other things, (i) to forbear from taking actions with respect to any default or event of default by the Company Parties under the indenture governing the Ferrellgas Partners Notes which arises solely as a result of the failure to make payments of the principal due on the Ferrellgas Partners Notes, and (ii) to vote in favor of any matter requiring approval to the extent necessary to implement the Transactions and the Plan.

The TSA contains certain milestones relating to the commencement of the solicitation of acceptances of the Plan (the "Solicitation"), the refinancing process and the Chapter 11 Cases, which include the dates by which Ferrellgas Partners is required to commence the Solicitation and, thereafter, commence the Chapter 11 Cases or obtain certain approval orders of the United States Bankruptcy Court for the District of Delaware. In addition, the milestones include the obligation of Ferrellgas Partners and Ferrellgas Partners Finance Corp. to emerge from chapter 11 protection no later than April 4, 2021, unless that deadline is extended pursuant to the terms of the TSA.

The TSA also provides that the TSA may be terminated by the Required Consenting Noteholders (as defined therein) with respect to the Consenting Noteholders or by any Company Party with respect to the Company Parties upon the occurrence of certain events set forth therein. In particular, the Company Parties may terminate the TSA in the event the governing body of any Company Party determines, after consulting with counsel, (i) that continuing to pursue any of the Transactions in the manner contemplated by the TSA would be inconsistent with the exercise of its contractual or fiduciary duties or applicable law or (ii) in the exercise of its contractual or fiduciary duties, to pursue an alternative transaction proposal.

There is no assurance that the restructuring and refinancing processes described in the TSA will be consummated.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit our ability to, among other things, make restricted payments and incur additional indebtedness. Our general partner believes that the most restrictive of these covenants are the restricted payments covenants discussed below.

Ferrellgas Partners, L.P., the master limited partnership

The indenture governing the $357.0 million aggregate principal amount of outstanding notes of Ferrellgas Partners due June 15, 2020 contains a covenant that restricts the ability of Ferrellgas Partners to make certain restricted payments, including distributions on its common units. Ferrellgas Partners continues to comply with the restrictive covenants with respect to the Ferrellgas Partners Notes due June 15, 2020 as Ferrellgas Partners continues to negotiate with the Forbearing Noteholders. Under this covenant, subject to the limited exception described below, Ferrellgas Partners may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indenture generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2020, Ferrellgas Partners' consolidated fixed charge coverage ratio was 1.38x.

If the consolidated fixed charge coverage ratio is below 1.75x, Ferrellgas Partners may make restricted payments of up to $50.0 million in total over a sixteen quarter period. As a result of distributions paid to common unitholders in September 2017, December 2017, March 2018, June 2018 and September 2018, while this ratio was less than 1.75x, Ferrellgas Partners has used substantially all of its capacity under the limited exception and therefore is currently restricted by this covenant from making future restricted payments, including distributions to common unitholders. Accordingly, no distributions have been or will be paid to common unitholders for the three months ended October 31, 2020, and the general partner expects that this covenant will continue to prohibit Ferrellgas Partners from making common unit distributions unless and until the outstanding notes of Ferrellgas Partners due 2020 are restructured, refinanced or otherwise satisfied. While there can be no assurance of success, as part of our debt and interest expense reduction strategy, we are presently considering potential solutions to address the maturity of the outstanding notes of Ferrellgas Partners due June 15, 2020, as well as the upcoming maturity of the Ferrellgas, L.P.'s $500.0 million in unsecured notes due May 1, 2021. The potential solutions include, among others, restructuring, refinancing or a transaction to exchange new notes for some or all of these notes.

Ferrellgas, L.P., the operating partnership

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants in the indentures governing the operating partnership's unsecured notes, subject to the limited exceptions described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2020, the operating partnership's consolidated fixed charge coverage ratio was 1.65x.

Under the covenants in the indentures governing the operating partnership's unsecured notes, if the consolidated fixed charge coverage ratio is below 1.75x, the operating partnership may still make restricted payments in limited amounts determined under the indentures governing the operating partnership's unsecured notes. The distributions made by the operating partnership on June 15, 2019 and December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due June 2020 were made from capacity under this limited exception to the ratio requirement under the indentures governing the operating partnership's unsecured notes.

The indenture governing the operating partnership's senior secured first lien notes due 2025 contains a similar but, in some respects, different restricted payments covenant. The covenant in the secured notes indenture provides for the same 1.75x consolidated fixed charge coverage ratio test as the unsecured notes indentures and a limited exception when that ratio is below 1.75x. In addition, the secured notes indenture also provides that, subject to a separate limited exception, described below, the operating partnership generally may not make a restricted payment unless the operating partnership's consolidated leverage ratio (defined in the secured notes indenture generally to mean the ratio of consolidated total debt to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is no greater than 5.5x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. The consolidated leverage ratio test applies regardless of whether the operating partnership's consolidated fixed coverage ratio is at least 1.75x or below 1.75x. As of October 31, 2020, the operating partnership's consolidated leverage ratio was substantially in excess of 5.5x. Additionally, the secured notes indenture provides for restricted payments under its limited exception to the consolidated fixed charge coverage ratio test that is less than the capacity available under the similar exception in the unsecured notes indentures. However, the secured notes indenture contains a separate exception to both the consolidated fixed charge coverage ratio test and the consolidated leverage ratio test that can be utilized to make certain specified restricted payments in a limited amount when the operating partnership does not meet either the consolidated fixed charge coverage ratio test or the consolidated leverage ratio test. This separate exception under the secured notes indenture currently has capacity for such specified restricted payments that is substantially the same as the capacity under the most restrictive of the operating partnership's unsecured notes indentures.

As described above, Ferrellgas Partners' unsecured notes due 2020 matured on June 15, 2020, and the outstanding principal amount of those notes was due to be paid on that date, together with accrued interest to the maturity date. Although the operating partnership has some capacity to make distributions under the operating partnership's unsecured and secured notes indentures, this capacity will not allow the operating partnership to make distributions to Ferrellgas Partners sufficient to pay the principal of and accrued interest on Ferrellgas Partners' unsecured senior notes due 2020 that was due at the maturity of those notes. Additionally, the restrictions in these indentures currently limit the ability of the operating partnership to make distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Debt and interest expense reduction strategy

We continue to pursue a strategy to reduce our debt and interest expense. Opportunities include the generation of additional cash flows through accretive acquisitions, continued restructuring or refinancing of existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas Partners' common unit distributions, issuing equity or executing one or more debt exchanges. We expect to maintain our debt and interest expense reduction strategy until our consolidated leverage ratio reaches a level that we deem appropriate for our business.

Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020, which Ferrellgas Partners failed to repay, that are classified as current in its condensed consolidated financial statements. Ferrellgas Partners' ability to restructure, refinance or otherwise satisfy these notes is directly impacted by the cash flows of Ferrellgas, L.P. The ability of Ferrellgas Partners to restructure or refinance these notes is uncertain considering the level of other outstanding indebtedness.

Distributions

As discussed above, no distributions will be paid to common unitholders for the three months ended October 31, 2020, and the general partner expects that Ferrellgas Partners will continue to be prohibited from making common unit distributions unless and until the outstanding notes of Ferrellgas Partners due 2020 are restructured, refinanced or otherwise satisfied.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on a metric we refer to as “Adjusted EBITDA”, which is not defined by GAAP and should not be considered an alternative to earnings measures defined by GAAP. We do not utilize depreciation, depletion and amortization expense in our key measures because we focus our performance management on cash flow generation and our revenue generating assets have long useful lives. For the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to Net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, see the subheading “Non-GAAP Financial Measures” below.

Based on our propane sales volumes in fiscal 2020, we believe that we are the second largest retail marketer of propane in the United States and a leading national provider of propane by portable tank exchange. We serve residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia and Puerto Rico. Our operations primarily include the retail distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States.

We use information on temperatures to understand how our results of operations are affected by temperatures that are warmer or colder than normal. Normal temperatures computed by us are the average of the last 10 years of information published by the National Oceanic and Atmospheric Administration. Based on this information we calculate a ratio of actual heating degree days to normal heating degree days. Heating degree days are a general indicator of weather impacting propane usage.

Weather conditions have a significant impact on demand for propane for heating purposes primarily during the months of November through March (the “winter heating season”). Accordingly, the volume of propane used by our customers for this purpose is directly affected by the severity of the winter weather in the regions we serve and can vary substantially from year to year. In any given region, sustained warmer-than-normal temperatures will tend to result in reduced propane usage, while sustained colder-than-normal temperatures will tend to result in greater usage. Although there is a strong correlation between weather and customer usage, general economic conditions in the United States and the wholesale price of propane can have a significant impact on this correlation. Additionally, there is a natural time lag between the onset of cold weather and increased sales to customers. If the United States were to experience a cooling trend we could expect nationwide demand for propane to increase which could lead to greater sales, income and liquidity availability. Conversely, if the United States were to experience a continued warming trend, we could expect nationwide demand for propane for heating purposes to decrease which could lead to a reduction in our sales, income and liquidity availability as well as impact our ability to maintain compliance with our debt covenants.

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies. We attempt to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. These commitments can expose us to product price risk if not immediately hedged with an offsetting propane purchase commitment.

Our open financial derivative propane purchase commitments are designated as hedges primarily for fiscal 2021 sales commitments and, as of October 31, 2020, we have experienced net mark-to-market gains of approximately $5.6 million. Because these financial derivative purchase commitments qualify for hedge accounting treatment, the resulting asset, liability and related mark-to-market gains or losses are recorded on the condensed consolidated balance sheets as “Prepaid expenses and other current assets,” “Other current liabilities,” "Other liabilities" and “Accumulated other comprehensive loss,” respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to “Cost of sales-propane and other gas liquid sales” in the condensed consolidated statements of operations as the underlying inventory is sold. These financial derivative purchase commitment net gains are expected to be offset by decreased margins on propane sales commitments that qualify for the normal purchase normal sale exception. At October 31, 2020, we estimate 92% of currently open financial derivative purchase commitments, the related propane sales commitments and the resulting gross margin will be realized into earnings during the next twelve months.

Summary Discussion of Results of Operations:

Executive Overview

For the three months ended October 31, 2020 and 2019

During the three months ended October 31, 2020, we recognized a net loss attributable to Ferrellgas Partners, L.P. of $46.1 million, compared to a net loss attributable to Ferrellgas Partners, L.P. of $45.3 million during the three months ended October 31, 2019. This slight increase reflects an $8.5 million increase in interest expense, partially offset by an $7.1 million increase in operating income. Operating income increased primarily due to a $4.1 million increase in gross margin and a $2.1 million decrease in operating, general and administrative expenses. Interest expense increased primarily due to the net additional borrowings incurred in April 2020 related to the refinancing of our terminated Senior Secured Credit Facility with the issuance of the $700.0 million of notes due 2025 and to a lesser extent, increased interest rates on the new notes.

Distributable cash flow shortage decreased slightly to $21.8 million in the current period from $22.7 million in the prior year period, primarily due to a $8.8 million increase to our Adjusted EBITDA and a $1.3 million decrease in our maintenance capital expenditures, partially offset by a $9.1 million increase in our net cash interest expense.

Consolidated Results of Operations

	Three months ended October 31,	
(amounts in thousands)	2020	2019
Total revenues	$ 300,894	$ 293,214
Total cost of sales	141,294	137,709
Operating expense	109,027	114,543
Depreciation and amortization expense	21,390	19,219
General and administrative expense	13,080	9,695
Equipment lease expense	6,830	8,388
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Operating income	7,752	630
Interest expense	(54,226)	(45,697)
Other income (expense), net	108	(132)
Loss before income taxes	(46,366)	(45,199)
Income tax expense	87	518
Net loss	(46,453)	(45,717)
Net loss attributable to noncontrolling interest	(391)	(373)
Net loss attributable to Ferrellgas Partners, L.P.	(46,062)	(45,344)
Less: General partner's interest in net loss	(461)	(453)
Common unitholders' interest in net loss	$ (45,601)	$ (44,891)

Non-GAAP Financial Measures

In this Quarterly Report we present the following Non-GAAP financial measures: Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to common unitholders, and Distributable cash flow excess.

Adjusted EBITDA. Adjusted EBITDA for Ferrellgas Partners is calculated as net loss attributable to Ferrellgas Partners, L.P., plus the sum of the following: income tax expense, interest expense, depreciation and amortization expense, non-cash employee stock ownership plan compensation charge, loss on asset sales and disposals, other income (expense), net, severance costs, legal fees and settlements related to non-core businesses, lease accounting standard adjustment and net loss attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership's performance in a manner similar to the method management uses, adjusted for items management believes make it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be comparable to Adjusted EBITDA or similarly titled measurements used by other companies. Items added into our calculation of Adjusted EBITDA that will not occur on a continuing basis may have associated cash payments. This method of calculating Adjusted EBITDA should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Equity Investors. Distributable cash flow attributable to equity investors is calculated as Adjusted EBITDA minus net cash interest expense, maintenance capital expenditures and cash paid for taxes, plus proceeds from certain asset sales. Management considers distributable cash flow attributable to equity investors a meaningful measure of the partnership's ability to declare and pay quarterly distributions to equity investors. Distributable cash flow attributable to equity investors, as management defines it, may not be comparable to distributable cash flow attributable to equity investors or similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow attributable to equity investors that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to equity investors should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Common Unitholders. Distributable cash flow attributable to common unitholders is calculated as Distributable cash flow attributable to equity investors minus distributable cash flow attributable to general partner and noncontrolling interest. Management considers Distributable cash flow attributable to common unitholders a meaningful measure of the partnership's ability to declare and pay quarterly distributions to common unitholders. Distributable cash flow attributable to common unitholders, as management defines it, may not be comparable to distributable cash flow attributable to common unitholders or similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow attributable to common unitholders that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to common unitholders should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Excess (Shortage). Distributable cash flow excess is calculated as Distributable cash flow attributable to common unitholders minus Distributions paid to common unitholders. Distributable cash flow excess, if any, is retained to establish reserves to reduce debt, fund capital expenditures and for other partnership purposes and any shortage is funded from previously established reserves, cash on hand or borrowings under our accounts receivable securitization facility or, previously, under our terminated Senior Secured Credit Facility. Management considers Distributable cash flow excess a meaningful measure of the partnership's ability to effectuate those purposes. Distributable cash flow excess, as management defines it, may not be comparable to distributable cash flow excess or similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow excess that will not occur on a continuing basis may have associated cash payments. Distributable cash flow excess should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table reconciles Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to common unitholders and Distributable cash flow excess (shortage) to Net loss attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, for the three and months ended October 31, 2020 and 2019:

(amounts in thousands)	Three months ended October 31, 2020	Three months ended October 31, 2019
Net loss attributable to Ferrellgas Partners, L.P.	$ (46,062)	$ (45,344)
Income tax expense	87	518
Interest expense	54,226	45,697
Depreciation and amortization expense	21,390	19,219
EBITDA	29,641	20,090
Non-cash employee stock ownership plan compensation charge	708	795
Loss on asset sales and disposals	813	2,235
Other income (expense), net	(108)	132
Legal fees and settlements related to non-core businesses	2,508	2,043
Severance costs	684	—
Lease accounting standard adjustment and other	—	170
Net loss attributable to noncontrolling interest	(391)	(373)
Adjusted EBITDA	33,855	25,092
Net cash interest expense (a)	(51,716)	(42,583)
Maintenance capital expenditures (b)	(5,177)	(6,467)
Cash paid for income taxes	(35)	—
Proceeds from certain asset sales	700	835
Distributable cash flow attributable to equity investors	(22,373)	(23,123)
Distributable cash flow attributable to general partner and non-controlling interest	575	462
Distributable cash flow attributable to common unitholders	(21,798)	(22,661)
Less: Distributions paid to common unitholders	—	—
Distributable cash flow shortage	$ (21,798)	$ (22,661)

(a) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income (expense), net. This amount includes interest expense related to the accounts receivable securitization facility.

(b) Maintenance capital expenditures include capitalized expenditures for betterment and replacement of property, plant and equipment, and may include the purchase of assets that are typically leased.

Operating Results for the three months ended October 31, 2020 and 2019

The following table summarizes propane sales volumes and Adjusted EBITDA results for the periods indicated:

	2020	2019	Increase (Decrease)	
As of October 31,				
Retail customers	706,718	696,592	10,126	1 %
Tank exchange selling locations	62,226	55,952	6,274	11 %
(amounts in thousands)				
Three months ended October 31,				
Propane sales volumes (gallons):				
Retail - Sales to End Users	118,018	129,901	(11,883)	(9)%
Wholesale - Sales to Resellers	49,590	50,039	(449)	(1)%
	167,608	179,940	(12,332)	(7)%
Revenues -				
Propane and other gas liquids sales:				
Retail - Sales to End Users	$ 174,645	$ 180,417	$ (5,772)	(3)%
Wholesale - Sales to Resellers	102,612	82,704	19,908	24 %
Other Gas Sales (a)	3,792	10,264	(6,472)	(63)%
Other (b)	19,845	19,829	16	0 %
Propane and related equipment revenues	$ 300,894	$ 293,214	$ 7,680	3 %
Gross Margin -				
Propane and other gas liquids sales gross margin: (c)				
Retail - Sales to End Users (a)	$ 90,734	$ 97,936	$ (7,202)	(7)%
Wholesale - Sales to Resellers (a)	52,688	41,421	11,267	27 %
Other (b)	16,178	16,148	30	0 %
Propane and related equipment gross profit	$ 159,600	$ 155,505	$ 4,095	3 %
Operating, general and administrative expense (d)	$ 122,107	$ 124,238	$ (2,131)	(2)%
Operating expense - equipment lease expense	6,830	8,388	(1,558)	(19)%
Operating income	$ 7,752	$ 630	$ 7,122	NM
Depreciation and amortization expense	21,390	19,219	2,171	11 %
Non-cash employee stock ownership plan compensation charge	708	795	(87)	(11)%
Loss on asset sales and disposals	813	2,235	(1,422)	(64)%
Legal fees and settlements related to non-core businesses	2,508	2,043	465	23 %
Severance costs	684	—	684	NM
Lease accounting standard adjustment and other (e)	—	170	(170)	NM
Adjusted EBITDA	$ 33,855	$ 25,092	$ 8,763	35 %

NM – Not meaningful

(a) Gross margin for Other Gas Sales is allocated to Gross margin "Retail - Sales to End Users" and "Wholesale - Sales to Resellers" based on the volumes in each respective category.

(b) Other primarily includes various customer fee income and to a lesser extent appliance and material sales.

(c) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of sales - Propane and other gas liquids sales" and does not include depreciation and amortization.

(d) Operating, general and administrative expense" above includes both the "Operating expense – personnel, vehicle, plant and other" and the "General and administrative expense" captions in the condensed consolidated statement of operations.

(e) Lease accounting standard adjustment and other reflects the additional expense recognized in excess of cash paid.

Propane sales volumes during the three months ended October 31, 2020 decreased 7%, or 12.3 million gallons, from the prior year period due to decreased sales volumes to retail customers. The decrease in propane sales volumes to retail customers was primarily due to the implementation of strategic initiatives that resulted in significant operating expense savings, but also resulted in fewer gallons delivered in the current period. These initiatives focus on more efficient deliveries that increase average gallons per stop but are not intended to impact gallons over time. Tank exchange gallons (which are classified as a "wholesale – sales to reseller" transaction) increased 27% due to increased residential demand for tank exchanges in connection with the change in customer usage, as well as increased sales of spare cylinder tanks, both influenced by the COVID-19 environment. This increase was offset by a 29% decline in volumes of bulk propane sold to our wholesale customers primarily due to the widespread slowdown of the economy due to COVID-19.

Our wholesale sales price per gallon partially correlates to the change in the wholesale market price of propane. The wholesale market price at major supply points in Mt. Belvieu, Texas during the three months ended October 31, 2020 averaged 16% more than the prior year period, while at the Conway, Kansas major supply point prices averaged 26% more than the prior year period. The wholesale market price at Mt. Belvieu, Texas averaged $0.51 and $0.44 per gallon during the three months ended October 31, 2020 and 2019, respectively, while the wholesale market price at Conway, Kansas averaged $0.48 and $0.38 per gallon during the three months ended October 31, 2020 and 2019, respectively. This increase in the wholesale cost of propane contributed to our increase in sales price per gallon and therefore revenues.

Revenues

Retail sales decreased $5.8 million compared to the prior year period. This decrease resulted from a $16.5 million decrease in sales volumes, partially offset by a $10.7 million increase in sales price per gallon, both as discussed above.

Wholesale sales increased $19.9 million compared to the prior year period. The increase in sales was primarily due to the increases in tank exchange sales volumes as discussed above.

Other gas sales decreased $6.5 million compared to the prior year period primarily due to decreased gallon sales for inventory management purposes.

Gross margin - Propane and other gas liquids sales

Gross margin increased $4.1 million primarily due to the increase in increased tank exchange sales volumes and to a lesser extent increased gross margin per gallon, partially offset by the decreased volumes sales, each as discussed above. The $11.3 million increase in wholesale gross margin primarily relates to increased tank exchange sales volumes, as discussed above and to a lesser extent increased gross margin per gallon due to the change in sales mix due to increased spare cylinder sales. The decrease in retail gross margin of $7.2 million resulted primarily from a $9.0 million decrease in sales volumes, as discussed above, partially offset by a $1.8 million increase in gross margin per gallon.

Operating income

Operating income increased $7.1 million primarily due to a $4.1 million increase in "Gross margin - Propane and other gas liquid sales", as discussed above, and a $2.1 million decrease in "Operating, general and administrative expense". "Operating, general and administrative expense" decreased due to a $5.5 million decrease in "Operating expense – personnel, vehicle, plant and other", partially offset by a $3.4 million increase in "General and administrative expense". "Operating expense – personnel, vehicle, plant and other" decreased primarily due to a $3.6 million decrease in vehicle fuel and other vehicle costs, $3.1 million decrease in field personnel costs and $1.8 million in decreased plant and office costs, partially offset by a $2.9 million increase in general liability and workers compensation costs. "General and administrative expense" increased primarily due to a $3.2 million increase in legal costs.

Adjusted EBITDA

Adjusted EBITDA increased $8.8 million primarily due to a $4.1 million increase in "Gross margin - Propane and other gas liquid sales", as discussed above, and a $3.3 million decrease in "Operating, general and administrative expense". "Operating, general and administrative expense" decreased due to a $6.1 million decrease in "Operating expense – personnel, vehicle, plant and other", partially offset by a $2.8 million increase in "General and administrative expense". "Operating expense – personnel, vehicle, plant and other" decreased primarily due to a $3.6 million decrease in field personnel costs, a $3.6 million decrease in vehicle fuel and other vehicle costs and $1.8 million in decreased plant and office costs, partially offset by a $2.9 million increase in general liability and workers compensation costs. “General and administrative expense” increased primarily due to a $2.7 million increase in legal costs.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources are cash flows from operating activities, our accounts receivable securitization facility and funds received from sales of debt and equity securities. As of October 31, 2020, our total liquidity was $228.6 million, which is comprised of $202.6 million in unrestricted cash and $26.0 million of availability under our accounts receivable securitization facility. These sources of liquidity and short term capital resources are intended to fund our working capital requirements, acquisitions and capital expenditures, and may be used to repay or redeem outstanding indebtedness to the extent permitted by the covenants under the indentures governing our outstanding senior notes, including the covenants described under the “Financial Covenants” subheading above. As of October 31, 2020, letters of credit outstanding totaled $127.1 million. Our access to long term capital resources, in order to address our leverage, may be affected by our ability to access the capital markets, covenants in our debt agreements, unforeseen demands on cash, or other events beyond our control.

As of October 31, 2020, we had $96.9 million of restricted cash, which includes $79.4 million of pledged cash collateral for letters of credit outstanding, an $11.5 million cash deposit made with the administrative agent under the terminated Senior Secured Credit Facility, and $6.0 million of additional pledged collateral.

We believe that the liquidity available from cash flows from operating activities, unrestricted cash, the accounts receivable securitization facility and proceeds from sales of debt and equity securities, combined with our debt and interest expense reduction initiatives, will be sufficient to meet our capital expenditure, working capital and letter of credit requirements. However, as discussed above, Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020, which Ferrellgas Partners failed to repay, that are classified as current in its condensed consolidated financial statements. Additionally, the operating partnership has $500.0 million in unsecured notes due May 1, 2021, that are also classified as current in the condensed consolidated financial statements. Ferrellgas Partners’ ability to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. We have engaged Moelis & Company LLC as our financial advisor and the law firm of Squire Patton Boggs LLP to assist in our ongoing process to reduce existing debt and address our debt maturities.

Financial Covenants

As more fully described in this Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations under the subheading “Financial Covenants” above, the indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership’s indebtedness contain various covenants that limit our ability to, among other things, incur additional indebtedness and make distribution payments to our common unitholders. Given the limitations of these covenants, we continue to pursue a strategy to reduce our debt and interest expense. If we are unsuccessful with our strategy to reduce debt and interest expense, we will continue to be restricted from making distribution payments to our common unitholders.

We may not meet the applicable financial tests in future quarters if we were to experience:

- significantly warmer than normal temperatures during the winter heating season;
- significant and sustained increases in the wholesale cost of propane that we are unable to pass along to our customers;
- a more volatile energy commodity cost environment;
- an unexpected downturn in business operations;

- a significant delay in the collection of accounts or notes receivable;
- a failure to execute our debt and interest expense reduction initiatives;
- a change in customer retention or purchasing patterns due to economic or other factors in the United States;
- a material downturn in the credit and/or equity markets; or
- a large uninsured, unfavorable lawsuit judgment or settlement.

We may seek additional capital as part of our debt reduction strategy.

As discussed above, no distributions will be paid to common unitholders for the three months ended October 31, 2020, and the general partner expects that Ferrellgas Partners will continue to be prohibited from making common unit distributions unless and until the outstanding notes of Ferrellgas Partners due 2020 are restructured, refinanced or otherwise satisfied. Unless the indenture governing the outstanding notes due 2020 is amended or replaced, or Ferrellgas Partners' consolidated fixed charge coverage ratio improves to at least 1.75x, this covenant will continue to restrict us from making common unit distributions.

Distributable Cash Flow

Distributable cash flow attributable to equity investors is reconciled to net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, in this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations under the subheading "Non-GAAP Financial Measures" above. A comparison of distributable cash flow attributable to equity investors to cash distributions paid to equity investors for the twelve months ended October 31, 2020 to the twelve months ended July 31, 2020 is as follows (in thousands):

	Distributable cash flow attributable to equity investors	Cash reserves (deficiency) approved by our General Partner	Cash distributions paid to equity investors	DCF ratio (a) (b)
Three months ended October 31, 2020	$ (22,373)	$ (22,373)	$ —	
Fiscal 2020	63,702	63,544	158	
Less: Three months ended October 31, 2019	(23,123)	(23,124)	1	
Twelve months ended October 31, 2020	$ 64,452	$ 64,295	$ 157	NM
Twelve months ended July 31, 2020	63,702	63,544	158	NM
Change	$ 750	$ 751	$ (1)	NM

(a) DCF ratio is calculated as Distributable cash flow attributable to equity investors divided by Cash distributions paid to equity investors.
(b) NM – Not Meaningful.

For the twelve months ended October 31, 2020, distributable cash flow attributable to equity investors increased $0.8 million compared to the twelve months ended July 31, 2020. No cash distributions have been paid to our common unitholders since the three months ended October 31, 2018. Thus, cash reserves, which we utilize to meet future anticipated expenditures, increased by $64.3 million during the twelve months ended October 31, 2020, compared to an increase of $63.5 million in the twelve months ended July 31, 2020.

During periods of high volatility, our risk management activities may expose us to the risk of counterparty margin calls in amounts greater than we have the capacity to fund. Likewise, our counterparties may not be able to fulfill their margin calls from us or may default on the settlement of positions with us.

Our working capital requirements are subject to, among other things, the price of propane, delays in the collection of receivables, volatility in energy commodity prices, liquidity imposed by insurance providers, downgrades in our credit ratings, decreased trade credit, significant acquisitions, the weather, customer retention and purchasing patterns and other changes in the demand for propane. Relatively colder weather or higher propane prices during the winter heating season are factors that could significantly increase our working capital requirements.

Our ability to satisfy our obligations is dependent upon our future performance, which will be subject to prevailing weather, economic, financial and business conditions and other factors, many of which are beyond our control. Due to the seasonality of the retail propane distribution business, a significant portion of our propane operations and related products cash flows from operations is generated during the winter heating season. Our net cash provided by operating activities primarily reflects earnings from our business activities adjusted for depreciation and amortization and changes in our working capital accounts. Historically, we generate significantly lower net cash from operating activities in our first and fourth fiscal quarters as compared to the second and third fiscal quarters due to the seasonality of our propane operations and related equipment sales operations.

Operating Activities

Ferrellgas Partners

Net cash used in operating activities was $11.5 million for the three months ended October 31, 2020, compared to net cash provided by operating activities of $7.1 million for the three months ended October 31, 2019. This decrease in cash provided by operating activities was primarily due to a $20.7 million increase in working capital requirements and a $1.7 million decrease in cash flow from operations, partially offset by a $3.8 million inflow associated with other assets and other liabilities.

The increase in working capital requirements for the three months ended October 31, 2020 compared to the three months ended October 31, 2019 was primarily due to a $19.3 million decrease in accrued interest expense, a $4.3 million increase in requirements for accounts and notes receivable due to rising propane prices in the current quarter partially offset by decreases in the volume of propane sold, a $1.8 million increase in requirements for inventory partially due to rising propane prices in the current period, and a $2.1 million increase in requirements for other current liabilities, partially offset by a $7.7 million decrease in prepaid expenses and other current assets.

The decrease in cash flow from operations was primarily due to an $8.5 million increase in "Interest expense," as well as a $3.4 million increase in "General and administrative expense", partially offset by a net decrease in "Operating expense – personnel, vehicle, plant and other" and "Operating expense – equipment lease expense" of $7.1 million and a $4.1 million increase in gross profit.

The operating partnership

Net cash used in operating activities was $11.5 million for the three months ended October 31, 2020, compared to net cash provided by operating activities of $7.1 million for the three months ended October 31, 2019. This decrease in cash provided by operating activities was primarily due to a $20.7 million increase in working capital requirements and a $1.2 million decrease in cash flow from operations, partially offset by a $3.8 million inflow associated with other assets and other liabilities.

The increase in working capital requirements for the three months ended October 31, 2020 compared to the three months ended October 31, 2019 was primarily due to a $19.3 million decrease in accrued interest expense, a $4.3 million increase in requirements for accounts and notes receivable due to rising propane prices in the current quarter partially offset by decreases in the volume of propane sold, a $1.8 million increase in requirements for inventory partially due to rising propane prices in the current period, and a $2.1 million increase in requirements for other current liabilities, partially offset by a $7.6 million decrease in prepaid expenses and other current assets.

The decrease in cash flow from operations was primarily due to a $9.7 million increase in "Interest expense," as well as a $3.4 million increase in "General and administrative expense", partially offset by a net decrease in "Operating expense – personnel, vehicle, plant and other" and "Operating expense – equipment lease expense" of $7.1 million and a $4.1 million increase in gross profit.

Investing Activities

Ferrellgas Partners

Capital Requirements

Our business requires continual investments to upgrade or enhance existing operations and to ensure compliance with safety and environmental regulations. Capital expenditures for our business consist primarily of:

- Maintenance capital expenditures. These capital expenditures include expenditures for betterment and replacement of property, plant and equipment, and from time to time may include the purchase of assets that are typically leased, rather than to generate incremental distributable cash flow. Examples of maintenance capital expenditures include a routine replacement of a worn-out asset or replacement of major vehicle components; and

- Growth capital expenditures. These expenditures are undertaken primarily to generate incremental distributable cash flow. Examples include expenditures for purchases of both bulk and portable propane tanks and other equipment to facilitate expansion of our customer base and operating capacity.

Net cash used in investing activities was $18.0 million for the three months ended October 31, 2020, compared to net cash used in investing activities of $34.7 million for the three months ended October 31, 2019. This decrease in net cash used in investing activities was primarily due to a $16.9 million decrease in “Cash payments to construct assets in connection with future lease transactions” and a $6.4 million decrease in “Business acquisitions, net of cash acquired”, partially offset by a $5.9 million decrease in “Cash receipts in connection with leased vehicles” and a $1.3 million increase in “Capital expenditures”.

The increase in "Capital expenditures" was primarily due to a slight increase in maintenance capital expenditures, as growth capital expenditures remained flat during the three months ended October 31, 2020. The slight increase in maintenance capital expenditures was primarily related to the purchase of tank exchange plant equipment during the three months ended October 31, 2020.

Due to the mature nature of our operations we do not anticipate significant fluctuations in maintenance capital expenditures, with the exception of future decisions regarding lease versus buy financing options. However, future fluctuations in growth capital expenditures could occur due to the opportunistic nature of these projects.

The operating partnership

The investing activities discussed above also apply to the operating partnership.

Financing Activities

Ferrellgas Partners

Net cash used in financing activities was $4.7 million for the three months ended October 31, 2020, compared to net cash provided by financing activities of $46.3 million for the three months ended October 31, 2019. This decrease in cash flow provided by financing activities was primarily due to a $48.0 million net decrease in short-term borrowings, a $1.7 million increase in cash payments for the principal portion of finance lease liabilities and a $1.2 million increase in cash paid for financing costs.

Letters of credit outstanding at October 31, 2020 and July 31, 2020 totaled $127.1 million and $126.0 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. At October 31, 2020 and July 31, 2020 we had $79.4 million and $78.2 million of restricted cash pledged as cash collateral for letters of credit outstanding, respectively. Additionally, at both October 31, 2020 and July 31, 2020, we also issued letters of credit of $50.0 million by utilizing our liquidity available on the accounts receivable securitization facility.

Accounts receivable securitization facility

We utilize an accounts receivable securitization facility for the purpose of providing additional short-term working capital funding, especially during the winter heating months. As part of this facility, we transfer an interest in a pool of our trade accounts receivable to Ferrellgas Receivables, LLC, a consolidated and wholly-owned, qualifying special purpose subsidiary, which in turn sells this interest to certain financial institutions. We remit daily to Ferrellgas Receivables, LLC funds collected on its pool of trade accounts receivables. Expenses associated with these accounts receivable securitization transactions are recorded in “Interest expense” in the condensed consolidated statements of operations. Additionally, borrowings and repayments associated with these transactions are recorded in “Cash flows from financing activities” in the condensed consolidated statements of cash flows.

Cash flows from our accounts receivable securitization facility decreased $11.0 million, as we reduced our net funding to zero from this facility during the three months ended October 31, 2020 as compared to receiving net funding of $11.0 million from this facility during the three months ended October 31, 2019. As noted above, during the fourth quarter of fiscal 2020, we issued letters of credit of $50.0 million by utilizing our liquidity available on the accounts receivable securitization facility. These letters of credit remain outstanding.

Our utilization of the accounts receivable securitization facility is limited by the amount of accounts receivable that we are permitted to securitize according to the agreement governing our accounts receivable securitization facility (the “Purchase Agreement”). As our trade accounts receivable increase during the winter heating season, the facility permits us to receive greater proceeds as eligible trade accounts receivable increase, thereby providing additional cash for working capital needs. Specifically, the aggregate amount of proceeds we are able to receive under the facility is equal to the lesser of (1) the balance of our eligible trade accounts receivable (reduced in certain circumstances based on the concentration of customers owing such accounts receivable) less specified reserve amounts and (2) the seasonally adjusted total commitments of the purchasers under the facility. The total commitments of the purchasers are $250.0 million during the months of December through March, $200.0 million during the months of November, April and May, and $150.0 million during the months of June through October. This facility matures in May 2021 and includes an option, at our request and consent, for the purchasers in their sole discretion to extend the facility for up to an additional three years.

As of October 31, 2020, we had no cash proceeds from our trade accounts receivables securitized, with $26.0 million remaining capacity to receive additional proceeds or issue letters of credit.

Distributions

No distribution will be made for the three months ended October 31, 2020.

The general partner expects that Ferrellgas Partners will continue to be prohibited from making common unit distributions for any future quarterly period unless and until the outstanding notes of Ferrellgas Partners due 2020 are restructured, refinanced or otherwise satisfied.

The operating partnership

The financing activities discussed above also apply to the operating partnership except for cash flows related to distributions paid, as discussed below.

Cash distributions paid

The operating partnership did not pay cash distributions during the three months ended October 31, 2020. The operating partnership paid cash distributions of $0.1 million during the three months ended October 31, 2019.

As described above, although the operating partnership has some capacity to make distributions under the operating partnership’s unsecured and secured notes indentures, this capacity will not allow the operating partnership to make distributions to Ferrellgas Partners sufficient to pay the principal of and accrued interest on Ferrellgas Partners’ unsecured senior notes due June 15, 2020 that was due at the maturity of those notes. Additionally, the restrictions in these indentures currently limit the ability of the operating partnership to make distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Disclosures about Effects of Transactions with Related Parties

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreements, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled $67.7 million for the three months ended October 31, 2020, include operating expenses such as compensation and benefits paid to employees of our general partner who perform services on our behalf as well as related general and administrative expenses.

During the three months ended October 31, 2020, Ferrellgas Partners and the operating partnership did not pay distributions.

As discussed previously, Ferrellgas Partners continues to be not in compliance with the consolidated fixed charge coverage ratio under note indenture, and thus remains unable to make restricted payments, including distributions to unitholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We did not enter into any risk management trading activities during the three months ended October 31, 2020. Our remaining market risk sensitive instruments and positions have been determined to be “other than trading.”

Commodity price risk management

Our risk management activities primarily attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies. We attempt to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

Our risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to our positions in the physical products market in order to minimize the risk of financial loss from an adverse price change. This risk management strategy is successful when our gains or losses in the physical product markets are offset by our losses or gains in the forward or financial markets. Propane related financial derivatives are designated as cash flow hedges.

Our risk management activities include the use of financial derivative instruments including, but not limited to, price futures, swaps, options and basis swaps to seek protection from adverse price movements and to minimize potential losses. We enter into these financial derivative instruments with brokers who are clearing members with the Intercontinental Exchange or the Chicago Mercantile Exchange and, to a lesser extent, directly with third parties in the over-the-counter market. We also enter into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sale exception within GAAP guidance and are therefore not recorded on our financial statements until settled.

Transportation Fuel Price Risk

From time to time, our risk management activities also attempt to mitigate price risks related to the purchase of gasoline and diesel fuel for use in the transport of propane from retail fueling stations. When employed, we attempt to mitigate these price risks through the use of financial derivative instruments.

When employed, our risk management strategy involves taking positions in the financial markets that are not more than the forecasted purchases of fuel for our internal use in the retail and supply propane delivery fleet in order to minimize the risk of decreased earnings from an adverse price change. This risk management strategy locks in our purchase price and is successful when our gains or losses in the physical product markets are offset by our losses or gains in the financial markets. Our transport fuel financial derivatives are not designated as cash flow hedges.

Risk Policy and Sensitivity Analysis

Market risks associated with energy commodities are monitored daily by senior management for compliance with our commodity risk management policy. This policy includes an aggregate dollar loss limit and limits on the term of various contracts. We also utilize volume limits for various energy commodities and review our positions daily where we remain exposed to market risk, so as to manage exposures to changing market prices.

We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of October 31, 2020 and July 31, 2020, that were used in our risk management activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions due to a 10% adverse movement in market prices of the underlying energy commodities was estimated at $7.8 million and $8.0 million as of October 31, 2020 and July 31, 2020, respectively. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus actual results may differ. Our sensitivity analysis does not include the anticipated transactions associated with these transactions, which we anticipate will be 100% effective.

Credit risk

We maintain credit policies with regard to our counterparties that we believe significantly reduce overall credit risk. These policies include evaluating and monitoring of counterparties' financial condition (including credit ratings), and entering into agreements with counterparties that govern credit guidelines.

Our other counterparties principally consist of major energy companies that are suppliers, marketers, wholesalers, retailers and end users; and major U.S. financial institutions. The overall impact due to certain changes in economic, regulatory and other events may impact our overall exposure to credit risk, either positively or negatively in that counterparties may be similarly impacted. Based on our policies, exposures, credit and other reserves, management does not anticipate a material adverse effect on financial position or results of operations as a result of counterparty performance.

Interest rate risk

At October 31, 2020, we had no variable rate or collateralized note payable borrowings, as we do not have a credit facility in place and had no outstanding collateralized notes payable on our accounts receivable securitization facility.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed by the management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp., with the participation of the principal executive officer and principal financial officer of our general partner, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act, were effective as of October 31, 2020.

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. does not expect that our disclosure controls and procedures will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the above mentioned partnerships and corporations have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the principal executive officer and principal financial officer of our general partner have concluded, as of October 31, 2020, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

During the most recent fiscal quarter ended October 31, 2020, progress continued on a plan that calls for modifications and enhancements to our internal controls over financial reporting in relation to our implementation of Salesforce.com applications and the impacts on our revenue cycle. Specifically, we implemented/modified internal controls surrounding revenue recognition.

Except as disclosed above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) of the Exchange Act) during the fiscal quarter ended October 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note L "Contingencies and commitments" in our condensed consolidated financial statements included in Item 1. "Financial Statements."

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for fiscal 2020.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On December 11, 2020, Ferrellgas, Inc. (the "General Partner") entered into a Change in Control Retention Bonus Letter Agreement (the "CIC Bonus Agreement") with each of Brian W. Herrmann, Interim Chief Financial Officer and Treasurer, and Tamria A. Zertuche, Senior Vice President and Chief Operating Officer (collectively, the "Named Executive Officers").

Pursuant to the terms of each CIC Bonus Agreement, commencing on December 11, 2020 and continuing through the date of consummation of a "change in control" (as defined in the CIC Bonus Agreement) that occurs on or prior to October 31, 2021 (the "Retention Period"), the General Partner will pay a change in control retention bonus in an amount equal to 1.5 times each Named Executive Officer's current base compensation rate, less applicable withholdings and deductions required by law (the "Change in Control Retention Bonus"). Eligibility to receive the Change in Control Retention Bonus requires that the Change in Control occurs during the Retention Period and that the Named Executive Officer is employed on a continuous basis through the date of consummation of a Change in Control that occurs during the Retention Period.

For purposes of the CIC Bonus Agreement, "change in control" means, in summary, the occurrence of (i) the acquisition by any person or group of persons (excluding the General Partner or its subsidiaries or any related employee benefit plan) of 33% or more of the combined voting power of the General Partner's outstanding securities, (ii) the consummation of a merger or consolidation of the General Partner or any direct or indirect subsidiary of the General Partner with any other corporation or other entity (subject to certain exceptions, including a merger or consolidation involving a related party), (iii) approval of a plan of liquidation or winding up of the General Partner or agreement for sale or disposition of all of the General Partner's assets (excluding sales to related parties), (iv) a change in the majority of the board of directors of the General Partner, (v) Ferrell Companies, Inc. ceases to beneficially own 51% of the economic interests in the capital stock of the General Partner, (vi) the General Partner ceases to manage and control Ferrellgas Partners, L.P. and Ferrellgas, L.P., (vii) Ferrellgas Partners, L.P. ceases to control 100% of Ferrellgas, L.P., and (viii) a change in control or similar event pursuant to the terms of any indebtedness of the General Partner, Ferrellgas Partners, L.P. or Ferrellgas, L.P.

ITEM 6. EXHIBITS

The exhibits listed below are furnished as part of this Quarterly Report on Form 10-Q. Exhibits required by Item 601 of Regulation S-K of the Securities Act, which are not listed, are not applicable.

Exhibit Number	Description
3.1	Certificate of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K filed September 29, 2015.
3.2	Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.14 to our Quarterly Report on Form 10-Q filed June 7, 2018.
*3.3	First Amendment to Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of December 11, 2020.
3.4	Certificate of Incorporation of Ferrellgas Partners Finance Corp. filed with the Delaware Division of Corporations on March 28, 1996. Incorporated by reference to Exhibit 3.6 to our registration statement on Form S-3 filed March 6, 2009.
3.5	Bylaws of Ferrellgas Partners Finance Corp. adopted as of April 1, 1996. Incorporated by reference to Exhibit 3.7 to our registration statement on Form S-3 filed March 6, 2009.
3.6	Certificate of Limited Partnership of Ferrellgas, L.P. Incorporated by reference to Exhibit 3.9 to our Annual Report on Form 10-K filed September 29, 2015.
3.7	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of April 7, 2004. Incorporated by reference to Exhibit 3.5 to our registration statement on Form S-3 filed March 6, 2009.
3.8	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of April 24, 2020. Incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed on April 27, 2020.
3.9	Certificate of Incorporation of Ferrellgas Finance Corp. filed with the Delaware Division of Corporations on January 16, 2003. Incorporated by reference to Exhibit 3.8 to our registration statement on Form S-3 filed March 6, 2009.
3.10	Bylaws of Ferrellgas Finance Corp. adopted as of January 16, 2003. Incorporated by reference to Exhibit 3.9 to our registration statement on Form S-3 filed March 6, 2009.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests. Incorporated by reference to Exhibit A of Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.
4.2	Indenture dated as of November 4, 2013 with form of Note attached, by and among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $475 million aggregate amount of the Registrant’s 6 3/4% Senior Notes due 2022. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 5, 2013; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.3	Indenture dated as of April 13, 2010, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant’s 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 13, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.4	First Supplemental Indenture dated as of April 13, 2010, with form of Note attached, by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant’s 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed April 13, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.5	Second Supplemental Indenture dated as of January 30, 2017, by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed January 30, 2017.
4.6	Indenture dated as of November 24, 2010, by and among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $500 million aggregate amount of the Registrant’s 6 1/2% Senior Notes due 2021. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 30, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.7	Indenture, dated June 8, 2015, by and among Ferrellgas, L.P., Ferrellgas, Finance Corp. the subsidiary guarantors party thereto, and U.S. Bank National Association, as trustee, relating to $500 million aggregate amount of the Registrant’s 6 3/4% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 8, 2015.

4.8	Indenture, dated as of April 16, 2020, by and among Ferrellgas, L.P., Ferrellgas Finance Corp., Ferrellgas Partners, L.P., Ferrellgas, Inc., the subsidiary guarantors party thereto and Delaware Trust Company, as trustee and collateral agent, relating to $700 million aggregate principal amount of 10% Senior Secured First Lien Notes due 2025. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 17, 2020.
+10.1	Financing Agreement, dated as of May 4, 2018, among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, TPG Specialty Lending, Inc. as administrative agent, collateral agent and lead arranger, and PNC Bank, National Association, as syndication agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 7, 2018.
10.2	Amended and Restated Receivable Sale Agreement dated as of January 19, 2012, between Ferrellgas, L.P. and Blue Rhino Global Sourcing, Inc., as originators, and Ferrellgas Receivables, LLC, as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 20, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.3	Receivables Purchase Agreement dated as of January 19, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed January 20, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.4	First Amendment to Receivables Purchase Agreement dated as of April 30, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed June 8, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.5	Second Amendment to Receivables Purchase Agreement dated as of April 1, 2014, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed April 4, 2014.
10.6	Third Amendment to Receivables Purchase Agreement dated as of July 27, 2016, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed July 27, 2016.
10.7	Fourth Amendment to Receivables Purchase Agreement dated as of September 27, 2016, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.38 to our Current Report on Form 10-K filed September 28, 2016.
10.8	Amendment No. 5 to Receivables Purchase Agreement dated as of April 28, 2017, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed May 2, 2017.
+ 10.9	Amendment No. 7 to Receivables Purchase Agreement, dated as of May 14, 2018, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers party thereto, Fifth Third Bank and PNC Bank, National Association, as co-agents, and Wells Fargo Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed September 7, 2018.
10.10	Amendment No. 8 to Receivables Purchase Agreement, dated as of December 5, 2019, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, Fifth Third Bank and PNC Bank, National Association, as co-agents and purchasers, and Wells Fargo Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.17 to our Quarterly Report on Form 10-Q filed December 6, 2019.
10.11	Amendment No. 9 to Receivables Purchase Agreement, dated as of April 10, 2020, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, Fifth Third Bank and PNC Bank, National Association, as co-agents and purchasers, and Wells Fargo Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 8-K filed April 13, 2020.
# 10.12	Ferrell Companies, Inc. Supplemental Savings Plan, as amended and restated effective January 1, 2010. Incorporated by reference to Exhibit 10.14 to our Quarterly Report on Form 10-Q filed March 10, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.13	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K filed September 29,

	2014.
# 10.14	Amendment to Ferrell Companies, Inc. 1998 Incentive Compensation Plan, dated as of March 7, 2010. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.15	Employment, Confidentiality, and Noncompete Agreement dated as of July 17, 1998 by and among Ferrell Companies, Inc. as the company, Ferrellgas, Inc. as the company, James E. Ferrell as the executive and LaSalle National Bank as trustee of the Ferrell Companies, Inc. Employee Stock Ownership Trust. Incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed September 29, 2014.
# 10.16	Form of Director/Officer Indemnification Agreement, by and between Ferrellgas, Inc. and each director and executive officer. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed March 9, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.17	Ferrell Companies, Inc. 2015 Deferred Appreciation Rights Plan, dated as of July 31, 2015. Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed September 29, 2015.
10.18	First Amendment to Financing Agreement, dated as of June 6, 2019, by and among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, and TPG Specialty Lending, Inc., as collateral agent. Incorporated by reference to Exhibit 10.31 to our Quarterly Report on Form 10-Q filed June 10, 2019.
10.19	Second Amendment to Financing Agreement, dated as of November 7, 2019, by and among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, and TPG Specialty Lending, Inc., as collateral agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 12, 2019.
# 10.20	Form of Indemnification Agreement, dated as of November 19, 2019, by and between Ferrellgas Partners, LP and each director and executive officer of Ferrellgas, Inc., its general partner. Incorporated by reference to Exhibit 10.34 to our Quarterly Report on Form 10-Q filed December 6, 2019.
# 10.21	Change in Control Retention Bonus Letter Agreement with William E. Ruisinger, Chief Financial Officer and Treasurer. Incorporated by reference to Exhibit 10.21 in our Current Report on Form 8-K filed April 27, 2020.
# 10.22	Change in Control Retention Bonus Letter Agreement with Bryan J. Wright, Senior Vice President and Chief Operating Officer. Incorporated by reference to Exhibit 10.22 in our Current Report on Form 8-K filed April 27, 2020.
# 10.23	Change in Control Retention Bonus Letter Agreement Tamria A. Zertuche, Senior Vice President and Chief Information Officer. Incorporated by reference to Exhibit 10.23 in our Current Report on Form 8-K filed April 27, 2020.
10.24	Forbearance Agreement among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and the beneficial owners dated June 7, 2020. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 11, 2020.
10.25	Transaction Support Agreement, dated December 10, 2020, by and among the Company Parties (as defined therein) and the Consenting Lenders (as defined therein). Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed December 11, 2020.
*# 10.26	Change in Control Retention Bonus Letter Agreement with Brian W. Herrmann, Interim Chief Financial Officer and Treasurer.
*# 10.27	Change in Control Retention Bonus Letter Agreement with Tamria A. Zertuche, Senior Vice President and Chief Operating Officer.
* 31.1	Certification of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.2	Certification of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.3	Certification of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.4	Certification of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 101.INS	XBRL Instance Document.
* 101.SCH	XBRL Taxonomy Extension Schema Document.
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.

* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
* 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith

\# Management contracts or compensatory plans.

\+ Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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

	FERRELLGAS PARTNERS, L.P. By Ferrellgas, Inc., its general partner
Date: December 15, 2020	By /s/ Brian W. Herrmann Brian W. Herrmann Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer)
	FERRELLGAS PARTNERS FINANCE CORP.
Date: December 15, 2020	By /s/ Brian W. Herrmann Brian W. Herrmann Interim Chief Financial Officer and Sole Director
	FERRELLGAS, L.P. By Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, its general partners
Date: December 15, 2020	By /s/ Brian W. Herrmann Brian W. Herrmann Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer)
	FERRELLGAS FINANCE CORP.
Date: December 15, 2020	By /s/ Brian W. Herrmann Brian W. Herrmann Interim Chief Financial Officer and Sole Director

Exhibit 3.3

FIRST AMENDMENT
TO
FIFTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
FERRELGAS PARTNERS, L.P.

THIS FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF FERRELLGAS PARTNERS, L.P., dated as of December 11, 2020, to be effective as of January 1, 2020, is entered into by and among Ferrellgas Inc., a Delaware corporation, as General Partner, those Persons who are Limited Partners as of the date hereof, and those Persons who become Partners as provided in the Partnership Agreement (as defined below).

WHEREAS, the FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP of Ferrellgas Partners, L.P. ("Partnership"), dated as of June 5, 2018 ("Partnership Agreement"), was entered into by and among Ferrellgas Inc., a Delaware corporation, as General Partner, those Persons who were Limited Partners as of such date, together with the Persons who become Partners as provided therein; and

WHEREAS, the General Partner desires to amend the Partnership Agreement to provide for the special allocation of certain items of income and loss as provided herein;

NOW, THEREFORE, this FIRST AMENDMENT TO FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP of the Partnership is entered into by the General Partner pursuant to the authority contained in Sections 5.2(c) and 15.1(d)(iii) of the Partnership Agreement.

1. The following definitions shall be added to Article II of the Partnership Agreement:

   "*Aggregate COD Offset Amount*" has the meaning assigned to such term in Section 5.1(d)(xiv)(B).

   "*Cancellation of Debt Income*" means any amount includible in the gross income of the Partnership by reason of the discharge, in whole or in part, of the indebtedness of the Partnership associated with the Partnership's 8.625 percent unsecured senior notes due 2020 as described in Section 61(a)(11) of the Code.

   "*COD Offsetting Allocations*" has the meaning assigned to such term in Section 5.1(d)(xiv)(B).

   "*COD Offsetting Gain*" means (i) any gain attributable to the sale or other taxable disposition of any depreciable, amortizable or other intangible property of the Partnership, and (ii) any Unrealized Gain resulting from an adjustment in the Carrying Value of any depreciable, amortizable or other intangible property of the Partnership pursuant to Section 4.5(d), in each case, recognized or incurred after the first Revaluation Event that occurs subsequent to, or at the time of, the recognition of Cancellation of Debt Income by the Partnership.

   "*COD Offsetting Loss*" means (i) any loss attributable to the sale or other taxable disposition of any depreciable, amortizable or other intangible property of the Partnership, and (ii) any Unrealized Loss resulting from an adjustment in the Carrying Value of any depreciable, amortizable or other intangible property of the Partnership pursuant to Section 4.5(d), in each case, recognized or incurred after the first Revaluation Event that occurs subsequent to, or at the time of, the recognition of Cancellation of Debt Income by the Partnership.

"*Initial COD Allocation Amount*" has the meaning assigned to such term in Section 5.1(d)(xiv)(B).

2. A new Section 5.1(d)(xiv) shall be added to the Partnership Agreement to read as follows:

(xiv) Allocation of Cancellation of Debt Income.

(A) Notwithstanding any other provision of this Section 5.1, Cancellation of Debt Income for any taxable period that would otherwise be allocated to any Limited Partner holding Common Units pursuant to this Section 5.1 shall instead be allocated to the General Partner.

(B) Except as otherwise provided in Section 5.1(d)(xiv)(C) or Section 5.1(d)(xiv)(D), in the event that any amount of Cancellation of Debt Income for any taxable period is allocated to the General Partner pursuant to Section 5.1(d)(xiv)(A) (an "Initial COD Allocation Amount"), certain items of gain, loss, Unrealized Gain and Unrealized Loss shall be allocated pursuant to the rules set forth in subparagraph (1) and (2) of this Section 5.1(d)(xiv)(B) (the "COD Offsetting Allocations") until (aa) the aggregate sum of the absolute values of the amounts allocated to the Limited Partners holding Common Units pursuant to subparagraph (1) and (2) for the current taxable period and all previous taxable periods (the "Aggregate COD Offset Amount") is equal to (bb) the Initial COD Allocation Amount.

(1) Any COD Offsetting Gain that would otherwise be allocated to the General Partner pursuant to this Section 5.1 shall instead be allocated to the Limited Partners holding Common Units, Pro Rata (or, in the event that there is more than one class of Units held by Limited Partners, solely to the Limited Partners holding Units of the class in existence at the time, and with respect to which class, the Initial COD Allocation Amount was allocated).

(2) Any COD Offsetting Loss that would otherwise be allocated to any Limited Partner holding Common Units (or, in the event that there is more than one class of Units held by Limited Partners, COD Offsetting Loss that would otherwise be allocated to Limited Partners holding Units of the class in existence at the time, and with respect to which class, the Initial COD Allocation Amount was allocated) pursuant to this Section 5.1, shall instead be allocated to the General Partner.

(C) For any taxable period ending prior to the date that is five years after the end of the taxable period in which any Initial COD Allocation Amount was allocated to the General Partner pursuant to Section 5.1(d)(xiv)(A), no allocation shall be made pursuant to the COD Offsetting Allocations if a COD Offsetting Allocation would cause the Aggregate COD Offset Amount to exceed forty percent of the Initial COD Allocation Amount.

(D) No COD Offsetting Allocations shall be made prior to the Partnership's tax year which immediately succeeds the Partnership's tax year in which allocation to the General Partner of the Initial COD Allocation Amount occurs.

3. The remaining provisions of the Partnership Agreement are confirmed.

[**Signatures on Following Page**]

IN WITNESS WHEREOF, the General Partner has executed this First Amendment to Fifth Amended and Restated Partnership Agreement as of the date first above written.

GENERAL PARTNER:
Ferrellgas, Inc.

By: ________________________
Name: ________________________
Title: ________________________

Exhibit 10.26

FERRELLGAS, INC.
7500 COLLEGE BOULEVARD
OVERLAND PARK, KS 66213

December 11, 2020

VIA ELECTRONIC MAIL

Brian Herrmann
Interim CFO
[Personal Contact Information
Intentionally Omitted]
[brianherrmann@ferrellgas.com]

RE: Change in Control Retention Bonus

Dear Brian,

To induce you to remain employed with Ferrellgas, Inc. (the "**Company**"), the Company is pleased to offer you an opportunity to earn a Change in Control retention bonus, as described in this letter agreement (the "**Letter Agreement**"), in the event a Change in Control were to occur between the date of this letter (the "**Effective Date**") and October 31, 2021 (the "**Expiration Date**"). This Letter Agreement supersedes any other Change in Control agreement between you and the Company.

In recognition of your continued service with the Company commencing on the Effective Date through the date of consummation of a Change in Control if a Change in Control were to occur on or prior to the Expiration Date (the "**Retention Period**"), the Company will pay you a Change in Control retention bonus in the amount of your **Base Compensation Rate** (defined as your base compensation rate + annual stipend) multiplied by 1.5, less all applicable withholdings and deductions required by law, subject to your satisfaction of the requirements specified herein (the "**Change in Control Retention Bonus**"). As used herein, the term "Change in Control" is defined in **Appendix A** attached hereto and made a part hereof.

You will be eligible to receive the Change in Control Retention Bonus only if (i) a Change in Control were to occur during the Retention Period, and (ii) if you are actively employed on a continuous basis by the Company through the date of consummation of a Change in Control that occurs during the Retention Period.

If you are eligible to receive the Change in Control Retention Bonus, it will be paid to you in a one lump sum cash payment on the Company's first regularly scheduled pay date coinciding with or immediately following the date of consummation of a Change in Control.

Your employment with the Company remains at-will, meaning that you and the Company may terminate the employment relationship at any time, with or without cause, and with or without notice. If your employment terminates for any reason during the Retention Period prior to the date of consummation of a Change in Control, no Change in Control Retention Bonus will be paid to you.

This letter agreement contains all of the understandings and representations between the Company and you relating to the potential Change in Control Retention Bonus and supersedes all prior and contemporaneous understandings, discussions, agreements, representations and warranties, both written and oral, with respect to any retention bonus. This letter agreement may not be amended or modified unless in writing signed by both the Company and you. This letter agreement, for all purposes, shall be construed in accordance with the laws of the State of Kansas without regard to conflicts-of-law principles.

Very truly yours,
Ferrellgas, Inc.

By: ______________________________

Name:
Title:

Agreed to and accepted:

By: ______________________________
Brian Herrmann

Date: ______________________________

APPENDIX A

A "**Change in Control**" shall be deemed to mean the first of the following events to occur after the Effective Date and on or prior to the Expiration Date:

(a) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its affiliates, but excluding (i) the Company or any of its direct or indirect subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 33% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates); or

(b) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity regardless of which entity is the survivor, other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the then outstanding voting securities of such surviving entity or any parent thereof, calculated immediately after such merger or consolidation or (ii) a merger or consolidation that would result in one or more Related Parties owning more than 50% of the combined voting power of the then outstanding voting securities of the surviving entity or any parent thereof; or

(c) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction; and provided, further, that, no sale of all or substantially all the Company's assets shall constitute a Change-in-Control if the sale is to a Related Party; or

(d) the majority of the seats (other than vacant seats) on the Board of Directors (or similar governing body) of the Company (or its direct or indirect parent holding company) ceases to be occupied by Persons who either (i) were members of the Board of Directors of the Company (or its direct or indirect parent holding company) as of the Effective Date; or 9(ii) subsequently became a director of the Company and whose initial election or initial nomination for election by the Company's shareholders was approved by a majority of the Continuing Directors then on the Board of Directors of the Company. For purposes of this Agreement, the term "Continuing Director" shall mean any person who is a member of the Board of Directors of the Company, while such person is a member of the Board of Directors, and who (i) was a member of the Board of Directors on the Effective Date; or (ii) subsequently becomes a member of the Board of Directors, if such person's nomination for election or initial election to the Board of Directors is recommended or approved by a majority of the Continuing Directors.

(e) Ferrell Companies, Inc. ceases to beneficially own and control, directly or indirectly, at least 51% on a fully diluted basis of the aggregate economic interests in the capital stock of the Company;

(f) The Company ceases to be the General Partner with power to manage and control either or both of Ferrellgas Partners, LP and Ferrellgas LP; or

(g) Ferrellgas Partners, LP shall cease to beneficially own and control, directly or indirectly, 100% on a fully diluted basis of the aggregate limited partnership interests in Ferrellgas, LP; or

(h) Any "change of control" or similar event shall occur under, and as defined in or set forth in, the documents evidencing or governing any Indebtedness of the Company, Ferrellgas Partners, LP or Ferrellgas, LP.

"Related Party" means any of the following:

(a) any immediate family member or lineal descendent of James E. Ferrell;

(b) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consists of any one or more of James E. Ferrell or such other Persons referred to in the immediately preceding clause (1);

(c) the Ferrell Companies, Inc. Employee Stock Ownership Trust (the "**FCI ESOT**")

(d) any participant in the FCI ESOT whose account has been allocated shares of Ferrell Companies, Inc.

(e) Ferrell Companies, Inc.; or

(f) Any subsidiary of Ferrell Companies, Inc.

FERRELLGAS, INC.
7500 COLLEGE BOULEVARD
OVERLAND PARK, KS 66213

December 11, 2020

VIA ELECTRONIC MAIL

Tamria Zertuche
COO
[Personal Contact Information
Intentionally Omitted]
[TamriaZertuche@ferrellgas.com]

RE: Change in Control Retention Bonus

Dear Tamria,

To induce you to remain employed with Ferrellgas, Inc. (the "**Company**"), the Company is pleased to offer you an opportunity to earn a Change in Control retention bonus, as described in this letter agreement (the **"Letter Agreement"**), in the event a Change in Control were to occur between the date of this letter (the "**Effective Date**") and October 31, 2021 (the "**Expiration Date**"). This Letter Agreement supersedes any other Change in Control agreement between you and the Company.

In recognition of your continued service with the Company commencing on the Effective Date through the date of consummation of a Change in Control if a Change in Control were to occur on or prior to the Expiration Date (the "**Retention Period**"), the Company will pay you a Change in Control retention bonus in the amount of your base compensation rate multiplied by 1.5, less all applicable withholdings and deductions required by law, subject to your satisfaction of the requirements specified herein (the "**Change in Control Retention Bonus**"). As used herein, the term "Change in Control" is defined in **Appendix A** attached hereto and made a part hereof.

You will be eligible to receive the Change in Control Retention Bonus only if (i) a Change in Control were to occur during the Retention Period, and (ii) if you are actively employed on a continuous basis by the Company through the date of consummation of a Change in Control that occurs during the Retention Period.

If you are eligible to receive the Change in Control Retention Bonus, it will be paid to you in a one lump sum cash payment on the Company's first regularly scheduled pay date coinciding with or immediately following the date of consummation of a Change in Control.

Your employment with the Company remains at-will, meaning that you and the Company may terminate the employment relationship at any time, with or without cause, and with or without notice. If your employment terminates for any reason during the Retention Period prior to the date of consummation of a Change in Control, no Change in Control Retention Bonus will be paid to you.

This letter agreement contains all of the understandings and representations between the Company and you relating to the potential Change in Control Retention Bonus and supersedes all prior and contemporaneous understandings, discussions, agreements, representations and warranties, both written and oral, with respect to any retention bonus. This letter agreement may not be amended or modified unless in writing signed by both the Company and you. This letter agreement, for all purposes, shall be construed in accordance with the laws of the State of Kansas without regard to conflicts-of-law principles.

Very truly yours,
Ferrellgas, Inc.

By: ______________________________

Name:
Title:

Agreed to and accepted:

By: ______________________________
Tamria Zertuche

Date: ______________________________

APPENDIX A

A "**Change in Control**" shall be deemed to mean the first of the following events to occur after the Effective Date and on or prior to the Expiration Date:

(a) any person or group of persons (as defined in Section 13(d) and 14(d) of the Exchange Act) together with its affiliates, but excluding (i) the Company or any of its direct or indirect subsidiaries, (ii) any employee benefit plans of the Company or (iii) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (individually a "Person" and collectively, "Persons"), is or becomes, directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 33% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates); or

(b) the consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity regardless of which entity is the survivor, other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the then outstanding voting securities of such surviving entity or any parent thereof, calculated immediately after such merger or consolidation or (ii) a merger or consolidation that would result in one or more Related Parties owning more than 50% of the combined voting power of the then outstanding voting securities of the surviving entity or any parent thereof; or

(c) the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, provided, however, that a sale of the Company's search business shall not constitute a Change in Control, regardless of whether stockholders approve the transaction; and provided, further, that, no sale of all or substantially all the Company's assets shall constitute a Change-in-Control if the sale is to a Related Party; or

(d) the majority of the seats (other than vacant seats) on the Board of Directors (or similar governing body) of the Company (or its direct or indirect parent holding company) ceases to be occupied by Persons who either (i) were members of the Board of Directors of the Company (or its direct or indirect parent holding company) as of the Effective Date; or 9(ii) subsequently became a director of the Company and whose initial election or initial nomination for election by the Company's shareholders was approved by a majority of the Continuing Directors then on the Board of Directors of the Company. For purposes of this Agreement, the term "Continuing Director" shall mean any person who is a member of the Board of Directors of the Company, while such person is a member of the Board of Directors, and who (i) was a member of the Board of Directors on the Effective Date; or (ii) subsequently becomes a member of the Board of Directors, if such person's nomination for election or initial election to the Board of Directors is recommended or approved by a majority of the Continuing Directors.

(e) Ferrell Companies, Inc. ceases to beneficially own and control, directly or indirectly, at least 51% on a fully diluted basis of the aggregate economic interests in the capital stock of the Company;

(f) The Company ceases to be the General Partner with power to manage and control either or both of Ferrellgas Partners, LP and Ferrellgas LP; or

(g) Ferrellgas Partners, LP shall cease to beneficially own and control, directly or indirectly, 100% on a fully diluted basis of the aggregate limited partnership interests in Ferrellgas, LP; or

(h) Any "change of control" or similar event shall occur under, and as defined in or set forth in, the documents evidencing or governing any Indebtedness of the Company, Ferrellgas Partners, LP or Ferrellgas, LP.

"Related Party" means any of the following:

(a) any immediate family member or lineal descendent of James E. Ferrell;

(b) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consists of any one or more of James E. Ferrell or such other Persons referred to in the immediately preceding clause (1);

(c) the Ferrell Companies, Inc. Employee Stock Ownership Trust (the "**FCI ESOT**")

(d) any participant in the FCI ESOT whose account has been allocated shares of Ferrell Companies, Inc.

(e) Ferrell Companies, Inc.; or

(f) Any subsidiary of Ferrell Companies, Inc.

EXHIBIT 31.1

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Partners, L.P. (the “Registrant”);

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 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 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: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President;
Chairman of the Board of Directors of Ferrellgas, Inc.,
general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, Brian W. Herrmann, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Partners, L.P. (the "Registrant");

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 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 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: December 15, 2020

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.2

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Partners Finance Corp. (the "Registrant");

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 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 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: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, Brian W. Herrmann, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Partners Finance Corp. (the "Registrant");

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 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 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: December 15, 2020

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer and Sole Director

CERTIFICATIONS
FERRELLGAS, L.P.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas, L.P. (the "Registrant");

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 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 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: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President of Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, the Registrant's general partners

CERTIFICATIONS
FERRELLGAS, L.P.

I, Brian W. Herrmann, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas, L.P. (the “Registrant”);

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 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 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: December 15, 2020

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, the Registrant’s general partners

EXHIBIT 31.4

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Finance Corp. (the "Registrant");

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 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 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: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, Brian W. Herrmann, certify that:

1. I have reviewed this report on Form 10-Q for the period ended October 31, 2020 of Ferrellgas Finance Corp. (the “Registrant”);

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 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 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: December 15, 2020

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer and Sole Director

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Registrant") for the period ended October 31, 2020, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Registrant or other filing of the Registrant made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 15, 2020	/s/ James E. Ferrell
	James E. Ferrell Interim Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant
	/s/ Brian W. Herrmann
	Brian W. Herrmann Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. for the period ended October 31, 2020, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Partners Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Partners Finance Corp. or other filing of Ferrellgas Partners Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer and Sole Director

EXHIBIT 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the "Registrant") for the period ended October 31, 2020, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Registrant or other filing of the Registrant made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President of Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, the Registrant's general partners

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., Ferrellgas GP II, LLC and Ferrellgas GP III, LLC, the Registrant's general partners

EXHIBIT 32.4

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. for the period ended October 31, 2020, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the “knowledge” and “willfulness” qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Finance Corp. or other filing of Ferrellgas Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 15, 2020

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

/s/ Brian W. Herrmann
Brian W. Herrmann
Interim Chief Financial Officer and Sole Director