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

Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended July 31, 2014

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file 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	43-1698480
Delaware	43-1742520
Delaware	43-1698481
Delaware	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

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

Title of each class	Name of each exchange on which registered
Common Units of Ferrellgas Partners, L.P.	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

Limited Partner Interests of Ferrellgas, L.P.
Common Stock of Ferrellgas Partners Finance Corp.
Common Stock of Ferrellgas Finance Corp.
(Title of class)

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Ferrellgas Partners, L.P.: Yes ☒ No ☐

Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp.: Yes ☐ No ☒

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Ferrellgas Partners, L.P.:			
Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (do not check if a smaller reporting company)	Smaller reporting company o
Ferrellgas Partners Finance Corp, Ferrellgas, L.P. and Ferrellgas Finance Corp.:			
Large accelerated filer o	Accelerated filer o	Non-accelerated filer x (do not check if a smaller reporting company)	Smaller reporting company o

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 ☐

The aggregate market value as of January 31, 2014, of Ferrellgas Partners, L.P.’s common units held by nonaffiliates of Ferrellgas Partners, L.P., based on the reported closing price of such units on the New York Stock Exchange on such date, was approximately $1,406,408,414. There is no aggregate market value of the common equity of Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp. as their common equity is not sold or traded.

At September 2, 2014, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	82,711,820	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 I(1)(A) AND (B) OF FORM 10-K AND ARE THEREFORE, WITH RESPECT TO EACH SUCH REGISTRANT, FILING THIS FORM 10-K WITH THE REDUCED DISCLOSURE FORMAT.

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

For the fiscal year ended July 31, 2014
FORM 10-K ANNUAL REPORT

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PART I

Introductory Statement

In this Annual Report on Form 10-K, unless the context indicates otherwise:

- "us," "we," "our," "ours," or "consolidated" 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" refers to Ferrellgas, Inc.;
- "Ferrell Companies" refers to Ferrell Companies, Inc., the sole shareholder of our general partner;
- "unitholders" refers to holders of common units of Ferrellgas Partners;
- "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;
- "midstream sales" refers to fees charged for the processing and disposal of salt water as well as the sale of crude oil recovered from our skimming oil process;
- "propane sales volume" refers to the volume of propane sold to our retail sales and wholesale sales customers;
- "salt water volume" refers to the number of barrels of salt water processed at our disposal sites;
- "skimming oil" refers to a process our salt water disposal wells use to separate crude oil from salt water; and
- "Notes" refers to the notes of the consolidated financial statements of Ferrellgas Partners or the operating partnership, as applicable.

ITEM 1. BUSINESS.

Ferrellgas Partners, L.P. is a growth-oriented publicly traded Delaware limited partnership formed in 1994 and engaged in the retail distribution of propane and midstream operations. Our common units are listed on the New York Stock Exchange under the ticker symbol "FGP", and our activities are primarily conducted through our operating partnership, Ferrellgas, L.P., a Delaware limited partnership. We are the sole limited partner of Ferrellgas, L.P. with an approximate 99% limited partner interest.

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 significant assets are its approximate 99% limited partnership interest in the operating partnership and its 100% equity interest in Ferrellgas Partners Finance Corp.

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 a 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 27.5% of our outstanding common units. Ferrell Companies is owned 100% by an employee stock ownership trust.

The Partnership manages and evaluates its operations in two reportable operating segments: propane and related equipment sales and midstream operations.

Propane and related equipment sales

We believe we are a leading distributor of propane and related equipment and supplies to customers in the United States. We believe that we are the second largest retail marketer of propane in the United States as measured by the volume of our retail sales in fiscal 2014 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 distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Sales from propane distribution are generated principally from transporting propane purchased from third parties to propane distribution locations and then to tanks on customers' premises or to portable propane tanks delivered to nationwide and local retailers. Sales from portable tank exchanges, nationally branded under the name Blue Rhino, are generated through a network of independent and partnership-owned distribution outlets. Our market areas for our residential and agricultural customers are generally rural while our market areas for our industrial/commercial and portable tank exchange customers are generally urban.

In the residential and industrial/commercial markets, propane is primarily used for space heating, water heating, cooking and other propane fueled appliances. In the portable tank exchange market, propane is used primarily for outdoor cooking using gas grills. In the agricultural market, propane is primarily used for crop drying, space heating, irrigation and weed control. In addition, propane is used for a variety of industrial applications, including as an engine fuel which is burned in internal combustion engines that power vehicles and forklifts and as a heating or energy source in manufacturing and drying processes.

A substantial majority of our gross margin from propane and other gas liquids sales is derived from the distribution and sale of propane and related risk management activities. Our gross margin from the retail distribution of propane is primarily based on the cents-per-gallon difference between the sales price we charge our customers and our costs to purchase and deliver propane to our propane distribution locations.

The distribution of propane to residential customers generally involves large numbers of small volume deliveries. Our retail deliveries of propane are typically transported from our retail propane distribution locations to our customers by our fleet of bulk delivery trucks, which are generally fitted with tanks ranging in size from 2,600 to 3,500 gallons. Propane storage tanks located on our customers' premises are then filled from these bulk delivery trucks. We also deliver propane to our industrial/commercial and portable tank exchange customers using our fleet of portable tank and portable tank exchange delivery trucks, truck tractors and portable tank exchange delivery trailers.

Our residential customers and portable tank exchange customers typically provide us a greater cents-per-gallon margin than our industrial/commercial, agricultural, wholesale and other customers. We track "Propane sales volumes," "Revenues – Propane and other gas liquids sales" and "Gross Margin – Propane and other gas liquids sales" by customer; however, we are not able to specifically allocate operating and other costs in a manner that would determine their specific profitability with a high degree of accuracy. The wholesale propane price per gallon is subject to various market conditions, including inflation, and may fluctuate based on changes in demand, supply and other energy commodity prices, primarily crude oil and natural gas, as propane prices tend to correlate with the fluctuations of these underlying commodities.

Approximately 53% of our residential customers rent their tanks from us. Our rental terms and the fire safety regulations in some states require rented bulk tanks to be filled only by the propane supplier owning the tank. The cost and inconvenience of switching bulk tanks helps minimize a customer's tendency to switch suppliers of propane on the basis of minor variations in price, helping us minimize customer loss.

In addition, we lease tanks to some of our independent distributors involved with our delivery of propane for portable tank exchanges. Our owned and independent distributors provide portable tank exchange customers with a national delivery presence that is generally not available from most of our competitors.

In our past three fiscal years, our total annual propane sales volumes in gallons were:

Fiscal year ended	Propane sales volumes (in millions)
July 31, 2014	947
July 31, 2013	901
July 31, 2012	878

We utilize marketing programs targeting both new and existing customers by emphasizing:

- our efficiency in delivering propane to customers;
- our employee training and safety programs;
- our enhanced customer service, facilitated by our technology platform and our 24 hours a day, seven days a week emergency retail customer call support capabilities; and
- our national distributor network for our commercial and portable tank exchange customers.

Some of our propane distribution locations also conduct the retail sale of propane appliances and related parts and fittings, as well as other retail propane related services and consumer products. We also sell gas grills, grilling tools and accessories, patio heaters, fireplace and garden accessories, mosquito traps and other outdoor products through Blue Rhino Global Sourcing, Inc.

In fiscal 2014, no one customer accounted for 10% or more of our consolidated revenues.

Effect of Weather and Seasonality

Weather conditions have a significant impact on demand for propane for heating purposes 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 warming trend, we could expect nationwide demand for propane to decrease which could lead to a reduction in our sales, income and liquidity availability.

The market for propane is seasonal because of increased demand during the winter heating season primarily for the purpose of providing heating in residential and commercial buildings. Consequently, sales and operating profits are concentrated in our second and third fiscal quarters, which are during the winter heating season. However, our propane by portable tank exchange sales volume provides us increased operating profits during our first and fourth fiscal quarters due to its counter-seasonal business activities. These sales also provide us the ability to better utilize our seasonal resources at our propane distribution locations. Other factors affecting our results of operations include competitive conditions, volatility in energy commodity prices, demand for propane, timing of acquisitions and general economic conditions in 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. We use the definition of “normal” temperatures based on information published by the National Oceanic and Atmospheric Administration (“NOAA”). 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.

We believe that our broad geographic distribution helps us minimize exposure to regional weather and economic patterns. During times of colder-than-normal winter weather, we have been able to take advantage of our large, efficient distribution network to avoid supply disruptions, thereby providing us a competitive advantage in the markets we serve.

Risk Management Activities – Commodity Price Risk

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 on a short-term basis. 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 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. These financial derivatives are generally designated as cash flow hedges.

Our risk management activities may include the use of financial derivative instruments including, but not limited to, swaps, options, and futures to seek protection from adverse price movements and to minimize potential losses. We enter into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. We also enter into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within accounting principles generally accepted in the United States ("GAAP") and are therefore not recorded on our financial statements until settled.

Through our supply procurement activities, we purchase propane primarily from energy companies. Supplies of propane from these sources have traditionally been readily available, although no assurance can be given that they will be readily available in the future. We may purchase and store inventories of propane to avoid delivery interruptions during the periods of increased demand and to take advantage of favorable commodity prices. As a result of our ability to buy large volumes of propane and utilize our national distribution system, we believe we are in a position to achieve product cost savings and avoid shortages during periods of tight supply to an extent not generally available to other propane distributors. During fiscal 2014, eight suppliers accounted for approximately 73% of our total propane purchases. Because there are numerous alternative suppliers available, we do not believe it is reasonably possible that this supplier concentration could cause a near-term severe impact on our ability to procure propane. If supplies were interrupted or difficulties in obtaining alternative transportation were to arise, the cost of procuring replacement supplies may materially increase. These transactions are accounted for at cost in "Cost of product sold – propane and other gas liquids sales" in our consolidated statement of earnings.

A portion of our propane inventory is purchased under supply contracts that typically have a one-year term and a price that fluctuates based on the spot market prices. In order to limit overall price risk, we will enter into fixed price over-the-counter propane forward and swap contracts that generally have terms of less than 36 months. We may also use options to hedge a portion of our forecasted purchases for up to 36 months in the future.

We also incur risks related to the price and availability of propane during periods of much colder-than-normal weather, temporary supply shortages concentrated in certain geographic regions and commodity price distortions between geographic regions. We attempt to mitigate these risks through our transportation activities by utilizing our transport truck and railroad tank car fleet to distribute propane between supply or storage locations and propane distribution locations. The propane we sell to our customers is generally transported from gas processing plants and refineries, pipeline terminals and storage facilities to propane distribution locations or storage facilities by our leased railroad tank cars, our owned or leased highway transport trucks, common carrier, or owner-operated transport trucks.

Industry

Natural gas liquids are derived from petroleum products and are sold in compressed or liquefied form. Propane, the predominant natural gas liquid, is typically extracted from natural gas or separated during crude oil refining. Although propane is gaseous at normal pressures, it is compressed into liquid form at relatively low pressures for storage and transportation. Propane is a clean-burning energy source, recognized for its transportability and ease of use relative to alternative forms of stand-alone energy sources.

Based upon industry publications propane accounts for approximately 3% to 4% of energy consumption in the United States, a level which has remained relatively constant for the past two decades. Propane competes primarily with natural gas, electricity and fuel oil as an energy source principally on the basis of price, availability and portability. Propane serves as an alternative to natural gas in rural and urban areas where natural gas is unavailable or portability of product is required. Propane is generally more expensive than natural gas on an equivalent British Thermal Unit ("BTU") basis in locations served by natural gas, although propane is often sold in such areas as a standby fuel for use during peak demands and during interruption in natural gas service. The expansion of natural gas into traditional propane markets has historically been inhibited by the capital costs required to expand distribution and pipeline systems. Although the extension of natural gas pipelines tends to displace propane distribution in the neighborhoods affected, we believe that new opportunities for propane sales arise as more geographically remote neighborhoods are developed.

Propane has historically been less expensive to use than electricity for space heating, water heating and cooking and competes effectively with electricity in the parts of the country where propane is less expensive than electricity on an equivalent BTU basis. Although propane is similar to fuel oil in application, market demand and price, propane and fuel oil have generally developed their own distinct geographic markets. Because residential furnaces and appliances that burn propane will not operate on fuel oil, a conversion from one fuel to the other requires the installation of new equipment. Residential propane customers will have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Conversely, we may be unable to expand our customer base in areas where fuel oil is widely used, particularly the northeast United States, unless propane becomes significantly less expensive than fuel oil. However, many industrial customers who use propane as a heating fuel have the capacity to switch to other fuels, such as fuel oil, on the basis of availability or minor variations in price.

Competition

In addition to competing with marketers of other fuels, we compete with other companies engaged in the propane distribution business. Competition within the propane distribution industry stems from two types of participants: the larger, multi-state marketers, including farmers' cooperatives, and the smaller, local independent marketers, including rural electric cooperatives. Based on our propane sales volumes in fiscal 2014, we believe that we are the second largest marketer of propane in the United States and a leading national provider of propane by portable tank exchange.

Most of our retail propane distribution locations compete with three or more marketers or distributors, primarily on the basis of reliability of service and responsiveness to customer needs, safety and price. Each retail distribution outlet operates in its own competitive environment because propane marketers typically reside in close proximity to their customers to lower the cost of providing service.

Our other activities in our Propane and related equipment sales segment include the following:

- the sale of refined fuels, and
- common carrier services.

Business Strategy

Our business strategy is to:

- expand our operations through disciplined acquisitions and internal growth, as accretive opportunities become available;
- capitalize on our national presence and economies of scale; and
- maximize operating efficiencies through utilization of our technology platform.

Expand our operations through disciplined acquisitions and internal growth as accretive opportunities become available

We expect to continue the expansion of our propane customer base through both the acquisition of other propane distributors and through organic growth. We intend to concentrate on propane acquisition activities in geographical areas within or adjacent to our existing operating areas, and on a selected basis in areas that broaden our geographic coverage. We also intend to focus on acquisitions that can be efficiently combined with our existing propane operations to provide an attractive return on investment after taking into account the economies of scale and cost savings we anticipate will result from those combinations. Our goal is to improve the operations and profitability of our propane and related equipment sales segment by integrating best practices and leveraging our established national organization and technology platforms to help reduce costs and enhance customer service. We believe that our enhanced operational synergies, improved customer service and ability to better track the financial performance of acquired operations provide us a distinct competitive advantage and better analysis as we consider future acquisition opportunities.

We believe that we are positioned to successfully compete for growth opportunities within and outside of our existing operating regions. Our efforts will focus on adding density to our existing customer base, providing propane and complementary services to national accounts and providing other product offerings to existing customer relationships. This continued expansion will give us new growth opportunities by leveraging the capabilities of our operating platforms.

Capitalize on our national presence and economies of scale

We believe our national presence of 864 propane distribution locations in the United States as of July 31, 2014 gives us advantages over our smaller competitors. These advantages include economies of scale in areas such as:

- product procurement;
- transportation;
- fleet purchases;
- propane customer administration; and
- general administration.

We believe that our national presence allows us to be one of the few propane distributors that can competitively serve industrial/commercial and portable tank exchange customers on a nationwide basis, including the ability to serve such propane customers through leading home-improvement centers, mass merchants and hardware, grocery and convenience stores. In addition, we believe that our national presence provides us opportunities to make acquisitions of other propane distribution companies whose operations overlap with ours, providing economies of scale and significant cost savings in these markets.

We also believe that investments in technology similar to ours require both a large scale and a national presence, in order to generate sustainable operational savings to produce a sufficient return on investment. For this reason, we believe our technology platforms provide us with an on-going competitive advantage.

Maximize operating efficiencies through utilization of our technology platform

We believe our significant investments in technology give us a competitive advantage to operate more efficiently and effectively at a lower cost compared to most of our competitors. We do not believe that many of our competitors will be able to justify similar investments in the near term. Our technology advantage has resulted from significant investments made in our retail propane distribution operating platform together with our state-of-the-art tank exchange operating platform.

Our technology platform allows us to efficiently route and schedule our customer deliveries, customer administration and operational workflow for the retail sale and delivery of bulk propane. Our service centers are staffed to provide oversight and management to multiple distribution locations, referred to as service units. Currently we operate a retail distribution network, including portable tank exchange operations, using a structure of 50 service centers and 864 service units. The service unit locations utilize hand-held computers, cellular or satellite technology to communicate with management personnel who are typically located at the associated service center. We believe this structure and our technology platform allow us to more efficiently route and schedule customer deliveries and significantly reduce the need for daily on-site management.

The efficiencies gained from operating our technology platform allow us to consolidate our management teams at fewer locations, quickly adjust the sales prices to our customers and manage our personnel and vehicle costs more effectively to meet customer demand.

The technology platform allows for efficient forecasting of our customers' demand and our routing and scheduling. Our call center support capabilities allow us to accept emergency customer calls 24 hours a day, seven days a week. These combined capabilities provide us cost savings while improving customer service by reducing customer inconvenience associated with multiple, unnecessary deliveries.

Governmental Regulation - Environmental and Safety Matters

Propane is not currently subject to any price or allocation regulation and has not been defined by any federal or state environment law as an environmentally hazardous substance.

In connection with all acquisitions of propane distribution businesses that involve the purchase of real property, we conduct a due diligence investigation to attempt to determine whether any substance other than propane has been sold from, stored on or otherwise come into contact with any such real property prior to its purchase. At a minimum, due diligence includes questioning the sellers, obtaining representations and warranties concerning the sellers' compliance with environmental laws and visual inspections of the real property.

With respect to the transportation of propane by truck, we are subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of flammable materials and are administered by the United States Department of Transportation. The National Fire Protection Association Pamphlet No. 58 establishes a national standard for the safe handling and storage of propane. Those rules and procedures have been adopted by us and serve as the industry standard by the states in which we operate.

We believe that we are in material compliance with all governmental regulations and industry standards applicable to environmental and safety matters.

Midstream operations

Our midstream operations segment generates revenues from treatment and disposal of salt water generated from crude oil production operations at our salt water disposal wells and from the sale of recovered crude oil from our skimming oil process. Our facilities are located near oil and gas production fields with high levels of crude oil and natural gas in the Eagle Ford Basin in Texas.

Industry

Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and gas wells generate significant volumes of salt water known as “flowback” and “production” water. Flowback is a water based solution that flows back to the surface during and after the completion of the hydraulic fracturing (“fracking”) process whereby large volumes of water, sand and chemicals are injected under high pressures into rock formations to stimulate production. Flowback contains clays, chemicals, dissolved metal ions, total dissolved solids and oil/condensate. Production water is salt water from underground formations that are brought to the surface during the normal course of oil or gas production. Because this water has been in contact with hydrocarbon-bearing formations, it contains some of the chemical characteristics of the formations and the hydrocarbons. In the oil and gas fields we service, these volumes of water are transported by truck away from the fields to salt water disposal wells where it is injected into underground geologic formations using high-pressure pumps. Our revenue is derived from fees we charge our customers to dispose of salt water at our facilities and crude oil sales from our skimming oil process.

Customers

Our midstream operations customers consist primarily of salt water transportation companies and large exploration and production companies who conduct drilling operations near our facilities. During the fiscal year ended July 31, 2014, 40% of our salt water disposal gross margin was generated from a single customer.

Competition

We compete with other salt water disposal providers to the extent other providers have facilities geographically close to our facilities. Location is an important consideration for our customers, who seek to minimize the cost of transporting the salt water to disposal facilities. Our facilities are strategically located near areas of significant crude oil and natural gas production in the Eagle Ford Basin.

Pricing Policy

We generally charge customers a processing fee per barrel of wastewater processed. We also generate revenue from our skimming oil process, which we take into consideration in negotiating the processing fees with our customers. Skimming oil is sold to third party gatherers at spot prices pursuant to a contract.

Business Strategy

Our business strategy is to expand our operations and diversify our business through disciplined acquisitions and internal growth as accretive opportunities become available. We anticipate these growth opportunities will leverage our expertise in transportation, storage and terminaling of energy related products.

Permits and Regulatory Compliance

We operated eight salt water disposal facilities as of September 2, 2014 all in the Eagle Ford shale region of south Texas. Each of these facilities is permitted to inject non-hazardous oil and gas waste into an Underground Injection Control (“UIC”) Class II disposal well. These wells have been drilled in certain acceptable geologic formations far below the base of fresh water to a point that is safely separated by other substantial geological confining layers according to environmental laws that are administered under the auspices of the federal government or states with primacy. We are actively seeking UIC Class II disposal permits for additional facilities that we intend to develop and operate.

Because the major component of our business is the disposal of oil and gas field residual salt water in an environmentally sound manner, a significant amount of our capital expenditures in this segment are related, either directly or indirectly, to environmental protection measures, including compliance with federal, state and local provisions that regulate the placement of oilfield residual salt water into the environment. There are costs associated with siting, design, operations, monitoring, site maintenance, corrective actions, financial assurance, and facility closure and post-closure obligations.

In connection with our acquisition, development or expansion of a Class II injection facility or transfer station, we must often spend considerable time, effort and money to obtain or maintain required permits and approvals. There cannot be any assurances that we will be able to obtain or maintain required governmental approvals. Once obtained, operating permits are subject to renewal, modification, suspension or revocation by the issuing agency. Compliance with current and any future regulatory requirements could require us to make significant capital and operating expenditures. However, most of these expenditures would impact the entire industry and would not place us at any competitive disadvantage.

Governmental Regulation

Our salt water disposal business is subject to extensive, complex and evolving federal, state and local environmental, health, safety and transportation laws and regulations that can affect the cost, manner, feasibility or timing of doing business. These laws and regulations are administered by the United States Environmental Protection Agency (“EPA”) and various other federal, state and local environmental, zoning, transportation, land use, health and safety agencies in the United States. The Railroad Commission of Texas ("RRCT") is the principal state agency that regulates our salt water disposal business in Texas.

Many of these agencies regularly examine and inspect our operations to monitor compliance with these laws and regulations and have the power to enforce compliance, obtain injunctions or impose civil or criminal penalties in case of violations. In recent years, the oil and gas industry that we serve has perceived an increase in both the amount of government regulation and the number of enforcement actions being brought by regulatory entities against operations in related industries.

The key United States federal environmental, safety and health statutes affecting our business are summarized below. While the EPA retains oversight authority, the state of Texas has primary authority to administer regulatory and enforcement programs under each of these statutes, their state analogues and other state laws. The Railroad Commission of Texas has primary regulatory jurisdiction over the oil and natural gas industry and related industry sectors. Accordingly, the RRCT is the principal state regulator of our salt water disposal business. Meanwhile, the Texas Commission on Environmental Quality is the principal state environmental regulator for virtually every other industry in the state, including industries that may have an effect on our business.

The Safe Drinking Water Act (“SDWA”) is the primary statute that governs injection wells. The SDWA requires the EPA to protect underground sources of drinking water (“USDW”) from being endangered from underground injection of fluids through a well. Injection through a well is defined as the subsurface emplacement of fluids through a bored, drilled, or driven well or through a dug well where the depth of the dug well is greater than the largest surface dimension; or a dug hole whose depth is greater than the largest surface dimension; or an improved sinkhole; or a subsurface distribution system. The EPA has promulgated standards by setting minimum requirements for injection wells, including Class II injection wells such as those owned and operated by us. The Underground Injection Control (“UIC”) provisions of the SDWA and implementing regulations control the construction, operation, permitting, and closure of injection wells that place fluids underground for storage or disposal. All injection must be authorized under either general or specific permits. Injection well owners and operators may not site, construct, operate, maintain, convert, plug, abandon, or conduct any other injection activity that endangers USDWs.

The SDWA allows a state to obtain primacy from the EPA for oil and gas related injection wells, either by adopting the federal UIC requirements or, under some circumstances without being required to adopt the complete set of applicable federal UIC regulations. The state must be able to demonstrate that its existing regulatory program is protecting USDWs in that state, even if the regulations may not be as stringent as federal rules. Presently, 33 states, including Texas, have primacy from EPA to regulate UIC wells, including Class II injection wells for the disposal of oil and gas produced and flowback water. Requirements in primacy states may differ from and be more stringent than federal requirements. While we currently operate UIC Class II wells only in the state of Texas, we continue to explore opportunities to develop new injection wells in other states. Some of those states may not have primacy under SDWA, in which case EPA directly enforces the federal requirements.

The Occupational Safety and Health Act of 1970, as amended, establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by the Occupational Safety and Health Administration (“OSHA”), and various reporting and record keeping

obligations, as well as disclosure and procedural requirements. Various standards for notices of hazards, safety in excavation and demolition work and the handling of asbestos, apply to our midstream operations.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), or the Superfund law, and comparable state laws impose liability, potentially without regard to fault or legality of the activity at the time, on certain classes of persons that are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current owner or operator of the disposal site or sites where the release occurred, past owners or operators at the time disposal activities occurred at the site, and companies that disposed or arranged for the disposal of hazardous substances that have been released at the site.

Under CERCLA, these persons may be subject to joint and several liability for the costs of investigating and cleaning up hazardous substances that have been released into the environment, for damages to natural resources and for the costs of some health studies. In addition, neighboring landowners and other third parties may file claims under common law for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment.

The federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 ("RCRA") regulates the management and disposal of solid and hazardous waste. Some wastes associated with the exploration and production of oil and natural gas are exempted from the most stringent regulation in certain circumstances, such as drilling fluids, produced waters and other wastes associated with the exploration, development or production of oil and natural gas. However, the exemption for these wastes does not cover all materials that may be used at an oil and gas exploration, development or production site. Hence, these non-exempt wastes may be subject to regulation by EPA and other federal or state agencies. Moreover, in the ordinary course of our operations, we may generate other industrial wastes such as waste solvents and waste chemical that may be regulated as hazardous waste under RCRA or considered hazardous substances under CERCLA. Compliance with RCRA and CERCLA imposes additional costs on our operations, and if these wastes are not properly disposed of in accordance with regulation, we may be subject to clean up orders, penalty actions or private lawsuits that may require us to expend additional resources.

Financial Information about Segments

For financial information regarding our operating segments, please see Note P to our consolidated financial statements included in this annual report.

Employees

We have no employees and are managed by our general partner pursuant to our partnership agreement. At September 2, 2014, our general partner had 3,922 full-time employees.

Our general partner's employees consisted of individuals in the following areas:

Field operations	3,511
Centralized corporate functions	411
Total	3,922

Less than one percent of these employees are represented by an aggregate of five different local labor unions, which are all affiliated with the International Brotherhood of Teamsters. Our general partner has not experienced any significant work stoppages or other labor problems.

Trademarks and Service Marks

We market our goods and services under various trademarks and trade names, which we own or have a right to use. Those trademarks and trade names include marks or pending marks before the United States Patent and Trademark Office such as Ferrellgas, Ferrell North America, and Ferrellmeter. Our general partner has an option to purchase for a nominal value the trade names "Ferrellgas" and "Ferrell North America" and the trademark "Ferrellmeter" that it contributed to us during 1994, if it is removed as our general partner other than "for cause." If our general partner ceases to serve as our general partner for any reason other than "for cause," it will have the option to purchase our other trade names and trademarks from us for fair market value.

We believe that the Blue Rhino mark and Blue Rhino's other trademarks, service marks and patents are an important part of our consistent growth in both tank exchange and outdoor living product categories. Included in the registered and pending trademarks and service marks are the designations Blue Rhino®, Blue Rhino & Design®, Rhino Design™, Grill Gas & Design®, A Better Way™, Spark Something Fun®, America's Choice for Grill Gas®, RhinoTUFF®, Tri-Safe®, Drop, Swap and Go™, Rhino Power™, Uniflame®, UniGrill®, Patriot®, Grill Aficionado®, Skeetervac®, Fine Tune®, Vac & Tac®, Wavedrawer®, It's Your Backyard. Enjoy It More With Skeetervac®, Less Biting Insects. More Backyard Fun®, DuraClay®, Endless Summer®, Endless Summer Comfort®, ChefMaster® and Mr. Bar-B-Q®. In addition, we have patents issued for a Method for Reconditioning a Propane Gas Tank and an Overflow Protection Valve Assembly, which expire in 2017 and 2018, respectively, as well as various other patents and patent applications pending. The protection afforded by our patents furthers our ability to cost-effectively service our customers and to maintain our competitive advantages. Our salt water disposal business operates primarily under the Sable Environmental trade name.

Businesses of Other Subsidiaries

Ferrellgas Partners Finance Corp. is a Delaware corporation formed in 1996 and is our wholly-owned subsidiary. Ferrellgas Partners Finance Corp. has nominal assets, no employees other than officers and does not conduct any operations, but serves as a co-issuer and co-obligor for debt securities of Ferrellgas Partners. Institutional investors that might otherwise be limited in their ability to invest in debt securities of Ferrellgas Partners because it is a partnership are potentially able to invest in debt securities of Ferrellgas Partners because Ferrellgas Partners Finance Corp. acts as a co-issuer and co-obligor. Because of its structure and pursuant to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Partners Finance Corp. is not presented in this Annual Report on Form 10-K. See Note B – Contingencies and Commitments – to Ferrellgas Partners Finance Corp.'s financial statements for a discussion of the debt securities with respect to which Ferrellgas Partners Finance Corp. is serving as a co-issuer and co-obligor.

Ferrellgas Finance Corp. is a Delaware corporation formed in 2003 and is a wholly-owned subsidiary of the operating partnership. Ferrellgas Finance Corp. has nominal assets, no employees other than officers and does not conduct any operations, but serves as a co-issuer and co-obligor for debt securities of the operating partnership. Institutional investors that might otherwise be limited in their ability to invest in debt securities of the operating partnership because it is a partnership are potentially able to invest in debt securities of the operating partnership because Ferrellgas Finance Corp. acts as a co-issuer and co-obligor. Because of its structure and pursuant to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Finance Corp. is not presented in this Annual Report on Form 10-K. See Note B – Contingencies and commitments – to Ferrellgas Finance Corp.'s financial statements for a discussion of the debt securities with respect to which Ferrellgas Finance Corp. is serving as a co-issuer and co-obligor.

We have agreements to transfer, on an ongoing basis, a portion of our trade accounts receivable through Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), a wholly-owned subsidiary that maintains an accounts receivable securitization facility. We retain servicing responsibilities for transferred accounts receivable but have no other continuing involvement with the transferred receivables. The accounts receivable securitization facility is more fully described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Financing Activities - Accounts receivable securitization" and in Note F – Accounts and notes receivable, net and accounts receivable securitization – to our consolidated financial statements provided herein.

We also sell gas grills, grilling tools and accessories, patio heaters, fireplace and garden accessories, mosquito traps and other outdoor products. These products are manufactured by independent third parties in Asia and are sold to mass market retailers in Asia or shipped to the United States, where they are sold under our various trade names. These products are sold through Blue Rhino Global Sourcing, Inc. a taxable corporation that is a wholly-owned subsidiary of the operating partnership. We operate our midstream operations under the wholly-owned subsidiary Sable Environmental LLC.

Available Information

We file annual, quarterly, and other reports and 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. You may also read and copy our SEC filings at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information concerning the Public Reference Room and any applicable copy charges. Because our common units are traded on the New York Stock Exchange under the ticker symbol of "FGP," we also provide our SEC filings and particular other information to the New York Stock Exchange. You may obtain copies of these filings and such other information at the offices of the New York Stock Exchange located at 11 Wall Street, New York, New York 10005. In addition, our SEC filings are 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 Annual Report on Form 10-K 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.

ITEM 1A. RISK FACTORS.

Risks Inherent in the Distribution of Propane

Weather conditions may reduce the demand for propane; our financial condition is vulnerable to warm winters and poor weather in the grilling season.

Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Many of our customers rely heavily on propane as a heating fuel. Accordingly, our sales volumes of propane are highest during the five-month winter-heating season of November through March and are directly affected by the temperatures during these months. During fiscal 2014, approximately 57% of our propane sales volume was attributable to sales during the winter-heating season. Actual weather conditions can vary substantially from year to year, which may significantly affect our financial performance. Furthermore, variations in weather in one or more regions in which we operate can significantly affect our total propane sales volume and therefore our realized profits. A negative effect on our sales volume may in turn affect our financial position or results of operations. The agricultural demand for propane is also affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane used in some crop drying applications.

Sales from portable tank exchanges experience higher volumes in the spring and summer, which includes the majority of the grilling season. Sustained periods of poor weather, particularly in the grilling season, can negatively affect our portable tank exchange revenues. In addition, poor weather may reduce consumers' propensity to purchase and use grills and other propane-fueled appliances thereby reducing demand for portable tank exchange as well as the demand for our outdoor products.

Sudden and sharp propane wholesale price increases cannot be passed on to customers with contracted pricing arrangements and these contracted pricing arrangements will adversely affect our profit margins if they are not immediately hedged with an offsetting propane purchase commitment.

Gross margin from the retail distribution of propane is primarily based on the cents-per-gallon difference between the sales price we charge our customers and our costs to purchase and deliver propane to our propane distribution locations. 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. The wholesale propane price per gallon is subject to various market conditions and may fluctuate based on changes in demand, supply and other energy commodity prices. Propane prices tend to correlate primarily with crude oil and natural gas prices. We employ risk management activities that attempt to mitigate risks related to the purchasing, storing, transporting, and selling of propane. However, sudden and sharp propane price increases cannot be passed on to customers with contracted pricing arrangements. Therefore, these commitments expose us to product price risk and reduced profit margins if those transactions are not immediately hedged with an offsetting propane purchase commitment.

Sudden and sharp wholesale propane price decreases may result in customers not fulfilling their obligations under contracted pricing arrangements previously entered into with us. The decreased sales volumes of these higher sales price arrangements may adversely affect our profit margins.

We may attempt to lock-in a gross margin per gallon on our contracted sales commitments by immediately hedging or entering into a fixed price propane purchase contract. If we were to experience sudden and sharp propane price decreases, our customers may not fulfill their obligation to purchase propane from us at their previously contracted price per gallon and we may not be able to sell the related hedged or fixed price propane at a profitable sales price per gallon in the current pricing environment.

Our failure or our counterparties' failure to perform on obligations under commodity derivative and financial derivative contracts could materially affect our liquidity, cash flows and results of operations.

Volatility in the oil and gas commodities sector for an extended period of time or intense volatility in the near term could impair us or our counterparties' ability to meet margin calls which could cause us or our counterparties to default on commodity and financial derivative contracts. This could have a material adverse effect on our liquidity or our ability to procure product or procure it at prices reasonable to us.

Hurricanes and other natural disasters could have a material adverse effect on our business, financial condition and results of operations.

Hurricanes and other natural disasters can potentially destroy thousands of business structures and homes and, if occurring in the Gulf Coast region of the United States, could disrupt the supply chain for oil and gas products. Disruptions in supply could have a material adverse effect on our business, financial condition, results of operations and cash flow. Damages and higher prices caused by hurricanes and other natural disasters could have an adverse effect on our financial condition due to the impact on the financial condition of our customers.

The propane distribution business is highly competitive, which may negatively affect our sales volumes and/or our results of operations.

Our profitability is affected by the competition for customers among all of the participants in the propane distribution business. We compete with a number of large national and regional firms and several thousand small independent firms. Because of the relatively low barriers to entry into the propane market, there is the potential for small independent propane distributors, as well as other companies not previously engaged in propane distribution, to compete with us. Some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution. As a result, we are subject to the risk of additional competition in the future. Some of our competitors may have greater financial resources than we do. Should a competitor attempt to increase market share by reducing prices, our operating margins and customer base may be negatively impacted. Generally, warmer-than-normal weather and increasing fuel prices further intensifies competition. We believe that our ability to compete effectively depends on our service reliability, our responsiveness to customers, and our ability to maintain competitive propane prices and control our operating expenses.

The propane distribution industry is a mature one, which may limit our growth.

The propane distribution industry is a mature one. We foresee only limited growth in total national demand for propane in the near future. Year-to-year industry volumes are primarily impacted by fluctuations in temperatures and economic conditions. Our ability to grow our sales volumes within the propane distribution industry is primarily dependent upon our ability to acquire other propane distributors, to integrate those acquisitions into our operations, and upon the success of our marketing efforts to acquire new customers. If we are unable to compete effectively in the propane distribution business, we may lose existing customers or fail to acquire new customers.

The propane distribution business faces competition from other energy sources, which may reduce the existing demand for our propane.

Propane competes with other sources of energy, some of which can be less costly for equivalent energy value. We compete for customers against suppliers of electricity, natural gas and fuel oil. Electricity is a major competitor of propane, but propane has historically enjoyed a competitive price advantage over electricity. Except for some industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist, because such pipelines generally make it possible for the delivered cost of natural gas to be less expensive than the bulk delivery of propane. The expansion of natural gas into traditional propane markets has historically been inhibited by the capital cost required to expand distribution and pipeline systems, however, the gradual expansion of the nation’s natural gas distribution systems has resulted in the availability of natural gas in areas that were previously dependent upon propane. Although propane is similar to fuel oil in some applications and market demand, propane and fuel oil compete to a lesser extent primarily because of the cost of converting from one to the other and due to the fact that both fuel oil and propane have generally developed their own distinct geographic markets. We cannot predict the effect that the development of alternative energy sources might have on our financial position or results of operations.

Energy efficiency and technology advances may affect demand for propane; increases in propane prices may cause our residential customers to increase their conservation efforts.

The national trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, has reduced the demand for propane in our industry. We cannot predict the effect of future conservation measures or the effect that any technological advances in heating, conservation, energy generation or other devices might have on our operations. As the price of propane increases, some of our customers tend to increase their conservation efforts and thereby decrease their consumption of propane.

Current economic and political conditions may harm the energy business disproportionately to other industries.

Deteriorating regional and global economic conditions and the effects of ongoing military actions may cause significant disruptions to commerce throughout the world. If those disruptions occur in areas of the world which are tied to the energy industry, such as the Middle East, it is most likely that our industry will be either affected first or affected to a greater extent than other industries. These conditions or disruptions may:

- impair our ability to effectively market or acquire propane; or
- impair our ability to raise equity or debt capital for acquisitions, capital expenditures or ongoing operations.

A significant increase in motor fuel prices may adversely affect our profits.

Motor fuel is a significant operating expense for us in connection with the delivery of propane to our customers. Because we do not attempt to hedge motor fuel price risk, a significant increase in motor fuel prices will result in increased transportation costs to us. The price and supply of motor fuel is unpredictable and fluctuates based on events we cannot control, such as geopolitical developments, supply and demand for oil and gas, actions by oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and weather concerns. As a result, any increases in these prices may adversely affect our profitability and competitiveness.

The revenues received from our portable tank exchange are concentrated with a limited number of retailers under non-exclusive arrangements that may be terminated at will.

The propane gallons sales that we generate from our delivery of propane by portable tank exchange are concentrated with a limited number of retailers. If one or more of these retailers were to materially reduce or terminate its business with us, the results from our delivery of propane from portable tank exchanges may decline. For fiscal 2014, three retailers represented approximately 50% of our portable tank exchange's net revenues. None of our significant retail accounts associated with portable tank exchanges are contractually bound to offer portable tank exchange service or products. Therefore, retailers can discontinue our delivery of propane to them by portable tank exchange service, or sales of our propane related products, at any time and accept a competitor's delivery of propane by portable tank exchange, or its related propane products or none at all. Continued relations with a retailer depend upon various factors, including price, customer service, consumer demand and competition. In addition, most of our significant retailers have multiple vendor policies and may seek to accept a competitor's delivery of propane by portable tank exchange, or accept products competitive with our propane related products, at new or existing locations of these significant retailers. If any significant retailer materially reduces, terminates or requires price reductions or other adverse modifications in our selling terms, our results from our delivery of propane from portable tank exchanges may decline.

If the distribution locations that some of our national customers rely upon for the delivery of propane do not perform up to the expectations of these customers, if we encounter difficulties in managing the operations of these distribution locations or if we or these distribution locations are not able to manage growth effectively, our relationships with our national customers may be adversely impacted and our delivery of propane to our national customers may decline.

We rely on independently-owned and company-owned distributors to deliver propane to our national customers. Accordingly, our success depends on our ability to maintain and manage distributor relationships and operations and on the distributors' ability to set up and adequately service accounts. National customers impose demanding service requirements on us, and we could experience a loss of consumer or customer goodwill if our distributors do not adhere to our quality control and service guidelines or fail to ensure the timely delivery of an adequate supply of propane to our national customers. The poor performance of a distribution location for a national customer could jeopardize our entire relationship with that national customer and cause our delivery of propane to that particular customer to decline.

Potential retail partners may not be able to obtain necessary permits or may be substantially delayed in obtaining necessary permits, which may adversely impact our ability to increase our delivery of propane by portable tank exchange to new retail locations.

Local ordinances, which vary from jurisdiction to jurisdiction, generally require retailers to obtain permits to store and sell propane tanks. These ordinances influence retailers' acceptance of propane by portable tank exchange, distribution methods, propane tank packaging and storage. The ability and time required to obtain permits varies by jurisdiction. Delays in obtaining permits have from time to time significantly delayed the installation of new retail locations. Some jurisdictions have refused to issue the necessary permits, which has prevented some installations. Some jurisdictions may also impose additional restrictions on our ability to market and our distributors' ability to transport propane tanks or otherwise maintain its portable tank exchange services.

We depend on particular management information systems to effectively manage all aspects of our delivery of propane.

We depend on our management information systems to process orders, manage inventory and accounts receivable collections, maintain distributor and customer information, maintain cost-efficient operations and assist in delivering propane on a timely basis. In addition, our staff of management information systems professionals relies heavily on the support of several key personnel and vendors. Any disruption in the operation of those management information systems, loss of employees knowledgeable about such systems, termination of our relationship with one or more of these key vendors or failure to continue to modify such systems effectively as our business expands could negatively affect our business.

We are dependent on our principal suppliers, which increases the risks from an interruption in supply and transportation.

Through our supply procurement activities, we purchased approximately 73% of our propane from eight suppliers during fiscal 2014. In addition, during extended periods of colder-than-normal weather, suppliers may temporarily run out of propane necessitating the transportation of propane by truck, rail car or other means from other areas. If supplies from these sources were interrupted or difficulties in alternative transportation were to arise, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, our margins could be reduced.

Risks Related to Our Salt Water Disposal Business

Our revenues are highly dependent on the quantity of crude oil we collect from our skimming oil process and the market price we receive for the sale of this crude oil.

A significant portion of our revenues comes from the sale of crude oil we separate from salt water in our skimming oil process. A significant decrease in the ratio of crude oil to salt water we process could significantly lower the quantity of crude oil we are able to collect from our skimming oil process. A significant decrease in the market price for crude oil could lower the price we are able to charge for crude oil we have collected from our skimming oil process. Either of these effects could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to United States federal, state and local regulations regarding issues of health, safety, transportation, and protection of natural resources and the environment. Under these regulations, we may become liable for penalties, damages or costs of remediation. Any changes in laws and government regulations could increase our costs of doing business.

Hydraulic fracturing is a commonly used process that involves using water, sand and certain chemicals to fracture the hydrocarbon-bearing rock formation to allow flow of hydrocarbons into the wellbore. Federal and state legislation and regulatory initiatives relating to hydraulic fracturing are expected to result in increased costs and additional operating restrictions for oil and gas explorers and producers. The adoption of any future federal or state laws or implementing regulations imposing reporting obligations on, or otherwise limiting, the hydraulic fracturing process would make it more difficult and more expensive to complete new wells in the unconventional shale resource formations and increase costs of compliance and doing business for oil and natural gas operators. As a result of such increased costs, the pace of oil and gas activity could be slowed, resulting in less need for water management solutions. These effects could have a material adverse effect on our financial condition, results of operations and cash flows.

Our salt water disposal operations are subject to other federal, state and local laws and regulations relating to protection of natural resources and the environment, health and safety, waste management, and transportation and disposal of produced-water and other materials. For example, our midstream operations segment includes disposal into injection wells that could pose some risks of environmental liability, including leakage from the wells to surface or subsurface soils, surface water or groundwater. Liability under these laws and regulations could result in cancellation of well operations, fines and penalties, expenditures for remediation, and liability for property damage, personal injuries and natural resource damage. Sanctions for noncompliance with applicable environmental laws and regulations also may include assessment of administrative, civil and criminal penalties, revocation of permits and issuance of orders to assess and clean up contamination.

In the course of our operations, some of our equipment may be exposed to naturally occurring radiation associated with oil and natural gas deposits, and this exposure may result in the generation of wastes containing technically enhanced, naturally occurring

radioactive materials, or "TENORM." TENORM wastes exhibiting trace levels of naturally occurring radiation in excess of established standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by TENORM may be subject to remediation or restoration requirements. In addition, federal and state safety and health requirements impose limitations on worker exposure to TENORM, which requirements increase our costs. Because many of the properties presently or previously owned, operated or occupied by us have been used for oil and natural gas production operations for many years, it is possible that we may incur costs or liabilities associated with elevated levels of TENORM, particularly if TENORM requirements become more stringent over time.

Failure to comply with these laws and regulations could result in the assessment of administrative, civil or criminal penalties, imposition of assessment, cleanup, natural resource loss and site restoration costs and liens, revocation of permits, and, to a lesser extent, orders to limit or cease certain operations. In addition, certain environmental laws impose strict and/or joint and several liability, which could cause us to become liable for the conduct of others or for consequences of our own actions that were in compliance with all applicable laws at the time of those actions regardless of fault and irrespective of when the acts occurred. We may be required to make large expenditures to comply with environmental safety and other laws and regulations.

Demand for our salt water disposal services is substantially dependent on the levels of expenditures by the oil and gas industry. A substantial or an extended decline in commodity prices could result in lower expenditures by the oil and gas industry, which could have a material adverse effect on our financial condition, results of operations and cash flows.

A portion of the demand for our salt water disposal services depends substantially on the level of expenditures by the oil and gas industry for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on the industry's view of future oil and natural gas prices and are sensitive to the industry's view of future economic growth and the resulting impact on demand for oil and natural gas. Declines, as well as anticipated declines, in oil and gas prices could also result in project modifications, delays or cancellations, general business disruptions, and delays in, or nonpayment of, amounts that are owed to us. These effects could have a material adverse effect on our financial condition, results of operations and cash flows.

The prices for oil and natural gas have historically been volatile and may be affected by a variety of factors, including the following:

- Ÿ demand for hydrocarbons, which is affected by worldwide population growth, economic growth rates and general economic and business conditions;
- Ÿ the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels for oil;
- Ÿ oil and gas production by non-OPEC countries;
- Ÿ the level of excess production capacity;
- Ÿ political and economic uncertainty and sociopolitical unrest;
- Ÿ the level of worldwide oil and gas exploration and production activity;
- Ÿ the cost of exploring for, producing and delivering oil and gas;
- Ÿ technological advances affecting energy consumption; and
- Ÿ weather conditions.

The oil and gas industry historically has experienced periodic downturns. A significant downturn in the oil and gas industry could result in a reduction in demand for our salt water disposal services and could adversely affect our financial condition, results of operations and cash flows.

Competitors in the market place for salt water disposal services may hinder our ability to compete.

We face competition in our salt water disposal business from several other water management companies, some of which are much larger enterprises than us. As a result, our ability to effectively enter into additional salt water disposal arrangements or acquire other operations could be hindered by competition.

Some oil and gas producers have their own salt water disposal services, which could limit the demand for our services.

Our salt water disposal business is predicated on providing salt water disposal solutions to oil and gas producers. Some of the larger oil and gas producers have their own salt water disposal solutions and some have even implemented their own injection well sites to dispose of the salt water produced from their own oil and gas drilling activities. With access to their own salt water disposal solutions, larger oil and gas producers could have less need for the salt water disposal solutions that we provide. A lower demand for our services could adversely affect our financial position, results of operations and cash flows.

Advancements in water treatment technologies could render our disposal wells technologically obsolete which could adversely affect our business and results of operations.

Evolving customer and regulatory demands could result in technological advancements in the treatment and recycling of salt water used in the hydraulic fracturing process. Such advancements could render our disposal wells obsolete.

The availability of water is critical to our business and weather condition, natural disasters, droughts or other natural conditions could affect that availability and impose significant costs and losses on our business.

Our ability to provide salt water disposal operations is subject to the availability of water, which is vulnerable to adverse weather conditions, including extended droughts and temperature extremes, which are quite common, in our operating regions, but difficult to predict. This risk is particularly true with respect to regions where oil and gas operations are significant. In extreme cases, entire operations may be unable to continue without substantial water reserves. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our financial position, results of operations and cash flows.

Salt water injection wells potentially may create earthquakes.

There are current theories that hypothesize a causation link between minor seismic events and injection wells and there are various studies being conducted to determine possible man-made causes of recent seismic events. If it is determined that there is a link between injection wells and seismic events this could have an adverse impact on our financial position, results of operations and cash flows.

Recent published studies have purported to find a causal connection between the deep well injection of hydraulic fracturing wastewater and a sharp increase in seismic activity in Oklahoma since 2008. These findings may trigger new legislation or regulations that would limit or ban the disposal of oil and gas production wastewater in deep injection wells. If such new laws or rules were adopted, our operations may be curtailed while alternative treatment and disposal methods are developed and approved. Increased seismic activity may galvanize public opposition to hydraulic fracturing, perhaps giving rise to local fracking bans or causing us to expend additional resources on public outreach. In addition, it may give rise to private tort suits from individuals who claim they are adversely by seismic activity, again requiring us to expend additional resources.

Due to our lack of asset and geographic diversification, adverse developments in the areas in which we are located could adversely impact our financial condition, results of operations and cash flows and reduce our ability to make distributions to our unitholders.

Our facilities are located exclusively in Texas. This concentration could disproportionately expose us to operational, economic and regulatory risk in this area. Additionally, our facilities currently comprise eight managed facilities. Any operational, economic or regulatory issues at a single facility could have a material adverse impact on us. Due to the lack of diversification in our assets and the location of our assets, adverse developments in the our markets, including, for example, transportation constraints, adverse

regulatory developments, or other adverse events at one of our facilities, could have a significantly greater impact on our financial condition, results of operations and cash flows than if we were more diversified.

The revenues from our salt water disposal operations are concentrated with a single customer under a master service agreement that may be terminated at will.

The salt water barrels we receive for disposal and from which our gross margin is generated is concentrated with a single customer. For fiscal 2014, 40% of our salt water disposal gross margin was generated from this customer in accordance with a master services agreement. Continued relations with this customer depends upon various factors, including price, customer service and competition. If this customer materially reduces, terminates or requires price reductions or other adverse modifications in our master service agreement terms, our results from midstream operations may decline.

Risks Inherent to Our Business Structure

Our substantial debt and other financial obligations could impair our financial condition and our ability to fulfill our obligations.

We have substantial indebtedness and other financial obligations. As of July 31, 2014:

- we had total indebtedness of approximately $1.46 billion;
- Ferrellgas Partners had partners' deficit of approximately $111.6 million;
- we had availability under our credit facility of approximately $350.4 million; and
- we had aggregate future minimum rental commitments under non-cancelable operating leases of approximately $119.0 million; provided, however, if we elect to purchase the underlying assets at the end of the lease terms, such aggregate buyout would be $17.3 million.

We have long and short-term payment obligations with maturity dates ranging from fiscal 2014 to 2022 that bear interest at rates ranging from 6.5% to 8.625%. Borrowings from our secured credit facility classified as "Long-term debt" of $123.8 million currently bear an interest rate of 2.4%. As of July 31, 2014, the long-term obligations do not contain any sinking fund provisions but do require the following aggregate principal payments, without premium, during the following fiscal years:

- $3.6 million - 2015
- $3.5 million - 2016;
- $3.2 million - 2017;
- $1.7 million - 2018;
- $124.9 million - 2019; and
- $1,157.9 million - thereafter.

Our secured credit facility provides $600.0 million in revolving credit for loans and has a $200.0 million sublimit for letters of credit. The obligations under this credit facility are secured by substantially all assets of the operating partnership, the general partner and certain subsidiaries of the operating partnership but specifically excluding (a) assets that are subject to the operating partnership's accounts receivable securitization facility, (b) the general partner's equity interest in Ferrellgas Partners and (c) equity interest in certain unrestricted subsidiaries. Such obligations are also guaranteed by the general partner and certain subsidiaries of the operating partnership. The secured credit facility will mature in October 2018.

All of the indebtedness and other obligations described above are obligations of the operating partnership except for $182.0 million of senior debt due 2020 issued by Ferrellgas Partners and Ferrellgas Partners Finance Corp.

Subject to the restrictions governing the operating partnership's indebtedness and other financial obligations and the indenture governing Ferrellgas Partners' and Ferrellgas Partners' Finance Corp.'s outstanding senior notes due 2020, we may incur significant additional indebtedness and other financial obligations, which may be secured and/or structurally senior to any debt securities we may issue.

Our substantial indebtedness and other financial obligations could have important consequences to our security holders. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our securities;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;
- result in higher interest expense in the event of increases in interest rates since some of our debt is, and will continue to be, at variable rates of interest;
- impair our operating capacity and cash flows if we fail to comply with financial and restrictive covenants in our debt agreements and an event of default occurs as a result of that failure that is not cured or waived;
- require us to dedicate a substantial portion of our cash flow to payments on our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund distributions, working capital, capital expenditures and other general partnership requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors that have proportionately less debt.

Disruptions in the capital and credit markets may adversely affect our business, including the availability and cost of debt and equity issuances for liquidity requirements, our ability to meet long-term commitments and our ability to hedge effectively; each could adversely affect our results of operations, cash flows and financial condition.

We rely on our ability to access the capital and credit markets at rates and terms reasonable to us. A disruption in the capital and credit markets could impair our ability to access capital and credit markets at rates and terms reasonable to us. This could limit our ability to access capital or credit markets for working capital needs, risk management activities and long-term debt maturities, or could force us to access capital and credit markets at rates or terms normally considered to be unreasonable or force us to take other aggressive actions including the suspension of our quarterly distribution.

Ferrellgas Partners or the operating partnership may be unable to refinance their indebtedness or pay that indebtedness if it becomes due earlier than scheduled.

If Ferrellgas Partners or the operating partnership are unable to meet their debt service obligations or other financial obligations, they could be forced to:

- restructure or refinance their indebtedness;
- enter into other necessary financial transactions;
- seek additional equity capital; or
- sell their assets.

They may then be unable to obtain such financing or capital or sell their assets on satisfactory terms, if at all. Their failure to make payments, whether after acceleration of the due date of that indebtedness or otherwise, or our failure to refinance the indebtedness would impair their operating capacity and cash flows.

Restrictive covenants in the agreements governing our indebtedness and other financial obligations may reduce our operating flexibility.

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness and other financial obligations contain, and any indenture that will govern debt securities issued by Ferrellgas Partners or the operating partnership may contain, various covenants that limit our ability and the ability of specified subsidiaries of ours to, among other things:

- incur additional indebtedness;
- make distributions to our unitholders;
- purchase or redeem our outstanding equity interests or subordinated debt;
- make specified investments;
- create or incur liens;
- sell assets;
- engage in specified transactions with affiliates;
- restrict the ability of our subsidiaries to make specified payments, loans, guarantees and transfers of assets or interests in assets;

- engage in sale-leaseback transactions;
- effect a merger or consolidation with or into other companies or a sale of all or substantially all of our properties or assets; and
- engage in other lines of business.

These restrictions could limit the ability of Ferrellgas Partners, the operating partnership and our other subsidiaries:

- to obtain future financings;
- to make needed capital expenditures;
- to withstand a future downturn in our business or the economy in general; or
- to conduct operations or otherwise take advantage of business opportunities that may arise.

Some of the agreements governing our indebtedness and other financial obligations also require the maintenance of specified financial ratios and the satisfaction of other financial conditions. Our ability to meet those financial ratios and conditions can be affected by unexpected downturns in business operations beyond our control, such as significantly warmer-than-normal weather, a volatile energy commodity cost environment or an economic downturn. Accordingly, we may be unable to meet these ratios and conditions. This failure could impair our operating capacity and cash flows and could restrict our ability to incur debt or to make cash distributions, even if sufficient funds were available.

Our breach of any of these covenants or the operating partnership's failure to meet any of these ratios or conditions could result in a default under the terms of the relevant indebtedness, which could cause such indebtedness or other financial obligations, and by reason of cross-default provisions, any of Ferrellgas Partners' or the operating partnership's other outstanding notes or future debt securities, to become immediately due and payable. If we were unable to repay those amounts, the lenders could initiate a bankruptcy proceeding or liquidation proceeding or proceed against the collateral, if any. If the lenders of the operating partnership's indebtedness or other financial obligations accelerate the repayment of borrowings or other amounts owed, we may not have sufficient assets to repay our indebtedness or other financial obligations, including our outstanding notes and any future debt securities.

Our results of operations and our ability to make distributions or pay interest or principal on debt securities could be negatively impacted by price and inventory risk and management of these risks.

The amount of gross profit we make depends significantly on the excess of the sales price over our costs to purchase and distribute propane. Consequently, our profitability is sensitive to changes in energy prices, in particular, changes in wholesale propane prices. Propane is a commodity whose market price can fluctuate significantly based on changes in supply, changes in other energy prices or other market conditions. We have no control over these market conditions. In general, product supply contracts permit suppliers to charge posted prices plus transportation costs at the time of delivery or the current prices established at major delivery points. Any increase in the price of product could reduce our gross profit because we may not be able to immediately pass rapid increases in such costs, or costs to distribute product, on to our customers.

While we generally attempt to minimize our inventory risk by purchasing product on a short-term basis, we may purchase and store propane or other natural gas liquids depending on inventory and price outlooks. We may purchase large volumes of propane at the then current market price during periods of low demand and low prices, which generally occurs during the summer months. The market price for propane could fall below the price at which we made the purchases, which would adversely affect our profits or cause sales from that inventory to be unprofitable. A portion of our inventory is purchased under supply contracts that typically have a one-year term and at a price that fluctuates based on the prevailing market prices. Our contracts with our independent portable tank exchange distributors provide for a portion of our payment to the distributor to be based upon a price that fluctuates based on the prevailing propane market prices. To limit our overall price risk, we may purchase and store physical product and enter into fixed price over-the-counter energy commodity forward contracts, swaps and options that have terms of up to 36 months. This strategy may not be effective in limiting our price risk if, for example, weather conditions significantly reduce customer demand, or market or weather conditions prevent the delivery of physical product during periods of peak demand, resulting in excess physical product after the end of the winter heating season and the expiration of related forward or option contracts.

Some of our sales are pursuant to commitments at contracted price agreements. To manage these commitments, we may purchase and store physical product and/or enter into fixed price-over-the-counter energy commodity forward contracts, swaps and options. We may enter into these agreements at volume levels that we believe are necessary to mitigate the price risk related

to our anticipated sales volumes under the commitments. If the price of propane declines and our customers purchase less propane than we have purchased from our suppliers, we could incur losses when we sell the excess volumes. If the price of propane increases and our customers purchase more propane than we have purchased from our suppliers, we could incur losses when we are required to purchase additional propane to fulfill our customers' orders. The risk management of our inventory and contracts for the future purchase of product could impair our profitability if the price of product changes in ways we do not anticipate.

The Board of Directors of our general partner has adopted a commodity risk management policy which places specified restrictions on all of our commodity risk management activities such as limits on the types of commodities, loss limits, time limits on contracts and limitations on our ability to enter into derivative contracts. The policy also requires the establishment of a risk management committee that includes senior executives. This committee is responsible for monitoring commodity risk management activities, establishing and maintaining timely reporting and establishing and monitoring specific limits on the various commodity risk management activities. These limits may be waived on a case-by-case basis by a majority vote of the risk management committee and/or Board of Directors, depending on the specific limit being waived. From time to time, for valid business reasons based on the facts and circumstances, authorization has been granted to allow specific commodity risk management positions to exceed established limits. If we sustain material losses from our risk management activities due to our failure to anticipate future events, a failure of the policy, incorrect waivers or otherwise, our ability to make distributions to our unitholders or pay interest or principal of any debt securities may be negatively impacted as a result of such loss.

The availability of cash from our credit facility may be impacted by many factors beyond our control.

We typically borrow on the operating partnership's credit facility or sell accounts receivable under its accounts receivable securitization facility to fund our working capital requirements. We may also borrow on the operating partnership's credit facility to fund debt service payments, distributions to our unitholders, acquisition and capital expenditures. We purchase product from suppliers and make payments with terms that are typically within five to ten days of delivery. We believe that the availability of cash from the operating partnership's credit facility and the accounts receivable securitization facility will be sufficient to meet our future working capital needs. However, if we were to experience an unexpected significant increase in these requirements or have insufficient funds to fund distributions, our needs could exceed our immediately available resources. Events that could cause increases in these requirements include, but are not limited to the following:

- a significant increase in the wholesale cost of propane;
- a significant delay in the collections of accounts receivable;
- increased volatility in energy commodity prices related to risk management activities;
- increased liquidity requirements imposed by insurance providers;
- a significant downgrade in our credit rating leading to decreased trade credit; or
- a significant acquisition;
- a large uninsured unfavorable lawsuit settlement.

As is typical in our industry, our retail customers do not pay upon receipt, but generally pay between 30 and 60 days after delivery. During the winter heating season, we experience significant increases in accounts receivable and inventory levels and thus a significant decline in working capital availability. Although we have the ability to fund working capital with borrowings from the operating partnership's credit facility and sales of accounts receivable under its accounts receivable securitization facility, we cannot predict the effect that increases in propane prices and colder-than-normal winter weather may have on future working capital availability.

We may not be successful in making acquisitions and any acquisitions we make may not result in our anticipated results; in either case, this would potentially limit our growth, limit our ability to compete and impair our results of operations.

We have historically expanded our business through acquisitions. We regularly consider and evaluate opportunities to acquire propane distributors and oil and gas midstream operations. We may choose to finance these acquisitions through internal cash flow, external borrowings or the issuance of additional common units or other securities. We have substantial competition for acquisitions, and although we believe there are numerous potential large and small acquisition candidates in these industries, there can be no assurance that:

- we will be able to acquire any of these candidates on economically acceptable terms;
- we will be able to successfully integrate acquired operations with any expected cost savings;
- any acquisitions made will not be dilutive to our earnings and distributions;
- any additional equity we issue as consideration for an acquisition will not be dilutive to our unitholders; or

- any additional debt we incur to finance an acquisition will not affect the operating partnership's ability to make distributions to Ferrellgas Partners or service the operating partnership's existing debt.

We are subject to operating and litigation risks, which may not be covered by insurance.

Our propane and related equipment sales operations are subject to all operating hazards and risks normally incidental to the handling, storing and delivering of combustible liquids such as propane. Both our propane and related equipment sales and midstream operations face an inherent risk of exposure to general liability claims in the event that the use of these facilities results in injury or destruction of property. As a result, we have been, and are likely to be, a defendant in various legal proceedings arising in the ordinary course of business. We maintain insurance policies with insurers in such amounts and with such coverages and deductibles as we believe are reasonable and prudent. However, we cannot guarantee that such insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that such levels of insurance will be available in the future at economical prices.

Risks Inherent to an Investment in Our Debt Securities

Ferrellgas Partners and the operating partnership are required to distribute all of their available cash to their equity holders and Ferrellgas Partners and the operating partnership are not required to accumulate cash for the purpose of meeting their future obligations to holders of their debt securities, which may limit the cash available to service those debt securities.

Subject to the limitations on restricted payments contained in the indenture that governs Ferrellgas Partners' outstanding notes, the instruments governing the outstanding indebtedness of the operating partnership and any applicable indenture that will govern any debt securities Ferrellgas Partners or the operating partnership may issue, the partnership agreements of both Ferrellgas Partners and the operating partnership require us to distribute all of our available cash each fiscal quarter to our limited partners and our general partner and do not require us to accumulate cash for the purpose of meeting obligations to holders of any debt securities of Ferrellgas Partners or the operating partnership. Available cash is generally all of our cash receipts, less cash disbursements and adjustments for net changes in reserves. As a result of these distribution requirements, we do not expect either Ferrellgas Partners or the operating partnership to accumulate significant amounts of cash. Depending on the timing and amount of our cash distributions and because we are not required to accumulate cash for the purpose of meeting obligations to holders of any debt securities of Ferrellgas Partners or the operating partnership, such distributions could significantly reduce the cash available to us in subsequent periods to make payments on any debt securities of Ferrellgas Partners or the operating partnership.

Debt securities of Ferrellgas Partners will be structurally subordinated to all indebtedness and other liabilities of the operating partnership and its subsidiaries.

Debt securities of Ferrellgas Partners will be effectively subordinated to all existing and future claims of creditors of the operating partnership and its subsidiaries, including:

- the lenders under the operating partnership's indebtedness;
- the claims of lessors under the operating partnership's operating leases;
- the claims of the lenders and their affiliates under the operating partnership's accounts receivable securitization facility;
- debt securities, including any subordinated debt securities, issued by the operating partnership; and
- all other possible future creditors of the operating partnership and its subsidiaries.

This subordination is due to these creditors' priority as to the assets of the operating partnership and its subsidiaries over Ferrellgas Partners' claims as an equity holder in the operating partnership and, thereby, indirectly, the claims of holders of Ferrellgas Partners' debt securities. As a result, upon any distribution to these creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to Ferrellgas Partners or its property, the operating partnership's creditors will be entitled to be paid in full before any payment may be made with respect to Ferrellgas Partners' debt securities. Thereafter, the holders of Ferrellgas Partners' debt securities will participate with its trade creditors and all other holders of its indebtedness in the assets remaining, if any. In any of these cases, Ferrellgas Partners may have insufficient funds to pay all of its creditors, and holders of its debt securities may therefore receive less, ratably, than creditors of the operating partnership and its subsidiaries. As of July 31, 2014, the operating partnership had approximately $1,273.3 million of outstanding indebtedness and other liabilities to which any of the debt securities of Ferrellgas Partners will effectively rank junior.

All payments on any subordinated debt securities that we may issue will be subordinated to the payments of any amounts due on any senior indebtedness that we may have issued or incurred.

The right of the holders of subordinated debt securities to receive payment of any amounts due to them, whether interest, premium or principal, will be subordinated to the right of all of the holders of our senior indebtedness, as such term will be defined in the applicable subordinated debt indenture, to receive payments of all amounts due to them. If an event of default on any of our senior indebtedness occurs, then until such event of default has been cured, we may be unable to make payments of any amounts due to the holders of our subordinated debt securities. Accordingly, in the event of insolvency, creditors who are holders of our senior indebtedness may recover more, ratably, than the holders of our subordinated debt securities.

Debt securities of Ferrellgas Partners are expected to be non-recourse to the operating partnership, which will limit remedies of the holders of Ferrellgas Partners' debt securities.

Ferrellgas Partners' obligations under any debt securities are expected to be non-recourse to the operating partnership. Therefore, if Ferrellgas Partners should fail to pay the interest or principal on the notes or breach any of its other obligations under its debt securities or any applicable indenture, holders of debt securities of Ferrellgas Partners will not be able to obtain any such payments or obtain any other remedy from the operating partnership or its subsidiaries. The operating partnership and its subsidiaries will not be liable for any of Ferrellgas Partners' obligations under its debt securities or the applicable indenture.

Ferrellgas Partners or the operating partnership may be unable to repurchase debt securities upon a change of control; it may be difficult to determine if a change of control has occurred.

Upon the occurrence of "change of control" events as may be described from time to time in our filings with the SEC and related to the issuance by Ferrellgas Partners or the operating partnership of debt securities, the applicable issuer or a third party may be required to make a change of control offer to repurchase those debt securities at a premium to their principal amount, plus accrued and unpaid interest. The applicable issuer may not have the financial resources to purchase its debt securities in that circumstance, particularly if a change of control event triggers a similar repurchase requirement for, or results in the acceleration of, other indebtedness. The indenture governing Ferrellgas Partners' outstanding notes contains such a repurchase requirement. Some of the agreements governing the operating partnership's indebtedness currently provide that specified change of control events will result in the acceleration of the indebtedness under those agreements. Future debt agreements of Ferrellgas Partners or the operating partnership may also contain similar provisions. The obligation to repay any accelerated indebtedness of the operating partnership will be structurally senior to Ferrellgas Partners' obligations to repurchase its debt securities upon a change of control. In addition, future debt agreements of Ferrellgas Partners or the operating partnership may contain other restrictions on the ability of Ferrellgas Partners or the operating partnership to repurchase its debt securities upon a change of control. These restrictions could prevent the applicable issuer from satisfying its obligations to purchase its debt securities unless it is able to refinance or obtain waivers under any indebtedness of Ferrellgas Partners or of the operating partnership containing these restrictions. The applicable issuer's failure to make or consummate a change of control repurchase offer or pay the change of control purchase price when due may give the trustee and the holders of the debt securities particular rights as may be described from time to time in our filings with the SEC.

In addition, one of the events that may constitute a change of control is a sale of all or substantially all of the applicable issuer's assets. The meaning of "substantially all" varies according to the facts and circumstances of the subject transaction and has no clearly established meaning under New York law, which is the law that will likely govern any indenture for the debt securities. This ambiguity as to when a sale of substantially all of the applicable issuer's assets has occurred may make it difficult for holders of debt securities to determine whether the applicable issuer has properly identified, or failed to identify, a change of control.

There may be no active trading market for our debt securities, which may limit a holder's ability to sell our debt securities.

We do not intend to list the debt securities we may issue from time to time on any securities exchange or to seek approval for quotations through any automated quotation system. An established market for the debt securities may not develop, or if one does develop, it may not be maintained. Although underwriters may advise us that they intend to make a market in the debt securities, they are not expected to be obligated to do so and may discontinue such market making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. For these reasons, we cannot assure a debt holder that:

- a liquid market for the debt securities will develop;
- a debt holder will be able to sell its debt securities; or
- a debt holder will receive any specific price upon any sale of its debt securities.

If a public market for the debt securities did develop, the debt securities could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar

debt securities and our financial performance. Historically, the market for non-investment grade debt, such as our debt securities, has been subject to disruptions that have caused substantial fluctuations in the prices of these securities.

Risks Inherent to an Investment in Ferrellgas Partners' Equity

Ferrellgas Partners may sell additional limited partner interests, diluting existing interests of unitholders.

The partnership agreement of Ferrellgas Partners generally allows Ferrellgas Partners to issue additional limited partner interests and other equity securities. When Ferrellgas Partners issues additional equity securities, a unitholder's proportionate partnership interest will decrease. Such an issuance could negatively affect the amount of cash distributed to unitholders and the market price of common units. The issuance of additional common units will also diminish the relative voting strength of the previously outstanding common units.

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

Although we are required to distribute all of our "available cash," we cannot guarantee the amounts of available cash that will be distributed to the holders of our equity securities. Available cash is generally all of our cash receipts, less cash disbursements and adjustments for net changes in reserves. The actual amounts of available cash will depend upon numerous factors, including:

- cash flow generated by operations;
- weather in our areas of operation;
- borrowing capacity under our credit facility;
- principal and interest payments made on our debt;
- the costs of acquisitions, including related debt service payments;
- restrictions contained in debt instruments;
- issuances of debt and equity securities;
- fluctuations in working capital;
- capital expenditures;
- adjustments in reserves made by our general partner in its discretion;
- prevailing economic conditions; and
- financial, business and other factors, a number of which will be beyond our control.

Cash distributions are dependent primarily on cash flow, including from reserves and, subject to limitations, working capital borrowings. Cash distributions are not dependent on profitability, which is affected by non-cash items. Therefore, cash distributions might be made during periods when we record losses and might not be made during periods when we record profits.

Our general partner has broad discretion to determine the amount of "available cash" for distribution to holders of our equity securities through the establishment and maintenance of cash reserves, thereby potentially lessening and limiting the amount of "available cash" eligible for distribution.

Our general partner determines the timing and amount of our distributions and has broad discretion in determining the amount of funds that will be recognized as "available cash." Part of this discretion comes from the ability of our general partner to establish and make additions to our reserves. Decisions as to amounts to be placed in or released from reserves have a direct impact on the amount of available cash for distributions because increases and decreases in reserves are taken into account in computing available cash. Funds within or added to our reserves are not considered to be "available cash" and are therefore not required to be distributed. Each fiscal quarter, our general partner may, in its reasonable discretion, determine the amounts to be placed in or released from reserves, subject to restrictions on the purposes of the reserves. Reserves may be made, increased or decreased for any proper purpose, including, but not limited to, reserves:

- to comply with the terms of any of our agreements or obligations, including the establishment of reserves to fund the payment of interest and principal in the future of any debt securities of Ferrellgas Partners or the operating partnership;
- to provide for level distributions of cash notwithstanding the seasonality of our business; and
- to provide for future capital expenditures and other payments deemed by our general partner to be necessary or advisable.

The decision by our general partner to establish, increase or decrease our reserves may limit the amount of cash available for distribution to holders of our equity securities. Holders of our equity securities will not receive payments required by such

securities unless we are able to first satisfy our own obligations and the establishment of any reserves. See the first risk factor under “Risks Arising from Our Partnership Structure and Relationship with Our General Partner.”

The debt agreements of Ferrellgas Partners and the operating partnership may limit their ability to make distributions to holders of their equity securities.

The debt agreements governing Ferrellgas Partners’ and the operating partnership’s outstanding indebtedness contain restrictive covenants that may limit or prohibit distributions to holders of their equity securities under various circumstances. Ferrellgas Partners’ existing indenture generally prohibits it from:

- making any distributions to unitholders if an event of default exists or would exist when such distribution is made;
- distributing amounts in excess of 100% of available cash for the immediately preceding fiscal quarter if its consolidated fixed charge coverage ratio as defined in the indenture is less than 1.75 to 1.00; or
- distributing amounts in excess of $25.0 million less any restricted payments made for the prior sixteen fiscal quarters plus the aggregate cash contributions made to us during that period if its consolidated fixed charge coverage ratio as defined in the indenture is less than or equal to 1.75 to 1.00.

See the first risk factor under “Risks Arising from Our Partnership Structure and Relationship with Our General Partner” for a description of the restrictions on the operating partnership’s ability to distribute cash to Ferrellgas Partners. Any indenture applicable to future issuances of debt securities by Ferrellgas Partners or the operating partnership may contain restrictions that are the same as or similar to those in their existing debt agreements.

Persons owning 20% or more of Ferrellgas Partners’ common units cannot vote. This limitation does not apply to common units owned by Ferrell Companies, our general partner and its affiliates.

All common units held by a person that owns 20% or more of Ferrellgas Partners’ common units cannot be voted. This provision may:

- discourage a person or group from attempting to remove our general partner or otherwise change management; and
- reduce the price at which our common units will trade under various circumstances.

This limitation does not apply to our general partner and its affiliates. Ferrell Companies, the parent of our general partner, beneficially owns all of the outstanding capital stock of our general partner in addition to approximately 27.5% of our common units.

Risks Arising from Our Partnership Structure and Relationship with Our General Partner

Ferrellgas Partners is a holding entity and has no material operations or assets. Accordingly, Ferrellgas Partners is dependent on distributions from the operating partnership to service its obligations. These distributions are not guaranteed and may be restricted.

Ferrellgas Partners is a holding entity for our subsidiaries, including the operating partnership. Ferrellgas Partners has no material operations and only limited assets. Ferrellgas Partners Finance Corp. is Ferrellgas Partners’ wholly-owned finance subsidiary, serves as a co-obligor on any of its debt securities, conducts no business and has nominal assets. Accordingly, Ferrellgas Partners is dependent on cash distributions from the operating partnership and its subsidiaries to service obligations of Ferrellgas Partners. The operating partnership is required to distribute all of its available cash each fiscal quarter, less the amount of cash reserves that our general partner determines is necessary or appropriate in its reasonable discretion to provide for the proper conduct of our business, to provide funds for distributions over the next four fiscal quarters or to comply with applicable law or with any of our debt or other agreements. This discretion may limit the amount of available cash the operating partnership may distribute to Ferrellgas Partners each fiscal quarter. Holders of Ferrellgas Partners’ securities will not receive payments required by those securities unless the operating partnership is able to make distributions to Ferrellgas Partners after the operating partnership first satisfies its obligations under the terms of its own borrowing arrangements and reserves any necessary amounts to meet its own financial obligations.

In addition, the various agreements governing the operating partnership’s indebtedness and other financing transactions permit quarterly distributions only so long as each distribution does not exceed a specified amount, the operating partnership meets a specified financial ratio and no default exists or would result from such distribution. Those agreements include the indentures governing the operating partnership’s existing notes, credit facility and an accounts receivable securitization facility.

Each of these agreements contains various negative and affirmative covenants applicable to the operating partnership and some of these agreements require the operating partnership to maintain specified financial ratios. If the operating partnership violates any of these covenants or requirements, a default may result and distributions would be limited. These covenants limit the operating partnership's ability to, among other things:

- incur additional indebtedness;
- engage in transactions with affiliates;
- create or incur liens;
- sell assets;
- make restricted payments, loans and investments;
- enter into business combinations and asset sale transactions; and
- engage in other lines of business.

Unitholders have limits on their voting rights; our general partner manages and operates us, thereby generally precluding the participation of our unitholders in operational decisions.

Our general partner manages and operates us. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business. Amendments to the agreement of limited partnership of Ferrellgas Partners may be proposed only by or with the consent of our general partner. Proposed amendments must generally be approved by holders of at least a majority of our outstanding common units.

Unitholders will have no right to elect our general partner, or any directors of our general partner on an annual or other continuing basis, nor will any proxies be received for such voting. Our general partner may not be removed except pursuant to:

- the vote of the holders of at least 66 2/3% of the outstanding units entitled to vote thereon, which includes the common units owned by our general partner and its affiliates; and
- upon the election of a successor general partner by the vote of the holders of not less than a majority of the outstanding common units entitled to vote.

Because Ferrell Companies is the parent of our general partner and beneficially owns approximately 27.5% of our outstanding common units and James E. Ferrell, Chairman of the Board of Directors of our general partner, indirectly owns approximately 5% of our outstanding common units, amendments to the agreement of limited partnership of Ferrellgas Partners or the removal of our general partner are unlikely if neither Ferrell Companies nor Mr. Ferrell consent to such action.

Our general partner has a limited call right with respect to the limited partner interests of Ferrellgas Partners.

If at any time less than 20% of the then-issued and outstanding limited partner interests of any class of Ferrellgas Partners are held by persons other than our general partner and its affiliates, our general partner has the right, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining limited partner interests of such class held by such unaffiliated persons at a price generally equal to the then-current market price of limited partner interests of such class. As a consequence, a unitholder may be required to sell its common units at a time when the unitholder may not desire to sell them or at a price that is less than the price desired to be received upon such sale.

Unitholders may not have limited liability in specified circumstances and may be liable for the return of distributions.

The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some states. If it were determined that we had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right, or the exercise of the right by the limited partners as a group, to:

- remove or replace our general partner;
- make specified amendments to our partnership agreements; or
- take other action pursuant to our partnership agreements that constitutes participation in the "control" of our business,

then the limited partners could be held liable in some circumstances for our obligations to the same extent as a general partner.

In addition, under some circumstances a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. Unitholders will not be liable for assessments in addition to their initial capital investment

in our common units. Under Delaware law, we may not make a distribution to our unitholders if the distribution causes all our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and liabilities for which recourse is limited to specific property are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date. Under Delaware law, an assignee that becomes a substituted limited partner of a limited partnership is liable for the obligations of the assignor to make contributions to the partnership. However, such an assignee is not obligated for liabilities unknown to that assignee at the time such assignee became a limited partner if the liabilities could not be determined from the partnership agreements.

Our general partner's liability to us and our unitholders may be limited.

The partnership agreements of Ferrellgas Partners and the operating partnership contain language limiting the liability of our general partner to us and to our unitholders. For example, those partnership agreements provide that:

- the general partner does not breach any duty to us or our unitholders by borrowing funds or approving any borrowing; our general partner is protected even if the purpose or effect of the borrowing is to increase incentive distributions to our general partner;
- our general partner does not breach any duty to us or our unitholders by taking any actions consistent with the standards of reasonable discretion outlined in the definitions of available cash and cash from operations contained in our partnership agreements; and
- our general partner does not breach any standard of care or duty by resolving conflicts of interest unless our general partner acts in bad faith.

The modifications of state law standards of fiduciary duty contained in our partnership agreements may significantly limit the ability of unitholders to successfully challenge the actions of our general partner as being a breach of what would otherwise have been a fiduciary duty. These standards include the highest duties of good faith, fairness and loyalty to the limited partners. Such a duty of loyalty would generally prohibit a general partner of a Delaware limited partnership from taking any action or engaging in any transaction for which it has a conflict of interest. Under our partnership agreements, our general partner may exercise its broad discretion and authority in our management and the conduct of our operations as long as our general partner's actions are in our best interest.

Our general partner and its affiliates may have conflicts with us.

The directors and officers of our general partner and its affiliates have fiduciary duties to manage itself in a manner that is beneficial to its stockholder. At the same time, our general partner has fiduciary duties to manage us in a manner that is beneficial to us and our unitholders. Therefore, our general partner's duties to us may conflict with the duties of its officers and directors to its stockholder.

Matters in which, and reasons that, such conflicts of interest may arise include:

- decisions of our general partner with respect to the amount and timing of our cash expenditures, borrowings, acquisitions, issuances of additional securities and changes in reserves in any quarter may affect the amount of incentive distributions we are obligated to pay our general partner;
- borrowings do not constitute a breach of any duty owed by our general partner to our unitholders even if these borrowings have the purpose or effect of directly or indirectly enabling us to make distributions to the holder of our incentive distribution rights, currently our general partner;
- we do not have any employees and rely solely on employees of our general partner and its affiliates;
- under the terms of our partnership agreements, we must reimburse our general partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us;
- our general partner is not restricted from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or causing us to enter into additional contractual arrangements with any of such entities;
- neither our partnership agreements nor any of the other agreements, contracts and arrangements between us, on the one hand, and our general partner and its affiliates, on the other, are or will be the result of arms-length negotiations;

- whenever possible, our general partner limits our liability under contractual arrangements to all or a portion of our assets, with the other party thereto having no recourse against our general partner or its assets;
- our partnership agreements permit our general partner to make these limitations even if we could have obtained more favorable terms if our general partner had not limited its liability;
- any agreements between us and our general partner or its affiliates will not grant to our unitholders, separate and apart from us, the right to enforce the obligations of our general partner or such affiliates in favor of us; therefore, our general partner will be primarily responsible for enforcing those obligations;
- our general partner may exercise its right to call for and purchase common units as provided in the partnership agreement of Ferrellgas Partners or assign that right to one of its affiliates or to us;
- our partnership agreements provide that it will not constitute a breach of our general partner's fiduciary duties to us for its affiliates to engage in activities of the type conducted by us, other than retail propane sales to end users in the continental United States in the manner engaged in by our general partner immediately prior to our initial public offering, even if these activities are in direct competition with us;
- our general partner and its affiliates have no obligation to present business opportunities to us;
- our general partner selects the attorneys, accountants and others who perform services for us. These persons may also perform services for our general partner and its affiliates. our general partner is authorized to retain separate counsel for us or our unitholders, depending on the nature of the conflict that arises; and
- James E. Ferrell is the Chairman of the Board of Directors of our general partner. Mr. Ferrell also owns other companies with whom we may, from time to time, conduct transactions within our ordinary course of business. Mr. Ferrell's ownership of these entities may conflict with his duties as a director of our general partner, including our relationship and conduct of business with any of Mr. Ferrell's companies.

See "Conflicts of Interest" and "Fiduciary Responsibilities" below.

Ferrell Companies may transfer the ownership of our general partner which could cause a change of our management and affect the decisions made by our general partner regarding resolutions of conflicts of interest.

Ferrell Companies, the owner of our general partner, may transfer the capital stock of our general partner without the consent of our unitholders. In such an instance, our general partner will remain bound by our partnership agreements. If, however, through share ownership or otherwise, persons not now affiliated with our general partner were to acquire its general partner interest in us or effective control of our general partner, our management and resolutions of conflicts of interest, such as those described above, could change substantially.

Our general partner may voluntarily withdraw or sell its general partner interest.

Our general partner may withdraw as the general partner of Ferrellgas Partners and the operating partnership without the approval of our unitholders. Our general partner may also sell its general partner interest in Ferrellgas Partners and the operating partnership without the approval of our unitholders. Any such withdrawal or sale could have a material adverse effect on us and could substantially change the management and resolutions of conflicts of interest, as described above.

Our general partner can protect itself against dilution.

Whenever we issue equity securities to any person other than our general partner and its affiliates, our general partner has the right to purchase additional limited partner interests on the same terms. This allows our general partner to maintain its partnership interest in us. No other unitholder has a similar right. Therefore, only our general partner may protect itself against dilution caused by our issuance of additional equity securities.

Tax Risks

The IRS could treat us as a corporation for tax purposes or changes in federal or state laws could subject us to entity-level taxation, which would substantially reduce the cash available for distribution to our unitholders.

The anticipated after-tax economic benefit of an investment in us depends largely on our being treated as a partnership for federal income tax purposes. We believe that, under current law, we have been and will continue to be classified as a partnership for federal income tax purposes. One of the requirements for such classification is that at least 90% of our gross income for each taxable year has been and will be "qualifying income" within the meaning of Section 7704 of the Internal Revenue Code.

Whether we will continue to be classified as a partnership in part depends on our ability to meet this qualifying income test in the future.

If we were classified as a corporation for federal income tax purposes, we would pay tax on our income at corporate rates, currently 35% at the federal level, and we would probably pay additional state income taxes as well. In addition, distributions would generally be taxable to the recipient as corporate dividends and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, the cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders and thus would likely result in a substantial reduction in the value of our common units.

A change in current law or a change in our business could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. Our partnership agreements provide that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, provisions of our partnership agreements will be subject to change. These changes would include a decrease in the minimum quarterly distribution and the target distribution levels to reflect the impact of such law on us.

A successful IRS contest of the federal income tax positions we take may reduce the market value of our common units and the costs of any contest will be borne by us and therefore indirectly by our unitholders and our general partner.

The IRS may adopt positions that differ from those expressed herein or from the positions we take. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of the positions we take, and some or all of these positions ultimately may not be sustained. Any contest with the IRS may materially reduce the market value of our common units and the prices at which our common units trade. In addition, our costs of any contest with the IRS will be borne by us and therefore indirectly by our unitholders and our general partner.

Unitholders may be required to pay taxes on income from us even if unitholders do not receive any cash distributions from us.

A unitholder will be required to pay federal income taxes and, in some cases, state and local income taxes on its share of our taxable income, even if it does not receive cash distributions from us. A unitholder may not receive cash distributions equal to its share of our taxable income or even the tax liability that results from that income. Further, a unitholder may incur a tax liability in excess of the amount of cash it receives upon the sale of its units.

The ratio of taxable income to cash distributions could be higher or lower than our estimates, which could result in a material reduction of the market value of our common units.

We estimate that a person who acquires common units in the 2014 calendar year and owns those common units through the record dates for all cash distributions payable for all periods within the 2014 calendar year will be allocated, on a cumulative basis, an amount of federal taxable income that will be less than 10% of the cumulative cash distributed to such person for those periods. The taxable income allocable to a unitholder for subsequent periods may constitute an increasing percentage of distributable cash. These estimates are based on several assumptions and estimates that are subject to factors beyond our control. Accordingly, the actual percentage of distributions that will constitute taxable income could be higher or lower and any differences could result in a material reduction in the market value of our common units.

There are limits on the deductibility of losses.

In the case of unitholders subject to the passive loss rules (generally, individuals, closely held corporations and regulated investment companies), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including passive activities or investments. Unused losses may be deducted when the unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A unitholder’s share of our net passive income may be offset by unused losses carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

Tax gain or loss on the disposition of our common units could be different than expected.

If a unitholder sells their common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Prior distributions in excess of the total net taxable income the unitholder was allocated for a common unit, which decreased its tax basis in that common unit, will, in effect, become taxable

income to the unitholder if the common unit is sold at a price greater than its tax basis in that common unit, even if the price received is less than its original cost. A substantial portion of the amount realized, whether or not representing a gain, will likely be ordinary income to that unitholder. Should the IRS successfully contest some positions we take, a selling unitholder could recognize more gain on the sale of units than would be the case under those positions, without the benefit of decreased income in prior years. In addition, if a unitholder sells its units, the unitholder may incur a tax liability in excess of the amount of cash that unitholder receives from the sale.

Tax-exempt entities, regulated investment companies, and foreign persons face unique tax issues from owning common units that may result in additional tax liability or reporting requirements for them.

An investment in common units by tax-exempt entities, such as employee benefit plans, individual retirement accounts, regulated investment companies, generally known as mutual funds, and non-U.S. persons, raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to them. Net income from a "qualified publicly-traded partnership" is qualifying income for a regulated investment company, or mutual fund. However, no more than 25% of the value of a regulated investment company's total assets may be invested in the securities of one or more qualified publicly-traded partnerships. We expect to be treated as a qualified publicly-traded partnership. Distributions to non-U.S. persons will be reduced by withholding taxes, at the highest effective tax rate applicable to individuals, and non-U.S. persons will be required to file federal income tax returns and generally pay tax on their share of our taxable income.

Certain information relating to a unitholder's investment may be subject to special IRS reporting requirements.

Treasury regulations require taxpayers to report particular information on Form 8886 if they participate in a "reportable transaction." Unitholders may be required to file this form with the IRS. A transaction may be a reportable transaction based upon any of several factors. The IRS may impose significant penalties on a unitholder for failure to comply with these disclosure requirements. Disclosure and information maintenance obligations are also imposed on "material advisors" that organize, manage or sell interests in reportable transactions, which may require us or our material advisors to maintain and disclose to the IRS certain information relating to unitholders.

An audit of us may result in an adjustment or an audit of a unitholder's own tax return.

We may be audited by the IRS and tax adjustments could be made. The rights of a unitholder owning less than a 1% interest in us to participate in the income tax audit process are very limited. Further, any adjustments in our tax returns will lead to adjustments in the unitholders' tax returns and may lead to audits of unitholders' tax returns and adjustments of items unrelated to us. A unitholder will bear the cost of any expenses incurred in connection with an examination of its personal tax return.

Reporting of partnership tax information is complicated and subject to audits; we cannot guarantee conformity to IRS requirements.

We will furnish each unitholder with a Schedule K-1 that sets forth that unitholder's allocable share of income, gains, losses and deductions. In preparing these schedules, we will use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these schedules will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. If any of the information on these schedules is successfully challenged by the IRS, the character and amount of items of income, gain, loss or deduction previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

Unitholders may lose tax benefits as a result of nonconforming depreciation conventions.

Because we cannot match transferors and transferees of common units, uniformity of the economic and tax characteristics of our common units to a purchaser of common units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which we believe conform to Treasury Regulations under 743(b) of the Internal Revenue Code. A successful IRS challenge to those positions could reduce the amount of tax benefits available to our unitholders. A successful challenge could also affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

As a result of investing in our common units, a unitholder will likely be subject to state and local taxes and return filing requirements in jurisdictions where it does not live.

In addition to federal income taxes, unitholders will likely be subject to other taxes, such as state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property. A unitholder will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. We currently conduct business in all 50 states, the District of Columbia and Puerto Rico. It is a unitholder's responsibility to file all required United States federal, state and local tax returns.

States may subject partnerships to entity-level taxation in the future, thereby decreasing the amount of cash available to us for distributions and potentially causing a decrease in our distribution levels, including a decrease in the minimum quarterly distribution.

Several states have enacted or are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If additional states were to impose a tax upon us as an entity, the cash available for distribution to unitholders would be reduced. The partnership agreements of Ferrellgas Partners and the operating partnership each provide that if a law is enacted or existing law is modified or interpreted in a manner that subjects one or both partnerships to taxation as a corporation or otherwise subjects one or both partnerships to entity-level taxation for federal, state or local income tax purposes, provisions of one or both partnership agreements will be subject to change. These changes would include a decrease in the minimum quarterly distribution and the target distribution levels to reflect the impact of those taxes.

Unitholders may have negative tax consequences if we default on our debt or sell assets.

If we default on any of our debt, the lenders will have the right to sue us for non-payment. That action could cause an investment loss and negative tax consequences for our unitholders through the realization of taxable income by unitholders without a corresponding cash distribution. Likewise, if we were to dispose of assets and realize a taxable gain while there is substantial debt outstanding and proceeds of the sale were applied to the debt, our unitholders could have increased taxable income without a corresponding cash distribution.

Conflicts of Interest

Conflicts of interest could arise as a result of the relationships between us, on the one hand, and our general partner and its affiliates, on the other. The directors and officers of our general partner have fiduciary duties to manage our general partner in a manner beneficial to its stockholder. At the same time, our general partner has fiduciary duties to manage us in a manner beneficial to us and our unitholders. The duties of our general partner to us and our unitholders, therefore, may conflict with the duties of the directors and officers of our general partner to its stockholder.

Matters in which, and reasons that, such conflicts of interest may arise include:

- decisions of our general partner with respect to the amount and timing of our cash expenditures, borrowings, acquisitions, issuances of additional securities and changes in reserves in any quarter may affect the amount of incentive distributions we are obligated to pay our general partner;
- borrowings do not constitute a breach of any duty owed by our general partner to our unitholders even if these borrowings have the purpose or effect of directly or indirectly enabling us to make distributions to the holder of our incentive distribution rights, currently our general partner;
- we do not have any employees and rely solely on employees of our general partner and its affiliates;
- under the terms of our partnership agreements, we must reimburse our general partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us;
- our general partner is not restricted from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or causing us to enter into additional contractual arrangements with any of such entities;
- neither our partnership agreements nor any of the other agreements, contracts and arrangements between us, on the one hand, and our general partner and its affiliates, on the other, are or will be the result of arms-length negotiations;
- whenever possible, our general partner limits our liability under contractual arrangements to all or a portion of our assets, with the other party thereto having no recourse against our general partner or its assets;
- our partnership agreements permit our general partner to make these limitations even if we could have obtained more favorable terms if our general partner had not limited its liability;

- any agreements between us and our general partner or its affiliates will not grant to our unitholders, separate and apart from us, the right to enforce the obligations of our general partner or such affiliates in favor of us; therefore, our general partner will be primarily responsible for enforcing those obligations;
- our general partner may exercise its right to call for and purchase common units as provided in the partnership agreement of Ferrellgas Partners or assign that right to one of its affiliates or to us;
- our partnership agreements provide that it will not constitute a breach of our general partner's fiduciary duties to us for its affiliates to engage in activities of the type conducted by us, other than retail propane sales to end users in the continental United States in the manner engaged in by our general partner immediately prior to our initial public offering, even if these activities are in direct competition with us;
- our general partner and its affiliates have no obligation to present business opportunities to us;
- our general partner selects the attorneys, accountants and others who perform services for us. These persons may also perform services for our general partner and its affiliates. our general partner is authorized to retain separate counsel for us or our unitholders, depending on the nature of the conflict that arises; and
- James E. Ferrell is the Chairman of the Board of Directors of our general partner. Mr. Ferrell also owns other companies with whom we may, from time to time, conduct transactions within our ordinary course of business. Mr. Ferrell's ownership of these entities may conflict with his duties as a director of our general partner, including our relationship and conduct of business with any of Mr. Ferrell's companies.

Fiduciary Responsibilities

Unless otherwise provided for in a partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit the general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. Our partnership agreements expressly permit our general partner to resolve conflicts of interest between itself or its affiliates, on the one hand, and us or our unitholders, on the other, and to consider, in resolving such conflicts of interest, the interests of other parties in addition to the interests of our unitholders. In addition, the partnership agreement of Ferrellgas Partners provides that a purchaser of common units is deemed to have consented to specified conflicts of interest and actions of our general partner and its affiliates that might otherwise be prohibited, including those described above, and to have agreed that such conflicts of interest and actions do not constitute a breach by our general partner of any duty stated or implied by law or equity. Our general partner will not be in breach of its obligations under our partnership agreements or its duties to us or our unitholders if the resolution of such conflict is fair and reasonable to us. Any resolution of a conflict approved by the audit committee of our general partner is conclusively deemed fair and reasonable to us. The latitude given in our partnership agreements to our general partner in resolving conflicts of interest may significantly limit the ability of a unitholder to challenge what might otherwise be a breach of fiduciary duty.

The partnership agreements of Ferrellgas Partners and the operating partnership expressly limit the liability of our general partner by providing that our general partner, its affiliates and their respective officers and directors will not be liable for monetary damages to us, our unitholders or assignees thereof for errors of judgment or for any acts or omissions if our general partner and such other persons acted in good faith. In addition, we are required to indemnify our general partner, its affiliates and their respective officers, directors, employees, agents and trustees to the fullest extent permitted by law against liabilities, costs and expenses incurred by our general partner or such other persons if our general partner or such persons acted in good faith and in a manner it or they reasonably believed to be in, or (in the case of a person other than our general partner) not opposed to, the best interests of us and, with respect to any criminal proceedings, had no reasonable cause to believe the conduct was unlawful.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We own or lease the following transportation equipment at July 31, 2014 that is utilized primarily in the distribution of propane and related equipment sales operations:

	Owned	Leased	Total
Truck tractors	74	72	146
Propane transport trailers	254	1	255
Portable tank delivery trucks	314	258	572
Portable tank exchange delivery trailers	219	122	341
Bulk propane delivery trucks	1,041	564	1,605
Pickup and service trucks	754	363	1,117
Railroad tank cars	—	94	94

The propane transport trailers have an average capacity of approximately 10,000 gallons. The bulk propane delivery trucks are generally fitted with tanks ranging in size from 2,600 to 3,500 gallons. Each railroad tank car has a capacity of approximately 30,000 gallons.

We typically manage our propane distribution locations using a structure where one location, referred to as a service center, is staffed to provide oversight and management to multiple distribution locations, referred to as service units. Our propane distribution locations are comprised of 50 service centers and 864 service units. The service unit locations utilize hand-held computers and cellular or satellite technology to communicate with management typically located in the associated service center. We believe this structure together with our technology platform allows us to more efficiently route and schedule customer deliveries and significantly reduces the need for daily on-site management.

We also distribute propane for portable tank exchanges from 16 independently-owned distributors.

We own approximately 49.7 million gallons of propane storage capacity at our propane distribution locations. We own our land and buildings in the local markets of approximately 61% of our operating locations and lease the remaining facilities on terms customary in the industry.

We own approximately 0.9 million propane tanks, most of which are located on customer property and rented to those customers. We also own approximately 3.7 million portable propane tanks, most of which are used by us to deliver propane to our portable tank exchange customers and to deliver propane to our industrial/commercial customers.

We lease approximately 55.5 million gallons of propane storage capacity located at underground storage facilities and pipelines at various locations around the United States.

We lease 73,988 square feet of office space at separate locations that comprise our corporate headquarters in the Kansas City metropolitan area.

We operate eight salt water disposal sites for use in our midstream operations. The location of the facilities and the permitted processing capacities at which the facilities currently operate are summarized below:

Location name	Region	Permitted Capacity (barrels per day)
Gillet, Texas (A)	Eagle Ford shale	25,000
Engler, Texas (A)	Eagle Ford shale	25,000
Helena, Texas (A)	Eagle Ford shale	25,000
Kenedy, Texas (B)	Eagle Ford shale	25,000
Dilley, Texas (B)	Eagle Ford shale	25,000
Dietert, Texas (A) (D)	Eagle Ford shale	10,000
Gerold, Texas (A) (C)	Eagle Ford shale	25,000
Mellenbruch, Texas (A) (C)	Eagle Ford shale	20,000

(A) These facilities are located on land we lease.
(B) These facilities are located on land we own.
(C) We purchased this facility effective September 2, 2014.
(D) We purchased this facility effective May 15, 2014.

We own 45.7 acres of land in the Eagle Ford shale region of south Texas that house two of our salt water disposal sites. We lease 398.9 acres of land in the Eagle Ford shale region of south Texas that house six of our salt water disposal sites.

We believe that we have satisfactory title to or valid rights to use all of our material properties. Although some of those properties may be subject to liabilities and leases, liens for taxes not yet currently due and payable and immaterial encumbrances, easements and restrictions, we do not believe that any such burdens will materially interfere with the continued use of such properties in our business. We believe that we have obtained, or are in the process of obtaining, all required material approvals. These approvals include authorizations, orders, licenses, permits, franchises, consents of, registrations, qualifications and filings with, the various state and local governmental and regulatory authorities which relate to our ownership of properties or to our operations.

ITEM 3. LEGAL PROCEEDINGS.

Our propane and related equipment sales 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. Both our propane and related equipment sales and midstream operations face an inherent risk of exposure to general liability claims in the event that the use of these facilities results in injury or destruction of property. As a result, at any given time, we are threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, we are 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 our financial condition, results of operations and cash flows.

During the first quarter of fiscal 2014 we reached a settlement with the Offices of the District Attorneys of several counties in California relating to an investigation of labeling and filling practices relating to the amount of propane contained in barbecue cylinders. We already paid and reflected in our consolidated financial statements the settlement reached.

The Federal Trade Commission (“FTC”) initiated an investigation into certain practices related to the filling of portable propane cylinders. On March 27, 2014, the FTC filed an administrative complaint alleging that we and one of our competitors colluded in 2008 to persuade a customer to accept the cylinder fill reduction from 17 pounds to 15 pounds. The complaint does not seek monetary remedies. We have filed an answer to the complaint and believes that the FTC’s claims are without merit and will vigorously defend the claims. We does not believe loss is probable or reasonably estimable at this time.

We have also been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The complaints, filed on behalf of direct and indirect customers of our tank exchange business, reference the FTC complaint mentioned above. The lawsuits allege that we 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 retailers 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. We anticipate that these lawsuits will be consolidated into one case by a multidistrict litigation panel. We believe we have strong defenses to the claims and intend to

vigorously defend against them. We do not believe loss is probable or reasonably estimable at this time related to these putative class action lawsuits.

We have also been named as a defendant in a putative class action lawsuit filed in the United States District Court in Kansas. The complaint was the subject of a motion to dismiss which was granted, in part, in August 2011. The surviving claims allege breach of contract and breach of the implied duty of good faith and fair dealing, both of which allegedly arise from the existence of an oral contract for continuous propane service. We believe the claims are without merit and intends to defend them vigorously. The case has not been certified for class treatment. We recently prevailed on an appeal before the Tenth Circuit Court of Appeals and the appellate court ordered the trial court to determine whether the case must be arbitrated. We do not believe loss is probable or reasonably estimable at this time related to this putative class action lawsuit.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED UNITHOLDER AND STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Common Units of Ferrellgas Partners

Our common units represent limited partner interests in Ferrellgas Partners and are listed and traded on the New York Stock Exchange under the symbol "FGP." As of September 5, 2014, we had 658 common unitholders of record. The following table sets forth the high and low sales prices for our common units on the New York Stock Exchange and the cash distributions declared per common unit for our fiscal periods indicated.

	Common Unit Price Range		Distributions
	High	Low	Declared Per Unit
2013			
First Quarter	$ 21.76	$ 17.81	$ 0.50
Second Quarter	19.60	15.52	0.50
Third Quarter	21.20	18.53	0.50
Fourth Quarter	22.97	19.40	0.50
2014			
First Quarter	$ 23.42	$ 21.70	$ 0.50
Second Quarter	25.27	22.75	0.50
Third Quarter	25.63	21.84	0.50
Fourth Quarter	28.25	25.17	0.50

We make quarterly cash distributions of our available cash. Available cash is defined in our partnership agreement as, generally, the sum of our consolidated cash receipts less consolidated cash disbursements and changes in cash reserves established by our general partner for future requirements. To the extent necessary and due to the seasonal nature of our operations, we will generally reserve cash inflows from our second and third fiscal quarters for distributions during our first and fourth fiscal quarters. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion of the financial tests and covenants which place limits on the amount of cash that we can use to pay distributions.

Recent Sales of Unregistered Securities

On November 4, 2013, the operating partnership issued $325.0 million in aggregate principal amount of its 6.75% senior notes due 2022 at an offering price equal to par. The net proceeds after commissions and fees of $319.3 million were used to

redeem $300.0 million of existing senior notes and related make-whole payments and accrued interest and to reduce borrowings on our secured credit facility. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act.

On June 13, 2014, the operating partnership issued an additional $150.0 million in aggregate principal amount of its 6.75% senior notes due 2022 at an offering price of 104%. The net proceeds after commissions and fees and including accrued interest of $162.2 million were used to reduce borrowings on our secured credit facility. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act.

During August 2014, the operating partnership completed an offer to exchange $475.0 million principal amount of its 6.75% senior notes due 2022, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of its outstanding and unregistered 6.75% senior notes due 2022, the principal amount of $325.0 million of which were issued on November 4, 2013, and the principal amount of $150.0 million of which were issued on June 13, 2014, each in a private placement.

Ferrellgas Partners Tax Matters

Ferrellgas Partners is a master limited partnership and thus not subject to federal income taxes. Instead, our common unitholders are required to report for income tax purposes their allocable share of our income, gains, losses, deductions and credits, regardless of whether we make distributions to our common unitholders. Accordingly, each common unitholder should consult its own tax advisor in analyzing the federal, state, and local tax consequences applicable to its ownership or disposition of our common units. Ferrellgas Partners reports its tax information on a calendar year basis, while financial reporting is based on a fiscal year ending July 31.

Common Equity of Other Registrants

There is no established public trading market for the common equity of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp. All of the common equity of the operating partnership and Ferrellgas Partners Finance Corp. is held by Ferrellgas Partners and all of the common equity of Ferrellgas Finance Corp. is held by the operating partnership. There are no equity securities of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp. authorized for issuance under any equity compensation plan. During fiscal 2014, there were no issuances of securities of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp.

Neither Ferrellgas Partners Finance Corp. nor Ferrellgas Finance Corp. declared or paid any cash dividends on its common equity during fiscal 2014 or fiscal 2013. The operating partnership distributes cash to its partners four times per fiscal year. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources – Financing Activities – Distributions” for a discussion of its distributions during fiscal 2014. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” for a discussion of the financial tests and covenants which place limits on the amount of cash that the operating partnership can use to pay distributions.

Equity Compensation Plan Information

See Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters – Securities Authorized for Issuance Under Equity Compensation Plans.”

ITEM 6. SELECTED FINANCIAL DATA.

The following tables present selected consolidated historical financial and operating data for Ferrellgas Partners and the operating partnership.

	Ferrellgas Partners, L.P.				
	Year Ended July 31,				
(in thousands, except per unit data)	2014	2013	2012	2011	2010
Income Statement Data:					
Total revenues	$ 2,405,860	$ 1,975,467	$ 2,339,092	$ 2,423,215	$ 2,099,060
Interest expense	86,502	89,145	93,254	101,885	101,284
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	33,211	56,426	(10,952)	(43,648)	32,709
Basic and diluted net earnings (loss) per common unitholders' interest	$ 0.41	$ 0.71	$ (0.14)	$ (0.60)	$ 0.47
Cash distributions declared per common unit	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Balance Sheet Data:					
Working capital (1)	$ 9,891	$ (21,305)	$ (50,875)	$ 28,712	$ 57,473
Total assets	1,572,270	1,356,028	1,397,279	1,460,586	1,442,351
Long-term debt	1,292,214	1,106,940	1,059,085	1,050,920	1,111,088
Partners' capital (deficit)	(111,646)	(86,627)	(27,526)	88,317	85,902
Operating Data (unaudited):					
Propane sales volumes (gallons)	946,570	901,370	878,130	899,683	922,524
Midstream operations (barrels processed)	2,500	—	—	—	—
Capital expenditures:					
Maintenance	$ 18,138	$ 15,248	$ 15,864	$ 15,330	$ 19,908
Growth	32,843	25,916	32,865	34,699	24,861
Acquisition	169,430	31,919	14,034	12,587	49,500
Total	$ 220,411	$ 73,083	$ 62,763	$ 62,616	$ 94,269
Supplemental data (unaudited):					
Adjusted EBITDA (a)	$ 288,148	$ 272,249	$ 193,086	$ 227,645	$ 266,492
Reconciliation of Net Earnings (Loss) to EBITDA and Adjusted EBITDA and Distributable cash flow attributable to common unit holders:					
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ 33,211	$ 56,426	$ (10,952)	$ (43,648)	$ 32,709
Income tax expense	2,516	1,855	1,128	1,241	1,916
Interest expense	86,502	89,145	93,254	101,885	101,284
Depreciation and amortization expense	84,202	83,344	83,841	82,486	82,491
EBITDA	206,431	230,770	167,271	141,964	218,400
Loss on extinguishment of debt	21,202	—	—	46,962	20,716
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440	10,157	9,322
Non-cash stock and unit-based compensation charge	24,508	13,545	8,843	13,488	7,831

Loss on disposal of assets and other	6,486	10,421	6,035	3,633	8,485
Other income (expense), net	479	(565)	(506)	(567)	1,108
Severance charges	—	—	1,055	—	—
Change in fair value of contingent consideration	5,000	—	—	—	—
Litigation accrual and related legal fees associated with a class action lawsuit	1,749	1,568	892	12,120	—
Net earnings (loss) attributable to noncontrolling interest	504	741	56	(112)	630
Adjusted EBITDA (a)	288,148	272,249	193,086	227,645	266,492
Net cash interest (b)	(83,686)	(83,495)	(87,600)	(93,353)	(94,914)
Maintenance capital expenditures (c)	(17,673)	(15,070)	(16,044)	(15,437)	(19,968)
Cash paid for taxes	(816)	(550)	(764)	(591)	(1,550)
Proceeds from asset sales	4,524	9,980	5,742	5,994	9,220
Distributable cash flow attributable to equity investors (d)	190,497	183,114	94,420	124,258	159,280
Distributable cash flow attributable to general partner and non-controlling interest	(3,810)	(3,663)	(1,888)	(2,485)	(3,186)
Distributable cash flow attributable to common unit holders (e)	186,687	179,451	92,532	121,773	156,094
Less: Distributions paid	(159,316)	(158,087)	(154,955)	(143,551)	(138,365)
Distributable cash flow excess/(shortage)	$ 27,371	$ 21,364	$ (62,423)	$ (21,778)	$ 17,729

(a)Adjusted EBITDA is calculated as earnings before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, severance charges, change in fair value of contingent consideration, litigation accrual and related legal fees associated with a class action lawsuit and net earnings (loss) attributable to non-controlling 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 makes 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 consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

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

(c) Maintenance capital expenditures include capitalized expenditures for betterment and replacement of property, plant and equipment.

(d) Management considers distributable cash flow attributable to equity investors a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(e) Management considers distributable cash flow attributable to common unitholders a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(1) Working capital is the sum of current assets less current liabilities.

	Ferrellgas, L.P.				
	Year Ended July 31,				
	2014	2013	2012	2011	2010
Income Statement Data:					
Total revenues	$ 2,405,860	$ 1,975,467	$ 2,339,092	$ 2,423,215	$ 2,099,060
Interest expense	70,332	72,974	77,127	80,074	76,786
Net earnings (loss)	49,907	73,375	5,589	(11,062)	62,361
Balance Sheet Data:					
Working capital (1)	$ 11,901	$ (19,289)	$ (48,843)	$ 30,738	$ 60,770
Total assets	1,569,833	1,352,932	1,393,662	1,456,816	1,436,177
Long-term debt	1,110,214	924,940	877,085	868,920	831,088
Partners' capital	69,925	94,476	153,140	268,686	363,047
Operating Data (unaudited):					
Propane sales volumes (gallons)	946,570	901,370	878,130	899,683	922,524
Midstream operations (barrels processed)	2,500	—	—	—	—
Capital expenditures:					
Maintenance	$ 18,138	$ 15,248	$ 15,864	$ 15,330	$ 19,908
Growth	32,843	25,916	32,865	34,699	24,861
Acquisition	169,430	31,919	14,034	12,587	49,500
Total	$ 220,411	$ 73,083	$ 62,763	$ 62,616	$ 94,269
Supplemental data (unaudited):					
Adjusted EBITDA (a)	$ 288,125	$ 272,269	$ 193,436	$ 228,003	$ 266,916
Reconciliation of Net Earnings (Loss) to EBITDA and Adjusted EBITDA :					
Net earnings (loss)	$ 49,907	$ 73,375	$ 5,589	$ (11,062)	$ 62,361
Income tax expense	2,471	1,838	1,120	1,225	1,890
Interest expense	70,332	72,974	77,127	80,074	76,786
Depreciation and amortization expense	84,202	83,344	83,841	82,486	82,491
EBITDA	206,912	231,531	167,677	152,723	223,528
Loss on extinguishment of debt	21,202	—	—	36,449	17,308
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440	10,157	9,322
Non-cash stock and unit-based compensation charge	24,508	13,545	8,843	13,488	7,831
Loss on disposal of assets and other	6,486	10,421	6,035	3,633	8,485
Other income (expense), net	479	(565)	(506)	(567)	442
Severance charges	—	—	1,055	—	—
Change in fair value of contingent consideration	5,000	—	—	—	—
Litigation accrual and related legal fees associated with a class action lawsuit	1,749	1,568	892	12,120	—
Adjusted EBITDA (a)	$ 288,125	$ 272,269	$ 193,436	$ 228,003	$ 266,916

(a)Adjusted EBITDA is calculated as earnings before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, severance charges, change in fair value of contingent consideration and litigation accrual and related legal fees associated with a class action

lawsuit. 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 makes 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 consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(1) Working capital is the sum of current assets less current liabilities.

Our capital expenditures fall generally into three categories:

- maintenance capital expenditures, which include capitalized expenditures for betterment and replacement of property, plant and equipment;
- growth capital expenditures, which include expenditures for purchases of both bulk and portable propane tanks and other equipment to facilitate expansion of our customer base and operating capacity; and
- acquisition capital expenditures, which include expenditures related to the acquisition of propane and related equipment sales operations and midstream operations; acquisition capital expenditures represent the total cost of acquisitions less working capital acquired.

Factors that materially affect the comparability of the information reflected in selected financial data

During fiscal 2014, 2011 and 2010, the prepayment of outstanding principal amounts of fixed rate senior notes resulted in amounts recorded as "Loss on extinguishment of debt."

During fiscal 2014, 2013, 2012 and 2011, a class action lawsuit resulted in a litigation accrual and related legal fees.

During fiscal 2014, we acquired Sable Environmental and Sable SWD 2, LLC, a fluid logistics provider in the Eagle Ford shale region of south Texas for consideration of $126.1 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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 and 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 section.

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

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 exist two material differences between Ferrellgas Partners and the operating partnership. Those material differences are:

- because Ferrellgas Partners has outstanding $182.0 million in aggregate principal amount of 8.625% senior notes due fiscal 2020, the two partnerships incur different amounts of interest expense on their outstanding indebtedness; see the statements of earnings in their respective consolidated financial statements and Note H – Debt in the respective notes to their consolidated financial statements; and
- Ferrellgas Partners issued common units during fiscal years 2015, 2014 and 2013.

Overview

Strategic Diversification Acquisitions

During May 2014, we entered into a membership interest purchase agreement to acquire all of the issued and outstanding membership interests in each of Sable Environmental, LLC and Sable SWD 2, LLC (collectively, "Sable"), a fluid logistics provider in the Eagle Ford shale region of south Texas for consideration of $124.7 million, subject to certain purchase price adjustments and contingent consideration. Consideration was paid in cash upon closing and a two year contingent consideration agreement was entered into entitling the sellers to additional cash consideration if the acquired business exceeds certain earnings targets. The acquisition was funded through borrowings from our secured credit facility, and subsequently Sable's ownership group purchased $50.0 million of our common units in a registered direct offering, which units are subject to certain transfer restrictions. With this acquisition we established a new operating and reportable segment referred to as our “Midstream Operations”. With the acquisition of Sable, we have two reportable operating segments: propane and related equipment sales and midstream operations.

During May 2014, we entered into an asset purchase agreement to acquire one salt water disposal well, Dietert SWD, based in LaSalle County, Texas.

During September 2014, we entered into an asset purchase agreement to acquire two salt water disposal wells in the Eagle Ford shale region of south Texas from C&E Production, LLC and its affiliates ("C&E sellers"), based in Bryan, Texas. Consideration was paid in cash upon closing with funds borrowed from our secured credit facility. During September 2014, in a non-brokered registered direct offering, which units are subject to certain transfer restrictions, we issued to Ferrell Companies Inc. and the former equity holders of C&E sellers, an aggregate of 1.5 million common units for an aggregate purchase price of $42.0 million. We used these proceeds to pay down a portion of the borrowings under our secured credit facility used to fund the acquisition discussed above, as well as other propane and related equipment sales acquisitions completed during fiscal 2014.

Propane and related equipment sales

We believe we are a leading distributor of propane and related equipment and supplies to customers in the United States. We believe that we are the second largest retail marketer of propane in the United States as measured by the volume of our retail sales in fiscal 2014 and a leading national provider of propane by portable tank exchange.

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane. 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 economically hedged with an offsetting propane purchase commitment. Moreover, customers may not fulfill their purchase agreement due to the effects of warmer than normal weather, customer conservation or other economic conditions.

Our open financial derivative purchase commitments are designated as hedges primarily for fiscal 2015 and 2016 sales commitments and, as of July 31, 2014, have experienced net mark to market gains of approximately $6.9 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 consolidated balance sheets as “Prepaid expenses and other current assets,” "Other assets, net," “Other current liabilities,” "Other liabilities" and “Accumulated other comprehensive income (loss),” respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to “Cost of product sold-propane and other gas liquid sales” in the consolidated statements of earnings 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 July 31, 2014, we estimate 67% 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.

We also enter into interest rate derivative contracts, including swaps, to manage our exposure to interest rate risk associated with our fixed rate senior notes and our floating rate borrowings from both the secured credit facility and the accounts receivable securitization facility. Fluctuations in interest rates subject us to interest rate risk. Decreases in interest rates increase the fair value of our fixed rate debt, while increases in interest rates subject us to the risk of increased interest expense related to our variable rate borrowings.

Midstream operations

We currently own and operate eight salt water disposal wells in and around the Eagle Ford shale in south Texas. Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and gas wells generate significant

volumes of salt water known as “flowback” and “production” water. Flowback is a water based solution that flows back to the surface during and after the completion of the hydraulic fracturing (“fracking”) process whereby large volumes of water, sand and chemicals are injected under high pressures into rock formations to stimulate production. Flowback contains clays, chemicals, dissolved metal ions, total dissolved solids and oil/condensate. Production water is salt water from underground formations that are brought to the surface during the normal course of oil or gas production. Because this water has been in contact with hydrocarbon-bearing formations, it contains some of the chemical characteristics of the formations and the hydrocarbons. In the oil and gas fields we service, these volumes of water are transported by truck away from the fields to salt water disposal wells where it is injected into underground geologic formations using high-pressure pumps. Our revenue is derived from fees we charge our customers to dispose of salt water at our facilities and crude oil sales from our skimming oil process.

Our gross margin is highly dependent on production activity in the Eagle Ford shale and thus from the volume of salt water delivered to our wells for disposal. We do not attempt to hedge the price of crude oil sales from our skimming activities.

Overview of net earnings (loss) attibutable to Ferrellgas Partners, L.P.

“Net earnings (loss) attributable to Ferrellgas Partners, L.P.” in fiscal 2014 was a net earnings of $33.2 million as compared to $56.4 million in fiscal 2013. This decrease was primarily due to:

- a $21.2 million loss on extinguishment of debt related to the early extinguishment of all of our $300.0 million 9.125% fixed rate senior notes due October 1, 2017 and related interest rate swap termination;
- a $39.1 million increase in “operating expenses” due primarily to the increase in propane sales volume;
- a $12.0 million increase in “general and administrative expenses” primarily due to increased non-cash stock based compensation charges;
- a $6.0 million increase in "Non-cash employee stock ownership plan compensation charge" primarily due to the increase in per share value of Ferrell Companies shares allocated to employees; and

partially offset by the following:

- a $43.9 million increase in “Gross margin – Propane and other gas liquid sales” due primarily to the increase in propane sales volume;
- a $8.6 million increase in “Gross margin – Other”; and
- a $3.9 million decrease in "Loss on disposal of assets".

We have completed our impairment test for the Retail operations and Products reporting units and believe that estimated fair values exceed the carrying values of our reporting units as of January 31, 2014. Goodwill associated with the Midstream operations reporting unit is a result of our acquisition of Sable.

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 our forward-looking statements include the following:

- that we will continue to have sufficient access to capital markets at yields acceptable to us to support our expected growth expenditures and refinancing of debt maturities;
- that Ferrellgas Partners and the operating partnership will continue to meet all of the quarterly financial tests required by the agreements governing their indebtedness; and
- that our future capital expenditures and working capital needs will be provided by a combination of cash generated from future operations, existing cash balances, the secured credit facility or the accounts receivable securitization facility.

When considering any forward-looking statement, you should also keep in mind the risk factors set forth in “Item 1A. Risk Factors.” 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, if any, 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 Annual Report on Form 10-K.

In addition, the classification of Ferrellgas Partners and the operating partnership as partnerships for federal income tax purposes means that we do not generally pay federal income taxes. We do, however, pay taxes on the income of our subsidiaries that are corporations. We rely on a legal opinion from our counsel, and not a ruling from the Internal Revenue Service, as to our proper classification for federal income tax purposes. See the section entitled, “Item 1A. Risk Factors — Tax Risks.” The IRS could treat us as a corporation for tax purposes or changes in federal or state laws could subject us to entity-level taxation, which would substantially reduce the cash available for distribution to our unitholders or to pay interest on the principal of any of our debt securities.

Results of Operations

Fiscal Year Ended July 31, 2014 compared to July 31, 2013

(amounts in thousands) Fiscal Year-Ended July 31,	2014	2013	Favorable (unfavorable) Variance	
Propane sales volumes (gallons):				
Retail – Sales to End Users	651,358	637,923	13,435	2 %
Wholesale – Sales to Resellers	295,212	263,447	31,765	12 %
	946,570	901,370	45,200	5 %
Midstream operations (barrels processed)	2,500	—	2,500	NM
Revenues -				
Propane and other gas liquids sales:				
Retail – Sales to End Users	$ 1,392,526	$ 1,127,748	$ 264,778	23 %
Wholesale – Sales to Resellers	619,710	479,533	140,177	29 %
Other Gas Sales (a)	135,107	131,986	3,121	2 %
Other	251,082	236,200	14,882	6 %
Propane and related equipment revenues	2,398,425	1,975,467	422,958	21 %
Midstream operations	7,435	—	7,435	NM
	$ 2,405,860	$ 1,975,467	$ 430,393	22 %
Gross margin -				
Propane and other gas liquids sales: (b)				
Retail – Sales to End Users (a)	$ 497,508	$ 476,040	$ 21,468	5 %
Wholesale – Sales to Resellers (a)	193,447	170,966	22,481	13 %
Other	94,900	91,744	3,156	3 %
Propane and related equipment gross margin	785,855	738,750	47,105	6 %
Midstream operations (d)	5,465	—	5,465	NM
	$ 791,320	$ 738,750	$ 52,570	7 %
Operating income	$ 144,414	$ 147,602	$ (3,188)	(2)%
Adjusted EBITDA -				
Propane and related equipment	$ 331,292	$ 315,486	$ 15,806	5 %
Midstream operations	3,438	—	3,438	NM
Corporate and other	(46,582)	(43,237)	(3,345)	8 %
Adjusted EBITDA (c)	$ 288,148	$ 272,249	$ 15,899	6 %
Interest expense	$ 86,502	$ 89,145	$ 2,643	3 %
Interest expense - operating partnership	70,332	72,974	2,642	4 %
Loss on extinguishment of debt	21,202	—	(21,202)	NM

NM - Not Meaningful

a) Gross margin from Other Gas Sales is allocated to Gross margin Retail - Sales to End Users and Wholesale - Sales to Resellers based on the volumes of fixed-price sales commitments in each respective category.

b) Gross margin from propane and other gas liquids sales represents “Revenues - propane and other gas liquids sales” less “Cost of product sold – propane and other gas liquids sales” and does not include depreciation and amortization.

c) Adjusted EBITDA is calculated as net earnings attributable to Ferrellgas Partners, L.P., income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets, other expense (income), net, litigation accrual and related legal fees associated with a class action lawsuit, change in fair value of contingent consideration and net earnings 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 makes 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 consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

d) Gross margin from Midstream operations represents “Revenues - Midstream operations” less “Cost of product sold – Midstream operations” and does not include depreciation and amortization.

The following table summarizes EBITDA and Adjusted EBITDA for the fiscal year ended July 31, 2014 and 2013, respectively:

(amounts in thousands)	**2014**	**2013**
Net earnings attributable to Ferrellgas Partners, L.P.	$ 33,211	$ 56,426
Income tax expense	2,516	1,855
Interest expense	86,502	89,145
Depreciation and amortization expense	84,202	83,344
EBITDA	206,431	230,770
Loss on extinguishment of debt	21,202	—
Non-cash employee stock ownership plan compensation charge	21,789	15,769
Non-cash stock and unit-based compensation charge	24,508	13,545
Loss on disposal of assets	6,486	10,421
Other expense (income), net	479	(565)
Change in fair value of contingent consideration	5,000	—
Litigation accrual and related legal fees associated with a class action lawsuit	1,749	1,568
Net earnings attributable to noncontrolling interest	504	741
Adjusted EBITDA	288,148	272,249
Net cash interest expense (a)	(83,686)	(83,495)
Maintenance capital expenditures (b)	(17,673)	(15,070)
Cash paid for taxes	(816)	(550)
Proceeds from asset sales	4,524	9,980
Distributable cash flow attributable to equity investors (c)	190,497	183,114
Distributable cash flow attributable to general partner and non-controlling interest	3,810	3,662
Distributable cash flow attributable to common unitholders (d)	186,687	179,452
Less: Distributions paid	159,316	158,087
Distributable cash flow excess	$ 27,371	$ 21,365

(a) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income, 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.

(c) Management considers distributable cash flow attributable to equity investors a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(d) Management considers distributable cash flow attributable to common unitholders a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Propane and related equipment sales

Propane sales volumes during fiscal 2014 increased 5%, or 45.2 million gallons, from that of the prior year period due to 31.8 million of increased gallon sales to wholesale customers and 13.4 million of increased gallons to retail customers.

Weather in the more highly concentrated geographic areas we serve for the twelve months ended July 31, 2014 was approximately 9% colder than that of the prior year period and 4% colder than normal. We believe retail and wholesale customer sales volume increased due to colder weather and heavier than normal propane use for crop drying during an unusually wet harvest season.

Our sales price per gallon correlates to the wholesale market price of propane. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas and Conway, Kansas, during fiscal 2014 averaged 29% and 49% more than the prior year period, respectively. The wholesale market price at Mt. Belvieu, Texas averaged $1.15 and $0.89 per gallon during fiscal 2014 and 2013, respectively, while the wholesale market price at Conway, Kansas averaged $1.22 and $0.82 per gallon during fiscal 2014 and 2013, respectively.

The propane industry experienced significant logistical and infrastructure challenges caused by industry-wide storage and transportation issues during the winter heating season. As a result, wholesale propane prices rose to historic levels in certain geographic areas. Once these issues were resolved, the wholesale cost of propane decreased significantly and dramatically in these geographic locations. During February 2014, the wholesale cost of propane in Conway, Kansas decreased from $2.49 per gallon to $1.16 per gallon. During this period of rapidly decreasing wholesale propane prices our gross margin per gallon sold increased on certain contracted sales volumes to commercial customers.

Revenues

Retail sales increased $264.8 million compared to the prior year period. This increase resulted primarily from a $241.0 million increase in sales price per gallon and $23.8 million of increased sales volumes, both as discussed above.

Wholesale sales increased $140.2 million compared to the prior year period. This increase resulted primarily from $89.8 million of increased sales price per gallon and $50.4 million of increased sales volumes, both as discussed above.

Other gas sales increased $3.1 million compared to the prior year period primarily due to $34.4 million of increased sales price per gallon, offset by $31.3 million of decreased sales volumes.

Gross margin - Propane and other gas liquids sales

Gross margin increased $43.9 million primarily due to a $30.2 million increase in gallon sales and an $13.7 million increase in gross margin per gallon sold nationally, both as discussed above.

Gross margin - Other

Gross margin increased $3.2 million primarily due to $8.2 million of grilling tool and accessory sales gained through acquisitions, partially offset by a $2.2 million decrease in miscellaneous fees billed to customers and a $1.9 million decrease in materials and appliance sales.

Adjusted EBITDA

Adjusted EBITDA increased $15.9 million primarily due to the $43.9 million of increased “Gross margin – Propane and other gas liquid sales” and a $3.2 million increase in Gross margin – Other, both as discussed above, partially offset by a $29.8 million increase in "Operating expense". "Operating expense" increased $17.9 million due to variable delivery costs related to the increase in propane sales volume, as discussed above, and increased operating expenses of $8.1 million related to acquisitions of both grilling tool and accessory operations and propane operations.

Midstream operations - Disposal wells

Our midstream operations began with our May 2014 acquisition of Sable.

Revenues

Our midstream operations segment generated $7.4 million of skimming oil and salt water disposal revenues.

Gross margin

Our midstream operations segment generated $5.5 million of skimming oil and salt water gross margin.

Adjusted EBITDA

Our midstream operations segment Adjusted EBITDA of $3.4 million during fiscal 2014 was due to the $5.5 million of gross margin discussed above, partially offset by $2.1 million of operating expenses.

Corporate & other

The operating loss within "corporate and other" increased by $3.3 million primarily due to an increase of $3.1 million in "General and administrative expense". “General and administrative expense” increased primarily due to a $1.4 million increase in performance-based incentive expenses and $0.9 million in acquisition related costs.

Consolidated

Operating income

"Operating income" decreased $3.2 million compared to the prior year period primarily due to a $39.1 million increase in "Operating expense", a $12.0 million increase in "General and administrative expense" and a $6.0 million increase in "Non-cash employee stock ownership plan compensation charge", partially offset by $43.9 million of increased “Gross margin – Propane and other gas liquid sales”, a $5.5 million increase in Midstream operations gross margin and a $3.2 million increase in Gross margin – Other, each as discussed above.

"Operating expense" increased $17.9 million primarily due to variable delivery costs related to the increase in propane sales volume, $8.1 million due to increased operating expenses related to both acquisitions of grilling tool and accessory operations and propane operations, $2.1 million of operating costs related to our midstream operations, each as discussed above, and a $5.0 million change in the fair value of contingent consideration related to our midstream operations. “General and administrative expense” increased primarily due to $8.0 million of increased non-cash stock based compensation charges, a $1.4 million increase in performance-based incentive expenses and $0.9 million in acquisition related costs.

"Non-cash employee stock ownership plan compensation charge" increased primarily due to the increase in per share value of Ferrell Companies shares allocated to employees during the current year period as compared to the prior year period.

Distributable cash flow to equity investors

Distributable cash flow attributable to equity investors increased from $183.1 million in the prior year to $190.5 million in the current period primarily due to the $15.9 million increase in Adjusted EBITDA in propane and related equipment sales as discussed above. This increase was partially offset by a $5.5 million decrease in proceeds from asset sales due to a one time sale of underutilized assets in the prior year period that was not repeated in the current year period and a $2.6 million increase due to the timing of maintenance capital expenditures.

Interest expense - consolidated

“Interest expense” decreased $2.6 million primarily due to a $1.9 million decrease due to the issuance of new senior debt at lower rates than the debt retired.

Interest expense - operating partnership

"Interest expense" decreased $2.6 million primarily due to a $1.9 million decrease due to the issuance of new senior debt at lower rates than the debt retired.

Loss on extinguishment of debt

During fiscal 2014, we redeemed the outstanding principal amount on our $300.0 million 9.125% fixed rate senior notes due October 1, 2017, incurring a loss on extinguishment of debt of $20.9 million. We incurred an additional $0.3 million loss on extinguishment of debt related to the write-off of capitalized financing costs as a result of amending our secured credit facility.

Fiscal Year Ended July 31, 2013 compared to July 31, 2012

(amounts in thousands) **Fiscal year ended July 31,**	**2013**	**2012**	**Favorable (unfavorable) Variance**	
Propane sales volumes (gallons):				
Retail – Sales to End Users	637,923	619,318	18,605	3 %
Wholesale – Sales to Resellers	263,447	258,812	4,635	2 %
	901,370	878,130	23,240	3 %
Revenues -				
Propane and other gas liquids sales:				
Retail – Sales to End Users	$ 1,127,748	$ 1,287,485	$ (159,737)	(12)%
Wholesale – Sales to Resellers	479,533	557,950	(78,417)	(14)%
Other Gas Sales (a)	131,986	315,510	(183,524)	(58)%
	$ 1,739,267	$ 2,160,945	$ (421,678)	(20)%
Gross margin -				
Propane and other gas liquids sales: (b)				
Retail – Sales to End Users (a)	$ 476,040	$ 400,982	$ 75,058	19 %
Wholesale – Sales to Resellers (a)	170,966	158,077	12,889	8 %
	$ 647,006	$ 559,059	$ 87,947	16 %
Gross margin - Other	$ 91,744	$ 82,824	$ 8,920	11 %
Operating income	147,602	82,980	64,622	78 %
Adjusted EBITDA (c)	272,249	193,086	79,163	41 %
Interest expense	89,145	93,254	4,109	4 %
Interest expense - operating partnership	72,974	77,127	4,153	5 %

a) Gross margin from Other Gas Sales is allocated to Gross margin Retail - Sales to End Users and Wholesale - Sales to Resellers based on the volumes of fixed-price sales commitments in each respective category.

b) Gross margin from propane and other gas liquids sales represents "Revenues - propane and other gas liquids sales" less "Cost of product sold – propane and other gas liquids sales" and does not include depreciation and amortization.

c) Adjusted EBITDA is calculated as net earnings (loss) attributable to Ferrellgas Partners, L.P., income tax expense, interest expense, depreciation and amortization expense, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets, other income, net, severance charges, litigation accrual and related legal fees associated with a class action lawsuit and net earnings (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 makes 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 consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table summarizes EBITDA and Adjusted EBITDA for the fiscal year ended July 31, 2013 and 2012, respectively:

(amounts in thousands)	2013	2012
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ 56,426	$ (10,952)
Income tax expense	1,855	1,128
Interest expense	89,145	93,254
Depreciation and amortization expense	83,344	83,841
EBITDA	230,770	167,271
Non-cash employee stock ownership plan compensation charge	15,769	9,440
Non-cash stock and unit-based compensation charge	13,545	8,843
Loss on disposal of assets	10,421	6,035
Other income, net	(565)	(506)
Severance charges	—	1,055
Litigation accrual and related legal fees associated with a class action lawsuit	1,568	892
Net earnings attributable to noncontrolling interest	741	56
Adjusted EBITDA	272,249	193,086
Net cash interest expense (a)	(83,495)	(87,600)
Maintenance capital expenditures (b)	(15,070)	(16,044)
Cash paid for taxes	(550)	(764)
Proceeds from asset sales	9,980	5,742
Distributable cash flow attributable to equity investors (c)	183,114	94,420
Distributable cash flow attributable to general partner and non-controlling interest	3,662	1,888
Distributable cash flow attributable to common unitholders (d)	179,452	92,532
Less: Distributions paid	158,087	154,955
Distributable cash flow excess	$ 21,365	$ (62,423)

(a) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income, 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.

(c) Management considers distributable cash flow attributable to equity investors a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(d) Management considers distributable cash flow attributable to equity investors a meaningful non-GAAP 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 corporations and partnerships. 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 may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Propane sales volumes during fiscal 2013 increased 23.2 million gallons from that of the prior year period due to 18.6 million of increased gallon sales to our retail customers and 4.6 million of increased gallon sales to our wholesale customers. We believe wholesale customer sales volume increased due to our emphasis on expanding this portion of our business.

Weather in the more highly concentrated geographic areas we serve was approximately 19% colder than that of the prior year period, which we believe was the primary factor for the increase in retail propane sales volumes during the year.

Our sales price per gallon correlates to the wholesale market price of propane. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, during fiscal 2013 averaged 29% less than the prior year period. The wholesale market price averaged $0.89 and $1.25 per gallon during fiscal 2013 and 2012, respectively. We believe this decrease in the wholesale cost of propane also contributed to the increase in propane sales volumes as customers tend to conserve less, and thus purchase more propane volumes during periods of decreasing propane prices.

The effect of this significant decrease in the average wholesale market price of propane resulted in an increase in our gross margin per gallon. During this period of significantly lower prices, we earned relatively greater gross margin per gallon as our selling price per gallon did not decline at the same rate as the corresponding decline in wholesale propane prices.

Revenues - Propane and other gas liquids sales

Retail sales decreased $159.7 million compared to the prior year period. This decrease resulted primarily from a $198.4 million decrease in sales price per gallon, partially offset by $38.7 million from increased retail propane sales volumes, both as discussed above.

Wholesale sales decreased $78.4 million compared to the prior year period. This decrease resulted primarily from $82.0 million of decreased sales price per gallon, partially offset by $3.6 million of increased sales volumes, both as discussed above.

Other gas sales decreased $183.5 million compared to the prior year period primarily due to a $118.5 million from decreased sales volumes and $65.0 million of decreased sales price per gallon.

Gross margin - Propane and other gas liquids sales

Retail sales gross margin increased $75.0 million compared to the prior year period. This increase resulted primarily from a $47.5 million increase in gross margin per gallon and a $27.5 million increase in propane sales volumes, both as discussed above.

Wholesale sales gross margin increased $12.9 million compared to the prior year period primarily from an increase in gross margin per gallon, as discussed above.

Gross margin - other

Gross margin - other increased $8.9 million primarily due to $3.9 million of grilling tool and accessory sales gained through acquisitions and a $2.9 million increase in material and appliance sales.

Operating income

Operating income increased $64.6 million compared to the prior year period primarily due to $87.9 million of increased “Gross margin – Propane and other gas liquid sales,” as discussed above, and an $8.9 million increase in “Gross margin – Other,” partially offset by a $10.7 million increase in “Operating expense”, a $10.0 million increase in “General and administrative expense”, a $6.3 million increase in "Non-cash employee stock ownership plan compensation charge" and a $4.4 million increase in "Loss on disposal of assets."

“Operating expense” increased primarily due to $10.0 million in additional variable operating expense resulting from increased gallons sold, $8.3 million in increased performance-based incentive expense and $6.9 million in increased general liability and workers' compensation costs, partially offset by $14.1 million in reduced operating expenses resulting from the successful implementation of our efficiency initiatives and cost cutting projects initiated during the prior year. “General and administrative expense” increased primarily due to $7.3 million in performance based incentive expense, $5.1 million in increased non-cash stock based compensation charges, partially offset by a $2.4 million reduction in personnel and other corporate costs. "Non-cash employee stock ownership plan compensation charge" increased primarily due to an increase in the allocation of Ferrell Companies shares to employees. The increase in "Loss on disposal of assets" was due to the timing of the disposals.

Adjusted EBITDA

Adjusted EBITDA increased $79.2 million compared to the prior year period primarily due to a $87.9 million increase in “Gross margin - Propane and other gas liquids sales” and an $8.9 million increase in “Gross margin – Other,” both as discussed

above, partially offset by a $11.1 million increase in “Operating expense” as discussed above and a $4.9 million increase in “General and administrative expense.”

“General and administrative expense” increased primarily due to a $7.3 million increase in performance-based incentive expenses, partially offset by a $2.4 million reduction in personnel and other corporate costs.

Distributable cash flow to equity investors

Distributable cash flow attributable to equity investors increased from $94.4 million in the prior year to $183.1 million in the current year period primarily due to the $79.2 million increase in Adjusted EBITDA as discussed above, a $4.2 million increase in proceeds from asset sales and a $4.1 million decrease in net cash interest expense. The increase in proceeds from asset sales is due to a one time sale of underutilized assets in the current year period that was not repeated in the prior year period. The decrease in net cash interest is primarily due to $2.5 million from the effect of interest rate swaps entered into during the fourth quarter of the prior year period and $1.3 million primarily from reduced rates on our secured credit facility and our accounts receivable securitization facility.

Interest expense - consolidated

Interest expense decreased $4.1 million primarily due to $2.5 million from the effect of interest rate swaps entered into during the fourth quarter of the prior year period and $1.3 million primarily from reduced rates on our secured credit facility and our accounts receivable securitization facility.

Interest expense - operating partnership

Interest expense decreased $4.2 million primarily due to $2.5 million from the effect of interest rate swaps entered into during the fourth quarter of the prior year period and $1.3 million primarily from reduced rates on our secured credit facility and our accounts receivable securitization facility.

Liquidity and Capital Resources

General

Our liquidity and capital resources enable us to fund our working capital requirements, letter of credit requirements, debt service payments, acquisition and capital expenditures and distributions to our unitholders. Our liquidity and capital resources may be affected by our ability to access the capital markets or by unforeseen demands on cash, or other events beyond our control.

During September 2014, we entered into an asset purchase agreement to acquire two salt water disposal wells in the Eagle Ford shale region of south Texas from C&E sellers, based in Bryan, Texas. Consideration was paid in cash upon closing with funds borrowed from our secured credit facility. During September 2014, in a non-brokered registered direct offering, which units are subject to certain transfer restrictions, we issued to Ferrell Companies Inc. and the former equity holders of C&E sellers, an aggregate of 1.5 million common units for an aggregate purchase price of $42.0 million. We used these proceeds to pay down a portion of the borrowings under our secured credit facility used to fund the acquisition discussed above, as well as other propane and related equipment sales acquisitions completed during fiscal 2014.

During June 2014, we issued an additional $150.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to 104% of par. We used the net proceeds for general corporate purposes, including to repay indebtedness under our secured credit facility and to pay related transaction fees and expenses.

During June 2014, we executed a third amendment to our secured credit facility to better facilitate our strategic focus on further business diversification. Immediately following the amendment, we increased the size of this facility from $500.0 million to $600.0 million providing increased liquidity for future acquisitions. There was no change to the size of the letter of credit sublimit which remains at $200.0 million. This amendment did not change the interest rate or the maturity date of the secured credit facility which remains at October 2018. Borrowings under this amended facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness. During October 2013, we executed the second amendment to our secured credit facility. This amendment extended the maturity date to October 2018, increased the size of the facility from $400.0 million to $500.0 million with no change to the size of the letter of credit sub-limit which remains at $200.0 million and decreased interest rates by 0.25%.

During May 2014, we entered into a membership interest purchase agreement to acquire all of the issued and outstanding membership interests in Sable for consideration of $124.7 million, subject to certain purchase price adjustments and contingent consideration. Consideration was paid in cash upon closing and a two year contingent consideration agreement was entered into entitling the sellers to additional cash consideration if the acquired business exceeds certain earnings targets. The acquisition was funded through borrowings from our secured credit facility, and subsequently Sable's ownership group purchased $50.0 million of our common units in a registered direct offering, which units are subject to certain transfer restrictions. With this acquisition we established a new operating and reportable segment referred to as our “Midstream Operations”. With the acquisition of Sable, we have two reportable operating segments: propane and related equipment sales and midstream operations. During May 2014, we entered into an asset purchase agreement to acquire one salt water disposal well, Dietert SWD, based in LaSalle County, Texas.

During November 2013, we issued $325.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to par. We received $319.3 million of net proceeds after deducting underwriters' fees. We applied the net proceeds to redeem all of our $300.0 million 9.125% fixed rate senior notes due October 1, 2017. We used the remaining proceeds to pay the related $14.7 million make whole and consent payments, $3.3 million in interest payments and to reduce outstanding indebtedness under our secured credit facility. This redemption also resulted in $6.0 million of non-cash write-offs of unamortized debt discount and related capitalized debt costs. The make whole and consent payments and the non-cash write-offs of unamortized debt discount and related capitalized debt costs are classified as loss on extinguishment of debt.

Distributable Cash Flow

A reconciliation of distributable cash flow to distributions paid for the year ended July 31, 2014 to the year ended July 31, 2013 is as follows (in thousands):

	Distributable Cash Flow to equity investors	Changes in cash reserves approved by our General Partner	Cash distributions paid to equity investors	DCF ratio
Year ended July 31, 2014	$ 190,497	$ 27,769	$ 162,728	1.17
Year ended July 31, 2013	183,114	21,642	161,472	1.13
Increase (decrease)	$ 7,383	$ 6,127	$ 1,256	0.04

For the twelve months ended July 31, 2014 distributable cash flow increased $7.4 million as discussed in the "distributable cash flow" section of results of operations above, cash distributions paid increased $1.3 million primarily due to the issuance of 2.2 million common units during fiscal 2014. These changes resulted in an increase in our distribution coverage ratio to 117% for the year ended July 31, 2014 as compared to 113% the year ended July 31, 2013. The changes in cash reserves of $27.8 million and $21.6 million in fiscal 2014 and 2013, respectively, were established to meet future anticipated expenditures.

Subject to meeting the financial tests discussed below and also subject to the risk factors identified in “Item 1A. Risk Factors,” we believe we will continue to have sufficient access to capital markets at yields acceptable to us to support our expected growth expenditures and refinancing of debt maturities. Our disciplined approach to fund necessary capital spending and other partnership needs, combined with sufficient trade credit to operate our business efficiently and available credit under our secured credit facility and our accounts receivable securitization facility should provide us the means to meet our anticipated liquidity and capital resource requirements.

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 economic, financial, business and weather 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 cash flow 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 and related equipment sales segment.

A quarterly distribution of $0.50 was paid on September 12, 2014, to all common units that were outstanding on September 5, 2014. This represents the eightieth consecutive minimum quarterly distribution paid to our common unitholders dating back to October 1994.

Our secured credit facility, publicly-held debt and accounts receivable securitization facility contain several financial tests and covenants restricting our ability to pay distributions, incur debt and engage in certain other business transactions. In general, these tests are based on our debt-to-cash flow ratio and cash flow-to-interest expense ratio. Our general partner currently believes that the most restrictive of these tests are debt incurrence limitations under the terms of our secured credit and accounts receivable securitization facilities and limitations on the payment of distributions within our 8.625% senior notes due 2020.

As of July 31, 2014, we met all of our required quarterly financial tests and covenants. Based upon current estimates of our cash flow, our general partner believes that we will be able to continue to meet all of our required quarterly financial tests and covenants in fiscal 2015. However, 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;
- a more volatile energy commodity cost environment;
- an unexpected downturn in business operations;
- a change in customer retention or purchasing patterns due to economic or other factors in the United States; or
- a material downturn in the credit and/or equity markets.

Failure to meet applicable financial tests could have a material effect on our operating capacity and cash flows and could restrict our ability to incur debt or to make cash distributions to our unitholders, even if sufficient funds were available. Depending on the circumstances, we may consider alternatives to permit the incurrence of debt or the continued payment of the quarterly cash distribution to our unitholders. No assurances can be given, however, that such alternatives can or will be implemented with respect to any given quarter.

We expect our future capital expenditures and working capital needs to be provided by a combination of cash generated from future operations, existing cash balances, the secured credit facility or the accounts receivable securitization facility. See additional information about the accounts receivable securitization facility in “Financing Activities – Accounts receivable securitization.” In order to reduce existing indebtedness, fund future acquisitions and expansive capital projects, we may obtain funds from our facilities, we may issue additional debt to the extent permitted under existing financing arrangements or we may issue additional equity securities, including, among others, common units.

Toward this purpose, the following registration statements were effective upon filing or declared effective by the SEC:

- a shelf registration statement for the periodic sale of up to $750.0 million in common units, debt securities and/or other securities; Ferrellgas Partners Finance Corp. may, at our election, be the co-issuer and co-obligor on any debt securities issued by Ferrellgas Partners under this shelf registration statement; as of September 2, 2014, these two registrants collectively had $658.0 million available under this shelf registration statement; and
- an “acquisition” shelf registration statement for the periodic sale of up to $500.0 million in common units to fund acquisitions; as of September 2, 2014, Ferrellgas Partners had $500.0 million available under this shelf registration statement.

Operating Activities

Fiscal 2014 v 2013

Net cash provided by operating activities was $125.7 million for fiscal 2014, compared to net cash provided by operating activities of $210.1 million for fiscal 2013. This decrease in cash provided by operating activities was primarily due to a $86.4 million increase in working capital requirements, partially offset by a $4.1 million improvement in cash flows from operations.

The increase in working capital requirements was due to a $42.2 million increase in accounts receivable resulting primarily from the increase in the wholesale market price of propane as well as the timing of billings and collections on accounts receivable, a $44.6 million increase in inventory from the increase in the wholesale market price of propane as well as the timing of inventory purchases, a $10.1 million increase in prepaid expenses and other current assets primarily due to the timing of deposits made toward the purchase of propane appliances and a $7.5 million decrease in accrued interest expense due to the timing of interest payments. These increases in working capital requirements were partially offset by a $15.8 million increase in accounts payable from the timing of purchases and disbursements.

The increase in cash flow from operations is primarily due to $43.9 million of increased "Gross margin - Propane and other gas liquid sales", $5.5 million of increased "Gross margin - midstream operations" and a $3.2 million increase in "Gross margin - Other", partially offset by a $31.1 million increase in operating expenses and $14.7 million of make whole and consent payments related to the early extinguishment of all of our $300.0 million 9.125% fixed rate senior notes due October 1, 2017, each as discussed above.

Fiscal 2013 v 2012

Net cash provided by operating activities was $210.1 million for fiscal 2013, compared to net cash provided by operating activities of $124.4 million for fiscal 2012. This increase in cash provided by operating activities was primarily due to a $81.5 million improvement in cash flow from operations and a $3.3 million decrease in working capital requirements.

The increase in cash flow from operations is primarily due to a $87.9 million increase in “Gross margin - Propane and other gas liquids sales” and a $8.9 million increase in "Gross margin - Other," partially offset by a combined $16.0 million increase in "Operating expense" and General and administrative expense", each as discussed above

The decrease in working capital requirements was primarily due to a $19.7 million increase from the timing of accounts payable purchases and disbursements, a $14.7 million decrease in prepaid expenses and other current assets primarily due to the timing of deposits made toward the purchase of propane appliances and a $7.3 million decrease from the timing of inventory purchases. These decreases in working capital requirements were partially offset by $36.4 million increase in accounts receivable resulting from the timing of billings and collections on accounts receivable.

The operating partnership

Fiscal 2014 v 2013

Net cash provided by operating activities was $141.5 million for fiscal 2014, compared to net cash provided by operating activities of $225.9 million for fiscal 2013. This decrease in cash provided by operating activities was primarily due to a $86.4 million increase in working capital requirements, partially offset by a $4.1 million improvement in cash flows from operations.

The increase in working capital requirements was due to a $42.2 million increase in accounts receivable resulting primarily from the increase in the wholesale market price of propane as well as the timing of billings and collections on accounts receivable, a $44.6 million increase in inventory from the increase in the wholesale market price of propane as well as the timing of inventory purchases, a $10.1 million increase in prepaid expenses and other current assets primarily due to the timing of deposits made toward the purchase of propane appliances and a $7.5 million decrease in accrued interest expense due to the timing of interest payments. These increases in working capital requirements were partially offset by a $15.8 million increase in accounts payable from the timing of purchases and disbursements.

The increase in cash flow from operations is primarily due to $43.9 million of increased "Gross margin - Propane and other gas liquid sales", $5.5 million of increased "Gross margin - midstream operations" and a $3.2 million increase in "Gross margin - Other", partially offset by a $31.3 million increase in operating expenses and $14.7 million of make whole and consent payments related to the early extinguishment of all of our $300.0 million 9.125% fixed rate senior notes due October 1, 2017, each as discussed above.

Fiscal 2013 v 2012

Net cash provided by operating activities was $225.9 million for fiscal 2013, compared to net cash provided by operating activities of $140.5 million for fiscal 2012. This increase in cash provided by operating activities was primarily due to a $81.3 million improvement in cash flow from operations and a $3.4 million decrease in working capital requirements.

The increase in cash flow from operations is primarily due to a $87.9 million increase in “Gross margin - Propane and other gas liquids sales” and a $8.9 million increase in "Gross margin - Other," partially offset by a combined $16.0 million increase in "Operating expense" and General and administrative expense", each as discussed above

The decrease in working capital requirements was primarily due to a $19.7 million increase from the timing of accounts payable purchases and disbursements, a $14.6 million decrease in prepaid expenses and other current assets primarily due to the timing of deposits made toward the purchase of propane appliances and a $7.3 million decrease from the timing of inventory purchases. These decreases in working capital requirements were partially offset by a $36.4 million increase in accounts receivable resulting from the timing of billings and collections on accounts receivable.

Investing Activities

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 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;

- 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.

Fiscal 2014 v 2013

Net cash used in investing activities was $210.1 million for fiscal 2014, compared to net cash used in investing activities of $68.1 million for fiscal 2013. This increase in net cash used in investing activities is primarily due to an increase of $124.8 million in "Business acquisitions, net of cash acquired", a $11.7 million increase in "Capital expenditures" and a $5.5 million decrease in “Proceeds from sale of assets” resulting primarily from the one-time sale of underutilized assets during the prior year period that was not repeated during the current year period.

The increase in "Business acquisitions, net of cash acquired" relates primarily to $124.0 million for the Sable acquisition. The increase in "Capital expenditures" relates primarily to $6.0 million of increased cylinder purchases, $2.6 million due to the timing of maintenance capital expenditures and $1.7 million of midstream operations construction projects.

Due to the mature nature of our propane and related equipment sales operations business, we have not incurred and do not anticipate significant fluctuations in maintenance capital expenditures. However, future fluctuations in growth capital expenditures could occur due to the opportunistic nature of these projects.

Due to the relatively new nature of our midstream operations business, we may experience significant fluctuations in maintenance capital expenditures as our facilities age and future fluctuations in growth capital expenditures could occur due to the opportunistic nature of these projects.

Fiscal 2013 v 2012

Net cash used in investing activities was $68.1 million for fiscal 2013, compared to net cash used in investing activities of $53.9 million for fiscal 2012. This increase in net cash used in investing activities is primarily due to increases of $26.8 million in business acquisitions, net of cash acquired, partially offset by a $8.4 million decrease in capital expenditures and an increase of $4.2 million in “Proceeds from assets sales”. The decrease in capital expenditures relates primarily to decreased purchases of propane cylinders in our effort to better utilize existing assets. The increase in proceeds from assets sales relates primarily to a one-time sale of underutilized real estate assets.

Financing Activities

Fiscal 2014 v 2013

Net cash provided by financing activities was $86.4 million for fiscal 2014, compared to net cash used in financing activities of $143.8 million for fiscal 2013. This increase in net cash provided by financing activities was primarily due to net increase in long-term borrowings of $126.1 million, an increase in secured credit facility and accounts receivable securitization facility short-term borrowings of $66.1 million and $50.0 million of proceeds from issuance of common units. These increases in cash were used primarily to fund our $124.0 million acquisition of Sable and the $84.5 million decrease in cash flows from operating activities as discussed above. These increases were partially offset by an $11.5 million increase in "Cash paid for financing costs".

Fiscal 2013 v 2012

Net cash used in financing activities was $143.8 million for fiscal 2013, compared to net cash used in financing activities of $69.4 million for fiscal 2011. This increase in net cash used in financing activities was primarily due to a $81.5 million net decrease in the short term portion of our secured credit facility and accounts receivable securitization facility borrowings, both of which are a result of improved cash flows from operating activities. A $57.6 million net increase in proceeds from long-term borrowings was somewhat offset by a $50.0 million decrease in proceeds from equity offerings.

Distributions

Ferrellgas Partners paid a $0.50 per unit quarterly distribution on all common units, as well as the related general partner distributions, totaling $162.7 million during fiscal 2014 in connection with the distributions declared for the three months ended July 31, 2013, October 31, 2013, January 31, 2014 and April 30, 2014. The quarterly distribution on all common units and the related general partner distribution for the three months ended July 31, 2014 of $41.8 million was paid on September 12, 2014 to holders of record on September 5, 2014.

Ferrellgas Partners paid a $0.50 per unit quarterly distribution on all common units, as well as the related general partner distributions, totaling $159.7 million during fiscal 2013 in connection with the distributions declared for the three months ended July 31, 2012, October 31, 2012, January 31, 2013 and April 30, 2013.

Secured credit facility

During June 2014, we executed a third amendment to our secured credit facility to better facilitate our strategic focus on further business diversification. Immediately following the amendment, we increased the size of this facility from $500.0 million to $600.0 million providing increased liquidity for future acquisitions. There was no change to the size of the letter of credit sublimit which remains at $200.0 million. This amendment did not change the interest rate or the maturity date of the secured credit facility which remains at October 2018. Borrowings under this amended facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness. During October 2013, we executed the second amendment to our secured credit facility. This amendment extended the maturity date to October 2018, increased the size of the facility from $400.0 million to $500.0 million with no change to the size of the letter of credit sublimit which remained at $200.0 million and decreased interest rates by 0.25%.

As of July 31, 2014, we had total borrowings outstanding under our secured credit facility of $193.3 million, of which $123.8 million was classified as long-term debt. Additionally, Ferrellgas had $350.4 million of available borrowing capacity under our secured credit facility as of July 31, 2014.

Borrowings outstanding at July 31, 2014 under the secured credit facility had a weighted average interest rate of 3.4%. All borrowings under the secured credit facility bear interest, at Ferrellgas' option, at a rate equal to either:

- for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America's prime rate; or iii) the Eurodollar Rate plus 1.00%; plus a margin varying from 0.75% to 1.75%; or
- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 1.75% to 2.75%.

As of July 31, 2014, the federal funds rate and Bank of America's prime rate were 0.09% and 3.25%, respectively. As of July 31, 2014, the one-month and three-month Eurodollar Rates were 0.17% and 0.24%, respectively.

In addition, an annual commitment fee is payable at a per annum rate range from 0.35% to 0.50% times the actual daily amount by which the facility exceeds the sum of (i) the outstanding amount of revolving credit loans and (ii) the outstanding amount of letter of credit obligations.

The obligations under this credit facility are secured by substantially all assets of the operating partnership, the general partner and certain subsidiaries of the operating partnership but specifically excluding (a) assets that are subject to the operating partnership's accounts receivable securitization facility, (b) the general partner's equity interest in Ferrellgas Partners and (c) equity interest in certain unrestricted subsidiaries. Such obligations are also guaranteed by the general partner and certain subsidiaries of the operating partnership.

Letters of credit outstanding at July 31, 2014 totaled $56.3 million and were used primarily to secure insurance arrangements and to a lesser extent product purchases. At July 31, 2014, we had available letter of credit remaining capacity of $143.7 million.

All standby letter of credit commitments under our secured credit facility bear a per annum rate varying from 1.75% to 2.75% (as of July 31, 2014, the rate was 2.25%) times the daily maximum amount available to be drawn under such letter of credit. Letter of credit fees are computed on a quarterly basis in arrears.

Accounts receivable securitization

Ferrellgas Receivables is accounted for as a consolidated subsidiary. Expenses associated with accounts receivable securitization transactions are recorded in "Interest expense" in the consolidated statements of earnings. Additionally, borrowings and repayments associated with these transactions are recorded in "Cash flows from financing activities" in the consolidated statements of cash flows.

Cash flows from our accounts receivable securitization facility increased $1.0 million. We received net funding of $9.0 million from this facility during fiscal 2014 as compared to receiving net funding of $8.0 million from this facility in the prior year period.

Our strategy is to maximize liquidity by utilizing the accounts receivable securitization facility along with borrowings under the secured credit facility. See additional discussion about the secured credit facility in "Financing Activities – Secured credit facility." 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 facility agreement. During January 2012, we executed our accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This accounts receivable securitization facility has $225.0 million of capacity, matures on January 19, 2017 and replaced the previous 364-day facility which was to expire on April 4, 2013. This agreement allows for proceeds of up to $225.0 million during the months of January, February, March and December, $175.0 million during the months of April and May and $145.0 million for all other months, depending on available undivided interests in our accounts receivable from certain customers. Borrowings on the accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20%, lower than our previous facility. As of July 31, 2014, we had received cash proceeds of $91.0 million related to the securitization of our trade accounts receivable, with no remaining capacity to receive additional proceeds. As of July 31, 2014, the weighted average interest rate was 2.1%. As our trade accounts receivable increase during the winter heating season, the securitization facility permits us to receive greater proceeds as eligible trade accounts receivable increases, thereby providing additional cash for working capital needs.

Common unit issuances

During September 2014, in a non-brokered registered direct offering which units are subject to certain transfer restrictions, we issued to Ferrell Companies Inc. and the former equity holders of the C&E sellers, an aggregate of 1.5 million common units for an aggregate purchase price of $42.0 million. We used these proceeds to pay down a portion of the borrowings under our secured credit facility that funded the C&E acquisition and other propane and related equipment sales acquisitions completed during fiscal 2014.

During May 2014, subsequent to the Sable acquisition, Sable's ownership group purchased $50.0 million of common units in a registered direct offering, which units are subject to certain transfer restrictions. We used these proceeds to pay down a portion of the borrowings under our secured credit facility that funded the Sable acquisition.

During fiscal 2014, Ferrellgas Partners issued 0.1 million common units for $1.5 million in connection with acquisitions.

During fiscal 2014 and 2013, Ferrellgas Partners issued $0.6 million and $0.9 million of common units, respectively, pursuant to its unit option plan.

During fiscal 2012, in a non-brokered registered direct offering, we issued to Ferrell Companies 1.4 million common units. Net proceeds of approximately $25.0 million were used to reduce outstanding indebtedness under our secured credit facility.

During fiscal 2012, we entered into an agreement with an institutional investor relating to a non-brokered registered direct offering of 1.5 million common units. Net proceeds of approximately $25.0 million were used to reduce outstanding indebtedness under our secured credit facility.

Debt issuances and repayments

During August 2014, the operating partnership completed an offer to exchange $475.0 million principal amount of its 6.75% senior notes due 2022, which were registered under the Securities Act of 1933, as amended, for a like principal amount of its outstanding and unregistered 6.75% senior notes due 2022, the principal amount of $325.0 million of which were issued on November 4, 2013, and the principal amount of $150.0 million of which were issued on June 13, 2014, each in a private placement.

During June 2014, we issued an additional $150.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to 104% of par. We used the net proceeds for general corporate purposes, including to repay indebtedness under its secured credit facility and to pay related transaction fees and expenses.

During November 2013, we issued $325.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to par. We received $319.3 million of net proceeds after deducting underwriters' fees. We applied the net proceeds to redeem all of our $300.0 million 9.125% fixed rate senior notes due October 1, 2017. We used the remaining proceeds to pay the related $14.7 million make whole and consent payments, $3.3 million in interest payments and to reduce outstanding indebtedness under the secured credit facility. This redemption also resulted in $6.0 million of non-cash write-offs of unamortized debt discount and related capitalized debt costs. The make whole and consent payments and the non-cash write-offs of unamortized debt discount and related capitalized debt costs are classified as loss on extinguishment of debt.

We believe that the liquidity available from our secured credit facility and the accounts receivable securitization facility will be sufficient to meet our capital expenditure, working capital and letter of credit requirements in fiscal 2015. See “Accounts Receivable Securitization” for discussion about our accounts receivable securitization facility. However, if we were to experience an unexpected significant increase in these requirements, our needs could exceed our immediately available resources. Events that could cause increases in these requirements include, but are not limited to the following:

- a significant increase in the wholesale cost of propane;
- a significant delay in the collections of accounts receivable;
- increased volatility in energy commodity prices related to risk management activities;
- increased liquidity requirements imposed by insurance providers;
- a significant downgrade in our credit rating leading to decreased trade credit;
- a significant acquisition; or
- a large uninsured unfavorable lawsuit settlement.

If one or more of these or other events caused a significant use of available funding, we may consider alternatives to provide increased liquidity and capital funding. No assurances can be given, however, that such alternatives would be available, or, if available, could be implemented. See a discussion of related risk factors in the section in Item 1A. “Risk Factors.”

The operating partnership

The financing activities discussed above also apply to the operating partnership except for cash flows related to common unit issuances and distributions and contributions received, as discussed below.

Distributions

The operating partnership paid cash distributions of $178.4 million and $177.2 million during fiscal 2014 and 2013, respectively. The operating partnership paid cash distributions of $42.2 million on September 12, 2014.

Contributions received by the operating partnership

During September 2014, the operating partnership received cash contributions of $42.2 million from Ferrellgas Partners pursuant to a registered direct offering as discussed above and a related $0.4 million from the general partner. The proceeds were used to pay down outstanding indebtedness under the secured credit facility that funded the C&E acquisition and other propane and related equipment sales acquisitions completed during fiscal 2014.

During fiscal 2014, the operating partnership received cash contributions of $51.1 million and $0.5 million from Ferrellgas Partners and the general partner, respectively. The proceeds were used to reduce outstanding indebtedness under the secured credit facility that funded the Sable acquisition. During fiscal 2014, the operating partnership received asset contributions from Ferrellgas Partners of $1.5 million in connection with other propane and related equipment acquisitions. The general partner made cash contributions of $0.5 million and non-cash contributions of $0.5 million to the operating partnership to maintain its 1.0101% general partner interest in connection with these contributions from Ferrellgas Partners.

During fiscal 2013, the operating partnership received cash contributions of $0.8 million from Ferrellgas Partners. The proceeds were used to reduce outstanding indebtedness under the secured credit facility. The general partner made cash contributions of $9 thousand and non-cash contributions of $0.3 million to the operating partnership to maintain its 1.0101% general partner interest in connection with these contributions from Ferrellgas Partners.

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 agreement, 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 $248.8 million for fiscal 2014, 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 and severance costs.

Related party common unitholder information consisted of the following:

	Common unit ownership at July 31, 2014	Distributions paid during the year ended (in thousands) July 31, 2014
Ferrell Companies (1)	21,469,664	$ 42,939
FCI Trading Corp. (2)	195,686	392
Ferrell Propane, Inc. (3)	51,204	104
James E. Ferrell (4)	4,358,475	8,717

(1) Ferrell Companies is the sole shareholder of our general partner. During September 2014, we completed a non-brokered registered direct offering to Ferrell Companies of 1.1 million common units. Net proceeds of approximately $30.0 million were used to reduce outstanding indebtedness under our secured credit facility.
(2) FCI Trading Corp. is an affiliate of the general partner and is wholly-owned by Ferrell Companies.
(3) Ferrell Propane, Inc. is wholly-owned by our general partner.
(4) James E. Ferrell is the Chairman of the Board of Directors of our general partner.

During fiscal 2014, Ferrellgas Partners and the operating partnership together paid the general partner distributions of $3.4 million.

On September 12, 2014, Ferrellgas Partners paid distributions to Ferrell Companies, FCI Trading Corp., Ferrell Propane, Inc., James E. Ferrell (indirectly) and the general partner of $11.3 million, $0.1 million, $26 thousand, $2.2 million and $0.4 million, respectively.

During fiscal 2012, we completed a non-brokered registered direct offering to Ferrell Companies of 1.4 million common units. Net proceeds of approximately $25.0 million were used to reduce outstanding indebtedness under the secured credit facility.

Contractual Obligations

In the performance of our operations, we are bound by certain contractual obligations.

The following table summarizes our contractual obligations at July 31, 2014:

	Payment or settlement due by fiscal year						
(in thousands)	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**
Long-term debt, including current portion (1)	$ 3,623	$ 3,523	$ 3,186	$ 1,704	$ 124,855	$ 1,157,856	$ 1,294,747
Fixed rate interest obligations (2)	80,260	80,260	80,260	80,260	80,260	160,854	562,154
Operating lease obligations (3)	31,635	26,182	21,120	16,456	11,798	11,884	119,075
Operating lease buyouts (4)	1,448	2,054	1,509	2,746	2,893	6,649	17,299
Purchase obligations: (5)							
Product purchase commitments: (6)							
Estimated payment obligations	152,847	5,150		—	—	—	157,997
Employment agreements (7)	—	—	—	—	—	1,088	1,088
Contingent consideration (8)	1,000	5,400	—	—	—	—	6,400
Total	$ 270,813	$ 122,569	$ 106,075	$ 101,166	$ 219,806	$ 1,338,331	$ 2,158,760
Underlying product purchase volume commitments (in gallons) (6)	145,377	5,040		—	—	—	150,417

(1) We have long and short-term payment obligations under agreements such as our senior notes and our secured credit facility. Amounts shown in the table represent our scheduled future maturities of long-term debt (including current maturities thereof) for the periods indicated. For additional information regarding our debt obligations, please see “Liquidity and Capital Resources – Financing Activities.”

(2) Fixed rate interest obligations represent the amount of interest due on fixed rate long-term debt, not including the effect of interest rate swaps. These amounts do not include interest on the long-term portion of our secured credit facility, a variable rate debt obligation. As of July 31, 2014, variable rate interest on our outstanding balance of long-term variable rate debt of $123.8 million would be $4.2 million on an annual basis, not including the effect of interest rate swaps. Actual variable rate interest amounts will differ due to changes in interest rates and actual seasonal borrowings under our secured credit facility.

(3) We lease certain property, plant and equipment under noncancelable and cancelable operating leases. Amounts shown in the table represent minimum lease payment obligations under our third-party operating leases for the periods indicated.

(4) Operating lease buyouts represent the maximum amount we would pay if we were to exercise our right to buyout the assets at the end of their lease term. Historically, we have been successful in renewing certain leases that are subject to buyouts. However, there is no assurance we will be successful in the future.

(5) We define a purchase obligation as an agreement to purchase goods or services that is enforceable and legally binding (unconditional) on us that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.

(6) We have long and short-term product purchase obligations for propane and energy commodities with third-party suppliers. These purchase obligations are entered into at either variable or fixed prices. The purchase prices that we are obligated to pay under variable price contracts approximate market prices at the time we take delivery of the volumes. Our estimated future variable price contract payment obligations are based on the July 31, 2014 market price of the applicable commodity applied to future volume commitments. Actual future payment obligations may vary depending on market prices at the time of delivery. The purchase prices that we are obligated to pay under fixed price contracts are established at the inception of the contract. Our estimated future fixed price contract payment obligations are based on the contracted fixed price under each commodity contract. Quantities shown in the table represent our volume commitments and estimated payment obligations under these contracts for the periods indicated.

(7) We have an incentive bonus payable to James E. Ferrell of $1.1 million upon his termination as Chairman of the Board of Directors of our General Partner.

(8) We have a contingent consideration obligation for the Sable acquisition that is based upon our estimate of the amount and likelihood that certain targeted EBITDA metrics will be met and exceeded.

Other than contingent consideration, the components of other noncurrent liabilities included in our consolidated balance sheets principally consist of property and casualty liabilities. These liabilities are not included in the table above because they are estimates of future payments and not contractually fixed as to timing or amount.

The operating partnership

The contractual obligation table above also applies to the operating partnership, except for long-term debt, including current portion and fixed rate interest obligations, which are summarized in the table below:

	Payment or settlement due by fiscal year						
(in thousands)	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**
Long-term debt, including current portion (1)	$ 3,623	$ 3,523	$ 3,186	$ 1,704	$ 124,855	$ 975,856	$ 1,112,747
Fixed rate interest obligations (2)	$ 64,563	$ 64,563	$ 64,563	$ 64,563	$ 64,563	$ 145,154	$ 467,969

(1) The operating partnership has long and short-term payment obligations under agreements such as the operating partnership's senior notes and secured credit facility. Amounts shown in the table represent the operating partnership's scheduled future maturities of long-term debt (including current maturities thereof) for the periods indicated. For additional information regarding the operating partnership's debt obligations, please see "Liquidity and Capital Resources – Financing Activities."

(2) Fixed rate interest obligations represent the amount of interest due on fixed rate long-term debt, not including the effect of interest rate swaps. These amounts do not include interest on the long-term portion of our secured credit facility, a variable rate debt obligation. As of July 31, 2014, variable rate interest on our outstanding balance of long-term variable rate debt of $123.8 million would be $4.2 million on an annual basis, not including the effect of interest rate swaps. Actual variable rate interest amounts will differ due to changes in interest rates and actual seasonal borrowings under our secured credit facility.

Other than contingent consideration, the components of other noncurrent liabilities included in our consolidated balance sheets principally consist of property and casualty liabilities. These liabilities are not included in the table above because they are estimates of future payments and not contractually fixed as to timing or amount.

Off-balance Sheet Financing Arrangements

In this section we discuss our off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has:

- made guarantees;
- an obligation under derivative instruments classified as equity; or
- any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company.

Our off-balance sheet arrangements include the leasing of transportation equipment, property and computer equipment and letters of credit available under our secured credit facility.

The leasing of transportation equipment, property and computer equipment is accounted for as operating leases. We believe these arrangements are a cost-effective method for financing our equipment needs. These off-balance sheet arrangements enable us to lease equipment from third parties rather than, among other options, purchasing the equipment using on-balance sheet financing.

Most of the operating leases involving our transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over the next seven years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or we will be required to pay the lessor the difference. Although the fair values at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments we could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $5.1 million as of July 31, 2014. We do not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

See discussion about our letters of credit available under our secured credit facility and the sale of accounts receivable to our accounts receivable securitization facility both in "Liquidity and Capital Resources."

Adoption of New Accounting Standards

Below is a listing of a recently issued accounting pronouncement that we have not yet adopted as of July 31, 2014.

Title of Guidance	Effective Date
Accounting Standard Update No. 2014-09 "*Revenue from Contracts with Customers"*	Fiscal years, and interim reporting periods within those years, beginning after December 15, 2016
Accounting Standard Update No. 2014-08 "*Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"*	Effective in the first quarter of 2015 for public companies with calendar year ends

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to establish accounting policies and make estimates and assumptions that affect our reported amounts of assets and liabilities at the date of the consolidated financial statements. These financial statements include some estimates and assumptions that are based on informed judgments and estimates of management. We evaluate our policies and estimates on an on-going basis and discuss the development, selection and disclosure of critical accounting policies with the Audit Committee of the Board of Directors of our general partner. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. Our consolidated financial statements may differ based upon different estimates and assumptions.

We discuss our significant accounting policies in Note B – Summary of significant accounting policies – to our consolidated financial statements. Our significant accounting policies are subject to judgments and uncertainties that affect the application of such policies. We believe these financial statements include the most likely outcomes with regard to amounts that are based on our judgment and estimates. Our financial position and results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from the actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe the following accounting policies are critical to the preparation of our consolidated financial statements due to the estimation process and business judgment involved in their application:

Depreciation of property, plant and equipment

We calculate depreciation on property, plant and equipment using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Changes in the estimated useful lives of our property, plant and equipment could have a material effect on our results of operations. The estimates of the assets' useful lives require our judgment regarding assumptions about the useful life of the assets being depreciated. When necessary, the depreciable lives are revised and the impact on depreciation is treated on a prospective basis. There were no such revisions to depreciable lives in fiscal 2014, 2013 or 2012.

Residual value of customer and storage tanks

We use an estimated residual value when calculating depreciation for our customer and bulk storage tanks. Customer and bulk storage tanks are classified as property, plant and equipment on our consolidated balance sheets. The depreciable basis of these tanks is calculated using the original cost less the residual value. Depreciation is calculated using straight-line method based on the tanks' estimated useful life of 30 years. Changes in the estimated residual value could have a material effect on our results of operations. The estimates of the tanks' residual value require our judgment of the value of the tanks at the end of their useful life or retirement. When necessary, the tanks' residual values are revised and the impact on depreciation is treated on a prospective basis. There were no such revisions to residual values in fiscal 2014, 2013 or 2012.

Valuation methods, amortization methods and estimated useful lives of intangible assets

The specific, identifiable intangible assets of a business enterprise depend largely upon the nature of its operations. Potential intangible assets include intellectual property such as trademarks and trade names, customer lists and relationships, and non-compete agreements, permits, favorable lease arrangements as well as other intangible assets. The approach to the valuation of each intangible asset will vary depending upon the nature of the asset, the business in which it is utilized, and the economic returns it is generating or is expected to generate. During fiscal 2014, 2013 or 2012, we did not find it necessary to adjust the valuation methods used for any acquired intangible assets.

Our recorded intangible assets primarily include the estimated value assigned to certain customer-related and contract-based assets representing the rights we own arising from the acquisition of propane distribution companies, midstream operations companies and related contractual agreements. A customer-related or contract-based intangible with a finite useful life is amortized over its estimated useful life, which is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the entity. We believe that trademarks and trade names have an indefinite useful life due to our intention to utilize all acquired trademarks and trade names. When necessary, the intangible assets' useful lives are revised and the impact on amortization will be reflected on a prospective basis. The determination of the fair market value of the intangible asset and the estimated useful life are based on an analysis of all pertinent factors including (1) the use of widely-accepted valuation approaches, the income approach or the cost approach, (2) the expected use of the asset by the entity, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension periods that would not cause substantial costs or modifications to existing agreements, (5) the effects of obsolescence, demand, competition, and other economic factors and (6) the level of maintenance required to obtain the expected future cash flows.

If the underlying assumption(s) governing the amortization of an intangible asset were later determined to have significantly changed (either favorably or unfavorably), then we may be required to adjust the amortization period of such asset to reflect any new estimate of its useful life. Such a change would increase or decrease the annual amortization charge associated with the asset at that time. During fiscal 2014, 2013 or 2012, we did not find it necessary to adjust the valuation method, estimated useful life or amortization period of any of our intangible assets.

Should any of the underlying assumptions indicate that the value of the intangible asset might be impaired, we may be required to reduce the carrying value and subsequent useful life of the asset. Any such write-down of the value and unfavorable change in the useful life (i.e., amortization period) of an intangible asset would increase operating costs and expenses at that time.

We did not recognize any impairment losses related to our intangible assets during fiscal 2014, 2013 or 2012. For additional information regarding our intangible assets, see Note B - Summary of significant accounting policies - and Note G - Goodwill and intangible assets, net - to our consolidated financial statements.

Accounting for Risk Management Activities and Derivative Financial Instruments

We enter into commodity forward, futures, swaps and options contracts involving propane and related products to hedge exposures to price risk. These derivative contracts are reported in the consolidated balance sheets at fair value with changes in fair value recognized in cost of product sold in the consolidated statements of earnings or in other comprehensive income in the consolidated statement of partners' capital. We utilize published settlement prices for exchange-traded contracts, quotes provided by brokers and estimates of market prices based on daily contract activity to estimate the fair value of these contracts. Changes in the methods used to determine the fair value of these contracts could have a material effect on our consolidated balance sheets and consolidated statements of earnings. For further discussion of derivative commodity contracts, see Item 7A. "Quantitative and Qualitative Disclosures about Market Risk," Note B – Summary of significant accounting policies, Note J – Fair value measurements and Note K – Derivative instruments and hedging activities – to our consolidated financial statements. We do not anticipate future changes in the methods used to determine the fair value of these derivative contracts.

Stock and unit-based compensation

We utilize a binomial valuation tool to compute an estimated fair value of stock and unit-based awards at each balance sheet date. This valuation tool requires a number of inputs, some of which require an estimate to be made by management. Significant estimates include our computation of volatility, the number of groups of employees, the expected term of awards and the forfeiture rate of awards.

- Our stock-based awards plan grants awards out of Ferrell Companies. Ferrell Companies is not a publicly-traded company and management does not believe it can be categorized within any certain industry group. As a result, our volatility computation is highly subjective. If a different volatility factor were used, it could significantly change the fair value assigned to stock-based awards at each balance sheet date.
- Management believes we have three groups of employees that participate in our stock and unit-based compensation plans. If a determination were made that we have a different number of groups of employees, that determination could significantly change the expected term and forfeiture rate assigned to our stock and unit-based awards.
- Our method for computing the expected term of our stock and unit-based awards utilizes a combination of historical exercise patterns and estimates made by management on grantee exercises patterns. This method could assign a term to our

stock and unit-based awards that is significantly different from their actual terms, which could result in a significant difference in the fair value assigned to the awards at each balance sheet date.

- Our method for computing the expected forfeiture rates of our stock and unit-based awards utilizes a combination of historical forfeiture patterns and estimates made by management on forfeiture patterns. If actual forfeiture rates were to differ significantly from our estimates, it could result in significant differences between actual and reported compensation expense for our stock and unit-based awards.

Litigation accruals and environmental liabilities

We are involved in litigation regarding pending claims and legal actions that arise in the normal course of business and may own sites at which hazardous substances may be present. In accordance with GAAP, we establish reserves for pending claims and legal actions or environmental remediation liabilities when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We did not enter into any risk management trading activities during fiscal 2014. Our remaining market risk sensitive instruments and positions have been determined to be “other than trading.” We do not conduct any risk management activities related to our midstream operations.

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 on a short-term basis. 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. These 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 swaps, options, futures and basis swaps to seek protection from adverse price movements and to minimize potential losses. We enter into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. We also enter into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on our financial statements until settled.

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 July 31, 2014 and 2013, 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 $1.9 million and $10.3 million as of July 31, 2014 and 2013, 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 hedging transactions, which we anticipate will be 100% effective.

Credit Risk

We maintain credit policies with regard to our counterparties for propane procurement that we believe significantly minimize overall credit risk. These policies include an evaluation of counterparties' financial condition (including credit ratings), and entering into agreements with counterparties that govern credit guidelines.

These counterparties consist of major energy companies who are suppliers, wholesalers, retailers, end users and 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 July 31, 2014, we had $284.3 million, in variable rate secured credit facility and collateralized note payable borrowings. Thus, assuming a one percent increase in our variable interest rate, our interest rate risk related to these borrowings would result in a loss in future earnings of $2.8 million for fiscal 2015. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus actual results may differ. We manage a portion of our interest rate exposure by utilizing interest rate swaps. To the extent that we have debt with variable interest rates that is not hedged, our results of operations, cash flows and financial condition could be materially adversely affected by significant increases in interest rates. We have the following interest rate swaps outstanding as of July 31, 2014, all of which are designated as hedges for accounting purposes:

Term	Notional Amount(s) (in thousands)	Type
May-21	$140,000	Pay a floating rate and receive a fixed rate of 6.50%
Aug-18 (1)	$175,000 and $100,000	Forward starting to pay a fixed rate of 1.95% and receive a floating rate

(1) These forward starting swaps have an effective date of August 2015 and a term of three years.

A hypothetical one percent change in interest rates would result in a net change in earnings of $1.4 million in fiscal 2015. There would be no effect on cash flows during 2015 due to a hypothetical change in interest rates on the $175.0 million swap because its forward start date is August 2015. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus, actual results may differ.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements and the Independent Registered Public Accounting Firm's Reports thereon and the Supplementary Financial Information listed on the accompanying Index to Financial Statements and Financial Statement Schedules are hereby incorporated by reference. See Note Q – Quarterly data (unaudited) – to Ferrellgas Partners, L.P. and Subsidiaries consolidated financial statements and Note P - Quarterly data (unaudited) to Ferrellgas L.P. and Subsidiaries consolidated financial statements for Selected Quarterly Financial Data.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A. CONTROLS AND PROCEDURES.

An evaluation was performed by the management of Ferrellgas Partners, 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.

The management of Ferrellgas Partners, 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 July 31, 2014, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

Management's Report on Internal Control Over Financial Reporting

The management of Ferrellgas Partners, Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in 1992 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in 1992 *Internal Control – Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of July 31, 2014.

On May 1, 2014, we acquired Sable. We acknowledge that we are responsible for establishing and maintaining a system of internal controls over financial reporting for Sable. We are in the process of integrating Sable, and we therefore excluded Sable from our July 31, 2014 assessment of the effectiveness of internal control over financial reporting. The operations excluded from our evaluation represent 8.7% of our total assets at July 31, 2014, 0.3% of our total revenues for the year ended July 31, 2014. The impact of the acquisition of Sable has not materially affected and is not expected to materially affect our internal control over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. We believe, however, that we will be able to maintain sufficient controls over the substantive results of our financial reporting throughout this integration process.

The effectiveness of our internal control over financial reporting for Ferrellgas Partners, as of July 31, 2014, has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is included herein.

During the most recent fiscal quarter ended July 31, 2014, 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) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Partners
Ferrellgas Partners, L.P.

We have audited the internal control over financial reporting of Ferrellgas Partners, L.P. (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of July 31, 2014, based on criteria established in 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting ("Management’s Report"). Our responsibility is to express an opinion on the Partnership’s internal control over financial reporting based on our audit. Our audit of, and opinion on, the Partnership’s internal control over financial reporting does not include internal control over financial reporting of Sable Environmental, LLC and Sable SWD 2, LLC (collectively, “Sable”), a wholly owned subsidiary, whose financial statements reflect total assets and revenues constituting 8.7 and 0.3 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended July 31, 2014. As indicated in Management’s Report, Sable was acquired on May 1, 2014, and therefore, management’s assertion on the effectiveness of the Partnership’s internal control over financial reporting excluded internal control over financial reporting of Sable.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of July 31, 2014, based on criteria established in 1992 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Partnership as of and for the year ended July 31, 2014, and our report dated September 29, 2014 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
September 29, 2014

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors and Executive Officers of our General Partner

The following table sets forth certain information with respect to the directors and executive officers of our general partner as of September 29, 2014. Officers are appointed to their respective office or offices either annually or as needed. Directors are appointed to their respective office or offices annually.

Name	Age	Director Since	Executive Officer Since	Position
James E. Ferrell	74	1984	2000	Chairman of the Board of Directors
Stephen L. Wambold	46	2009	2005	Chief Executive Officer and President, Director
J. Ryan VanWinkle	41	N/A	2008	Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer
Tod D. Brown	51	N/A	2006	Executive Vice President, Ferrellgas, Inc. and President, Blue Rhino
Boyd H. McGathey	55	N/A	2013	Executive Vice President and Chief Operating Officer
Pamela A. Breuckmann	38	2013	N/A	Director
Daniel G. Kaye	60	2012	N/A	Director
A. Andrew Levison	58	1994	N/A	Director
John R. Lowden	57	2003	N/A	Director
Michael F. Morrissey	72	1999	N/A	Director
David L. Starling	65	2014	N/A	Director

James E. Ferrell – Mr. Ferrell has been with Ferrell Companies or its predecessors and its affiliates in various executive capacities since 1965, including Chairman of the Board of Directors of Ferrellgas, Inc. Under his leadership, Ferrellgas has grown from a small, independently owned propane company to one of the nation's largest propane retailers. An active member of the retail propane industry, Mr. Ferrell is a past President of the World LP Gas Association and a former Chairman of the Propane Vehicle Council.

Stephen L. Wambold – Mr. Wambold joined our general partner as a General Manager in 1997, became Region Vice President in 2003, became Senior Vice President of Operations in 2005, became President and Chief Operating Officer in 2006 and became Chief Executive Officer and President and was appointed to the board of directors in 2009. Mr. Wambold obtained his Bachelors degree from Purdue University.

Mr. Wambold's experience as a retail propane operations manager brings to the Board a unique and well-developed understanding of our industry and the opportunities within the industry to drive unitholder value. Mr. Wambold contributes to the Board his strategic vision for growth, brand building experience and a consumer focus. Mr. Wambold also adds strong leadership capabilities, operating expertise, business strategy expertise and strategic planning skills.

J. Ryan VanWinkle – Mr. VanWinkle joined our general partner in 1999. Since that time he has held various positions until being named Chief Financial Officer, Vice President of Corporate Development and Treasurer in 2008. Mr. VanWinkle currently serves as Executive Vice President, Chief Financial Officer, Treasurer and President of Midstream Operations. Mr. VanWinkle also serves as a member of the Board of Directors for the Children's Center for the Visually Impaired and the Truman Medical Center Charitable Foundation, each in Kansas City, Missouri and for the Employee-Owned S Corporations of America. Mr. VanWinkle obtained his Bachelor of Science degree in Accounting from the University of Missouri – Kansas City.

Tod D. Brown – Mr. Brown joined our general partner as Senior Director of Sales, Blue Rhino in 2004, became Vice President of Sales, Blue Rhino in 2005, became Vice President, Blue Rhino in 2006, became Senior Vice President, Ferrellgas and President, Blue Rhino in 2008 and became Executive Vice President, Ferrellgas and President, Blue Rhino in 2012. Mr. Brown obtained his Bachelor of Arts degree from Ball State University.

Boyd H. McGathey - Mr. McGathey joined our general partner as Senior Vice President of Operations in 2011 and became Executive Vice President and Chief Operating Officer in 2013. Prior to that, Mr. McGathey served as the West Division President of Inergy, L.P. from January 2010 to March 2011 as well as Partner and Chief Operating Officer of Liberty Propane from March 2005 to December 2009. Mr. McGathey serves on the Board of Directors of International Young Gassers Association, Kansas City Metropolitan Crime Commission, Kansas City Crime Stoppers and Surviving Spouse and Family Endowment Fund.

Pamela A. Breuckmann - Ms. Breuckmann was elected to the Board of Directors in September 2013. Since 2011, Ms. Breuckmann has served as the President of Ferrell Capital, Inc. Prior to becoming President of Ferrell Capital, she served as the Chief Financial Officer of the organization from 2007 to 2011. In addition to her role at Ferrell Capital, she is the President and Chief Operating Officer of Samson Capital Management, LLC. This SEC registered investment advisory business specializes in managing Master Limited Partnership securities for investors. The blend of Ms. Breuckmann's investment experience, accounting background and finance roles give her a unique perspective that serves the Board well. She began her career in 1998 as an auditor at Deloitte & Touche, LLP. Ms. Breuckmann graduated from the University of Kansas with Bachelor of Science degrees in Business Administration and Accounting. She also holds a Master of Accounting and Information Systems degree from the University of Kansas and has been a Certified Public Accountant since 2000. Ms. Breuckmann currently serves on the board of a local not-for-profit, Women's Employment Network.

Daniel G. Kaye – Mr. Kaye joined the Board of Directors during August 2012, as Chairman of the Corporate Governance and Nominating Committee and a member of the Audit Committee. Mr. Kaye served as Senior Vice President and Chief Financial Officer for HealthEast Care System from January 2013 to May 2014 where he directed all financial and treasury matters for this billion dollar revenue hospital and clinic system based in St. Paul, Minnesota. He is also the recently (2012) retired Ernst & Young Midwest Managing Partner of Assurance in Chicago, where he was responsible for more than 1,600 professionals in 10 offices serving 12 states. Mr. Kaye enjoyed a track record of increasing leadership and responsibilities over his 35-year career at Ernst & Young which included serving as the New England Area Managing Partner and an audit partner for 25 years. He has served on the Board of Directors of several not-for-profit organizations including the United Way of Metropolitan Chicago, the United Way of Massachusetts Bay, Catholic Charities, Junior Achievement and the The Greater Boston Chamber of Commerce. Mr. Kaye is a National Association of Corporate Directors (NACD) Governance Fellow. He has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive study for corporate directors. Mr. Kaye has been a Certified Public Accountant since 1978 with a Bachelor of Science degree in Accounting from the University of Wisconsin-Madison. We consider Mr. Kaye to be a financial and accounting expert.

A. Andrew Levison – Mr. Levison has served on the Board of Directors since 1994 and is a member of the Board's Compensation and Corporate Governance and Nominating Committees. For the past five years Mr. Levison has served as the Managing Partner of Southfield Capital Advisors, LLC, a Greenwich, Connecticut-based, private merchant banking firm and serves on the Boards of Directors of Presidio Partners, LLC, and the Levison/Present Foundation at Mount Sinai Hospital in New York City. Mr. Levison obtained his Bachelor of Science degree in Finance from Babson College.

Mr. Levison founded Levison & Co., the predecessor of Southfield Capital Advisors, LLC, in 2002. Prior to that, Mr. Levison was the Head of Leveraged Finance at Donaldson, Lufkin & Jenrette ("DLJ"), where he oversaw banking and origination activities for all of DLJ's investment banking products for leveraged companies. In particular, Mr. Levison focused on high yield securities, leveraged bank loans, bridge loans and mezzanine/equity investments. Under Mr. Levison's leadership, DLJ became the number one ranked firm for high yield underwriting throughout the 1990's. While at DLJ, Mr. Levison also

served as Co-Chairman of the Credit Committee and as a member of the Management Committee of the Investment Banking Division and the Banking Review Committee. Prior to joining DLJ, Mr. Levison was a Managing Director of the Leveraged Buyout Group at Drexel Burnham Lambert and a Vice-President of the Special Finance Group at Manufacturers Hanover Trust.

While serving on the Board of Directors of our general partner, Mr. Levison's firm DLJ acted as an underwriter with regard to the initial public offering in 1994 which coincided with the formation of our master limited partnership. Mr. Levison brings to the Board significant experience in capital markets, corporate finance and investment banking. We consider Mr. Levison to be a financial expert.

John R. Lowden – Mr. Lowden was appointed to the Board of Directors in 2003 and chairs the Board's Compensation Committee and serves on the Board's Audit Committee. Since 2001, Mr. Lowden has served as the President of NewCastle Partners, LLC, a Greenwich, Connecticut-based private investment firm. Mr. Lowden also serves as Chairman and CEO of World Dryer Corporation and Metpar Industries, Inc. and serves on the Board of Trustees of Wake Forest University. Mr. Lowden obtained his Master's degree in Business Administration and his Bachelor of Science degree in Business from Wake Forest University.

Mr. Lowden was a founding partner of NewCastle Partners, LLC in 2001. Prior to that, Mr. Lowden had served as a partner of The Jordan Company, a New York City-based private equity firm. Mr. Lowden was responsible for sourcing, structuring, negotiating and closing investments and monitoring portfolio companies. Mr. Lowden was also an investment banker with Ferris & Company in Washington, DC where he was engaged in mergers and acquisitions, public offerings, private placements and venture capital. During his 25 years in private equity, Mr. Lowden has been a principal investor and participated in the acquisitions of over 35 manufacturing, retail and distribution businesses.

Mr. Lowden brings to the Board significant experience in capital markets, corporate finance and investment banking. We consider Mr. Lowden to be a financial expert.

Michael F. Morrissey – Mr. Morrissey has served on the Board of Directors since 1999 and chairs the Board's Audit Committee and serves on the Board's Compensation Committee. Mr. Morrissey has been selected as the presiding director for non-management executive sessions of the Board. Mr. Morrissey retired as the Managing Partner of Ernst & Young's Kansas City, Missouri office in 1999. For the past five years Mr. Morrissey has served as a board member on the boards of directors of various companies, and currently serves on the Board of Directors and its Compensation Committee and as Audit Committee Chairman of Westar Energy, Inc. (since 2003), serves on the Board of Directors and its Compensation Committee and as Audit Committee Chairman of Waddell & Reed Financial, Inc. (since 2010), and the boards of several private companies and not-for-profit organizations.

Mr. Morrissey served as a partner of Ernst & Young for seventeen years. Prior to that, Mr. Morrissey worked for twelve years for two major accounting firms, one of which was Ernst & Young (for seven years). Mr. Morrissey has been a Certified Public Accountant since 1972. Mr. Morrissey brings to the Board substantial experience as the Chairman of the audit committees of public companies, many years of experience as an audit partner of a major accounting firm and extensive experience as a director of other large private and public companies. We consider Mr. Morrissey to be a financial and accounting expert. Mr. Morrissey has a high level of understanding of the Board's role and responsibilities based on his service on other company boards. Mr. Morrissey obtained his Bachelor of Business Administration degree in Accounting from the University of Notre Dame and obtained his Master of Business Administration degree in Finance from Temple University.

David L. Starling - Mr. Starling was elected to the Board of Directors in February 2014 and serves on the Board's Corporate Governance and Nominating Committee. Mr. Starling has served as President and Chief Executive Officer of Kansas City Southern (KCS) since August 2010. Mr. Starling has been a director of KCS since May, 2010. He served as President and Chief Operating Officer of KCS from July 2008 through August 2010. Mr. Starling has also served as a Director, President and Chief Executive Officer of The Kansas City Southern Railway Company since July 2008. He has also served as Vice Chairman of the Board of Directors of Kansas City Southern de Mexico since September 2009. Mr. Starling has served as Vice Chairman of the Board of Directors of Panama Canal Railway Company and Panarail since July 2008. Prior to joining KCS, Mr. Starling served as President and Director General of Panama Canal Railway Company from 1999 through June 2008. Mr. Starling brings to the board substantial expertise in the North American rail industry and in intermodal and global shipping logistics. His experience in Latin America, North America and Asia has helped to expand KCS' marketing and growth opportunities and his 30 years of operating experience helped navigate the company through the economic downturn and established longterm, sustainable operating efficiencies.

Corporate Governance

The limited partnership agreements of Ferrellgas Partners and the operating partnership provide for each partnership to be governed by a general partner rather than a board of directors. Through these partnership agreements, Ferrellgas, Inc. acts as the

general partner of both Ferrellgas Partners and the operating partnership and thereby manages and operates the activities of Ferrellgas Partners and the operating partnership. Ferrellgas, Inc. anticipates that its activities will be limited to the management and operation of the partnerships. Neither Ferrellgas Partners nor the operating partnership directly employs any of the persons responsible for the management or operations of the partnerships, rather, these individuals are employed by the general partner.

The Board of Directors of our general partner has adopted a set of Corporate Governance Guidelines for the Board and charters for its Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee. A current copy of these Corporate Governance Guidelines and charters, each of which were adopted and approved by the entire Board, are available, free of charge, to our security holders and other interested parties on our website at www.ferrellgas.com (under the caption “Corporate Governance” within “Investor Information”) and are also available in print to any unitholder or other interested parties who request it. Requests for print copies should be directed to:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210
913-661-1533
investors@ferrellgas.com.

Please note that the information and materials found on our website, except for SEC filings expressly incorporated by reference into this report herein, are not part of this report and are not incorporated by reference into this report.

Additionally, the Board has affirmatively determined that Mr. Levison, Mr. Lowden, Mr. Morrissey, Mr. Kaye and Mr. Starling, who constitute a majority of its Directors, are “independent” as described by the New York Stock Exchange’s (“NYSE”) corporate governance rules. In conjunction with regular Board meetings, these five non-management directors also meet in a regularly scheduled executive session without members of management present. A non-management director presides over each executive session of non-management directors. Mr. Morrissey has been selected as the presiding director for non-management executive sessions. If Mr. Morrissey is not present then the other non-management directors shall select the presiding director. Additional executive sessions may be scheduled by a majority of the non-management directors in consultation with the presiding director and the Chairman of the Board.

The NYSE requires the Chief Executive Officer of each listed company to submit a certification indicating that the company is not in violation of the Corporate Governance listing standards of the NYSE on an annual basis. The last CEO certification to the NYSE was submitted on October 22, 2013.

Audit Committee

The Board has a designated Audit Committee established in accordance with the Exchange Act comprised of Messrs. Morrissey, Lowden and Kaye. Mr. Morrissey is the Chairman of the Audit Committee. Mr. Morrissey and Mr. Kaye each have been determined by the board to be an “audit committee financial expert.” The Audit Committee charter, as well as the rules of the NYSE and the SEC, requires that members of the Audit Committee satisfy “independence” requirements as set out by the NYSE. The Board has determined that all of the members of the Audit Committee are “independent” as described under the relevant standards.

The Audit Committee charter requires the Audit Committee to pre-approve all engagements with any independent registered public accounting firm, including all engagements regarding the audit of the financial statements of each of Ferrellgas Partners, Ferrellgas Partners Finance Corp., Ferrellgas, L.P., Ferrellgas Finance Corp. and all permissible non-audit engagements with the independent registered public accounting firm. The Audit Committee charter is available on the company's website.

Limitation on Directors Participating on Audit Committees

The Board has adopted a policy limiting the number of public-company audit committees its directors may serve on to three at any point in time. If a director desires to serve on more than three public-company audit committees, he or she must first obtain the written permission of the Board.

Corporate Governance and Nominating Committee

The Board has a designated Corporate Governance and Nominating Committee, comprised of Messrs. Kaye, Levison and Starling. Mr. Kaye is the Chairman of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee charter requires that members of the Corporate Governance and Nominating Committee satisfy

particular “independence” requirements. The Board has determined that all of the members of the Corporate Governance and Nominating Committee are “independent” as described under relevant standards. The Corporate Governance and Nominating Committee charter is available on the company's website.

Compensation Committee

The Board has a designated Compensation Committee, comprised of Messrs. Lowden, Morrissey and Levison. Mr. Lowden is the Chairman of the Compensation Committee. The Compensation Committee charter requires that members of the Compensation Committee satisfy particular “independence” requirements. The Board has determined that all of the members of the Compensation Committee are “independent” as described under relevant standards. The Compensation Committee has the authority to assist the Board of Directors in fulfilling its responsibility to effectively compensate the senior management of the general partner in a manner consistent with the growth strategy of the general partner. Toward that end, the Compensation Committee oversees the review process of all compensation, equity and benefit plans of Ferrellgas. In discharging this oversight role, the Compensation Committee has full power to consult with, retain and compensate independent legal, financial and/or other advisors as it deems necessary or appropriate. The Compensation Committee charter is available on the company's website.

Disclosure about our Security Holders’ and Interested Parties’ Ability to Communicate with the Board of Directors of our General Partner

The Board of Directors of our general partner has a process by which security holders and interested parties can communicate with it. Security holders and interested parties can send communications to the Board by contacting our Investor Relations department by mail, telephone or e-mail at:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210
913-661-1533
investors@ferrellgas.com.

Any communications directed to the Board of Directors from employees or others that concern complaints regarding accounting, internal controls or auditing matters will be handled in accordance with procedures adopted by the Audit Committee. All other communications directed to the Board of Directors are initially reviewed by the Investor Relations Department. The Chairman of the Corporate Governance and Nominating Committee is advised promptly of any such communication that alleges misconduct on the part of management or raises legal, ethical or compliance concerns about the policies or practices of the general partner. On a periodic basis, the Chairman of the Corporate Governance and Nominating Committee receives updates on other communications that raise issues related to the affairs of the Partnership but do not fall into the two prior categories. The Chairman of the Corporate Governance and Nominating Committee determines which of these communications require further review. The Corporate Secretary maintains a log of all such communications that is available for review for one year upon request of any member of the Board. Typically, the general partner does not forward to the Board of Directors communications from unitholders or other parties which are of a personal nature or are not related to the duties and responsibilities of the Board, including junk mail, customer complaints, job inquiries, surveys and polls, and business solicitations.

Code of Ethics for Principal Executive and Financial Officers and Code of Business Conduct and Ethics

The Board has adopted a Code of Ethics for our general partner’s principal executive officer, principal financial officer, principal accounting officer or those persons performing similar functions. Additionally, the Board has adopted a general Code of Business Conduct and Ethics for all of our general partner’s directors, officers and employees. These codes, which were adopted and approved by the entire Board, are available to our security holders and other interested parties at no charge on our website at www.ferrellgas.com (under the caption “Corporate Governance” within “Investor Information”) and are also available in print to any security holder or other interested parties who requests it. Requests for print copies should be directed to:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210
913-661-1533
investors@ferrellgas.com.

Please note that the information and materials found on our website, except for SEC filings expressly incorporated by reference into this report herein, are not part of this report and are not incorporated by reference into this report.

We intend to disclose, within four business days, any amendment to the code of business conduct and the Code of Ethics on our website. Any waivers from the Code of Ethics will also be disclosed on our website.

Compensation of our General Partner

Our general partner receives no management fee or similar compensation in connection with its management of our business and receives no remuneration other than:

- distributions on its combined approximate 2% general partner interest in Ferrellgas Partners and the operating partnership; and
- reimbursement for:
  - all direct and indirect costs and expenses incurred on our behalf;
  - all selling, general and administrative expenses incurred by our general partner on our behalf; and
  - all other expenses necessary or appropriate to the conduct of our business and allocable to us.

The selling, general and administrative expenses reimbursed include specific employee benefits and incentive plans for the benefit of the executive officers and employees of our general partner.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our general partner's officers and directors, and persons who beneficially own more than 10% of our common units, to file reports of beneficial ownership and changes in beneficial ownership of our common units with the SEC. These persons are also required by the rules and regulations promulgated by the SEC to furnish our general partner with copies of all Section 16(a) forms filed by them. These forms include Forms 3, 4 and 5 and any amendments thereto.

Based solely on its review of the copies of such Section 16(a) forms received by our general partner and, to the extent applicable, written representations from certain reporting persons that no Annual Statement of Beneficial Ownership of Securities on Form 5 were required to be filed by those persons, our general partner believes that during fiscal 2014 all Section 16(a) filing requirements applicable to the officers, directors of our general partner and beneficial owners of more than 10% of our common units were met in a timely manner.

ITEM 11. EXECUTIVE COMPENSATION.

Compensation Committee Report

As of September 25, 2014, the Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on its review and discussion with management, the compensation committee has determined that this Compensation Discussion and Analysis should be included in this report.

Submitted by:
John R. Lowden
A. Andrew Levison
Michael F. Morrissey

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised of Messrs. Lowden, Morrissey and Levison. None of the members were officers or employees of the general partner or any of its subsidiaries prior to or during fiscal 2014. None of the members has any relationship required to be disclosed under this caption under the rules of the Securities and Exchange Commission.

Risks Related to Compensation Policies and Practices

Management conducted a risk assessment of our compensation policies and practices for Fiscal 2014. Based on its evaluation, management does not believe that any such policies or practices create risks that are reasonably likely to have a material adverse effect on the Ferrellgas Partners.

Compensation Discussion and Analysis

Overview of Executive Officer Compensation

Throughout this section, each person who served as the Principal Executive Officer ("PEO") during fiscal 2014, each person who served as the Principal Financial Officer ("PFO") during fiscal 2014, the three most highly compensated executive officers other than the PEO and PFO serving at July 31, 2014 and up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer at July 31, 2014 are referred to as the Named Executive Officers ("NEOs"). We do not directly employ our NEOs. Rather, we are managed by our general partner who serves as the employer of our NEOs. We reimburse our general partner for all NEO compensation.

Compensation Objectives

We believe an effective executive compensation package should link total compensation to overall financial performance and to the achievement of both short and long term strategic, operational and financial goals. The elements of our compensation program are intended to provide a total reward package to our NEOs that (i) provides competitive compensation opportunities, (ii) recognizes and rewards individual contribution, (iii) attracts, motivates and retains highly-talented executives, and (iv) aligns executive performance toward the creation of sustained unitholder value rather than the achievement of short-term goals that might be inconsistent with the creation of long-term unitholder value.

Role of Management, Compensation Consultant and Compensation Peer Group

Stephen L. Wambold, with the assistance of J. Ryan VanWinkle, formulates preliminary compensation recommendations for all NEOs, including themselves. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes market compensation survey data provided by the consulting firm Mercer Human Resources Consulting ("Mercer") which is used to create salary range benchmarks for each NEO's compensation. Mercer was engaged by the Compensation Committee, provided no significant other services for us and there were no conflicts of interest presented by the work performed. The compensation survey data provided by Mercer included data from the 16 peer group companies identified below.

We use a peer group of companies in setting compensation levels, determining awards under our option plans and setting director compensation levels. The companies included in this peer group are determined (with the assistance of Mercer) based on the following factors:

- companies in our industry or related industries (oil and gas, gas utilities, master limited partnerships);
- companies identified as our peer group of competitors;
- companies with similar total sales;
- companies with similar net income; and
- companies with similar market value.

For purposes of setting compensation for our fiscal year ended July 31, 2014, the companies included in our compensation peer group were as follows:

- Targa Resources Partners, L.P.
- Suburban Propane Partners, L.P.
- Enbridge Energy Partners, L.P.
- Laclede Group Inc.
- Genesis Energy, L.P.
- WGL Holdings Inc.
- UGI Corp.
- Star Gas Partners, L.P.
- Atmos Energy Corp., L.P.
- Inergy L.P.
- New Jersey Resources Corp.
- Regency Energy Partners, L.P.
- Amerigas Partners, L.P.
- Alliance Resource Partners, L.P.
- Copano Energy LLC
- Northern Tier Energy, L.P.

Components of Named Executive Officer Compensation

During fiscal 2014, elements of compensation for our NEOs consisted of the following:

- base salary;
- non-equity incentive plan;
- discretionary bonus;
- stock based and unit option plans;
- employee stock ownership plan ("ESOP");
- deferred compensation plans; and
- employment and change-in-control agreements.

Base Salary

Stephen L. Wambold, with the assistance of J. Ryan VanWinkle, formulates preliminary base salary recommendations for all NEOs, including themselves. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes compensation survey data provided by Mercer to provide market data that is used to create benchmarks for each NEO's base salary. These benchmarks refer to the high and low end of the ranges provided by Mercer, rather than a specific point within the range. The following table identifies the low and high ends of the range included in the Mercer base salary market data for each of our NEOs:

	Low Point	High Point
Chief Executive Officer	$ 431,000	$ 736,000
Chief Operating Officer	362,000	512,000
Chief Financial Officer	287,000	369,000
Top Division Executive	303,000	363,000

Additionally, other factors such as performance and other executive responsibilities are taken into consideration when determining the base salaries of our NEOs.

The amount of salary paid to each NEO during fiscal year 2014 is displayed in the "Salary" column of the Summary Compensation Table.

Non-Equity Incentive Plan

The Board of Directors has approved each NEO's participation in the general partner's Corporate Incentive Plan. The purpose of this plan is to provide an incentive for NEOs to meet or exceed annual profitability targets that are consistent with the company's overall long term strategy to increase unitholder value. Our Board of Directors utilizes data from our compensation peer group to assist in assigning an appropriate incentive target for each NEO. The amount of the corporate incentive plan payment made to each NEO for fiscal 2014 is displayed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

This plan awards a cash payment to the NEO if incentive distributable cash flow ("incentive DCF") targets are achieved for the fiscal year. Incentive DCF has been selected in order to align performance measures for NEOs with how our investors evaluate our performance. Each NEO's incentive target is computed as a percentage of his base salary. Due to his decision to retire as Executive Chairman of our General Partner in September 2013, James E. Ferrell was not eligible for participation in this plan. For fiscal 2014 the target percentage for each NEO was as follows:

Named Executive Officer	% of Salary Incentive Target
Stephen L. Wambold	100%
J. Ryan VanWinkle	100%
Tod D. Brown	100%
Boyd H. McGathey	100%

Awards under the plan are based on a calculation of incentive DCF as reconciled to "Net income attributable to Ferrellgas Partners, L.P." below. Total company actual incentive DCF as a percentage of total company target incentive DCF will result in incentive target potential payouts as provided in the table below. No payout is made if actual incentive DCF is less than 100% of targeted incentive DCF.

Percent of Planned Incentive DCF Achieved	Incentive Target Potential
100%	100%
105%	125%
110% and above	150%

For fiscal 2014, the percent of targeted total company incentive DCF achieved was 105%. According to the Non-Equity incentive plan, the incentive target payout was equal to 125% of the NEO's base salary. The amount of corporate incentive plan payouts for Stephen L. Wambold, Boyd H. McGathey, J. Ryan VanWinkle and Tod D. Brown are listed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table. For Incentive Plan purposes, total company actual incentive DCF was computed as follows:

	(in thousands)
Net income attributable to Ferrellgas Partners, L.P.	$ 33,211
Add (subtract):	
Income tax expense	2,516
Interest expense	86,502
Depreciation and amortization expense	84,202
Loss on extinguishment of debt	21,202
Non-cash employee stock ownership plan compensation charge	21,789
Non-cash stock and unit-based compensation charge	24,508
Loss on disposal of assets	6,486
Other expense, net	479
Change in fair value of contingent consideration	5,000
Litigation accrual and related legal fees associated with a class action lawsuit	1,749
Net earnings attributable to noncontrolling interest	504
Discretionary bonuses	750
Midstream operations adjusted EBITDA	(3,437)
Midstream operations maintenance capital expenditures	181
Maintenance capital expenditures	(17,673)
Incentive DCF	$ 267,969

Discretionary Bonus

Stephen L. Wambold has the authority to recommend for Compensation Committee review and approval, discretionary cash bonuses to any NEO, including himself. These awards are designed to reward performance by a NEO that Stephen L. Wambold believes exceeded expectations in operational or strategic objectives during the last fiscal year. The amount of discretionary bonus paid to each NEO for fiscal 2014 is displayed in the “Bonus” column of the Summary Compensation Table.

Based on improvements in incentive DCF and their work involving our recent diversification into midstream operations, the Compensation Committee decided to award the NEO's additional discretionary bonuses as follows:

Named executive officer	Discretionary bonus ($)
Stephen L. Wambold	300,000
J. Ryan VanWinkle	250,000
Tod D. Brown	100,000
Boyd H. McGathey	100,000

Stock-based and Unit Option Plans

We have two equity-based incentive plans available for participation by our NEOs, the “Ferrell Companies Incentive Compensation Plan” and the “Ferrellgas Unit Option Plan.” The amount of compensation cost related to these plans incurred for each NEO during fiscal 2014 is displayed in the “Option Awards” column of the Summary Compensation Table.

Ferrell Companies Incentive Compensation Plan (“ICP”) – The Ferrell Companies, Inc. 1998 Incentive Compensation Plan was established by Ferrell Companies to allow upper-middle and senior level managers, including NEOs, and directors of our general partner to participate in the equity growth of Ferrell Companies. Pursuant to this ICP, eligible participants may be granted stock options to purchase shares of common stock of Ferrell Companies, stock appreciation rights (“SARs”), performance shares or other incentives payable in cash or in stock. Neither Ferrellgas Partners nor the operating partnership contributes, directly or indirectly, to the ICP. Options granted under the ICP vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance.

Options are granted under the ICP periodically throughout the year at strike prices equal to the most recently published semi-annual valuation by an independent third party valuation firm that is performed on Ferrell Companies, which is a privately held company, for the purposes of the Employee Stock Ownership Plan. All other terms of these awards granted to the NEOs, including the quantity awarded, vesting life and expiration date of awards are discretionary and must be approved by the ICP Option Committee, which includes Stephen L. Wambold and J. Ryan VanWinkle. Awards granted to NEOs must also be approved by the Compensation Committee. To assist the ICP Option Committee and the Compensation Committee in determining the quantity of awards to grant to a NEO, J. Ryan VanWinkle utilizes data from our compensation peer group to create recommended ranges of current year ICP award grants by executive position. Utilizing the peer group data, the Compensation Committee approved stock option awards under the ICP to NEOs in fiscal 2014 taking into account each NEO’s responsibilities, performance and respective holdings of such ICP awards previously granted by the committee to ensure the appropriate level of equity as a component of the NEO’s total compensation package.

Ferrellgas Unit Option Plan (“UOP”) – The Second Amended and Restated Ferrellgas Unit Option Plan grants employees of our general partner unit options to purchase our common units. The purpose of the UOP is to encourage certain employees of our general partner to develop a proprietary interest in our growth and performance; to generate an increased incentive to contribute to our future success and prosperity, thereby enhancing our value for the benefit of our unitholders; and to enhance our ability to attract and retain key individuals who are essential to our progress, growth and profitability, by giving these individuals the opportunity to acquire our common units.

This plan is authorized to issue options in common units to employees of the general partner or its affiliates. The Board of Directors of the general partner in its sole discretion administers the authorization of grants and sets the unit option price and vesting terms. The options currently outstanding vest over a one to five year period and expire on the tenth anniversary date of the grant.

During fiscal 2014, no new awards were granted to any NEOs under the UOP.

Employee Stock Ownership Plan (“ESOP”)

On July 17, 1998, pursuant to the Ferrell Companies, Inc. Employee Stock Ownership Plan, an employee stock ownership trust purchased all of the outstanding common stock of Ferrell Companies. The purpose of the ESOP is to provide all employees of our general partner, including NEOs, an opportunity for ownership in Ferrell Companies, and indirectly, in us. Ferrell Companies makes contributions to the ESOP, which allows a portion of the shares of Ferrell Companies owned by the ESOP to be allocated to employees’ accounts over time. The value of the shares allocated to each NEO for compensation related to fiscal 2014 is included in the “All Other Compensation” column of the Summary Compensation Table.

Twice per year and in accordance with the ESOP, each NEO’s ESOP account receives an allocation of Ferrell Companies shares. This allocation, as determined by the ESOP, is based on the following: a) the percentage of the NEO’s base salary, discretionary bonus, and corporate incentive plan payment made during the period, subject to certain limitations under Section 415 of the Internal Revenue Code, and b) shares owned from previous allocations. NEOs vest in their account balances as follows:

Number of Completed Years of Service	Vested Percent
Less than 3 years	—%
3 years	20%
4 years	40%
5 years	60%
6 years	80%
7 years or more	100%

NEOs are entitled to receive a distribution for the vested portion of their accounts at specified times in accordance with the ESOP for normal or late retirement, disability, death, resignation, or dismissal.

Deferred Compensation Plans

Two deferred compensation plans are available for participation by our NEOs, the "Defined Contribution Profit Sharing Plan," a tax-qualified retirement plan, and the "Supplemental Savings Plan," a nonqualified deferred compensation plan. The amount of company match related to these plans credited to each NEO's account during fiscal 2014 is included in the "All Other Compensation" column of the Summary Compensation Table.

Defined Contribution Profit Sharing Plan ("401(k) Plan") – The Ferrell Companies, Inc. Profit Sharing and 401(k) Investment Plan is a qualified defined contribution plan, which includes both employee contributions and employer matching contributions. All employees including NEOs, that are not part of a collective bargaining agreement, or any of its direct or indirect wholly-owned subsidiaries are eligible to participate in this plan. This plan has a 401(k) feature allowing all eligible employees to specify a portion of their pre-tax and/or after-tax compensation to be contributed to this plan. This plan provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to this plan.

Our contributions to the profit sharing portion of this plan are discretionary and no profit sharing contributions were made to this plan for fiscal 2014. However, this plan also provides for matching contributions under a cash or deferred arrangement based upon the participant salary and employee contributions to this plan. Due to Internal Revenue Code "Highly Compensated Employee" rules and regulations, NEOs may only contribute up to approximately 6% of their eligible compensation to this plan. We will provide a 50% matching contribution of the first 8% of all eligible contributions made to this plan and the Supplemental Savings Plan (see below) combined. Employee contributions are 100% vested, while the company's matching contribution vests ratably over the first 5 years of employment. Employee and our matching contributions can be directed, at the employee's option, to be invested in a number of investment options that are offered by this plan.

Supplemental Savings Plan ("SSP") – The Ferrell Companies, Inc. Supplemental Savings Plan was established October 1, 1994 in order to provide certain management or highly compensated employees with supplemental retirement income which is approximately equal in amount to the retirement income that such employees would have received under the terms of the 401(k) feature of the 401(k) Plan (see above) based on such members' deferral elections thereunder, but which could not be provided under the 401(k) feature of the 401(k) Plan due to the application of certain "Highly Compensated Employee" IRS rules and regulations.

This non-qualified plan is available to all employees who have been designated as "Highly Compensated" as defined in the Internal Revenue Code. NEOs are allowed to make, subject to Internal Revenue Code limitations, pre-tax contributions to the SSP of up to 25% of their eligible compensation. We provide a 50% matching contribution of the first 8% of all eligible contributions made to this plan and the 401(k) Plan (see above) combined. Employee contributions are 100% vested, while our matching contribution vests ratably over the first 5 years of employment. Employee and our matching contributions can be directed, at the employee's option, to be invested in a number of investment options that are offered by the SSP.

Employment and Change-in-Control Agreements

The independent members of the Board of Directors of our general partner have authorized the general partner to enter into an Employment, Confidentiality and Non-compete agreement and a Change in Control agreement with James E. Ferrell with respect to his role as Chairman of the Board of Directors. The purpose for entering into these agreements is to secure James E. Ferrell's employment and protect the confidentiality of our proprietary information.

The independent members of the Board of Directors of our general partner have authorized the general partner to enter into Employment Agreements with each of our NEOs other than James E. Ferrell. The purpose for entering into these agreements is to (i) encourage and motivate NEOs to remain employed and focused on the business during a potential change in control, (ii)

motivate NEOs to make business decisions that are in the best interest of the company, (iii) ensure that NEOs conduct appropriate due diligence and effectively integrate companies in the event of an acquisition, and (iv) secure the long-term employment of the NEO. The initial term of these agreements ended on December 31, 2012 for Messrs. Wambold, VanWinkle and Brown. The initial term of Mr. McGathey's agreement ends on December 31, 2016. Thereafter, each agreement automatically renews for successive 12-month periods, unless one party to the agreement provides notice of non-renewal to the other at least 180 days before the last day of then current agreement term.

The specific terms of these agreements are described under “Other Potential Post-Employment Payments” below.

Summary Compensation Table

The following table sets forth the compensation for the last three fiscal years of our NEOs:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards (1) ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation (4) ($)	Total ($)
Stephen L. Wambold	2014	700,000	300,000	1,998,240	875,000	27,989	3,901,229
Chief Executive Officer and President	2013	700,000	175,000	334,433	700,000	41,082	1,950,515
	2012	668,594	—	1,658,594	—	24,673	2,351,861
J. Ryan VanWinkle	2014	400,000	250,000	1,279,741	500,000	49,439	2,479,180
Executive Vice President and Chief Financial Officer;	2013	400,000	100,000	179,450	400,000	49,476	1,128,926
President, Midstream Operations; Treasurer	2012	334,297	—	982,194	—	43,367	1,359,858
James E. Ferrell	2014	228,846 (3)	—	722,088	—	48,862	999,796
Chairman of the Board of Directors	2013	500,000 (2)	—	401,803	275,000	10,356	1,187,159
	2012	477,567 (2)	—	619,800	—	15,140	1,112,507
Tod D. Brown	2014	400,000	100,000	1,111,928	500,000	57,693	2,169,621
Executive Vice President, Ferrellgas and President, Blue Rhino	2013	369,126	100,000	261,278	400,000	45,644	1,176,048
	2012	350,015	—	927,158	—	41,640	1,318,813
Boyd H. McGathey	2014	400,000	100,000	580,850	500,000	49,120	1,629,970
Executive Vice President and Chief Operating Officer	2013	357,308	100,000	1,117,184	400,000	32,103	2,006,595

(1) See Note B – Summary of significant accounting policies (17) Stock based and unit-option plans – to our consolidated financial statements for information concerning these awards. The value reported represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

(2) Included in this amount is $120,000 of compensation for James E. Ferrell’s role as Chairman of the Board of Directors.

(3) Included in this amount is $150,000 of compensation for James E. Ferrell’s role as Chairman of the Board of Directors. Mr. Ferrell resigned his role as Executive Chairman effective September 26, 2013.

(4) All Other Compensation consisted of the following:

Name	Year	ESOP Allocations ($)	401(k) Plan Match ($)	SSP Match ($)	Other ($)	Total All Other Compensation ($)
Stephen L. Wambold	2014	16,324	3,535	8,130	—	27,989
	2013	18,353	2,417	5,496	14,816 (5)	41,082
	2012	11,603	8,703	4,367	—	24,673
J. Ryan VanWinkle	2014	16,324	5,873	4,391	22,851 (7)	49,439
	2013	18,353	2,925	7,857	20,341 (11)	49,476
	2012	11,603	4,845	6,700	20,219 (6)	43,367
James E. Ferrell	2014	—	(733)	796	48,799 (8)	48,862
	2013	—	2,513	7,843	—	10,356
	2012	—	10,774	4,366	—	15,140
Tod D. Brown	2014	16,324	8,692	3,977	28,700 (10)	57,693
	2013	18,353	6,547	—	20,744 (12)	45,644
	2012	11,603	10,443	3,097	16,497 (9)	41,640
Boyd H. McGathey	2014	16,324	3,643	8,130	21,023 (13)	49,120
	2013	18,353	12,250	1,500	—	32,103

(5) This amount primarily includes $10,500 for car allowance and $3,691 for payment of personal financial, tax or legal advice.
(6) This amount includes $12,000 for car allowance, $7,719 for payment of personal financial, tax or legal advice and a $500 gift card.
(7) This amount includes $18,000 for car allowance, $3,859 for payment of personal financial, tax or legal advice and $992 for personal use of company membership.
(8) This amount includes $38,461 for unused vacation in connection with Mr. Ferrell's resignation as Executive Chairman effective September 26, 2013, $5,216 for personal travel of spouse and $5,122 for payment of medical benefits.
(9) This amount includes $12,000 for car allowance, $3,997 for payment of personal financial, tax or legal advice and a $500 gift card.
(10) This amount includes $18,000 for car allowance, $7,517 for payment of personal financial, tax or legal advice and $3,183 for a service award.
(11) This amount primarily includes $18,000 for car allowance and $1,715 for payment of personal financial, tax or legal advice.
(12) This amount primarily includes $18,000 for car allowance and $2,183 for payment of personal financial, tax or legal advice.
(13) This amount includes $18,000 for car allowance and $3,023 for payment of personal financial, tax or legal advice.

Grants of Plan-Based Awards

The following table lists information on our general partner’s NEOs grants of plan based awards during the fiscal year ended July 31, 2014:

Name		Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Award ($)
Stephen L. Wambold	(1)	10/31/2013	446,250	24.65	298,988
	(2)	10/31/2013	266,680	24.65	426,688
	(3)	10/31/2013	354,270	24.65	680,198
	(1)	4/30/2014	446,250	28.70	490,875
	(2)	4/30/2014	43,560	28.70	99,317
	(3)	4/30/2014	720	28.70	2,174
J. Ryan VanWinkle	(1)	10/31/2013	337,500	24.65	226,125
	(2)	10/31/2013	166,675	24.65	266,680
	(3)	10/31/2013	175,955	24.65	337,834
	(1)	4/30/2014	337,500	28.70	371,250
	(2)	4/30/2014	27,225	28.70	62,073
	(3)	4/30/2014	5,225	28.70	15,779
James E. Ferrell	(1)	10/31/2013	300,000	24.65	201,000
	(3)	10/31/2013	271,400	24.65	521,088
Tod D. Brown	(1)	10/31/2013	280,000	24.65	187,600
	(2)	10/31/2013	109,989	24.65	175,982
	(3)	10/31/2013	188,800	24.65	362,496
	(1)	4/30/2014	280,000	28.70	308,000
	(2)	4/30/2014	17,985	28.70	41,006
	(3)	4/30/2014	12,200	28.70	36,844
Boyd H. McGathey	(1)	10/31/2013	125,000	24.65	83,750
	(3)	10/31/2013	50,000	24.65	96,000
	(1)	4/30/2014	125,000	28.70	137,500
	(2)	4/30/2014	82,500	28.70	188,100
	(3)	4/30/2014	25,000	28.70	75,500

(1) Grant vests immediately and expires in ten years.
(2) Grant vests ratably over three years and expires in ten years.
(3) Grant vests ratably over five years and expires in ten years.

During fiscal 2014 there were no options awarded to our NEOs under the Ferrellgas Unit Option Plan.

Outstanding Equity Awards at Fiscal Year End

The following table lists information concerning our NEOs' outstanding equity awards under the Ferrell Companies Incentive Compensation Plan as of July 31, 2014. There were no outstanding equity awards for any of the NEOs under the Ferrellgas Unit Option Plan as of such date.

	Ferrell Companies Incentive Compensation Plan			
	Option Awards			
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option

Name	(#) Exercisable	(#) Unexercisable	($)	Expiration Date
Stephen L. Wambold	—	750 (1)	8.02	1/31/2018
	5,250	13,125 (2)	11.78	5/1/2019
	—	8,000 (5)	14.95	9/1/2019
	52,950	52,950 (7)	19.88	7/19/2020
	37,275	74,550 (9)	23.95	7/19/2020
	—	173,280 (10)	22.14	10/1/2021
	—	44,880 (12)	22.14	10/31/2021
	—	90,960 (11)	22.14	10/31/2021
	—	360 (13)	22.14	1/31/2022
	—	44,880 (14)	20.60	4/30/2022
	—	88,960 (16)	21.92	10/31/2022
	—	400 (17)	21.92	1/31/2023
	—	266,680 (3)	24.65	10/31/2023
	—	354,270 (4)	24.65	10/31/2023
	446,250	- (22)	28.70	4/30/2024
	—	43,560 (18)	28.70	4/30/2024
	—	720 (15)	28.70	4/30/2024
J. Ryan VanWinkle	—	1,500 (20)	8.02	3/12/2018
	—	2,625 (21)	11.78	9/15/2019
	—	7,500 (5)	14.95	9/1/2019
	6,675	6,675 (7)	19.88	7/19/2020
	17,250	34,500 (9)	23.95	7/19/2021
	—	73,500 (10)	22.14	10/1/2021
	—	28,050 (12)	22.14	10/31/2021
	—	36,480 (11)	22.14	10/31/2021
	—	28,050 (14)	20.60	4/30/2022
	—	12,675 (18)	20.60	4/30/2022
	—	31,940 (16)	21.92	10/31/2022
	—	166,675 (3)	24.65	10/31/2023
	—	175,955 (4)	24.65	10/31/2023
	337,500	- (22)	28.70	4/30/2024
	—	27,225 (18)	28.70	4/30/2024
	—	5,225 (15)	28.70	4/30/2024
James E. Ferrell	—	10,000 (5)	14.95	9/1/2019
	121,500	121,500 (7)	19.88	7/19/2020
	23,000	46,000 (9)	23.95	7/19/2021
	—	78,900 (11)	22.14	10/31/2021
	15,000	45,000 (13)	22.14	1/31/2022
	—	105,200 (16)	21.92	10/31/2022
	22,500	90,000 (17)	21.92	1/31/2023
	300,000	- (19)	24.65	10/31/2023
	—	271,400 (4)	24.65	10/31/2023
Tod D. Brown	—	6,000 (5)	14.95	9/1/2019
	38,760	77,520 (9)	23.95	7/19/2021

	—	105,000 (10)	22.14	10/1/2021
	—	18,496 (12)	22.14	10/31/2021
	—	37,920 (11)	22.14	10/31/2021
	—	18,530 (14)	20.60	4/30/2022
	—	6,000 (18)	20.60	4/30/2022
	—	32,800 (16)	21.92	10/31/2022
	16,500	33,500 (6)	22.36	7/12/2023
	—	109,989 (3)	24.65	10/31/2023
	—	188,800 (4)	24.65	10/31/2023
	280,000	- (22)	28.70	4/30/2024
	—	17,985 (18)	28.70	4/30/2024
	—	12,200 (15)	28.70	4/30/2024
Boyd H. McGathey	—	50,000 (23)	23.95	3/14/2021
	—	167,500 (8)	21.92	2/27/2023
	82,500	167,500 (6)	22.36	7/12/2023
	—	50,000 (4)	24.65	10/31/2023
	125,000	- (22)	28.70	4/30/2024
	—	82,500 (18)	28.70	4/30/2024
	—	25,000 (15)	28.70	4/30/2024

(1) These options will be fully vested on 1/31/2015.
(2) These options will be fully vested on 5/1/2016.
(3) These options will be fully vested on 10/31/2016.
(4) These options will be fully vested on 10/31/2018.
(5) These options will be fully vested on 9/1/2014.
(6) These options will be fully vested on 7/12/2016.
(7) These options will be fully vested on 7/19/2015.
(8) These options will be fully vested on 2/27/2016
(9) These options will be fully vested on 7/19/2016.
(10) These options will be fully vested on 10/1/2016.
(11) These options will be fully vested on 10/31/2016.
(12) These options will be fully vested on 10/31/2014.
(13) These options will be fully vested on 1/31/2017.
(14) These options will be fully vested on 4/30/2015.
(15) These options will be fully vested on 4/30/2019.
(16) These options will be fully vested on 10/31/2017.
(17) These options will be fully vested on 1/31/2018.
(18) These options will be fully vested on 4/30/2017.
(19) These options were fully vested on 10/31/2013.
(20) These options will be fully vested on 3/12/2015.
(21) These options will be fully vested on 9/15/2016.
(22) These options were fully vested on 4/30/2014.
(23) These options will be fully vested on 3/14/2016.

Option Exercises

The following tables list information concerning our NEO’s equity awards that were exercised during the fiscal year ended July 31, 2014:

Ferrell Companies Incentive Compensation Plan

Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Steven L. Wambold	1,557,730	5,438,740
J. Ryan VanWinkle	1,050,080	3,864,697
James E. Ferrell	571,400	1,566,230
Tod D. Brown	888,974	2,950,347
Boyd H. McGathey	407,500	1,505,600

Ferrellgas Unit Option Plan

Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Steven L. Wambold	15,000	196,500
J. Ryan VanWinkle	10,000	131,000
Tod D. Brown	9,000	117,900
Boyd H. McGathey	—	—

Nonqualified Deferred Compensation

The following table lists information concerning our NEOs nonqualified SSP account activity during the fiscal year ended July 31, 2014:

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY (1) ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE (2) ($)
Stephen L. Wambold	35,000	8,130	40,983	—	405,920
J. Ryan VanWinkle	20,050	4,391	48,774	—	436,138
James E. Ferrell	7,692	796	253	(1,641,879)	—
Tod D. Brown	16,000	3,977	16,617	—	155,967
Boyd H. McGathey	32,000	8,130	7,453	—	99,297

(1) Amounts are included in the Summary Compensation Table above.

(2) The portion of this amount representing registrant contributions made in years prior was previously reported as compensation to the NEO in the Summary Compensation Table for previous years.

Other Potential Post-Employment Payments

The independent members of the Board of Directors of our general partner have authorized our general partner to enter into an employment agreement with James E. Ferrell with respect to his role as Chairman of the Board of Directors. Pursuant to the employment agreement Mr. Ferrell is entitled to:

- his annual salary;
- an annual bonus, the amount to be determined at the sole discretion of the independent members of the Board of Directors of our general partner; and
- an incentive bonus equal to 0.5% of the increase in the equity value of Ferrell Companies from July 31, 1998 to July 31, 2005.

The incentive bonus is payable upon the termination of Mr. Ferrell's employment agreement. The value of this bonus at July 31, 2014 was $1.1 million.

Pursuant to the terms of Mr. Ferrell's employment agreement, in the event of death, permanent disability, a termination without cause, resignation for cause or a change of control of Ferrell Companies or our general partner, Mr. Ferrell is entitled to a cash termination benefit payable within 30 days equal to three times the greater of 125% of his current base salary or the average compensation paid to him for the prior three fiscal years and is entitled to additional gross-up payments on any payment subject to excise tax. The value of this termination benefit at July 31, 2014 was approximately $1.2 million.

Mr. Ferrell's agreement also contains a non-compete provision for five years following his termination from the Board of Directors. The non-compete provision provides that he shall not directly or indirectly own, manage, control, or engage in any business with any person whose business is substantially similar to ours and that he shall not directly or indirectly attempt to induce any employee (subject to modifications made for certain employees in the Waiver to Employment Confidentiality, and Non-Compete Agreement dated December 19, 2006) of Ferrellgas to leave the employ of Ferrellgas or in any way interfere with the relationship between Ferrellgas and any employee.

The members of the Board of Directors Compensation Committee have authorized us and our general partner to enter into a Change-in-Control Agreement with Mr. Ferrell. Pursuant to the terms of the agreement, a change in control is defined as:

(i) any merger or consolidation of Ferrell Companies in which such entity is not the survivor;
(ii) any sale of all or substantially all of the common stock of Ferrell Companies by the Employee Stock Ownership Trust;
(iii) a sale of all or substantially all of the common stock of Ferrellgas, Inc.;
(iv) a replacement of Ferrellgas, Inc. as the general partner of Ferrellgas Partners, L.P.; or
(v) a public sale of at least 51 percent of the equity of Ferrell Companies.

Should a termination from the Board of Directors occur resulting from a change in control, Mr. Ferrell will be entitled to:

(i) a payment equal to two times his annual base salary in effect immediately prior to the change in control; this amount would be paid in substantially equal monthly installments over a two year time frame beginning within five days following the termination date;
(ii) a payment equal to two times his target bonus, at his target bonus rate in effect immediately prior to the change in control; this amount would be paid in substantially equal monthly installments over a two year time frame beginning within five days following the termination date; and
(iii) COBRA reimbursements for two years following the termination.

In his role as chairman of the board, Mr. Ferrell collects no salary and has no target bonus. As a result, there would be no payment due Mr. Ferrell under this agreement if a change in control occurred.

Our general partner has also entered into an employment agreement with each of the other NEOs other than Mr. Ferrell. Pursuant to the terms of the employment agreements, if the NEO's employment is terminated for any reason, the NEO will be entitled to the following payments:

(i) the NEO's earned but unpaid salary for the period ending on the NEO's termination date;

(ii) the NEO's accrued but unpaid vacation pay for the period ending on the NEO's termination date;

(iii) the NEO's unreimbursed business expenses; and

(iv) any amounts payable to the NEO under the terms of any employee benefit plan.

Pursuant to the terms of the employment agreements, in the event of death, disability, a termination for cause, voluntary resignation or mutual agreement, neither the NEO nor any other person will have any right to payments or benefits other than those listed above for periods after the NEO's termination date.

Pursuant to the terms of the employment agreements, the term "Cause" means:

(i) the willful and continued failure by the NEO to substantially perform his duties for Ferrellgas, Inc. (other than any such failure resulting from the NEO's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the NEO by the Board of Ferrellgas, Inc., which demand specifically identifies the manner in which the Board of Ferrellgas, Inc. believes that the NEO has not substantially performed his duties;

(ii) the willful engaging by the NEO in conduct which is demonstrably and materially injurious to Ferrellgas, Inc., monetarily or otherwise;

(iii) the engaging by the NEO in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board of Ferrellgas, Inc., the NEO's credibility and reputation no longer conform to the standard of the Ferrellgas, Inc.'s executives; or

(iv) the NEO’s material breach of a material term of this Agreement.

Pursuant to the terms of the employment agreements, the term “Good Reason” means any of the following which occur after the effective date of the employment agreement without the consent of the NEO:

(i) A reduction in excess of 10% in the NEO’s salary or target incentive potential as in effect as of the effective date of the employment agreement, as the same may be modified from time to time in accordance with the employment agreement;

(ii) A material diminution in the NEO’s authority, duties or responsibilities as in effect as of the effective date of the employment agreement, as the same may be modified from time to time in accordance with the employment agreement;

(iii) The relocation of the NEO’s principal office location to a location which is more than 50 highway miles from the location of the NEO’s principal office location as in effect on the effective date of the employment agreement (or such subsequent principal location agreed to by the NEO); or

(iv) Ferrellgas, Inc.’s material breach of any material term of the employment agreement.

Should a termination of employment occur resulting from a termination other than for Cause or from a termination for Good Reason, each as defined above, each of our NEOs will be entitled to:

(i) a payment equal to two times the NEO’s annual base salary in effect immediately prior to the termination date; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date;

(ii) a payment equal to two times the NEO’s target bonus, at his target bonus rate in effect immediately prior to the termination date; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date;

(iii) receive continuing group medical coverage for himself and his dependents for two years following the termination date; and

(iv) a lump sum payment of $12,000 for professional outplacement services.

The value of the cash severance payments under the employment agreements for all of the NEOs, other than Mr. Ferrell, at September 1, 2014 would have been:

NEO	Two times annual base salary ($)	Two times target bonus ($)
Stephen L. Wambold	1,400,000	1,400,000
J. Ryan VanWinkle	800,000	800,000
Tod D. Brown	800,000	800,000
Boyd H. McGathey	800,000	800,000

Additionally, a change in control would cause each NEO's unvested SARs to become fully vested. At July 31, 2014, this would have resulted in a cash payment due to our NEOs as follows:

NEO	SAR payout at July 31, 2014 upon a change in control ($)
Stephen L. Wambold	7,416,047
J. Ryan VanWinkle	3,381,674
James E. Ferrell	7,309,870
Tod D. Brown	3,641,891
Boyd H. McGathey	3,160,650

Compensation of Non-Employee Directors

We believe the compensation package for the non-employee members of the Board of Directors of our general partner (the "Board") should compensate our non-employee directors in a manner that is competitive within the marketplace. Our compensation package includes a combination of annual director fees and option awards. Total compensation awarded to our non-employee directors varies depending upon their level of activity within the Board. Participation in and chairing of committees within the Board will increase the level of compensation paid to an individual Board member.

With the assistance of J. Ryan VanWinkle, Stephen L. Wambold formulates preliminary annual director fee and SAR awards recommendations for each Board member. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes publicly available board of director compensation data within our industry, as compiled by Mercer, to provide market data that is used to create benchmarks for each director's annual director fee and total compensation package.

ICP awards for non-employee members of the Board are determined utilizing competitive compensation data that is gathered on an annual basis. Annually we compare the compensation of our Board with the compensation levels and practices of companies that are of similar size and operate in similar industries. We utilize that data to analyze the compensation of our non-employee members of the Board and ensure that we are competitive in the marketplace for compensating our Board. ICP awards are one element of that compensation, and the actual awards that are granted are determined on a discretionary basis. All SAR awards granted to our non-employee directors have an exercise price equal to the most recently published semi-annual valuation that is performed on Ferrell Companies for the purposes of the ESOP.

The following table sets forth the compensation for the last completed fiscal year of our Board.

Name		Fees Paid in Cash ($)	Option Awards (5) ($)	All Other Compensation ($)	Total ($)
A. Andrew Levison	(1)	53,750	134,850	—	188,600
John R. Lowden	(1)	75,000	129,780	—	204,780
Michael F. Morrissey	(2)	70,625	165,240	—	235,865
Daniel G. Kaye	(4)	65,000	26,400	—	91,400
Pamela A. Brueckmann	(4)	41,250	80,000	—	121,250
David L. Starling	(3)	13,750	—	—	13,750

(1) At July 31, 2014 this director had 95,000 ICP awards outstanding.

(2) At July 31, 2014 this director had 115,000 ICP awards outstanding.

(3) At July 31, 2014 this director had no ICP awards outstanding.

(4) At July 31, 2014, this director had 50,000 ICP awards outstanding.

(5) See Note B – Summary of significant accounting policies (17) Stock based and unit option plans compensation – to our consolidated financial statements for information concerning these awards. The value reported represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

At July 31, 2014, non-employee directors held no UOP awards.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIALOWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS.

The following table sets forth certain information as of September 2, 2014, regarding the beneficial ownership of our common units by:

- persons that own more than 5% of our common units;
- persons that are directors, nominees or named executive officers of our general partner; and
- all directors and executive officers of our general partner as a group.

Other than those persons listed below, our general partner knows of no other person beneficially owning more than 5% of our common units.

Ferrellgas Partners, L.P.

Title of class	Name and address of beneficial owner	Units beneficially owned	Percentage of class
Common units	Ferrell Companies, Inc. Employee Stock Ownership Trust 125 S. LaSalle Street, 17th floor Chicago, IL 60603	22,776,251	27.5
	James E. Ferrell 7500 College Blvd. Suite 1000 Overland Park, KS 66210	4,358,475	5.3
	Stephen L. Wambold	84,060	*
	J. Ryan VanWinkle	50,000	*
	Tod D. Brown	45,000	*
	A. Andrew Levison	21,800	*
	Boyd H. McGathey	14,000	*
	John R. Lowden	5,000	*
	Michael F. Morrissey	4,000	*
	Pamela A. Brueckmann	2,455	*
	Daniel G. Kaye	1,000	*
	David L. Starling	—	
	All Directors and Executive Officers as a Group	4,585,790	5.5

* Less than one percent

Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Exchange Act. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof, and/or to dispose or direct the disposition thereof, or has the right to acquire either of those powers within 60 days. See the “Executive Compensation – Outstanding Equity Awards at Fiscal Year End – Ferrellgas Unit Option Plan” table above for the number of common units that could be acquired by each named executive officer through exercising common unit options.

All common stock of Ferrell Companies, Inc. (“FCI shares”) held in the Ferrell Companies, Inc. Employee Stock Ownership Trust (“Trust”) is ultimately voted by the appointed trustee. The current independent trustee of the Trust is GreatBanc Trust Company. Each participant in the Ferrell Companies, Inc. Employee Stock Ownership Plan (“ESOP”) may be entitled to direct the Trustee as to the exercise of any voting rights attributable to FCI shares allocated to their ESOP account, but only to the extent required by Sections 401(a)(22) and 409(e)(3) of the Internal Revenue Code and the regulations thereunder (the “Code”). The ESOP plan administrator shall direct the Trustee how to vote both FCI shares not allocated to plan participants (i.e., held in a Trust suspense account) and any allocated FCI shares in the Trust as to which no voting instructions have been received from participants. In all cases, the Trustee may vote the shares as it determines is necessary to fulfill its fiduciary duties under ERISA.

As it relates to the Trust, the Code provides that an ESOP participant may be entitled to direct the Trustee as to the exercise of any voting rights attributable to FCI shares then allocated to their ESOP account with respect to any corporate matters which involves the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or such similar transaction as the Secretary may prescribe in regulations.

The common units owned by the Employee Stock Ownership Trust at September 2, 2014 includes 22,529,361 common units owned by Ferrell Companies which is 100% owned by the Employee Stock Ownership Trust, 195,686 common units owned by FCI Trading Corp., a wholly-owned subsidiary of Ferrell Companies and 51,204 common units owned by Ferrell Propane, Inc., a wholly-owned subsidiary of our general partner.

Securities Authorized for Issuance under Equity Compensation Plans

None.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Related Party Transactions

Our written Code of Business Conduct and Ethics applies to our directors, officers and employees. It deals with conflicts of interest, confidential information, use of company assets, business dealings, and other similar topics. The Code prohibits any transaction that raises questions of possible ethical or legal conflict between the interests of the company and an employee's personal interests.

The board of directors maintains policies that govern specific related party transactions. Each of these policies contain guidelines on what entities or natural persons are considered related parties or an affiliate and the related procedures that are to be followed if transactions occur with these parties. On a quarterly basis, or more frequently if required by the policies, management provides the board with a discussion of any related party or affiliate trading transactions. Annually, these policies are reviewed by the board's Corporate Governance and Nominating Committee and considered for approval by the board of directors.

Our directors and officers are required each year to respond to a detailed questionnaire. The questionnaire requires each director and officer to identify every non-Company organization of any type of which they or their family (as defined by the SEC) are a director, partner, member, trustee, officer, employee, representative, consultant or significant shareholder. The questionnaire also requires disclosure of any transaction, relationship or arrangement with the Company. The information obtained from these questionnaires is then evaluated to determine the nature and amount of any transactions or relationships. If significant, the results are provided to the Corporate Governance and Nominating Committee and Board for their use in determining director and officer independence and related party disclosure obligations.

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreement, 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 $248.8 million for fiscal 2014, 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.

Related party common unitholder information consisted of the following:

	Common unit ownership at July 31, 2014	Distributions paid during the year ended July 31, 2014 (in thousands)
Ferrell Companies (1)	21,469,664	$ 42,939
James E. Ferrell (2)	4,358,475	8,717
FCI Trading Corp. (3)	195,686	392
Ferrell Propane, Inc. (4)	51,204	104

(1) Ferrell Companies is the sole shareholder of our general partner. During September 2014, we completed a non-brokered registered direct offering to Ferrell Companies of 1.1 million common units. Net proceeds of approximately $30.0 million were used to reduce outstanding indebtedness under our secured credit facility.
(2) James E. Ferrell is the Chairman of the Board of Directors of our general partner.
(3) FCI Trading Corp. is an affiliate of the general partner and is wholly-owned by Ferrell Companies.
(4) Ferrell Propane, Inc. is wholly-owned by our general partner.

During fiscal 2014, Ferrellgas Partners and the operating partnership together paid the general partner distributions of $3.4 million.

On September 2, 2014, Ferrellgas Partners completed a non-brokered registered direct offering to Ferrell Companies of 1.1 million common units. In connection with this transaction, Ferrellgas, Inc. contributed $0.4 million to Ferrellgas, L.P. and $0.4 million to Ferrellgas Partners.

On September 12, 2014, Ferrellgas Partners paid distributions to Ferrell Companies, FCI Trading Corp., Ferrell Propane, Inc., James E. Ferrell (indirectly) and the general partner of $11.3 million, $0.1 million, $26 thousand, $2.2 million and $0.4 million, respectively.

Certain Business Relationships

None.

Indebtedness of Management

None.

Transactions with Promoters

None.

Director Independence

The Board has affirmatively determined that Messrs. Levison, Lowden, Kaye, Starling and Morrissey, who constitute a majority of its Directors, are "independent" as described by the NYSE's corporate governance rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following table presents fees for professional services rendered by Grant Thornton LLP for the audit of the Company's annual financial statements for the year ended July 31, 2014 and July 31, 2013 and fees billed for other services rendered by Grant Thornton LLP for such years, unless otherwise noted:

(in thousands)	2014	2013
Audit fees (1)	$ 955	$ 720
Audit-related fees (2)	298	23
Tax fees (3)	—	—
All other fees (4)	—	—
Total	$ 1,253	$ 743

(1) Audit fees consist of the aggregate fees billed for each of the last two fiscal years for professional services rendered by Grant Thornton LLP in connection with the audit of our annual financial statements and the review of financial statements included in our quarterly reports on Form 10-Q. In addition, these fees also covered those services that are normally provided by an accountant in connection with statutory and regulatory filings or engagements and services related to the audit of our internal controls over financial reporting, accounting consultations, consents, comfort letters and assistance with and review of documents filed with the SEC.

(2) Audit-related fees consist of the aggregate fees billed in each of the last two fiscal years for assurance and related services by Grant Thornton LLP that we believe are reasonably related to the performance of the audit or review of our financial statements and that would not normally be reported under Item 9(e)(1) of Schedule 14A. These services generally consisted of financial accounting and reporting consultations not classified as audit fees, due diligence related to mergers and acquisitions and audits of our benefit plans.

(3) Tax fees consist of the aggregate fees billed in each of the last two fiscal years for professional services provided by Grant Thornton.

(4) All other fees consist of the aggregate fees billed in each of the last two fiscal years for products and services provided by Grant Thornton, other than the services that would normally be reported in Items 9(e)(1) through 9(e)(3) of Schedule 14A. These fees consist of due diligence procedures performed on a potential acquisition that did not materialize.

The Audit Committee of our general partner reviewed and approved all audit and non-audit services provided to us by Grant Thornton LLP during fiscal 2014 and 2013, respectively, prior to the commencement of such services. See "Item 10. Directors and Executive Officers of the Registrants–Audit Committee" for a description of the Audit Committee's pre-approval policies and procedures related to the engagement by us of an independent registered public accounting firm.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

1.	**Financial Statements.**
	See "Index to Financial Statements" set forth on page F-1.
2.	**Financial Statement Schedules.**
	See "Index to Financial Statement Schedules" set forth on page S-1.
3.	**Exhibits.**
	See "Index to Exhibits" set forth on page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James E. Ferrell James E. Ferrell	Chairman of the Board of Directors	9/29/2014
/s/ Pamela A. Breuckmann Pamela A. Breuckmann	Director	9/29/2014
/s/ Daniel G. Kaye Daniel G. Kaye	Director	9/29/2014
/s/ A. Andrew Levison A. Andrew Levison	Director	9/29/2014
/s/ John R. Lowden John R. Lowden	Director	9/29/2014
/s/ Michael F. Morrissey Michael F. Morrissey	Director	9/29/2014
/s/ David L. Starling David L. Starling	Director	9/29/2014
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	9/29/2014
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer)	9/29/2014

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS FINANCE CORP.

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	9/29/2014
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer)	9/29/2014

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

Ferrellgas Partners Finance Corp. has not registered securities pursuant to Section 12 of the Securities Act and files reports pursuant to Section 15(d) of the Securities Act. As of the date of filing of this Annual Report on Form 10-K, no annual report or proxy material has been sent to the holders of the securities of Ferrellgas Partners Finance Corp., however, a copy of this Annual Report will be furnished to the holders of the securities of Ferrellgas Partners Finance Corp. subsequent to the date of filing of this Annual Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James E. Ferrell James E. Ferrell	Chairman of the Board of Directors	9/29/2014
/s/ Pamela A. Breuckmann Pamela A. Breuckmann	Director	9/29/2014
/s/ Daniel G. Kaye Daniel G. Kaye	Director	9/29/2014
/s/ A. Andrew Levison A. Andrew Levison	Director	9/29/2014
/s/ John R. Lowden John R. Lowden	Director	9/29/2014
/s/ Michael F. Morrissey Michael F. Morrissey	Director	9/29/2014
/s/ David L. Starling David L. Starling	Director	9/29/2014
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	9/29/2014
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer)	9/29/2014

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS FINANCE CORP.

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	9/29/2014
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer)	9/29/2014

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Partners
Ferrellgas Partners, L.P.

We have audited the accompanying consolidated balance sheets of Ferrellgas Partners, L.P. and subsidiaries (the "Partnership") as of July 31, 2014 and 2013, and the related consolidated statements of earnings, comprehensive income, partners' capital (deficit), and cash flows for each of the two years in the period ended July 31, 2014. Our audits of the basic consolidated financial statements included the 2014 and 2013 financial statement schedules listed in the index appearing on page S-1. These financial statements and financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ferrellgas Partners, L.P. and subsidiaries as of July 31, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended July 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership's internal control over financial reporting as of July 31, 2014, based on criteria established in 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated September 29, 2014 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
September 29, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Ferrellgas Partners, L.P. and subsidiaries
Overland Park, Kansas

We have audited the consolidated statements of earnings, comprehensive income, partners' capital and cash flows of Ferrellgas Partners, L.P. and subsidiaries (the "Partnership") for the year ended July 31, 2012. Our audit also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Ferrellgas Partners, L.P. and subsidiaries for the year ended July 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
October 1, 2012

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

	July 31,	
ASSETS	**2014**	**2013**
Current assets:		
Cash and cash equivalents	$ 8,289	$ 6,464
Accounts and notes receivable (including $159,003 and $130,025 of accounts receivable pledged as collateral at 2014 and 2013, respectively, and net of allowance for doubtful accounts of $4,756 and $3,607 at 2014 and 2013, respectively)	178,602	131,791
Inventories	145,969	117,116
Prepaid expenses and other current assets	32,071	25,608
Total current assets	364,931	280,979
Property, plant and equipment, net	611,787	589,727
Goodwill	273,210	253,362
Intangible assets, net	276,171	189,516
Other assets, net	46,171	42,444
Total assets	$ 1,572,270	$ 1,356,028
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 69,360	$ 49,128
Short-term borrowings	69,519	50,054
Collateralized note payable	91,000	82,000
Other current liabilities	125,161	121,102
Total current liabilities	355,040	302,284
Long-term debt	1,292,214	1,106,940
Other liabilities	36,662	33,431
Contingencies and commitments (Note M)		
Partners' deficit:		
Common unitholders (81,228,237 and 79,072,819 units outstanding at 2014 and 2013, respectively)	(57,893)	(28,931)
General partner unitholder (820,487 and 798,715 units outstanding at 2014 and 2013, respectively)	(60,654)	(60,362)
Accumulated other comprehensive income	6,181	1,697
Total Ferrellgas Partners, L.P. partners' deficit	(112,366)	(87,596)
Noncontrolling interest	720	969
Total partners' deficit	(111,646)	(86,627)
Total liabilities and partners' deficit	$ 1,572,270	$ 1,356,028

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per unit data)

	For the year ended July 31,		
	2014	**2013**	**2012**
Revenues:			
Propane and other gas liquids sales	$ 2,147,343	$ 1,739,267	$ 2,160,945
Other	258,517	236,200	178,147
Total revenues	2,405,860	1,975,467	2,339,092
Costs and expenses:			
Cost of product sold - propane and other gas liquids sales	1,456,388	1,092,261	1,601,886
Cost of product sold - other	158,152	144,456	95,323
Operating expense (includes $5.3 million, $2.4 million and $2.7 million for the years ended July 31, 2014, 2013 and 2012, respectively, for non-cash stock and unit-based compensation)	451,528	412,450	401,727
Depreciation and amortization expense	84,202	83,344	83,841
General and administrative expense (includes $19.2 million, $11.2 million and $6.1 million for the years ended July 31, 2014, 2013 and 2012, respectively, for non-cash stock and unit-based compensation)	65,156	53,181	43,212
Equipment lease expense	17,745	15,983	14,648
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440
Loss on disposal of assets	6,486	10,421	6,035
Operating income	144,414	147,602	82,980
Interest expense	(86,502)	(89,145)	(93,254)
Loss on extinguishment of debt	(21,202)	—	—
Other income (expense), net	(479)	565	506
Earnings (loss) before income taxes	36,231	59,022	(9,768)
Income tax expense	2,516	1,855	1,128
Net earnings (loss)	33,715	57,167	(10,896)
Net earnings attributable to noncontrolling interest	504	741	56
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	33,211	56,426	(10,952)
Less: General partner's interest in net earnings (loss)	332	564	(110)
Common unitholders' interest in net earnings (loss)	$ 32,879	$ 55,862	$ (10,842)
Basic and diluted net earnings (loss) per common unitholders' interest	$ 0.41	$ 0.71	$ (0.14)
Cash distributions declared per common unit	$ 2.00	$ 2.00	$ 2.00

See notes to consolidated financial statements.

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

	For the year ended July 31,		
	2014	**2013**	**2012**
Net earnings (loss)	$ 33,715	$ 57,167	$ (10,896)
Other comprehensive income (loss)			
Change in value on risk management derivatives	14,592	4,252	(25,068)

Reclassification of gains and losses of derivatives to earnings	(10,175)	10,613	7,108
Foreign currency translation adjustment	(145)	(147)	(52)
Pension liability adjustment	258	290	38
Other comprehensive income (loss)	4,530	15,008	(17,974)
Comprehensive income (loss)	38,245	72,175	(28,870)
Less: comprehensive income (loss) attributable to noncontrolling interest	(550)	(893)	126
Comprehensive income (loss) attributable to Ferrellgas Partners, LP	$ 37,695	$ 71,282	$ (28,744)

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL (DEFICIT)
(in thousands)

	Number of units							
	Common unitholders	General Partner unitholder	Common unitholders	General Partner unitholder	Accumulated other comprehensive income (loss)	Total Ferrellgas Partner, L.P. partners' capital (deficit)	Non-controlling interest	Total partners' capital (deficit)
Balance at July 31, 2011	75,966.4	767.3	$ 139,614	$ (58,660)	$ 4,633	$ 85,587	$ 2,730	$ 88,317
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	17,918	181		18,099	184	18,283
Distributions	—	—	(154,955)	(1,565)		(156,520)	(1,757)	(158,277)
Common units issued in connection with acquisitions	68.2	0.7	1,300	13		1,313	13	1,326
Exercise of common unit options	76.6	0.7	891	9		900	8	908
Common units issued in offering, net of issuance costs	2,895.4	29.3	49,775	502		50,277	510	50,787
Net earnings (loss)			(10,842)	(110)		(10,952)	56	(10,896)
Other comprehensive loss					(17,792)	(17,792)	(182)	(17,974)
Balance at July 31, 2012	79,006.6	798.0	43,701	(59,630)	(13,159)	(29,088)	1,562	(27,526)
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	28,728	291		29,019	295	29,314
Distributions	—	—	(158,086)	(1,596)		(159,682)	(1,790)	(161,472)
Exercise of common unit options	66.2	0.7	864	9		873	9	882
Net earnings			55,862	564		56,426	741	57,167
Other comprehensive income					14,856	14,856	152	15,008
Balance at July 31, 2013	79,072.8	798.7	(28,931)	(60,362)	1,697	(87,596)	969	(86,627)
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	45,370	459		45,829	468	46,297
Distributions	—	—	(159,316)	(1,609)		(160,925)	(1,803)	(162,728)
Common units issued in connection with acquisitions	62.6	0.6	1,500	15		1,515	15	1,530
Exercise of common unit options	52.0	0.5	605	6		611	6	617
Common units issued in offering, net of issuance costs	2,040.8	20.7	50,000	505		50,505	515	51,020
Net earnings			32,879	332		33,211	504	33,715
Other comprehensive income					4,484	4,484	46	4,530
Balance at July 31, 2014	81,228.2	820.5	$ (57,893)	$ (60,654)	$ 6,181	$ (112,366)	$ 720	$ (111,646)

See notes to consolidated financial statements.

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

	For the year ended July 31,		
	2014	**2013**	**2012**
Cash flows from operating activities:			
Net earnings (loss)	$ 33,715	$ 57,167	$ (10,896)
Reconciliation of net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	84,202	83,344	83,841
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440
Non-cash stock and unit-based compensation charge	24,508	13,545	8,843
Loss on disposal of assets	6,486	10,421	6,035
Loss on extinguishment of debt	6,526	—	—
Change in fair value of contingent consideration	5,000	—	—
Provision for doubtful accounts	3,419	2,066	4,822
Deferred tax expense	88	133	913
Other	5,372	4,520	2,327
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts and notes receivable, net of securitization	(48,087)	(5,901)	30,497
Inventories	(28,738)	15,869	8,541
Prepaid expenses and other current assets	(3,960)	6,157	(8,507)
Accounts payable	16,279	508	(19,143)
Accrued interest expense	(7,613)	(150)	166
Other current liabilities	8,579	6,369	7,969
Other liabilities	(1,896)	303	(445)
Net cash provided by operating activities	125,669	210,120	124,403
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(162,004)	(37,186)	(10,387)
Capital expenditures	(52,572)	(40,910)	(49,303)
Proceeds from sale of assets	4,524	9,980	5,742
Other	(23)	—	—
Net cash used in investing activities	(210,075)	(68,116)	(53,948)
Cash flows from financing activities:			
Distributions	(160,925)	(159,682)	(156,520)
Proceeds from increase in long-term debt	750,351	58,356	49,697
Payments on long-term debt	(569,841)	(3,912)	(52,885)
Net additions to (reductions in) short-term borrowings	19,465	(45,676)	30,803
Net additions to collateralized short-term borrowings	9,000	8,000	13,000
Cash paid for financing costs	(11,508)	—	(3,607)
Noncontrolling interest activity	(1,282)	(1,781)	(1,239)
Proceeds from exercise of common unit options	605	864	891
Proceeds from equity offering, net of issuance costs of $0, $0 and $62 for the years ended July 31, 2014, 2013 and 2012, respectively	50,000	—	49,938
Cash contribution from general partner in connection with common unit issuances	511	9	511
Net cash provided by (used in) financing activities	86,376	(143,822)	(69,411)
Effect of exchange rate changes on cash	(145)	(147)	(52)
Increase (decrease) in cash and cash equivalents	1,825	(1,965)	992
Cash and cash equivalents - beginning of year	6,464	8,429	7,437
Cash and cash equivalents - end of year	$ 8,289	$ 6,464	$ 8,429

See notes to consolidated financial statements.

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

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 July 31, 2014, Ferrell Companies beneficially owns 21.7 million of Ferrellgas Partners’ outstanding common units. Ferrellgas, Inc. (the "general partner") has retained a 1% general partner interest in Ferrellgas Partners and also holds an approximate 1% general partner interest in the operating partnership, representing an effective 2% general partner interest in Ferrellgas on a combined basis. As general partner, it performs all management functions required by Ferrellgas. Creditors of the operating partnership have no recourse with regards to Ferrellgas Partners.

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 engaged in the following reportable business segment activities:

- Propane and related equipment sales consists of the distribution of propane and related equipment and supplies. 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.
- Midstream operations consists of eight salt water disposal wells in the Eagle Ford shale region of south Texas. Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and natural gas wells generate significant volumes of salt water that is transported by truck to our disposal wells.

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 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 assets, 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 doubtful accounts, fair value of reporting units, assumptions used to value business combinations, fair values of derivative contracts and stock and unit-based compensation calculations.

(2) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of Ferrellgas Partners, its wholly-owned subsidiary, Ferrellgas Partners Finance Corp., and the operating partnership, its majority-owned subsidiary, after elimination of all intercompany accounts and transactions. The accounts of Ferrellgas Partners’ majority-owned subsidiary are included based on the determination that the operating partnership is a variable interest entity for whom Ferrellgas Partners has no ability through voting rights or similar rights to make decisions and thus does not have the power to direct the activities of the operating partnership that most significantly impact economic performance. However, Ferrellgas partners has the obligation to absorb the losses of and the right to receive benefits from the operating partnership that are significant to the operating partnership. Furthermore, assets and liabilities of Ferrellgas Partners consist substantially of the operating partnership. The operating partnership includes the accounts of its wholly-owned subsidiaries. The general partner’s approximate 1% general partner interest in the operating partnership is accounted for as a noncontrolling interest. The wholly-owned consolidated subsidiary of the operating partnership, Ferrellgas Receivables, LLC (“Ferrellgas Receivables”), is a special purpose entity that has agreements with the operating partnership to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(3) Supplemental cash flow information: For purposes of the 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 year ended July 31,		
	2014	2013	2012
CASH PAID FOR:			
Interest	$ 90,820	$ 84,030	$ 88,696
Income taxes	$ 816	$ 550	$ 764
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of common units in connection with acquisitions	$ 1,500	$ —	$ 1,300
Liabilities incurred in connection with acquisitions	$ 4,312	$ 2,035	$ 2,321
Change in accruals for property, plant and equipment additions	$ 978	$ 533	$ 233

(4) Fair value measurements: Ferrellgas measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants – in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability.

The common framework for measuring fair value utilizes a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 having the highest priority and Level 3 having the lowest.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

(**5) Accounts receivable securitization**: Through its wholly-owned and consolidated subsidiary Ferrellgas Receivables, Ferrellgas has agreements to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(6) Inventories: Inventories are stated at the lower of cost or market using weighted average cost and actual cost methods.

(7) Property, plant and equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Ferrellgas capitalizes computer software, equipment replacement and betterment expenditures that upgrade, replace or completely rebuild major mechanical components and extend the original useful life of the equipment. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Ferrellgas, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable. See Note E – Supplemental financial statement information – for further discussion of property, plant and equipment.

(8) Goodwill: Ferrellgas records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Goodwill recorded is not deductible for income tax purposes. Ferrellgas has determined that it has four reporting units for goodwill impairment testing purposes. Three of these reporting units contain goodwill that is subject to at least an annual assessment for impairment by applying a fair-value-based test. Under this test, the carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification basis. To the extent a reporting unit's carrying value exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to its carrying amount. Ferrellgas has completed the impairment test for the Retail operations and Products reporting units and believes that estimated fair values exceed the carrying values of its reporting units as of January 31, 2014. Goodwill associated with the Midstream operations reporting unit is a result of our acquisition of Sable Environmental LLC and Sable SWD 2, LLC (collectively "Sable") on May 1, 2014.

(9) Intangible assets: Intangible assets with finite useful lives, consisting primarily of customer related assets, non-compete agreements, permits, favorable lease arrangements and patented technology, are stated at cost, net of accumulated amortization calculated using the straight-line method over periods ranging from two to 15 years. Trade names and trademarks have indefinite lives, are not amortized, and are stated at cost. Ferrellgas tests finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. Ferrellgas tests indefinite-lived intangible assets for impairment annually on January 31 or more frequently if circumstances dictate. Ferrellgas has not recognized impairment losses as a result of these tests. When necessary, intangible assets' useful lives are revised and

the impact on amortization reflected on a prospective basis. See Note G – Goodwill and intangible assets, net – for further discussion of intangible assets.

(10) Derivative instruments and hedging activities:

Commodity Price Risk.

Ferrellgas' overall objective for entering into commodity based derivative contracts, including commodity options and swaps, is to hedge a portion of its exposure to market fluctuations in propane prices.

Ferrellgas' 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 on a short-term basis. Ferrellgas attempts to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

Ferrellgas' risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to Ferrellgas' 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 Ferrellgas' gains or losses in the physical product markets are offset by its losses or gains in the forward or financial markets. These financial derivatives are designated as cash flow hedges.

Ferrellgas' risk management activities may include the use of financial derivative instruments including, but not limited to, swaps, options, and futures to seek protection from adverse price movements and to minimize potential losses. Ferrellgas enters into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. All of Ferrellgas' financial derivative instruments are reported on the consolidated balance sheets at fair value.

Ferrellgas also enters into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on Ferrellgas' financial statements until settled.

On the date that derivative contracts are entered into, other than those designated as normal purchases or normal sales, Ferrellgas makes a determination as to whether the derivative instrument qualifies for designation as a hedge. These financial instruments are formally designated and documented as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instrument are generally offset by changes in the anticipated cash flows of the underlying exposure being hedged. Since the fair value of these derivatives fluctuates over their contractual lives, their fair value amounts should not be viewed in isolation, but rather in relation to the anticipated cash flows of the underlying hedged transaction and the overall reduction in Ferrellgas' risk relating to adverse fluctuations in propane prices. Ferrellgas formally assesses, both at inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the anticipated cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is recognized in "Cost of product sold - propane and other gas liquids sales" in the consolidated statements of earnings. Financial instruments formally designated and documented as a hedge of a specific underlying exposure are recorded gross at fair value as "Prepaid expenses and other current assets", "Other assets, net", "Other current liabilities", or "Other liabilities" on the consolidated balance sheets with changes in fair value reported in other comprehensive income.

Interest Rate Risk.

Ferrellgas' overall objective for entering into interest rate derivative contracts, including swaps, is to manage its exposure to interest rate risk associated with its fixed rate senior notes and its floating rate borrowings from both the secured credit facility and the accounts receivable securitization facility. Fluctuations in interest rates subject Ferrellgas to interest rate risk. Decreases in interest rates increase the fair value of Ferrellgas' fixed rate debt, while increases in interest rates subject Ferrellgas to the risk of increased interest expense related to its variable rate borrowings.

Ferrellgas enters into fair value hedges to help reduce its fixed interest rate risk. Interest rate swaps are used to hedge the exposure to changes in the fair value of fixed rate debt due to changes in interest rates. Fixed rate debt that has been designated as being hedged is recorded at fair value while the fair value of interest rate derivatives that are considered fair value hedges are classified as "Prepaid expenses and other current assets", "Other assets, net", Other current liabilities" or as "Other liabilities" on the consolidated balance sheets. Changes in the fair value of fixed rate debt and any related fair value hedges are recognized as they occur in "Interest expense" on the consolidated statements of earnings.

Ferrellgas enters into cash flow hedges to help reduce its variable interest rate risk. Interest rate swaps are used to hedge the risk associated with rising interest rates and their effect on forecasted interest payments related to variable rate borrowings. These interest rate swaps are designated as cash flow hedges. Thus, the effective portions of changes in the fair value of the hedges are recorded in “Prepaid expenses and other current assets”, “Other assets, net”, “Other current liabilities” or as “Other liabilities” with an offsetting entry to “Other comprehensive income” at interim periods and are subsequently recognized as interest expense in the consolidated statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of any cash flow hedges that are considered ineffective are recognized as interest expense on the consolidated statement of earnings as they occur.

(11) Revenue recognition: Revenues from our propane and related equipment sales segment are recognized at the time product is delivered with payments generally due 30 days after receipt. Amounts are considered past due after 30 days. Ferrellgas determines accounts receivable allowances based on management’s assessment of the creditworthiness of the customers and other collection actions. Ferrellgas offers “even pay” billing programs that can create customer deposits or advances. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. Other revenues, which include revenue from the sale of propane appliances and equipment is recognized at the time of delivery or installation. Ferrellgas recognizes shipping and handling revenues and expenses for sales of propane, appliances and equipment at the time of delivery or installation. Shipping and handling revenues are included in the price of propane charged to customers, and are classified as revenue. Revenues from annually billed, non-refundable propane tank rentals are recognized in “Revenues: other” on a straight-line basis over one year.

Revenues from our midstream operations segment are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Salt water disposal revenues are based on Ferrellgas’ published or negotiated water disposal rates. Customers deliver salt water to be disposed to facilities and revenue is recognized when actual volumes of water are off-loaded at the facilities. Skimming oil disposal revenues are determined based on published rates subject to adjustments based on the quality of the oil sold and are recognized when actual volumes are delivered to the customer who determines the quality of the oil and collectability is reasonably assured. Amounts are considered past due after 30 days. Ferrellgas determines accounts receivable allowances based on management’s assessment of the creditworthiness of the customers and other collection actions.

(12) Shipping and handling expenses: Shipping and handling expenses related to delivery personnel, vehicle repair and maintenance and general liability expenses within our propane and related equipment sales segment are classified within “Operating expense” in the consolidated statements of earnings. Depreciation expenses on delivery vehicles Ferrellgas owns are classified within “Depreciation and amortization expense.” Delivery vehicles and distribution technology leased by Ferrellgas are classified within “Equipment lease expense.” See Note E – Supplemental financial statement information – for the financial statement presentation of shipping and handling expenses.

(13) Cost of product sold: “Cost of product sold – propane and other gas liquids sales” includes all costs to acquire propane and other gas liquids, the costs of storing and transporting inventory prior to delivery to Ferrellgas’ customers, the results from risk management activities to hedge related price risk and the costs of materials related to the refurbishment of Ferrellgas’ portable propane tanks. “Cost of product sold – other” primarily includes costs related to the sale of propane appliances and equipment and transportation costs related to the processing and disposal of salt water.

(14) Operating expenses: “Operating expense” primarily includes the personnel, vehicle, delivery, handling, plant, office, selling, marketing, credit and collections and other expenses related to our propane and related equipment and supplies and midstream operations segments.

(15) General and administrative expenses: “General and administrative expense” primarily includes personnel and incentive expense related to executives, and employees and other overhead expense related to centralized corporate functions.

(16) Stock-based plan:

Ferrell Companies, Inc. Incentive Compensation Plan (“ICP”)

The ICP is not a Ferrellgas stock-compensation plan; however, in accordance with Ferrellgas’ partnership agreements, all Ferrellgas employee-related costs incurred by Ferrell Companies are allocated to Ferrellgas. As a result, Ferrellgas incurs a non-cash compensation charge from Ferrell Companies. During the years ended July 31, 2014, 2013 and 2012, the portion of the total non-cash compensation charge relating to the ICP was $24.5 million, $13.5 million and $8.8 million, respectively.

Ferrell Companies is authorized to issue up to 9.25 million stock appreciation right ("SARs") awards that are based on shares of Ferrell Companies common stock. The ICP was established by Ferrell Companies to allow upper-middle and senior level

managers as well as directors of the general partner to participate in the equity growth of Ferrell Companies. The ICP awards vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance. The fair value of each award is estimated on each balance sheet date using a binomial valuation model.

(17) Income taxes: Ferrellgas Partners is a publicly-traded master limited partnership with one subsidiary that is a taxable corporation. The operating partnership is a limited partnership with three subsidiaries that are taxable corporations. Partnerships are generally not subject to federal income tax, although publicly-traded partnerships are treated as corporations for federal income tax purposes and therefore subject to Federal income tax unless a qualifying income test is satisfied. If this qualifying income test is satisfied, the publicly-traded partnership will be treated as a partnership for Federal income tax purposes. Based on Ferrellgas' calculations, Ferrellgas Partners satisfies the qualifying income test. As a result, except for the taxable corporations, Ferrellgas Partners' earnings or losses for Federal income tax purposes are included in the tax returns of the individual partners, Ferrellgas Partners' unitholders. Accordingly, the accompanying consolidated financial statements of Ferrellgas Partners reflect federal income taxes related to the above mentioned taxable corporations and certain states that allow for income taxation of partnerships. Net earnings for financial statement purposes may differ significantly from taxable income reportable to Ferrellgas Partners unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities, the taxable income allocation requirements under Ferrellgas Partners' partnership agreement and differences between Ferrellgas Partners financial reporting year end and its calendar tax year end.

Income tax expense consisted of the following:

	For the year ended July 31,		
	2014	**2013**	**2012**
Current expense	$ 2,428	$ 1,722	$ 215
Deferred expense	88	133	913
Income tax expense	$ 2,516	$ 1,855	$ 1,128

Deferred taxes consisted of the following:

	July 31,	
	2014	**2013**
Deferred tax assets	$ 1,152	$ 1,367
Deferred tax liabilities	(4,313)	(4,602)
Net deferred tax liability	$ (3,161)	$ (3,235)

(18) Sales taxes: Ferrellgas accounts for the collection and remittance of sales tax on a net tax basis. As a result, these amounts are not reflected in the consolidated statements of earnings.

(19) Net earnings (loss) per common unitholders' interest: Net earnings (loss) per common unitholders' interest is computed by dividing "Net earnings (loss) attributable to Ferrellgas Partners, L.P.," after deducting the general partner's 1% interest, by the weighted average number of outstanding common units and the dilutive effect, if any, of outstanding unit options. See Note O – Net earnings (loss) per common unitholders' interest – for further discussion about these calculations.

(20) New accounting standards:

FASB Accounting Standard Update No. 2010-28
In December 2010, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standard Update No. 2010-28 (ASU 2010-28), which modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Ferrellgas' adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-4
In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS." The amendments result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards ("IFRS"). The new guidance applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, liability or an instrument classified in shareholders' equity. Among other things, the new guidance requires quantitative information about unobservable inputs,

valuation processes and sensitivity analysis associated with fair value measurements categorized within Level 3 of the fair value hierarchy. The new guidance is effective for interim periods beginning after December 31, 2011 and is required to be applied prospectively. Ferrellgas' adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update Nos. 2011-05 and 2011-12
In June 2011, the FASB issued ASU 2011-05, which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, which indefinitely defers certain provisions of ASU 2011-05. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas' adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-08
In September 2011, the FASB issued ASU 2011-08, which amends the existing guidance on goodwill impairment testing. Under the new guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Ferrellgas' adoption of this guidance in fiscal 2013 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2012-02
In July 2012, the FASB issued ASU 2012-02, which amends the existing guidance on impairment testing of indefinite-lived intangible assets. Under the new guidance, entities testing indefinite-lived intangible assets for impairment have the option of performing a qualitative assessment before calculating the fair value of the asset. If an entity determines, on the basis of qualitative factors, that the fair value of the asset is more likely than not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. Ferrellgas' adoption of this guidance in fiscal 2013 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2014-09
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* The issuance is part of a joint effort by the FASB and the International Accounting Standards Board (IASB) to enhance financial reporting by creating common revenue recognition guidance for U.S. GAAP and IFRS and, thereby, improving the consistency of requirements, comparability of practices and usefulness of disclosures. The new standard will supersede much of the existing authoritative literature for revenue recognition. The standard and related amendments will be effective for Ferrellgas for its annual reporting period beginning August 1, 2017, including interim periods within that reporting period. Early application is not permitted. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect. Ferrellgas is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

FASB Accounting Standard Update No. 2014-08
In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, to change the criteria for determining which disposals can be presented as discontinued operations and enhanced the related disclosure requirements. ASU 2014-08 is effective for us on a prospective basis in our first quarter of fiscal 2016 with early adoption permitted for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. Ferrellgas is currently evaluating the impact of our pending adoption of ASU 2014-08 on our consolidated financial statements.

C. Business combinations

Business combinations are accounted for under the acquisition method of accounting and the assets acquired and liabilities assumed are recorded at their estimated fair market values as of the acquisition dates. The results of operations are included in the consolidated statements of earnings from the date of acquisition. The proforma effect of these transactions was not material to Ferrellgas' balance sheets or results of operations.

Propane and related equipment sales

During fiscal 2014, Ferrellgas acquired seven propane distribution assets with an aggregate value of $38.7 million in the following transactions:

- KanGas, based in Kansas, acquired November 2013;
- Motor Propane, based in Wisconsin, acquired December 2013;
- Country Boys Propane, based in Georgia, acquired March 2014;
- Viking Propane, based in California, acquired May 2014;
- Kaw Valley Propane, based in Kansas, acquired June 2014;
- Wise Choice Propane, based in Ohio, acquired July 2014; and
- Sharp Propane, based in Texas, acquired July 2014.

During fiscal 2013, Ferrellgas acquired propane distribution and grilling tool assets with an aggregate value of $39.2 million in the following transactions:

- Capitol City Propane, based in California, acquired September 2012;
- Flores Gas, based in Texas, acquired October 2012;
- IGS Propane, based in Connecticut, acquired December 2012;
- Mr. Bar-B-Q, based in New York, acquired March 2013; and
- Western Petroleum, based in Utah, acquired April 2013.

During fiscal 2012, Ferrellgas acquired propane distribution assets with an aggregate value of $14.0 million in the following transactions:

- Economy Propane, based in California, acquired September 2011;
- Federal Petroleum Company, based in Texas, acquired October 2011;
- Polar Gas Company, based in Wisconsin, acquired November 2011;
- Welch Propane, based in Texas, acquired November 2011; and
- Rio Grande Valley Gas, based in Texas, acquired January 2012.

The goodwill arising from the propane and related equipment sales acquisitions consists largely of the synergies and economies of scale expected from combining the operations of Ferrellgas and the acquired companies.

Midstream Operations

During fiscal 2014, Ferrellgas acquired salt water disposal assets with an aggregate value of $130.3 million relating to the midstream operations business segment. This included the acquisition in May 2014 of Sable Environmental, LLC and Sable SWD 2, LLC ("Sable"), based in Corpus Christi, Texas and the acquisition of Dietert SWD, based in LaSalle County, Texas. The Sable acquisition was funded through borrowings from the secured credit facility, and subsequently Sable's ownership group purchased $50.0 million of Ferrellgas Partners common units. The excess of purchase consideration over net assets assumed was recorded as goodwill, which represents the strategic value assigned to Sable, including the knowledge and experience of the workforce in place.

These acquisitions, for the propane and related equipment sales and midstream operations reportable segments, respectively, were funded as follows on their dates of acquisition:

	For the year ended July 31,					
	2014		2013		2012	
	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations
Cash payments, net of cash acquired	$ 34,219	$ 127,785	$ 37,186	$ —	$ 10,387	$ —
Issuance of liabilities and other costs and considerations	2,942	2,555	2,035	—	2,347	—
Common units, net of issuance costs	1,500	—	—	—	1,300	—
Aggregate fair value of transactions	$ 38,661	$ 130,340	$ 39,221	$ —	$ 14,034	$ —

The acquisition of Sable included contingent consideration which requires Ferrellgas to pay the former owners of Sable a multiple for earnings in excess of certain EBITDA targets for each of the first two years following the acquisition date. At the date of acquisition, the potential undiscounted amount of all future payments that Ferrellgas could be required to make under the contingent consideration arrangement is between $0 and $2.0 million based upon management's estimate of the likelihood that the target EBITDA metric will be met and exceeded and the amount by which it could be exceeded at the date of acquisition. See further discussion of the determination of the fair value of the contingent consideration at Note J - Fair Value Measurements.

The aggregate fair values, for the acquisitions in propane and related equipment sales and midstream operations reporting segments, respectively, were allocated as follows:

	For the year ended July 31,					
	2014		2013		2012	
	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations
Working capital	$ (919)	$ 490	$ 7,302	$ —	$ —	$ —
Customer tanks, buildings, land and other	14,519	622	5,155	—	7,454	—
Salt water disposal wells	—	24,288	—	—	—	—
Goodwill	2,922	16,957	4,640	—	—	—
Customer lists	19,480	64,000	12,211	—	5,574	—
Non-compete agreements	2,659	13,300	944	—	1,006	—
Permits and favorable lease arrangements	—	10,683	—	—	—	—
Other intangibles	—	—	5,678	—	—	—
Trade names & trademarks	—	—	3,291	—	—	—
Aggregate fair value of transactions	$ 38,661	$ 130,340	$ 39,221	$ —	$ 14,034	$ —

The estimated fair values and useful lives of assets acquired during fiscal 2014 are based on a preliminary valuations and are subject to final valuation adjustments. Ferrellgas intends to continue its analysis of the net assets of these transactions to determine the final allocation of the total purchase price to the various assets and liabilities acquired. The estimated fair values and useful lives of assets acquired during fiscal 2013 and 2012 are based on internal valuations and included only minor adjustments during the 12 month period after the date of acquisition.

D. Quarterly distributions of available cash

Ferrellgas Partners makes quarterly cash distributions of all of its "available cash." Available cash is defined in the partnership agreement of Ferrellgas Partners as, generally, the sum of its consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the general partner for future requirements. Reserves are retained in order to provide for the proper conduct of Ferrellgas Partners' business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters. Distributions are made within 45 days after the end of each fiscal quarter ending October, January, April and July to holders of record on the applicable record date.

Distributions by Ferrellgas Partners in an amount equal to 100% of its available cash, as defined in its partnership agreement, will be made to the common unitholders and the general partner. Additionally, the payment of incentive distributions to the holders of incentive distribution rights will be made to the extent that certain target levels of cash distributions are achieved.

E. Supplemental financial statement information

Inventories consist of the following:

	2014	2013
Propane gas and related products	$ 121,111	$ 94,946
Appliances, parts and supplies	24,858	22,170
Inventories	$ 145,969	$ 117,116

In addition to inventories on hand, Ferrellgas enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All

supply procurement fixed price contracts have terms of fewer than 36 months. As of July 31, 2014, Ferrellgas had committed, for supply procurement purposes, to take delivery of approximately 18.3 million gallons of propane at fixed prices.

Property, plant and equipment, net consist of the following:

	Estimated useful lives	2014	2013
Land	Indefinite	$ 31,890	$ 30,978
Land improvements	2-20	12,812	12,021
Buildings and improvements	20	68,492	67,050
Vehicles, including transport trailers	8-20	95,701	101,224
Bulk equipment and district facilities	5-30	109,739	107,835
Tanks, cylinders and customer equipment	2-30	772,402	767,365
Salt water disposal wells and related equipment	2-23	24,288	—
Computer and office equipment	2-5	116,265	117,718
Construction in progress	n/a	7,029	3,077
		1,238,618	1,207,268
Less: accumulated depreciation		626,831	617,541
Property, plant and equipment, net		$ 611,787	$ 589,727

Depreciation expense totaled $58.3 million, $59.3 million and $60.0 million for fiscal 2014, 2013 and 2012, respectively.

Other current liabilities consist of the following:

	2014	2013
Accrued interest	$ 12,182	$ 19,795
Accrued payroll	37,120	30,295
Customer deposits and advances	25,412	20,420
Other	50,447	50,592
Other current liabilities	$ 125,161	$ 121,102

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

	For the year ended July 31,		
	2014	2013	2012
Operating expense	$ 190,999	$ 181,932	$ 177,903
Depreciation and amortization expense	5,829	5,744	6,545
Equipment lease expense	15,807	14,028	12,841
	$ 212,635	$ 201,704	$ 197,289

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

Accounts and notes receivable, net consist of the following:

	2014	2013
Accounts receivable pledged as collateral	$ 159,003	$ 130,025
Accounts receivable	24,108	4,867
Other	247	506
Less: Allowance for doubtful accounts	(4,756)	(3,607)
Accounts and notes receivable, net	$ 178,602	$ 131,791

During January 2012, Ferrellgas executed a new accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This new accounts receivable securitization facility has up to $225.0 million of capacity, matures on January 19, 2017 and replaces Ferrellgas' previous 364-day facility which was to expire on April 4, 2013. As part of this new facility, Ferrellgas, through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a

commercial paper conduit for proceeds of up to $225.0 million during the months of January, February, March and December, $175.0 million during the months of April and May and $145.0 million for all other months, depending on the availability of undivided interests in its accounts receivable from certain customers. Borrowings on the new accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20% lower than the previous facility. At July 31, 2014, $159.0 million of trade accounts receivable were pledged as collateral against $91.0 million of collateralized notes payable due to the commercial paper conduit. At July 31, 2013, $130.0 million of trade accounts receivable were pledged as collateral against $82.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from Ferrellgas. Ferrellgas does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

Ferrellgas structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas' various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of July 31, 2014, Ferrellgas had received cash proceeds of $91.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. As of July 31, 2013, Ferrellgas had received cash proceeds of $82.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 2.1% and 2.4% as of July 31, 2014 and 2013, respectively.

G. Goodwill and intangible assets, net

Goodwill and intangible assets, net consist of the following:

	July 31, 2014			July 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Goodwill, net	$ 273,210	$ —	$ 273,210	$ 253,362	$ —	$ 253,362
Intangible assets, net						
Amortized intangible assets						
Customer related	$ 500,100	$ (322,277)	$ 177,823	$ 416,620	$ (302,179)	$ 114,441
Non-compete agreements	63,933	(43,120)	20,813	47,974	(40,994)	6,980
Permits and favorable lease arrangements	10,683	(119)	10,564	—	—	—
Other	9,177	(4,592)	4,585	9,172	(3,445)	5,727
	583,893	(370,108)	213,785	473,766	(346,618)	127,148
Unamortized intangible assets						
Trade names & trademarks	62,386		62,386	62,368		62,368
Total intangible assets, net	$ 646,279	$ (370,108)	$ 276,171	$ 536,134	$ (346,618)	$ 189,516

Changes in the carrying amount of goodwill, by reportable segment, are as follows:

	Propane and related equipment sales	Midstream operations	Total
Balance July 31, 2012	$ 248,944	$ —	$ 248,944
Acquisitions	4,640	—	4,640
Other	(222)	—	(222)
Balance July 31, 2013	253,362	—	253,362
Acquisitions	2,922	16,957	19,879
Other	(31)	—	(31)
Balance July 31, 2014	$ 256,253	$ 16,957	$ 273,210

Customer related intangible assets have estimated lives of 12 to 15 years, permits and favorable lease arrangements have estimated lives of 15 years while non-compete agreements and other intangible assets have estimated lives ranging from two to 10 years. Ferrellgas intends to utilize all acquired trademarks and trade names and does not believe there are any legal, regulatory, contractual, competitive, economical or other factors that would limit their useful lives. Therefore, trademarks and trade names have indefinite useful lives. Customer related intangibles, permits and favorable lease arrangements non-compete agreements and other intangibles carry a weighted average life of eleven years, fifteen years, seven years and six years, respectively.

Aggregate amortization expense related to intangible assets, net:

For the year ended July 31,	
2014	$ 23,490
2013	21,725
2012	21,604

Estimated amortization expense:

For the year ended July 31,	
2015	$ 27,950
2016	26,164
2017	25,589
2018	23,034
2019	17,247

H. Debt

Short-term borrowings

Ferrellgas classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of July 31, 2014 and 2013, $69.5 million and $50.1 million, respectively, were classified as short-term borrowings. For further discussion see the secured credit facility section below.

Long-term debt

Long-term debt consists of the following:

	2014	2013
Senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $5,863 (3)	480,863	—
Fixed rate, 9.125%, due 2017, net of unamortized discount of $2,556 at July 31, 2013	—	297,444
Fixed rate, 8.625%, due 2020 (2)	182,000	182,000
Fair value adjustments related to interest rate swaps	(2,534)	(1,657)
Secured credit facility		
Variable interest rate, expiring October 2018 (net of $69.5 million and $50.1 million classified as short-term borrowings at July 31, 2014 and 2013, respectively)	123,781	121,346
Notes payable		
8.8% and 9.1% weighted average interest rate at July 31, 2014 and 2013, respectively, due 2014 to 2022, net of unamortized discount of $2,239 and $2,392 at July 31, 2014 and 2013, respectively	11,727	10,898
	1,295,837	1,110,031
Less: current portion, included in other current liabilities on the consolidated balance sheets	3,623	3,091
Long-term debt	$ 1,292,214	$ 1,106,940

(1) During November 2010, Ferrellgas issued $500.0 million in aggregate principal amount of 6.50% senior notes due 2021 at an offering price equal to par. These notes are general unsecured senior obligations of Ferrellgas and are effectively junior to all future senior secured indebtedness of Ferrellgas, to the extent of the value of the assets securing the debt, and are structurally subordinated to all existing and future indebtedness and obligations of the operating partnership. 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. Ferrellgas would incur prepayment penalties if it were to repay the notes prior to 2019.

(2) During April 2010, Ferrellgas issued $280.0 million of its fixed rate senior 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. Ferrellgas would incur prepayment penalties if it were to repay the notes prior to 2018. During March 2011, Ferrellgas redeemed $98.0 million of these fixed rate senior notes.

(3) During November 2013, Ferrellgas issued $325.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to par. Ferrellgas received $319.3 million of net proceeds after deducting underwriters' fees. Ferrellgas used the net proceeds to redeem all of its $300.0 million 9.125% fixed rate senior notes due October 1, 2017. Ferrellgas used the remaining proceeds to pay the related $14.7 million make whole and consent payments, $3.3 million in interest payments and to reduce outstanding indebtedness under the secured credit facility. This redemption also resulted in $6.0 million of non-cash write-offs of unamortized debt discount and related capitalized debt costs. The make whole and consent payments and the non-cash write-offs of unamortized debt discount and related capitalized debt costs are classified as loss on extinguishment of debt. During June 2014, Ferrellgas issued an additional $150.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to 104% of par. Ferrellgas used the net proceeds for general corporate purposes, including to repay indebtedness under its secured credit facility and to pay related transaction fees and expenses.

Secured credit facility

During October 2013, Ferrellgas executed a second amendment to its secured credit facility. This amendment extended the maturity date to October 2018, increased the size of the facility from $400.0 million to $500.0 million with no change to the size of the letter of credit sublimit which remains at $200.0 million and decreased interest rates by 0.25%. Ferrellgas incurred a loss on extinguishment of debt of $0.3 million related to the writeoff of capitalized financing costs.

During June 2014, Ferrellgas executed a third amendment to its secured credit facility. This amendment increased the size of this facility from $500.0 million to $600.0 million with no change to the size of the letter of credit sublimit which remains at $200.0 million. This amendment did not change the interest rate or the maturity date of the secured credit facility which remains at October 2018. Borrowings under this amended facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness.

The secured credit facility contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of July 31, 2014, Ferrellgas had total borrowings outstanding under its secured credit facility of $193.3 million, of which $123.8 million was classified as long-term debt. As of July 31, 2013, Ferrellgas had total borrowings outstanding under its secured credit facility of $171.4 million, of which $121.3 million was classified as long-term debt.

Borrowings outstanding at July 31, 2014 and 2013 under the secured credit facility had a weighted average interest rate of 3.4% and 3.7%, respectively. All borrowings under the secured credit facility bear interest, at Ferrellgas' option, at a rate equal to either:

- for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America's prime rate; or iii) the Eurodollar Rate plus 1.00%; plus a margin varying from 0.75% to 1.75% (as of July 31, 2014 and 2013, the margin was 1.25% and 1.75%, respectively); or
- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 1.75% to 2.75% (as of July 31, 2014 and 2013, the margin was 2.25% and 2.75%, respectively).

As of July 31, 2014, the federal funds rate and Bank of America's prime rate were 0.09% and 3.25%, respectively. As of July 31, 2013, the federal funds rate and Bank of America's prime rate were 0.09% and 3.25%, respectively. As of July 31, 2014, the one-month and three-month Eurodollar Rates were 0.17% and 0.24%, respectively. As of July 31, 2013, the one-month and three-month Eurodollar Rates were 0.22% and 0.28%, respectively.

In addition, an annual commitment fee is payable at a per annum rate range from 0.35% to 0.50% times the actual daily amount by which the facility exceeds the sum of (i) the outstanding amount of revolving credit loans and (ii) the outstanding amount of letter of credit obligations.

The obligations under this credit facility are secured by substantially all assets of Ferrellgas, the general partner and certain subsidiaries of Ferrellgas but specifically excluding (a) assets that are subject to Ferrellgas' accounts receivable securitization facility, (b) the general partner's equity interest in Ferrellgas Partners and (c) equity interest in certain unrestricted subsidiaries. Such obligations are also guaranteed by the general partner and certain subsidiaries of Ferrellgas.

Letters of credit outstanding at July 31, 2014 totaled $56.3 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2013 totaled $53.9 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At July 31, 2014, Ferrellgas had available letter of credit remaining capacity of $143.7 million. At July 31, 2013, Ferrellgas had available letter of credit remaining capacity of $146.1 million. Ferrellgas incurred commitment fees of $1.2 million, $0.9 million and $0.9 million in fiscal 2014, 2013 and 2012, respectively.

Interest rate swaps

During May 2012, Ferrellgas entered into a $140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its $300.0 million 9.125% fixed rate senior notes due 2017. Ferrellgas receives 9.125% and pays one-month LIBOR plus 7.96%, on the $140.0 million swapped. In October 2013, this interest rate swap was terminated. As a result, Ferrellgas discontinued hedge accounting treatment for this agreement at a cost of $0.2 million, which was classified as loss on extinguishment of debt when the related senior notes were redeemed as discussed above. Ferrellgas accounted for this agreement as a fair value hedge. In May 2012, Ferrellgas also entered into a $140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its $500.0 million 6.5% fixed rate senior notes due 2021. Ferrellgas receives 6.5% and pays a one-month LIBOR plus 4.715%, on the $140.0 million swapped. Ferrellgas accounts for this agreement as a fair value hedge.

In May 2012, Ferrellgas entered into a forward interest rate swap agreement to hedge against variability in forecasted interest payments on Ferrellgas' secured credit facility and collateralized note payable borrowings under the accounts receivable securitization facility. From August 2015 through July 2017, Ferrellgas will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount of $175.0 million. From August 2017 through July 2018, Ferrellgas will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount of $100.0 million. Ferrellgas has accounted for this agreement as a cash flow hedge.

Covenants

The senior notes and the credit facility agreement contain various restrictive covenants applicable to Ferrellgas and its subsidiaries, the most restrictive relating to additional indebtedness. In addition, Ferrellgas is prohibited from making cash distributions of the minimum quarterly distribution if a default or event of default exists or would exist upon making such distribution, or if Ferrellgas fails to meet certain coverage tests. As of July 31, 2014, Ferrellgas is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

As a result of the above transactions, the scheduled annual principal payments on long-term debt have been updated as follows:

For the year ending July 31,	**Scheduled annual principal payments**
2015	$ 3,623
2016	3,523
2017	3,186
2018	1,704
2019	124,855
Thereafter	1,157,856
Total	$ 1,294,747

I. Partners' deficit

As of July 31, 2014 and 2013, limited partner units were beneficially owned by the following:

	2014	2013
Public common unitholders (1)	55,153,208	52,997,790
Ferrell Companies (2)	21,469,664	21,469,664
FCI Trading Corp. (3)	195,686	195,686
Ferrell Propane, Inc. (4)	51,204	51,204
James E. Ferrell (5)	4,358,475	4,358,475

(1) These common units are listed on the New York Stock Exchange under the symbol “FGP.”
(2) Ferrell Companies is the owner of the general partner and a 26.4% direct owner of Ferrellgas Partner’s 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 26.7%.
(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 (“Mr. Ferrell”) is the Chairman of the Board of Directors of the general partner and a related party.

Together these limited partner units represent Ferrellgas Partner’s limited partners’ interest and an effective 98% economic interest in Ferrellgas Partners, exclusive of the general partners’ incentive distribution rights. The general partner has an effective 2% interest in Ferrellgas Partners, excluding incentive distribution rights. Since ongoing distributions have not yet reached the levels required to commence payment of incentive distribution rights to the general partner, distributions to the partners from operations or interim capital transactions will generally be made in accordance with the above percentages. In liquidation, allocations and distributions will be made in accordance with each common unitholder’s positive capital account.

The common units of Ferrellgas Partners represent limited partner interests in Ferrellgas Partners, which give the holders thereof the right to participate in distributions made by Ferrellgas Partners and to exercise the other rights or privileges available to such holders under the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated February 18, 2003, as amended (the “Partnership Agreement”). Under the terms of the Partnership Agreement, holders of common units have limited voting rights on matters affecting the business of Ferrellgas Partners. Generally, persons owning 20% or more of Ferrellgas Partners’ outstanding common units cannot vote; however, this limitation does not apply to those common units owned by the general partner or its “affiliates,” as such term is defined in the Partnership Agreement.

Ferrellgas maintains shelf registration statements for the issuance of common units, and other securities that may include deferred participation units, warrants and debt securities. The Partnership Agreement allows the general partner to issue an unlimited number of additional Ferrellgas general and limited partner interests and other equity securities of Ferrellgas Partners for such consideration and on such terms and conditions as shall be established by the general partner without the approval of any unitholders.

Partnership distributions paid

Ferrellgas Partners has paid the following distributions:

	For the year ended July 31,		
	2014	2013	2012
Public common unitholders	$ 107,164	$ 105,934	$ 104,192
Ferrell Companies	42,939	42,939	41,550
FCI Trading Corp.	392	392	392
Ferrell Propane, Inc.	104	104	104
James E. Ferrell	8,717	8,717	8,717
General partner	1,609	1,596	1,565
	$ 160,925	$ 159,682	$ 156,520

On August 21, 2014, Ferrellgas Partners declared a cash distribution of $0.50 per common unit for the three months ended July 31, 2014, which was paid on September 12, 2014. Included in this cash distribution were the following amounts paid to related parties:

Ferrell Companies	$	11,265
FCI Trading Corp.		98
Ferrell Propane, Inc.		26
James E. Ferrell		2,179
General partner		418

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

Common unit issuances

During fiscal 2014, Ferrellgas Partners, entered into an agreement with the former owners of Sable relating to a non-brokered registered direct offering of 2.0 million common units. Net proceeds of $50.0 million were used to reduce outstanding indebtedness under Ferrellgas' secured credit facility initially used to fund the Sable acquisition.

During fiscal 2014 Ferrellgas issued 0.1 million common units valued at $1.5 million in connection with acquisitions of propane distribution assets.

During fiscal 2012, Ferrellgas Partners, in a non-brokered registered direct offering, issued to Ferrell Companies 1.4 million common units. Net proceeds of approximately $25.0 million were used to reduce outstanding indebtedness under Ferrellgas' secured credit facility.

During fiscal 2012, Ferrellgas Partners entered into an agreement with an institutional investor relating to a non-brokered registered direct offering of 1.5 million common units. Net proceeds of approximately $25.0 million were used to reduce outstanding indebtedness under Ferrellgas' secured credit facility.

Accumulated Other Comprehensive Income (Loss) ("AOCI")

See Note K – Derivative instruments and hedging activities – for details regarding changes in fair value on risk management financial derivatives recorded within AOCI for the years ended July 31, 2014 and 2013.

General partner's commitment to maintain its capital account

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

During fiscal 2014, the general partner made cash contributions of $1.1 million and non-cash contributions of $0.9 million to Ferrellgas to maintain its effective 2% general partner interest.

During fiscal 2013, the general partner made cash contributions of $18 thousand and non-cash contributions of $0.6 million to Ferrellgas to maintain its effective 2% general partner interest.

J. 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 July 31, 2014 and 2013:

	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
July 31, 2014:				
Assets:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ 2,101	$ —	$ 2,101
Propane commodity derivatives	$ —	$ 7,006	$ —	$ 7,006
Liabilities:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ (5,075)	$ —	$ (5,075)
Propane commodity derivatives	$ —	$ (83)	$ —	$ (83)
Contingent consideration	$ —	$ —	$ (6,400)	$ (6,400)
July 31, 2013:				
Assets:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ 3,783	$ —	$ 3,783
Commodity derivatives propane swaps	$ —	$ 2,532	$ —	$ 2,532
Liabilities:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ (4,998)	$ —	$ (4,998)
Commodity derivatives propane swaps	$ —	$ (907)	$ —	$ (907)

The following is a reconciliation of the opening and closing balances for the liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended July 31, 2014:

	Contingent consideration liability
Balance at July 31, 2013	$ —
Estimated value at acquisition	1,400
Increase in fair value related to accretion	110
Change in fair value included in earnings	4,890
Balance at July 31, 2014	$ 6,400

Quantitative Information about Level 3 Fair Value Measurements

	Fair value at July 31, 2014	Valuation technique		Unobservable input	Range	Weighted Average
Contingent consideration liability	$ 6,400	Discounted cash flow	A.	Weighted average cost of capital (WACC)	N/A	20%
			B.	Probability of forecast	10% - 70%	N/A

The valuation of the contingent consideration is based on unobservable inputs such as Ferrellgas' weighted average cost of capital and the likelihood of the acquired company meeting earnings thresholds. As of July 31, 2014, fluctuations in these inputs could have the following effect (in thousands):

	Increase/(decrease)			
	5% increase in WACC	5% decrease in WACC	10% increase in best earnings forecast probability	10% decrease in best earnings forecast probability
Change in the fair value of contingent consideration	$ (470)	$ 400	$ 840	$ (1,010)

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. The fair values of interest rate swap contracts are based upon third-party quotes or indicative values based on recent market transactions.

The fair value of Ferrellgas' contingent consideration for the Sable acquisition is based upon our estimate of the likelihood that the target EBITDA metric will be met and exceeded and the amount by which it could be exceeded then discounting that value at a risk- and inflation-adjusted rate. The inputs to this model are the likelihood of meeting and exceeding the target EBITDA metric and discount rate. Management and the sellers prepared an operating forecast based on Sable's operating capacities, historical performance, and projected oil and water volumes and set a target EBITDA metric. Management then assessed the likelihood of this target EBITDA metric being achieved and exceeded and assigned probabilities to various potential outcomes. To determine the appropriate discount rate, management used observable inputs such as inflation rates, short and long-term yields for U.S. government securities and our nonperformance risk. Due to the significant unobservable inputs required in this measurement, management determined that the fair value measurement of the contingent consideration liability is level 3 in the fair value hierarchy.

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 July 31, 2014 and July 31, 2013, the estimated fair value of Ferrellgas' long-term debt instruments was $1,408.2 million and $1,186.7 million, respectively. Ferrellgas estimates the fair value of long-term debt based on quoted market prices. The fair value of our 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.

K. 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. Ferrellgas also periodically utilizes derivative instruments to manage its exposure to fluctuations in interest rates, which is discussed in Note H - Debt. Additional information related to derivatives is provided in Note B – Summary of significant accounting policies.

Derivative instruments and hedging activity

During the years ended July 31, 2014 and 2013, 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 fair value derivatives that were designated as hedging instruments in Ferrellgas' consolidated balance sheets as of July 31, 2014 and 2013:

	July 31, 2014			
	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Location	Fair value	Location	Fair value
Propane commodity derivatives	Prepaid expenses and other current assets	$ 5,301	Other current liabilities	$ 83
Propane commodity derivatives	Other assets, net	1,705	Other liabilities	—
Interest rate swap agreements, current portion	Prepaid expenses and other current assets	2,101	Other current liabilities	—
Interest rate swap agreements, noncurrent portion	Other assets, net	—	Other liabilities	5,075
	Total	$ 9,107	Total	$ 5,158

	July 31, 2013			
	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Location	Fair value	Location	Fair value
Propane commodity derivatives	Prepaid expenses and other current assets	$ 1,400	Other current liabilities	$ 569
Propane commodity derivatives	Other assets, net	1,132	Other liabilities	338
Interest rate swap agreements, current portion	Prepaid expenses and other current assets	3,341	Other current liabilities	—
Interest rate swap agreements, noncurrent portion	Other assets, net	442	Other liabilities	4,998
	Total	$ 6,315	Total	$ 5,905

The following table provides a summary of the effect on Ferrellgas' consolidated statements of comprehensive income for the years ended July 31, 2014 and 2013 of derivatives accounted for under ASC 815-25, Derivatives and Hedging – Fair Value Hedges, that were designated as hedging instruments:

		Amount of Gain Recognized on Derivative		Amount of Interest Expense Recognized on Fixed-Rated Debt (Related Hedged Item)	
Derivative Instrument	Location of Gain Recognized on Derivative	For the year ended July 31,		For the year ended July 31,	
		2014	2013	2014	2013
Interest rate swap agreements	Interest expense	$ 2,520	$ 3,205	$ (11,985)	$ (21,875)

The following tables provide a summary of the effect on Ferrellgas' consolidated statements of comprehensive income for the years ended July 31, 2014 and 2013 of the effective portion of derivatives accounted for under ASC 815-30, Derivatives and Hedging – Cash Flow Hedges that were designated as hedging instruments:

	For the year ended July 31, 2014		
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
Commodity derivatives propane swaps	$ 15,473	Cost of product sold- propane and other gas liquids sales	$ 10,175
Interest rate swap agreements	(881)	Interest expense	—
	$ 14,592		$ 10,175

Derivative Instrument	For the year ended July 31, 2013: Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
Commodity derivatives propane swaps	$ 2,032	Cost of product sold- propane and other gas liquids sales	$ (10,613)
Interest rate swap agreements	2,220	Interest expense	—
	$ 4,252		$ (10,613)

The changes in derivatives included in accumulated other comprehensive income (loss) ("AOCI") for the years ended July 31, 2014, 2013 and 2012 were as follows:

Gains and losses on derivatives included in AOCI	For the year ended July 31, 2014	2013	2012
Beginning balance	$ 2,066	$ (12,799)	$ 5,161
Change in value on risk management commodity derivatives	15,473	2,032	(23,290)
Reclassification of gains and losses of commodity hedges to cost of product sold - propane and other gas liquids sales	(10,175)	10,613	7,108
Change in value on risk management interest rate derivatives	(881)	2,220	(1,778)
Ending balance	$ 6,483	$ 2,066	$ (12,799)

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 margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sales exception.

During the years ended July 31, 2014 and 2013, Ferrellgas had no reclassifications to earnings resulting from 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 July 31, 2014, Ferrellgas had financial derivative contracts covering 1.4 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 reduces 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. Although Ferrellgas has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative financial instruments, Ferrellgas would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was $6.6 million at July 31, 2014.

Ferrellgas holds certain derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon the Partnership's debt rating. At July 31, 2014, a downgrade in the Partnership's debt rating could trigger a reduction in credit limit but would not result in any additional collateral requirements. There were no derivatives with credit-risk-related contingent features in a liability position on July 31, 2014 and Ferrellgas had no collateral posted in the normal course of business related to such derivatives.

L. 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 consolidated statements of earnings as follows:

	For the year ended July 31, 2014	2013	2012
Operating expense	$ 216,657	$ 203,859	$ 198,576
General and administrative expense	$ 32,119	$ 30,053	$ 26,213

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

M. Contingencies and commitments

Litigation

Ferrellgas' propane and related equipment sales 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. Ferrellgas' propane and related equipment sales and midstream operations face an inherent risk of exposure to general liability claims in the event that the use of these facilities results in injury or destruction of property. As a result, at any given time, Ferrellgas is 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.

During the first quarter of fiscal 2014 Ferrellgas reached a settlement with the Offices of the District Attorneys of several counties in California relating to an investigation of labeling and filling practices relating to the amount of propane contained in barbecue cylinders. Ferrellgas already paid and reflected in the consolidated financial statements the settlement reached.

The Federal Trade Commission (“FTC”) initiated an investigation into certain practices related to the filling of portable propane cylinders. On March 27, 2014, the FTC filed an administrative complaint alleging that Ferrellgas and one of its competitors colluded in 2008 to persuade a customer to accept the cylinder fill reduction from 17 pounds to 15 pounds. The complaint does not seek monetary remedies. Ferrellgas has filed an answer to the complaint and believes that the FTC’s claims are without merit and will vigorously defend the claims. Ferrellgas does not believe loss is probable or reasonably estimable at this time.

Ferrellgas has also been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The complaints, filed on behalf of direct and indirect customers of our tank exchange business, reference the FTC complaint mentioned above. The lawsuits 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 retailers 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. Ferrellgas anticipates that these lawsuits will be consolidated into one case by a multidistrict litigation panel. Ferrellgas believes they have strong defenses to the claims and intend to vigorously defend against them. Ferrellgas does not believe loss is probable or reasonably estimable at this time related to these putative class action lawsuits.

Ferrellgas has also been named as a defendant in a putative class action lawsuit filed in the United States District Court in Kansas. The complaint was the subject of a motion to dismiss which was granted, in part, in August 2011. The surviving claims allege breach of contract and breach of the implied duty of good faith and fair dealing, both of which allegedly arise from the existence of an oral contract for continuous propane service. Ferrellgas believes the claims are without merit and intends to defend them vigorously. The case has not been certified for class treatment. Ferrellgas recently prevailed on an appeal before the Tenth Circuit Court of Appeals and the appellate court ordered the trial court to determine whether the case must be arbitrated. Ferrellgas does not believe loss is probable or reasonably estimable at this time related to this putative class action lawsuit.

Long-term debt-related commitments

Ferrellgas has long and short-term payment obligations under agreements such as senior notes and its credit facility. See Note H – Debt – for a description of these debt obligations and a schedule of future maturities.

Operating lease commitments and buyouts

Ferrellgas leases certain property, plant and equipment under non-cancelable and cancelable operating leases. Amounts shown in the table below represent minimum lease payment obligations under Ferrellgas' third-party operating leases with terms in excess of one year for the periods indicated. These arrangements include the leasing of transportation equipment, property, computer equipment and propane tanks. Ferrellgas accounts for these arrangements as operating leases.

Ferrellgas is required to recognize a liability for the fair value of guarantees. The only material guarantees Ferrellgas has are associated with residual value guarantees of operating leases. Most of the operating leases involving Ferrellgas' transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over the next 7 fiscal years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or Ferrellgas will be required to pay the lessor the difference. The fair value of these residual value guarantees was $1.2 million as of July 31, 2014. Although the fair values of the underlying equipment at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments Ferrellgas could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $5.1 million as of July 31, 2014. Ferrellgas does not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

Operating lease buyouts represent the maximum amount Ferrellgas would pay if it were to exercise its right to buyout the assets at the end of their lease term.

The following table summarizes Ferrellgas' contractual operating lease commitments and buyout obligations as of July 31, 2014:

	Future minimum rental and buyout amounts by fiscal year					
	2015	2016	2017	2018	2019	Thereafter
Operating lease obligations	$ 31,635	$ 26,182	$ 21,120	$ 16,456	$ 11,798	$ 11,884
Operating lease buyouts	$ 1,448	$ 2,054	$ 1,509	$ 2,746	$ 2,893	$ 6,649

Certain property and equipment is leased under non-cancelable operating leases, which require fixed monthly rental payments and which expire at various dates through 2024. Rental expense under these leases totaled $35.6 million, $32.2 million and $31.7 million for fiscal 2014, 2013 and 2012, respectively.

N. Employee benefits

Ferrellgas has no employees and is managed and controlled by its general partner. Ferrellgas assumes all liabilities, which include specific liabilities related to the following employee benefit plans for the benefit of the officers and employees of the general partner.

Ferrell Companies makes contributions to the ESOT, which causes a portion of the shares of Ferrell Companies owned by the ESOT to be allocated to employees' accounts over time. The allocation of Ferrell Companies' shares to employee accounts causes a non-cash compensation charge to be incurred by Ferrellgas, equivalent to the fair value of such shares allocated. This non-cash compensation charge is reported separately in Ferrellgas' consolidated statements of earnings and thus excluded from operating and general and administrative expenses. The non-cash compensation charges were $21.8 million, $15.8 million and

$9.4 million during fiscal 2014, 2013 and 2012, respectively. Ferrellgas is not obligated to fund or make contributions to the ESOT.

The general partner and its parent, Ferrell Companies, have a defined contribution profit-sharing plan which includes both profit sharing and matching contribution features. The plan covers substantially all full time employees. The plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Matching contributions for fiscal 2014, 2013 and 2012 were $3.6 million, $3.0 million and $2.9 million, respectively.

The general partner has a defined benefit plan that provides participants who were covered under a previously terminated plan with a guaranteed retirement benefit at least equal to the benefit they would have received under the terminated plan. Until July 31, 1999, benefits under the terminated plan were determined by years of credited service and salary levels. As of July 31, 1999, years of credited service and salary levels were frozen. The general partner's funding policy for this plan is to contribute amounts deductible for Federal income tax purposes and invest the plan assets primarily in corporate stocks and bonds, U.S. Treasury bonds and short-term cash investments. During fiscal 2014, 2013 and 2012, other comprehensive income and other liabilities were adjusted by $0.3 million, $0.3 million and $38 thousand, respectively.

O. Net earnings (loss) per common unitholders' interest

Below is a calculation of the basic and diluted net earnings per common unitholders' interest in the consolidated statements of earnings for the periods indicated. In accordance with guidance issued by the FASB regarding participating securities and the two-class method, Ferrellgas calculates net earnings (loss) per common unitholders' interest for each period presented according to distributions declared and participation rights in undistributed earnings, as if all of the earnings or loss for the period had been distributed. Due to the seasonality of Ferrellgas' business, the dilutive effect of the two-class method typically impacts only the three months ending January 31. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the general partner and a dilution of the earnings to the limited partners as follows.

	Ratio of total distributions payable to:	
Quarterly distribution per common unit	**Common unitholder**	**General partner**
$0.56 to $0.63	86.9%	13.1%
$0.64 to $0.82	76.8%	23.2%
$0.83 and above	51.5%	48.5%

There was not a dilutive effect resulting from this guidance on basic and diluted net earnings (loss) per common unitholders' interest for fiscal 2014, 2013 and 2012.

In periods with net losses, the allocation of the net losses to the limited partners and the general partner will be determined based on the same allocation basis specified in the Ferrellgas Partners' partnership agreement that would apply to periods in which there were no undistributed earnings. Additionally, in periods with net losses, there are no dilutive securities. Units that could potentially dilute basic net earnings per common unitholders' interest in the future that were not included in the computation of diluted net earnings per common unitholders' interest, because it would have been antidilutive for the year ended July 31, 2012 was 0.1 million.

	For the year ended July 31,		
	2014	**2013**	**2012**
Common unitholders' interest in net earnings (loss)	$ 32,879	$ 55,862	$ (10,842)
Weighted average common units outstanding (in thousands)	79,651.1	79,038.6	77,572.4
Dilutive securities	20.6	37.0	—
Weighted average common units outstanding plus dilutive securities	79,671.7	79,075.6	77,572.4
Basic and diluted net earnings (loss) per common unitholders' interest	$ 0.41	$ 0.71	$ (0.14)

P. Segment reporting

During May 2014, Ferrellgas entered into a membership interest purchase agreement to acquire all of the issued and outstanding membership interests of Sable, a fluid logistics provider in the Eagle Ford shale region of south Texas. With this acquisition Ferrellgas established a new operating and reportable segment referred to as "Midstream Operations" in addition to the existing reportable segment of propane and related equipment sales. The chief operating decision maker evaluates the operating segments using an Adjusted EBITDA performance measure which is based on earnings before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership

plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, change in fair value of contingent consideration, litigation accrual and related legal fees associated with a class action lawsuit and net earnings (loss) attributable to noncontrolling interests. This performance measure is not a GAAP measure but the components are computed using amounts that are determined in accordance with GAAP. A reconciliation of this performance measure to net earnings (loss) attributable to Ferrellgas Partners L.P., which is its nearest comparable GAAP measure, is included in the tables below. In management's evaluation of performance, certain costs, such as compensation for administrative staff and executive management, are not allocated by segment and, accordingly, the following reportable segment results do not include such unallocated costs. The accounting policies of the operating segments are otherwise the same as those described in the summary of significant accounting policies in Note B.

Assets reported within a segment are those assets that can be identified to a segment and primarily consist of trade receivables, property, plant and equipment, inventories, identifiable intangible assets and goodwill. Cash, certain prepaid assets and other assets are not allocated to segments. Although Ferrellgas can and does identify long-lived assets such as property, plant and equipment and identifiable intangible assets to reportable segments, Ferrellgas does not allocate the related depreciation and amortization to the segment as management evaluates segment performance exclusive of these non-cash charges.

The propane and related equipment sales segment primarily includes the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Sales from propane distribution are generated principally from transporting propane purchased from third parties to propane distribution locations and then to tanks on customers’ premises or to portable propane tanks delivered to nationwide and local retailers. Sales from portable tank exchanges, nationally branded under the name Blue Rhino, are generated through a network of independent and partnership-owned distribution outlets.

Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and gas wells generate significant volumes of salt water known as “flowback” and “production” water. Flowback is a water based solution that flows back to the surface during and after the completion of the hydraulic fracturing (“fracking”) process whereby large volumes of water, sand and chemicals are injected under high pressures into rock formations to stimulate production. Flowback contains clays, chemicals, dissolved metal ions, total dissolved solids and oil/condensate. Production water is salt water from underground formations that are brought to the surface during the normal course of oil or gas production. Because this water has been in contact with hydrocarbon-bearing formations, it contains some of the chemical characteristics of the formations and the hydrocarbons. In the oil and gas fields we service, these volumes of water are transported by truck away from the fields to salt water disposal wells where it is injected into underground geologic formations using high-pressure pumps. Revenue is derived from fees charged to customers to dispose of salt water at the disposal facilities and crude oil sales from the skimming oil process.

Prior to the Sable acquisition in May 2014, Ferrellgas managed and evaluated its operations as a single reportable segment. As the current two reportable segment structure is the result of the Sable acquisition completed during May 2014, comparative historical segment information for fiscal 2013 and 2012 are not provided.

Following is a summary of segment information for the year ended July 31, 2014.

	Year Ended July 31, 2014			
	Propane and related equipment sales	**Midstream operations**	**Corporate and other**	**Total**
Segment revenues	$ 2,398,425	$ 7,435	$ —	$ 2,405,860
Direct costs (1)	2,067,133	3,997	46,582	2,117,712
Adjusted EBITDA	$ 331,292	$ 3,438	$ (46,582)	$ 288,148

(1) Direct costs are comprised of "cost of products sold-propane and other gas liquids sales", "cost of products sold-other", "operating expense", "general and administrative expense", and "equipment lease expense" less "non-cash stock and unit-based compensation charge", "change in fair value of contingent consideration", "litigation accrual and related legal fees associated with a class action lawsuit" and "severance costs".

Following is a reconciliation of our total segment performance measure to consolidated net earnings:

	Year Ended July 31, 2014
Net earnings attributable to Ferrellgas Partners, L.P.	$ 33,211
Income tax expense	2,516
Interest expense	86,502
Depreciation and amortization expense	84,202
EBITDA	206,431
Loss on extinguishment of debt	21,202
Non-cash employee stock ownership plan compensation charge	21,789
Non-cash stock and unit-based compensation charge	24,508
Loss on disposal of assets	6,486
Other expense (income), net	479
Change in fair value of contingent consideration	5,000
Litigation accrual and related legal fees associated with a class action lawsuit	1,749
Net earnings attributable to noncontrolling interest	504
Adjusted EBITDA	$ 288,148

Following are total assets by segment:

	July 31, 2014
Assets	
Propane and related equipment sales	$ 1,400,603
Midstream operations	136,116
Corporate and unallocated	35,551
Total consolidated assets	$ 1,572,270

Following are capital expenditures by segment:

	Year Ended July 31, 2014			
	Propane and related equipment sales	Midstream operations	Corporate and other	Total
Maintenance	$ 14,682	$ 181	$ 3,275	$ 18,138
Growth	30,501	1,715	627	32,843
Total	$ 45,183	$ 1,896	$ 3,902	$ 50,981

Q. Quarterly data (unaudited)

The following summarized unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments, with the exception of those items indicated below), which Ferrellgas considers necessary for a fair presentation. Due to the seasonality of the propane distribution industry, first and fourth quarter Revenues, gross margin from propane and other gas liquids sales, Net earnings attributable to Ferrellgas Partners and common unitholders' interest in net earnings are consistently less than the second and third quarter results. Other factors affecting the results of operations include competitive conditions, demand for product, timing of acquisitions, variations in the weather and fluctuations in propane prices. The sum of basic and diluted net earnings (loss) per common unitholders' interest by quarter may not equal the basic and diluted net earnings (loss) per common unitholders' interest for the year due to variations in the weighted average units outstanding used in computing such amounts.

For the year ended July 31, 2014	First quarter	Second quarter	Third quarter	Fourth quarter
Revenues	$ 415,030	$ 869,683	$ 722,117	$ 399,030
Gross margin from propane and other gas liquids sales (a)	123,469	237,940	202,861	126,685
Net earnings (loss)	(25,057)	61,123	45,890	(48,241)
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	(24,843)	60,464	45,385	(47,795)
Common unitholders' interest in net earnings (loss)	(24,595)	59,860	44,931	(47,317)
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.31)	$ 0.72	$ 0.57	$ (0.58)

For the year ended July 31, 2013	First quarter	Second quarter	Third quarter	Fourth quarter
Revenues	$ 362,909	$ 658,865	$ 603,020	$ 350,673
Gross margin from propane and other gas liquids sales (a)	121,624	206,838	195,201	123,343
Net earnings (loss)	(17,796)	58,843	45,180	(29,060)
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	(17,658)	58,207	44,681	(28,804)
Common unitholders' interest in net earnings (loss)	(17,481)	55,069	44,234	(28,516)
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.22)	$ 0.70	$ 0.56	$ (0.36)

(a) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of product sold – propane and other gas liquids sales."

R. Subsequent events

Ferrellgas has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas' consolidated financial statements were issued and concluded that, other than the events discussed below, there were no events or transactions occurring during this period that required recognition or disclosure in its financial statements.

During September 2014, Ferrellgas entered into an asset purchase agreement to acquire two salt water disposal wells in the Eagle Ford shale region of south Texas from C&E Production, LLC and its affiliates ("C&E sellers") based in Bryan, Texas. Consideration was paid in cash upon closing with funds borrowed from the secured credit facility. During September 2014, in a non-brokered registered direct offering, which units are subject to certain transfer restrictions, Ferrellgas issued to Ferrell Companies Inc. and the former equity holders of C&E sellers, an aggregate of 1.5 million common units for an aggregate purchase price of $42.0 million. Ferrellgas used these proceeds to pay down a portion of the borrowings under the secured credit facility used to fund the acquisition discussed above, as well as other propane and related equipment sales acquisitions completed during fiscal 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Ferrellgas Partners Finance Corp.

We have audited the accompanying balance sheets of Ferrellgas Partners Finance Corp. (a Delaware corporation) (the “Company”) as of July 31, 2014 and 2013, and the related statements of earnings, stockholders’ equity, and cash flows for each of the two years in the period ended July 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ferrellgas Partners Finance Corp. as of July 31, 2014 and 2013, and the results of its operations and its cash flows for each of the two years in the period ended July 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
September 29, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Ferrellgas Partners Finance Corp.
Overland Park, Kansas

We have audited the statements of earnings, stockholder's equity, and cash flows of Ferrellgas Partners Finance Corp. (a wholly-owned subsidiary of Ferrellgas Partners, L.P., and referred to herein as the "Company") for the year ended July 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the results of operations and cash flows of Ferrellgas Partners Finance Corp. for the year ended July 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
October 1, 2012

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

	July 31,	
	2014	**2013**
ASSETS		
Cash	$ 969	$ 969
Total assets	$ 969	$ 969
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	15,106	12,957
Accumulated deficit	(15,137)	(12,988)
Total stockholder's equity	$ 969	$ 969

See notes to financial statements.

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

	For the year ended July 31,		
	2014	**2013**	**2012**
General and administrative expense	$ 2,149	$ 2,038	$ 1,999
Net loss	$ (2,149)	$ (2,038)	$ (1,999)

See notes to financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Additional paid in	Accumulated	Total stockholder's
	Shares	Dollars	capital	deficit	equity
July 31, 2011	1,000	1,000	8,920	(8,951)	969
Capital contribution	—	—	1,999	—	1,999
Net loss	—	—	—	(1,999)	(1,999)
July 31, 2012	1,000	1,000	10,919	(10,950)	969
Capital contribution	—	—	2,038	—	2,038
Net loss	—	—	—	(2,038)	(2,038)
July 31, 2013	1,000	$ 1,000	$ 12,957	$ (12,988)	$ 969
Capital contribution	—	—	2,149	—	2,149
Net loss	—	—	—	(2,149)	(2,149)
July 31, 2014	1,000	$ 1,000	$ 15,106	$ (15,137)	$ 969

See notes to financial statements.

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

	For the year ended July 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net loss	$ (2,149)	$ (2,038)	$ (1,999)
Cash used in operating activities	(2,149)	(2,038)	(1,999)
Cash flows from financing activities:			
Capital contribution	2,149	2,038	1,999
Cash provided by financing activities	2,149	2,038	1,999
Change in cash	—	—	—
Cash - beginning of year	969	969	969
Cash - end of year	$ 969	$ 969	$ 969

See notes to financial statements.

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

NOTES TO 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.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership.

The senior unsecured notes contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of July 31, 2014, the Partnership is in compliance with all requirements, tests, limitations and covenants related to this debt agreement.

C. Income taxes

Income taxes have been computed separately as the Finance Corp. files its own income tax return. Deferred income taxes are provided as a result of temporary differences between financial and tax reporting using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and tax basis of existing assets and liabilities.

Due to the inability of the Finance Corp. to utilize the deferred tax benefit of $5,675 associated with the net operating loss carryforward of $14,588, which expire at various dates through July 31, 2034, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for fiscal 2014, 2013 or 2012, and there is no net deferred tax asset as of July 31, 2014 and 2013.

D. Subsequent events

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Partners
Ferrellgas, L.P.

We have audited the accompanying consolidated balance sheets of Ferrellgas, L.P. and subsidiaries (the “Partnership”) as of July 31, 2014 and 2013, and the related consolidated statements of earnings, comprehensive income, partners’ capital, and cash flows for each of the two years in the period ended July 31, 2014. Our audits of the basic consolidated financial statements included the 2014 and 2013 financial statement schedule listed in the index appearing on page S-1. These financial statements and financial statement schedule are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ferrellgas, L.P. and subsidiaries as of July 31, 2014 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended July 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
September 29, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Ferrellgas, L.P. and subsidiaries
Overland Park, Kansas

We have audited the consolidated statements of earnings, comprehensive income, partners' capital, and cash flows of Ferrellgas, L.P. and subsidiaries ("Ferrellgas") for the year ended July 31, 2012. Our audit also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of Ferrellgas' management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Ferrellgas is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ferrellgas' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Ferrellgas, L.P. and subsidiaries for the year ended July 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
October 1, 2012

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

	July 31, 2014	July 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,283	$ 6,307
Accounts and notes receivable (including $159,003 and $130,025 of accounts receivable pledged as collateral at 2014 and 2013, respectively, and net of allowance for doubtful accounts of $4,756 and $3,607 at 2014 and 2013, respectively)	178,602	131,791
Inventories	145,969	117,116
Prepaid expenses and other current assets	32,079	25,582
Total current assets	364,933	280,796
Property, plant and equipment, net	611,787	589,727
Goodwill	273,210	253,362
Intangible assets, net	276,171	189,516
Other assets, net	43,732	39,531
Total assets	$ 1,569,833	$ 1,352,932
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 69,360	$ 49,128
Short-term borrowings	69,519	50,054
Collateralized note payable	91,000	82,000
Other current liabilities	123,153	118,903
Total current liabilities	353,032	300,085
Long-term debt	1,110,214	924,940
Other liabilities	36,662	33,431
Contingencies and commitments (Note M)		
Partners' capital:		
Limited partner	63,024	91,810
General partner	643	938
Accumulated other comprehensive income	6,258	1,728
Total partners' capital	69,925	94,476
Total liabilities and partners' capital	$ 1,569,833	$ 1,352,932

See notes to consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)

	For the year ended July 31, 2014	For the year ended July 31, 2013	For the year ended July 31, 2012
Revenues:			
Propane and other gas liquids sales	$ 2,147,343	$ 1,739,267	$ 2,160,945
Other	258,517	236,200	178,147
Total revenues	2,405,860	1,975,467	2,339,092
Costs and expenses:			
Cost of product sold - propane and other gas liquids sales	1,456,388	1,092,261	1,601,886
Cost of product sold - other	158,152	144,456	95,323
Operating expense (includes $5.3 million, $2.4 million and $2.7 million for the years ended July 31, 2014, 2013 and 2012, respectively, for non-cash stock	451,551	412,430	401,377

and unit-based compensation)			
Depreciation and amortization expense	84,202	83,344	83,841
General and administrative expense (includes $19.2 million, $11.2 million and $6.1 million for the years ended July 31, 2014, 2013 and 2012, respectively, for non-cash stock and unit-based compensation)	65,156	53,181	43,212
Equipment lease expense	17,745	15,983	14,648
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440
Loss on disposal of assets	6,486	10,421	6,035
Operating income	144,391	147,622	83,330
Interest expense	(70,332)	(72,974)	(77,127)
Loss on extinguishment of debt	(21,202)	—	—
Other income (expense), net	(479)	565	506
Earnings before income taxes	52,378	75,213	6,709
Income tax expense	2,471	1,838	1,120
Net earnings	$ 49,907	$ 73,375	$ 5,589

See notes to consolidated financial statements.

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

	For the year ended July 31,		
	2014	**2013**	**2012**
Net earnings	$ 49,907	$ 73,375	$ 5,589
Other comprehensive income (loss)			
Change in value on risk management derivatives	14,592	4,252	(25,068)
Reclassification of gains and losses of derivatives to earnings	(10,175)	10,613	7,108
Foreign currency translation adjustment	(145)	(147)	(52)
Pension liability adjustment	258	290	38
Other comprehensive income (loss)	4,530	15,008	(17,974)
Comprehensive income (loss)	$ 54,437	$ 88,383	$ (12,385)

See notes to consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

	Limited partner	General partner	Accumulated other comprehensive income (loss)	Total partners' capital
Balance at July 31, 2011	$ 261,323	$ 2,669	$ 4,694	$ 268,686
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	18,099	184		18,283
Contributions in connection with acquisitions	1,300	13		1,313
Cash contributed by Ferrellgas Partners and general partner	50,700	518		51,218
Distributions	(172,218)	(1,757)		(173,975)
Net earnings	5,533	56		5,589
Other comprehensive loss			(17,974)	(17,974)
Balance at July 31, 2012	164,737	1,683	(13,280)	153,140
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	29,019	295		29,314
Cash contributed by Ferrellgas Partners and general partner	800	9		809
Distributions	(175,380)	(1,790)		(177,170)
Net earnings	72,634	741		73,375
Other comprehensive income			15,008	15,008
Balance at July 31, 2013	91,810	938	1,728	94,476
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	45,829	468		46,297
Contributions in connection with acquisitions	1,500	15		1,515
Cash contributed by Ferrellgas Partners and general partner	51,105	521		51,626
Distributions	(176,623)	(1,803)		(178,426)
Net earnings	49,403	504		49,907
Other comprehensive income			4,530	4,530
Balance at July 31, 2014	$ 63,024	$ 643	$ 6,258	$ 69,925

See notes to consolidated financial statements.

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

	For the year ended July 31,		
	2014	**2013**	**2012**
Cash flows from operating activities:			
Net earnings	$ 49,907	$ 73,375	$ 5,589
Reconciliation of net earnings to net cash provided by operating activities:			
Depreciation and amortization expense	84,202	83,344	83,841
Non-cash employee stock ownership plan compensation charge	21,789	15,769	9,440
Non-cash stock and unit-based compensation charge	24,508	13,545	8,843
Loss on disposal of assets	6,486	10,421	6,035
Loss on extinguishment of debt	6,526	—	—
Change in fair value of contingent consideration	5,000	—	—
Provision for doubtful accounts	3,419	2,066	4,822
Deferred tax expense	88	133	913
Other	4,898	4,067	1,902
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts and notes receivable, net of securitization	(48,087)	(5,901)	30,497
Inventories	(28,738)	15,869	8,541
Prepaid expenses and other current assets	(3,994)	6,143	(8,485)
Accounts payable	16,279	508	(19,143)
Accrued interest expense	(7,611)	(151)	165
Other current liabilities	8,674	6,454	7,988
Other liabilities	(1,896)	303	(445)
Net cash provided by operating activities	141,450	225,945	140,503
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(162,019)	(37,186)	(10,400)
Capital expenditures	(52,572)	(40,910)	(49,303)
Proceeds from sale of assets	4,524	9,980	5,742
Other	(23)	—	—
Net cash used in investing activities	(210,090)	(68,116)	(53,961)
Cash flows from financing activities:			
Distributions	(178,426)	(177,170)	(173,975)
Contributions from partners	51,626	809	51,218
Proceeds from increase in long-term debt	750,351	58,356	49,697
Payments on long-term debt	(569,841)	(3,912)	(52,885)
Net additions to (reductions in) short-term borrowings	19,465	(45,676)	30,803
Net additions to collateralized short-term borrowings	9,000	8,000	13,000
Cash paid for financing costs	(11,414)	—	(3,472)
Net cash provided by (used in) financing activities	70,761	(159,593)	(85,614)
Effect of exchange rate changes on cash	(145)	(147)	(52)
Increase (decrease) in cash and cash equivalents	1,976	(1,911)	876
Cash and cash equivalents - beginning of year	6,307	8,218	7,342
Cash and cash equivalents - end of year	$ 8,283	$ 6,307	$ 8,218

See notes to consolidated financial statements.

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

A. Partnership organization and formation

Ferrellgas, L.P. was formed on April 22, 1994, and is a Delaware limited partnership. 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. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell Companies"), holds an approximate 1% general partner interest in Ferrellgas, L.P. and performs all management functions required by Ferrellgas, L.P. Ferrellgas Partners and Ferrellgas, L.P. 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.

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 any debt issued by Ferrellgas, L.P.

Ferrellgas, L.P. is engaged in the following reportable business segment activities:

- Propane and related equipment sales consists of the distribution of propane and related equipment and supplies. 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.
- Midstream operations consists of eight salt water disposal wells in the Eagle Ford shale region of south Texas. Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and natural gas wells generate significant volumes of salt water that is transported by truck to our disposal wells.

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 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 assets, 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 doubtful accounts, fair value of reporting units, assumptions used to value business combinations, fair values of derivative contracts and stock and unit-based compensation calculations.

(2) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of Ferrellgas, L.P. and its subsidiaries after elimination of all intercompany accounts and transactions. Ferrellgas, L.P. consolidates the following wholly-owned entities: Sable Environmental, LLC, Sable SWD 2, LLC, Blue Rhino Global Sourcing, Inc., Blue Rhino Canada, Inc., Ferrellgas Real Estate, Inc., Ferrellgas Finance Corp. and Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), a special purpose entity that has agreements with Ferrellgas, L.P. to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(3) Supplemental cash flow information: For purposes of the 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 year ended July 31,		
	2014	2013	2012
CASH PAID FOR:			
Interest	$ 75,121	$ 68,334	$ 72,999
Income taxes	$ 771	$ 534	$ 756
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Assets contributed from Ferrellgas Partners in connection with acquisitions	$ 1,500	$ —	$ 1,300
Liabilities incurred in connection with acquisitions	$ 4,312	$ 2,035	$ 2,321
Change in accruals for property, plant and equipment additions	$ 978	$ 533	$ 233

(4) Fair value measurements: Ferrellgas L.P. measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants – in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability.

The common framework for measuring fair value utilizes a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 having the highest priority and Level 3 having the lowest.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

(5) Accounts receivable securitization: Through its wholly-owned and consolidated subsidiary Ferrellgas Receivables, Ferrellgas, L.P. has agreements to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(6) Inventories: Inventories are stated at the lower of cost or market using weighted average cost and actual cost methods.

(7) Property, plant and equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Ferrellgas, L.P. capitalizes computer software, equipment replacement and betterment expenditures that upgrade, replace or completely rebuild major mechanical components and extend the original useful life of the equipment. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Ferrellgas, L.P., using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable. See Note E – Supplemental financial statement information – for further discussion of property, plant and equipment.

(8) Goodwill: Ferrellgas, L.P. records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Goodwill recorded is not deductible for income tax purposes. Ferrellgas, L.P. has determined that it has four reporting units for goodwill impairment testing purposes. Three of these reporting units contain goodwill that is subject to at least an annual assessment for impairment by applying a fair-value-based test. Under this test, the carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification basis. To the extent a reporting unit's carrying value exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to its carrying amount. Ferrellgas, L.P. has completed the impairment test for the Retail operations and Products reporting units and believes that estimated fair values exceed the carrying values of its reporting units as of January 31, 2014. Goodwill associated with the Midstream operations reporting unit is a result of our acquisition of Sable Environmental, LLC and Sable SWD 2, LLC (collectively "Sable") on May 1, 2014.

(9) Intangible assets: Intangible assets with finite useful lives, consisting primarily of customer related assets, non-compete agreements, permits, favorable lease arrangements and patented technology, are stated at cost, net of accumulated amortization calculated using the straight-line method over periods ranging from two to 15 years. Trade names and trademarks have indefinite lives, are not amortized, and are stated at cost. Ferrellgas, L.P. tests finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. Ferrellgas, L.P. tests indefinite-lived intangible assets for impairment annually on January 31 or more frequently if circumstances dictate. Ferrellgas, L.P. has not recognized impairment losses as a result of these tests. When necessary, intangible assets' useful lives are revised and the impact on amortization reflected on a prospective basis. See Note G – Goodwill and intangible assets, net – for further discussion of intangible assets.

(10) Derivatives instruments and hedging activities:

Commodity Price Risk.

Ferrellgas, L.P.'s overall objective for entering into commodity based derivative contracts, including commodity options and swaps, is to hedge a portion of its exposure to market fluctuations in propane prices.

Ferrellgas L.P.'s 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 on a short-term basis.

Ferrellgas L.P. attempts to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

Ferrellgas L.P.'s risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to Ferrellgas L.P.'s 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 Ferrellgas L.P.'s gains or losses in the physical product markets are offset by its losses or gains in the forward or financial markets. These financial derivatives are designated as cash flow hedges.

Ferrellgas L.P.'s risk management activities may include the use of financial derivative instruments including, but not limited to, swaps, options, and futures to seek protection from adverse price movements and to minimize potential losses. Ferrellgas L.P. enters into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. All of Ferrellgas L.P.'s derivative instruments are reported on the consolidated balance sheets at fair value.

Ferrellgas L.P. also enters into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on Ferrellgas L.P.'s financial statements until settled.

On the date that derivative contracts are entered into, other than those designated as normal purchases or normal sales, Ferrellgas L.P. makes a determination as to whether the derivative instrument qualifies for designation as a hedge. These financial instruments are formally designated and documented as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instrument are generally offset by changes in the anticipated cash flows of the underlying exposure being hedged. Since the fair value of these derivatives fluctuates over their contractual lives, their fair value amounts should not be viewed in isolation, but rather in relation to the anticipated cash flows of the underlying hedged transaction and the overall reduction in Ferrellgas, L.P.'s risk relating to adverse fluctuations in propane prices. Ferrellgas, L.P. formally assesses, both at inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the anticipated cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is recognized in "Cost of product sold - propane and other gas liquids sales" in the consolidated statements of earnings. Financial instruments formally designated and documented as a hedge of a specific underlying exposure are recorded gross at fair value as either "Prepaid expenses and other current assets", "Other assets, net", "Other current liabilities" or "Other liabilities" on the consolidated balance sheets with changes in fair value reported in other comprehensive income.

Interest Rate Risk.

Ferrellgas L.P.'s overall objective for entering into interest rate derivative contracts, including swaps, is to manage its exposure to interest rate risk associated with its fixed rate senior notes and its floating rate borrowings from both the secured credit facility and the accounts receivable securitization facility. Fluctuations in interest rates subject Ferrellgas L.P. to interest rate risk. Decreases in interest rates increase the fair value of Ferrellgas L.P.'s fixed rate debt, while increases in interest rates subject Ferrellgas L.P. to the risk of increased interest expense related to its variable rate borrowings.

Ferrellgas L.P. enters into fair value hedges to help reduce its fixed interest rate risk. Interest rate swaps are used to hedge the exposure to changes in the fair value of fixed rate debt due to changes in interest rates. Fixed rate debt that has been designated as being hedged is recorded at fair value while the fair value of interest rate derivatives that are considered fair value hedges are classified as "Prepaid expenses and other current assets", "Other assets, net", "Other current liabilities" or "Other liabilities" on the consolidated balance sheets. Changes in the fair value of fixed rate debt and any related fair value hedges are recognized as they occur in "Interest expense" on the consolidated statements of earnings.

Ferrellgas enters into cash flow hedges to help reduce its variable interest rate risk. Interest rate swaps are used to hedge the risk associated with rising interest rates and their effect on forecasted interest payments related to variable rate borrowings. These interest rate swaps are designated as cash flow hedges. Thus, the effective portions of changes in the fair value of the hedges are recorded in "Prepaid expenses and other current assets", "Other assets, net", "Other current liabilities" or as "Other liabilities" with an offsetting entry to "Other comprehensive income" at interim periods and are subsequently recognized as interest expense in the consolidated statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of any cash flow hedges that are considered ineffective are recognized as interest expense on the consolidated statement of earnings as they occur.

(11) Revenue recognition: Revenues from our propane and related equipment sales segment are recognized at the time product is delivered with payments generally due 30 days after receipt. Amounts are considered past due after 30 days.

Ferrellgas determines accounts receivable allowances based on management's assessment of the creditworthiness of the customers and other collection actions. Ferrellgas offers "even pay" billing programs that can create customer deposits or advances. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. Other revenues, which include revenue from the sale of propane appliances and equipment is recognized at the time of delivery or installation. Ferrellgas, L.P. recognizes shipping and handling revenues and expenses for sales of propane, appliances and equipment at the time of delivery or installation. Shipping and handling revenues are included in the price of propane charged to customers, and are classified as revenue. Revenues from annually billed, non-refundable propane tank rentals are recognized in "Revenues: other" on a straight-line basis over one year.

Revenues from our midstream operations segment are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Salt water disposal revenues are based on Ferrellgas L.P.'s published or negotiated water disposal rates. Customers deliver salt water to be disposed to facilities and revenue is recognized when actual volumes of water are off-loaded at the facilities. Skimming oil disposal revenues are determined based on published rates subject to adjustments based on the quality of the oil sold and are recognized when actual volumes are delivered to the customer who determines the quality of the oil and collectability is reasonably assured. Amounts are considered past due after 30 days. Ferrellgas determines accounts receivable allowances based on management's assessment of the creditworthiness of the customers and other collection actions.

(12) Shipping and handling expenses: Shipping and handling expenses related to delivery personnel, vehicle repair and maintenance and general liability expenses within our propane and related equipment sales segment are classified within "Operating expense" in the consolidated statements of earnings. Depreciation expenses on delivery vehicles Ferrellgas, L.P. owns are classified within "Depreciation and amortization expense." Delivery vehicles and distribution technology leased by Ferrellgas, L.P. are classified within "Equipment lease expense." See Note E – Supplemental financial statement information – for the financial statement presentation of shipping and handling expenses.

(13) Cost of product sold: "Cost of product sold – propane and other gas liquids sales" includes all costs to acquire propane and other gas liquids, the costs of storing and transporting inventory prior to delivery to Ferrellgas, L.P.'s customers, the results from risk management activities to hedge related price risk and the costs of materials related to the refurbishment of Ferrellgas, L.P.'s portable propane tanks. "Cost of product sold – other" primarily includes costs related to the sale of propane appliances and equipment and supplies and transportation costs related to the processing and disposal of salt water.

(14) Operating expenses: "Operating expense" primarily includes the personnel, vehicle, delivery, handling, plant, office, selling, marketing, credit and collections and other expenses related to the retail distribution of propane and related equipment and supplies and midstream operations segment.

(15) General and administrative expenses: "General and administrative expense" primarily includes personnel and incentive expense related to executives, and employees and other overhead expense related to centralized corporate functions.

(16) Stock-based plan:

Ferrell Companies, Inc. Incentive Compensation Plan ("ICP")
The ICP is not a Ferrellgas, L.P. stock-compensation plan; however, in accordance with Ferrellgas, L.P.'s partnership agreements, all Ferrellgas, L.P. employee-related costs incurred by Ferrell Companies are allocated to Ferrellgas, L.P. As a result, Ferrellgas, L.P. incurs a non-cash compensation charge from Ferrell Companies. During the years ended July 31, 2014, 2013 and 2012, the portion of the total non-cash compensation charge relating to the ICP was $24.5 million, $13.5 million and $8.8 million, respectively.

Ferrell Companies is authorized to issue up to 9.25 million stock appreciation rights ("SARs") that are based on shares of Ferrell Companies common stock. The ICP was established by Ferrell Companies to allow upper-middle and senior level managers as well as directors of the general partner to participate in the equity growth of Ferrell Companies. The ICP awards vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance. The fair value of each award is estimated on each balance sheet date using a binomial valuation model.

(17) Income taxes: Ferrellgas, L.P. is a limited partnership and owns three subsidiaries that are taxable corporations. As a result, except for the taxable corporations, Ferrellgas, L.P.'s earnings or losses for federal income tax purposes are included in the tax returns of the individual partners. Accordingly, the accompanying consolidated financial statements of Ferrellgas, L.P. reflect federal income taxes related to the above mentioned taxable corporations and certain states that allow for income taxation of partnerships. Net earnings for financial statement purposes may differ significantly from taxable income reportable to partners as a result of differences between the tax basis and financial reporting basis of assets and liabilities, the taxable

income allocation requirements under Ferrellgas, L.P.'s partnership agreement and differences between Ferrellgas, L.P.'s financial reporting year end and limited partners tax year end.

Income tax expense consisted of the following:

	For the year ended July 31,		
	2014	2013	2012
Current expense	$ 2,383	$ 1,705	$ 207
Deferred expense	88	133	913
Income tax expense	$ 2,471	$ 1,838	$ 1,120

Deferred taxes consisted of the following:

	July 31,	
	2014	2013
Deferred tax assets	$ 1,152	$ 1,367
Deferred tax liabilities	(4,313)	(4,602)
Net deferred tax liability	$ (3,161)	$ (3,235)

(18) Sales taxes: Ferrellgas, L.P. accounts for the collection and remittance of sales tax on a net tax basis. As a result, these amounts are not reflected in the consolidated statements of earnings.

(19) New accounting standards:

FASB Accounting Standard Update No. 2010-28
In December 2010, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standard Update No. 2010-28 (ASU 2010-28), which modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Ferrellgas, L.P.'s adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-4
In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS." The amendments result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards ("IFRS"). The new guidance applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, liability or an instrument classified in shareholders' equity. Among other things, the new guidance requires quantitative information about unobservable inputs, valuation processes and sensitivity analysis associated with fair value measurements categorized within Level 3 of the fair value hierarchy. The new guidance is effective for interim periods beginning after December 31, 2011 and is required to be applied prospectively. Ferrellgas, L.P.'s adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update Nos. 2011-05 and 2011-12
In June 2011, the FASB issued ASU 2011-05, which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, which indefinitely defers certain provisions of ASU 2011-05. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas, L.P.'s adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-08
In September 2011, the FASB issued ASU 2011-08, which amends the existing guidance on goodwill impairment testing. Under the new guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15,

2011. Ferrellgas L.P.'s adoption of this guidance in fiscal 2013 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2012-02
In July 2012, the FASB issued ASU 2012-02, which amends the existing guidance on impairment testing of indefinite-lived intangible assets. Under the new guidance, entities testing indefinite-lived intangible assets for impairment have the option of performing a qualitative assessment before calculating the fair value of the asset. If an entity determines, on the basis of qualitative factors, that the fair value of the asset is more likely than not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. Ferrellgas L.P.'s adoption of this guidance in fiscal 2013 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2014-09
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* The issuance is part of a joint effort by the FASB and the International Accounting Standards Board (IASB) to enhance financial reporting by creating common revenue recognition guidance for U.S. GAAP and IFRS and, thereby, improving the consistency of requirements, comparability of practices and usefulness of disclosures. The new standard will supersede much of the existing authoritative literature for revenue recognition. The standard and related amendments will be effective for Ferrellgas L.P. for its annual reporting period beginning August 1, 2017, including interim periods within that reporting period. Early application is not permitted. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect. Ferrellgas L.P. is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

FASB Accounting Standard Update No. 2014-08
In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, to change the criteria for determining which disposals can be presented as discontinued operations and enhanced the related disclosure requirements. ASU 2014-08 is effective for us on a prospective basis in our first quarter of fiscal 2016 with early adoption permitted for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. Ferrellgas, L.P. is currently evaluating the impact of our pending adoption of ASU 2014-08 on our consolidated financial statements.

C. Business combinations

Business combinations are accounted for under the acquisition method of accounting and the assets acquired and liabilities assumed are recorded at their estimated fair market values as of the acquisition dates. The results of operations are included in the consolidated statements of earnings from the date of acquisition. The pro forma effect of these transactions was not material to Ferrellgas, L.P.’s balance sheets or results of operations.

Propane and related equipment sales

During fiscal 2014, Ferrellgas acquired seven propane distribution assets with an aggregate value of $38.7 million in the following transactions:

- KanGas, based in Kansas, acquired November 2013;
- Motor Propane, based in Wisconsin, acquired December 2013;
- Country Boys Propane, based in Georgia, acquired March 2014;
- Viking Propane, based in California, acquired May 2014;
- Kaw Valley Propane, based in Kansas, acquired June 2014;
- Wise Choice Propane, based in Ohio, acquired July 2014; and

- Sharp Propane, based in Texas, acquired July 2014.

During fiscal 2013, Ferrellgas, L.P. acquired propane distribution and grilling tool assets with an aggregate value of $39.2 million in the following transactions:

- Capitol City Propane, based in California, acquired September 2012;
- Flores Gas, based in Texas, acquired October 2012;
- IGS Propane, based in Connecticut, acquired December 2012;
- Mr. Bar-B-Q, based in New York, acquired March 2013; and
- Western Petroleum, based in Utah, acquired April 2013.

During fiscal 2012, Ferrellgas, L.P. acquired propane distribution assets with an aggregate value of $14.0 million in the following transactions:

- Economy Propane, based in California, acquired September 2011;
- Federal Petroleum Company, based in Texas, acquired October 2011;
- Polar Gas Company, based in Wisconsin, acquired November 2011;
- Welch Propane, based in Texas, acquired November 2011; and
- Rio Grande Valley Gas, based in Texas, acquired January 2012.

The goodwill arising from the propane and related equipment sales acquisitions consists largely of the synergies and economies of scale expected from combining the operations of Ferrellgas and the acquired companies.

Midstream Operations

During fiscal 2014, Ferrellgas L.P. acquired salt water disposal assets with an aggregate value of $130.3 million relating to the midstream operations business segment. This included the acquisition in May 2014 of Sable Environmental, LLC and Sable SWD 2, LLC ("Sable"), based in Corpus Christi, Texas and the acquisition of Dietert SWD, based in LaSalle County, Texas. The Sable acquisition was funded through borrowings from the secured credit facility, and subsequently Sable's ownership group purchased $50.0 million of Ferrellgas Partners common units. The excess of purchase consideration over net assets assumed was recorded as goodwill, which represents the strategic value assigned to Sable, including the knowledge and experience of the workforce in place.

These acquisitions, for the propane and related equipment sales and midstream operations reportable segments, respectively, were funded as follows:

	For the year ended July 31,					
	2014		2013		2012	
	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations
Cash payments, net of cash acquired	$ 34,234	$ 127,785	$ 37,186	$ —	$ 10,400	$ —
Issuance of liabilities and other costs and considerations	2,927	2,555	2,035	—	2,334	—
Contribution of net assets from Ferrellgas Partners	1,500	—	—	—	1,300	—
Aggregate fair value of transactions	$ 38,661	$ 130,340	$ 39,221	$ —	$ 14,034	$ —

The acquisition of Sable included contingent consideration which requires Ferrellgas L.P. to pay the former owners of Sable a multiple for earnings in excess of certain EBITDA targets for each of the first two years following the acquisition date. At the date of acquisition, the potential undiscounted amount of all future payments that Ferrellgas L.P. could be required to make under the contingent consideration arrangement is between $0 and $2.0 million based upon management's estimate of the likelihood that the target EBITDA metric will be met and exceeded and the amount by which it could be exceeded at the date of acquisition. See further discussion of the determination of the fair value of the contingent consideration at Note J - Fair Value Measurements.

The aggregate fair values, for the acquisitions in propane and related equipment sales and midstream operations reporting segments, respectively, were allocated as follows:

	For the year ended July 31,					
	2014		2013		2012	
	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations	Propane and related equipment sales	Midstream operations
Working capital	$ (919)	$ 490	$ 7,302	$ —	$ —	$ —
Customer tanks, buildings, land and other	14,519	622	5,155	—	7,454	—
Salt water disposal wells	—	24,288	—	—	—	—
Goodwill	2,922	16,957	4,640	—	—	—
Customer lists	19,480	64,000	12,211	—	5,574	—
Non-compete agreements	2,659	13,300	944	—	1,006	—
Permits and favorable lease arrangements	—	10,683	—	—	—	—
Other intangibles	—	—	5,678	—	—	—
Trade names & trademarks	—	—	3,291	—	—	—
Aggregate fair value of transactions	$ 38,661	$ 130,340	$ 39,221	$ —	$ 14,034	$ —

The estimated fair values and useful lives of assets acquired during fiscal 2014 are based on a preliminary valuations and are subject to final valuation adjustments. Ferrellgas, L.P. intends to continue its analysis of the net assets of these transactions to determine the final allocation of the total purchase price to the various assets and liabilities acquired. The estimated fair values and useful lives of assets acquired during fiscal 2013 and 2012 are based on internal valuations and included only minor adjustments during the 12 month period after the dates of acquisition.

D. Quarterly distributions of available cash

Ferrellgas, L.P. makes quarterly cash distributions of all of its "available cash." Available cash is defined in the partnership agreement of Ferrellgas, L.P. as, generally, the sum of its consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the general partner for future requirements. Reserves are retained in order to provide for the proper conduct of Ferrellgas, L.P.'s business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters. Distributions are made within 45 days after the end of each fiscal quarter ending October, January, April, and July.

Distributions by Ferrellgas, L.P. in an amount equal to 100% of its available cash, as defined in its partnership agreement, will be made approximately 99% to Ferrellgas Partners and approximately 1% to the general partner.

E. Supplemental financial statement information

Inventories consist of the following:

	2014	2013
Propane gas and related products	$ 121,111	$ 94,946
Appliances, parts and supplies	24,858	22,170
Inventories	$ 145,969	$ 117,116

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All supply procurement fixed price contracts have terms of fewer than 36 months. As of July 31, 2014, Ferrellgas, L.P. had committed, for supply procurement purposes, to take delivery of approximately 18.3 million gallons of propane at fixed prices.

Property, plant and equipment, net consist of the following:

	Estimated useful lives	2014	2013
Land	Indefinite	$ 31,890	$ 30,978
Land improvements	2-20	12,812	12,021
Buildings and improvements	20	68,492	67,050
Vehicles, including transport trailers	8-20	95,701	101,224
Bulk equipment and district facilities	5-30	109,739	107,835
Tanks, cylinders and customer equipment	2-30	772,402	767,365
Salt water disposal wells and related equipment	2-23	24,288	—
Computer and office equipment	2-5	116,265	117,718
Construction in progress	n/a	7,029	3,077
		1,238,618	1,207,268
Less: accumulated depreciation		626,831	617,541
Property, plant and equipment, net		$ 611,787	$ 589,727

Depreciation expense totaled $58.3 million, $59.3 million and $60.0 million for fiscal 2014, 2013 and 2012, respectively.

Other current liabilities consist of the following:

	2014	2013
Accrued interest	$ 10,176	$ 17,787
Accrued payroll	37,120	30,295
Customer deposits and advances	25,412	20,420
Other	50,445	50,401
Other current liabilities	$ 123,153	$ 118,903

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

	For the year ended July 31,		
	2014	2013	2012
Operating expense	$ 190,999	$ 181,932	$ 177,903
Depreciation and amortization expense	5,829	5,744	6,545
Equipment lease expense	15,807	14,028	12,841
	$ 212,635	$ 201,704	$ 197,289

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

Accounts and notes receivable, net consist of the following:

	2014	2013
Accounts receivable pledged as collateral	$ 159,003	$ 130,025
Accounts receivable	24,108	4,867
Other	247	506
Less: Allowance for doubtful accounts	(4,756)	(3,607)
Accounts and notes receivable, net	$ 178,602	$ 131,791

During January 2012, Ferrellgas, L.P. executed a new accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This new accounts receivable securitization facility has up to $225.0 million of capacity, matures on January 19, 2017 and replaces Ferrellgas, L.P.'s previous 364-day facility which was to expire on April 4, 2013. As part of this new facility, Ferrellgas, L.P., through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a commercial paper conduit for proceeds of up to $225.0 million during the months of January, February, March and December, $175.0 million during the months of April and May and $145.0 million for all other months, depending on the availability of undivided interests in its accounts receivable from certain customers. Borrowings on the new accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20% lower than the previous facility. At July 31, 2014,

$159.0 million of trade accounts receivable were pledged as collateral against $91.0 million of collateralized notes payable due to the commercial paper conduit. At July 31, 2013, $130.0 million of trade accounts receivable were pledged as collateral against $82.0 million of collateralized notes payable due to the 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.

Ferrellgas, L.P. structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas, L.P.'s various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of July 31, 2014, Ferrellgas, L.P. had received cash proceeds of $91.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. As of July 31, 2013, Ferrellgas, L.P. had received cash proceeds of $82.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 2.1% and 2.4% as of July 31, 2014 and 2013, respectively.

G. Goodwill and intangible assets, net

Goodwill and intangible assets, net consist of the following:

	July 31, 2014			July 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Goodwill, net	$ 273,210	$ —	$ 273,210	$ 253,362	$ —	$ 253,362
Intangible assets, net						
Amortized intangible assets						
Customer related	$ 500,100	$ (322,277)	$ 177,823	$ 416,620	$ (302,179)	$ 114,441
Non-compete agreements	63,933	(43,120)	20,813	47,974	(40,994)	6,980
Permits and favorable lease arrangements	10,683	(119)	10,564	—	—	—
Other	9,177	(4,592)	4,585	9,172	(3,445)	5,727
	583,893	(370,108)	213,785	473,766	(346,618)	127,148
Unamortized intangible assets						
Trade names & trademarks	62,386		62,386	62,368		62,368
Total intangible assets, net	$ 646,279	$ (370,108)	$ 276,171	$ 536,134	$ (346,618)	$ 189,516

Changes in the carrying amount of goodwill, by reportable segment, are as follows:

	Propane and related equipment sales	Midstream operations	Total
Balance July 31, 2012	$ 248,944	$ —	$ 248,944
Acquisitions	4,640	—	4,640
Other	(222)	—	(222)
Balance July 31, 2013	253,362	—	253,362
Acquisitions	2,922	16,957	19,879
Other	(31)	—	(31)
Balance July 31, 2014	$ 256,253	$ 16,957	$ 273,210

Customer related intangibles have estimated lives of 12 to 15 years, permits and favorable lease arrangements have estimated lives of 15 years while non-compete agreements and other intangible assets have estimated lives ranging from two to 10 years. Ferrellgas, L.P. intends to utilize all acquired trademarks and trade names and does not believe there are any legal, regulatory, contractual, competitive, economical or other factors that would limit their useful lives. Therefore, trademarks and trade names

have indefinite useful lives. Customer related intangibles, permits and favorable lease arrangements, non-compete agreements and other intangibles carry a weighted average life of eleven years, fifteen years, seven years and six years, respectively.

Aggregate amortization expense related to intangible assets, net:

For the year ended July 31,	
2014	$ 23,490
2013	21,725
2012	21,604

Estimated amortization expense:

For the year ended July 31,	
2015	$ 27,950
2016	26,164
2017	25,589
2018	23,034
2019	17,247

H. Debt

Short-term borrowings

Ferrellgas, L.P. classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of July 31, 2014 and 2013, $69.5 million and $50.1 million, respectively, were classified as short-term borrowings. For further discussion see the secured credit facility section below.

Long-term debt

Long-term debt consists of the following:

	2014	2013
Senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $5,863 (2)	480,863	—
Fixed rate, 9.125%, due 2017, net of unamortized discount of $2,556 at July 31, 2013	—	297,444
Fair value adjustments related to interest rate swaps	(2,534)	(1,657)
Secured credit facility		
Variable interest rate, expiring October 2018 (net of $69.5 million and $50.1 million classified as short-term borrowings at July 31, 2014 and 2013, respectively)	123,781	121,346
Notes payable		
8.8% and 9.1% weighted average interest rate at July 31, 2014 and 2013, respectively, due 2014 to 2022, net of unamortized discount of $2,239 and $2,392 at July 31, 2014 and 2013, respectively	11,727	10,898
	1,113,837	928,031
Less: current portion, included in other current liabilities on the consolidated balance sheets	3,623	3,091
Long-term debt	$ 1,110,214	$ 924,940

(1) During November 2010, Ferrellgas L.P. issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. These notes are general unsecured senior obligations of Ferrellgas L.P. and are effectively junior to all future senior secured indebtedness of Ferrellgas L. P., to the extent of the value of the assets securing the debt, and are structurally subordinated to all existing and future indebtedness and obligations of Ferrellgas L.P. 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. Ferrellgas L.P. would incur prepayment penalties if it were to repay the notes prior to 2019.

(2) During November 2013, Ferrellgas L.P. issued $325.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to par. Ferrellgas L.P. received $319.3 million of net proceeds after deducting underwriters' fees. Ferrellgas L.P. used the net proceeds to redeem all of its $300.0 million 9.125% fixed rate senior notes due October 1, 2017. Ferrellgas L.P. used the remaining proceeds to pay the related $14.7 million make whole and consent payments, $3.3 million in interest payments and to reduce outstanding indebtedness under the secured credit facility. This redemption also resulted in $6.0 million of non-cash write-offs of unamortized debt discount and related capitalized debt costs. The make whole and consent payments and the non-cash write-offs of unamortized debt discount and related capitalized debt costs are classified as loss on extinguishment of debt. During June 2014, Ferrellgas L.P. issued an additional $150.0 million in aggregate principal amount of 6.75% senior notes due 2022 at an offering price equal to 104% of par. Ferrellgas, L.P. used the net proceeds for general corporate purposes, including to repay indebtedness under its secured credit facility and to pay related transaction fees and expenses.

Secured credit facility

During October 2013, Ferrellgas L.P. executed a second amendment to its secured credit facility. This amendment extended the maturity date to October 2018, increased the size of the facility from $400.0 million to $500.0 million with no change to the size of the letter of credit sublimit which remains at $200.0 million and decreased interest rates by 0.25%. Ferrellgas, L.P. incurred a loss on extinguishment of debt of $0.3 million related to the writeoff of capitalized financing costs.

During June 2014, Ferrellgas L.P. executed a third amendment to its secured credit facility. This amendment increased the size of this facility from $500.0 million to $600.0 million with no change to the size of the letter of credit sublimit which remains at $200.0 million. This amendment did not change the interest rate or the maturity date of the secured credit facility which remains at October 2018. Borrowings under this amended facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness.

The secured credit facility contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of July 31, 2014, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of $193.3 million, of which $123.8 million was classified as long-term debt. As of July 31, 2013, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of $171.4 million, of which $121.3 million was classified as long-term debt.

Borrowings outstanding at July 31, 2014 and 2013 under the secured credit facility had a weighted average interest rate of 3.4% and 3.7%, respectively. All borrowings under the secured credit facility bear interest, at Ferrellgas, L.P.’s option, at a rate equal to either:

- for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America’s prime rate; or iii) the Eurodollar Rate plus 1.00%; plus a margin varying from 0.75% to 1.75% (as of July 31, 2014 and 2013, the margin was 1.25% and 1.75%, respectively); or
- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 1.75% to 2.75% (as of July 31, 2014 and 2013, the margin was 2.25% and 2.75%, respectively).

As of July 31, 2014, the federal funds rate and Bank of America’s prime rate were 0.09% and 3.25%, respectively. As of July 31, 2013, the federal funds rate and Bank of America’s prime rate were 0.09% and 3.25%, respectively. As of July 31, 2014, the one-month and three-month Eurodollar Rates were 0.17% and 0.24%, respectively. As of July 31, 2013, the one-month and three-month Eurodollar Rates were 0.22% and 0.28%, respectively.

In addition, an annual commitment fee is payable at a per annum rate range from 0.35% to 0.50% times the actual daily amount by which the facility exceeds the sum of (i) the outstanding amount of revolving credit loans and (ii) the outstanding amount of letter of credit obligations.

The obligations under this credit facility are secured by substantially all assets of Ferrellgas, L.P., the general partner and certain subsidiaries of Ferrellgas, L.P. but specifically excluding (a) assets that are subject to Ferrellgas, L.P.’s accounts receivable securitization facility, (b) the general partner’s equity interest in Ferrellgas Partners and (c) equity interest in certain unrestricted subsidiaries. Such obligations are also guaranteed by the general partner and certain subsidiaries of Ferrellgas, L.P.

Letters of credit outstanding at July 31, 2014 totaled $56.3 million and were used primarily to secure insurance arrangements and to a lesser extent, commodity hedges and product purchases. Letters of credit outstanding at July 31, 2013 totaled $53.9

million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At July 31, 2014, Ferrellgas, L.P. had available letter of credit remaining capacity of $143.7 million. At July 31, 2013 Ferrellgas, L.P. had available letter of credit remaining capacity of $146.1 million. Ferrellgas, L.P. incurred commitment fees of $1.2 million, $0.9 million and $0.9 million in fiscal 2014, 2013 and 2012, respectively.

Interest rate swaps

In May 2012, Ferrellgas, L.P. entered into a $140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its $300.0 million 9.125% fixed rate senior notes due 2017. Beginning in May 2012, Ferrellgas, L.P. will receive 9.125% and will pay one-month LIBOR plus 7.96%, on the $140.0 million swapped. In October 2013, this interest rate swap was terminated. As a result, the operating partnership discontinued hedge accounting treatment for this agreement at a cost of $0.2 million,, which was classified as loss on extinguishment of debt when the related senior notes were redeemed as discussed above. The operating partnership accounted for this agreement as a fair value hedge. In May 2012, Ferrellgas, L.P. also entered into a $140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its $500.0 million 6.5% fixed rate senior notes due 2021. Beginning in May 2012, Ferrellgas, L.P. will receive 6.5% and will pay a one-month LIBOR plus 4.715%, on the $140.0 million swapped. The operating partnership accounts for this agreement as a fair value hedge.
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In May 2012, Ferrellgas, L.P. entered into a forward interest rate swap agreement to hedge against variability in forecasted interest payments on Ferrellgas, L.P.'s secured credit facility and collateralized note payable borrowings under the accounts receivable securitization facility. From August 2015 through July 2017, Ferrellgas, L.P. will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount of $175.0 million. From August 2017 through July 2018, Ferrellgas, L.P. will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount of $100.0 million. Ferrellgas, L.P. has accounted for this agreement as a cash flow hedge.

Covenants

The senior notes and the credit facility agreement contain various restrictive covenants applicable to Ferrellgas, L.P. and its subsidiaries, the most restrictive relating to additional indebtedness. In addition, Ferrellgas, L.P. is prohibited from making cash distributions if a default or event of default exists or would exist upon making such distribution, or if Ferrellgas, L.P. fails to meet certain coverage tests. As of July 31, 2014, Ferrellgas, L.P. is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

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

For the year ending July 31,	Scheduled annual principal payments
2015	$ 3,623
2016	3,523
2017	3,186
2018	1,704
2019	124,855
Thereafter	975,856
Total	$ 1,112,747

I. Partners' capital

Partnership distributions paid

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

	For the year ended July 31,		
	2014	2013	2012
Ferrellgas Partners	$ 176,623	$ 175,380	$ 172,218
General partner	1,803	1,790	1,757

On August 21, 2014, Ferrellgas, L.P. declared distributions for the three months ended July 31, 2014 to Ferrellgas Partners and the general partner of $41.8 million and $0.4 million, respectively, which were paid on September 12, 2014.

Partnership contributions

During fiscal 2014 and 2013, Ferrellgas, L.P. received cash contributions of $51.1 million and $0.8 million, respectively, from Ferrellgas Partners. The proceeds were used to reduce outstanding indebtedness under Ferrellgas, L.P.'s secured credit facility.

During fiscal 2014 Ferrellgas, L.P. received asset contributions of $1.5 million from Ferrellgas Partners in connection with acquisitions of propane distribution assets.

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

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

See Note K – Derivative instruments and hedging activities – for details regarding changes in fair value on risk management financial derivatives recorded within AOCI for the years ended July 31, 2014 and 2013.

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 fiscal 2014, the general partner made cash contributions of $0.5 million and non-cash contributions of $0.5 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

During fiscal 2013, the general partner made cash contributions of $9 thousand and non-cash contributions of $0.3 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

J. 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 July 31, 2014 and 2013:

	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
July 31, 2014:				
Assets:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ 2,101	$ —	$ 2,101
Commodity derivatives propane swaps	$ —	$ 7,006	$ —	$ 7,006
Liabilities:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ (5,075)	$ —	$ (5,075)
Commodity derivatives propane swaps	$ —	$ (83)	$ —	$ (83)
Contingent consideration	$ —	$ —	$ (6,400)	$ (6,400)
July 31, 2013:				
Assets:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ 3,783	$ —	$ 3,783
Commodity derivatives propane swaps	$ —	$ 2,532	$ —	$ 2,532
Liabilities:				
Derivative financial instruments:				
Interest rate swap agreements	$ —	$ (4,998)	$ —	$ (4,998)
Commodity derivatives propane swaps	$ —	$ (907)	$ —	$ (907)

The following is a reconciliation of the opening and closing balances for the liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended July 31, 2014:

	Contingent consideration liability
Balance at July 31, 2013	$ —
Estimated value at acquisition	1,400
Increase in fair value related to accretion	110
Change in fair value included in earnings	4,890
Balance at July 31, 2014	$ 6,400

Quantitative Information about Level 3 Fair Value Measurements

	Fair value at July 31, 2014	Valuation technique		Unobservable input	Range	Weighted Average
Contingent consideration liability	$ 6,400	Discounted cash flow	A.	Weighted average cost of capital (WACC)	N/A	20%
			B.	Probability of forecast	10% - 70%	N/A

The valuation of the contingent consideration is based on unobservable inputs such as Ferrellgas' weighted average cost of capital and the likelihood of the acquired company meeting earnings thresholds. As of July 31, 2014, fluctuations in these inputs could have the following effect (in thousands):

	Increase/(decrease)			
	5% increase in WACC	5% decrease in WACC	10% increase in best earnings forecast probability	10% decrease in best earnings forecast probability
Change in the fair value of contingent consideration	$ (470)	$ 400	$ 840	$ (1,010)

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. The fair values of interest rate swap contracts are based upon third-party quotes or indicative values based on recent market transactions.

The fair value of Ferrellgas L.P.'s contingent consideration for the Sable acquisition is based upon our estimate of the likelihood that the target EBITDA metric will be met and exceeded and the amount by which it could be exceeded then discounting that value at a risk- and inflation-adjusted rate. The inputs to this model are the likelihood of meeting and exceeding the target EBITDA metric and discount rate. Management and the sellers prepared an operating forecast based on Sable's operating capacities, historical performance, and projected oil and water volumes and set a target EBITDA metric. Management then assessed the likelihood of this target EBITDA metric being achieved and exceeded and assigned probabilities to various potential outcomes. To determine the appropriate discount rate, management used observable inputs such as inflation rates, short and long-term yields for U.S. government securities and our nonperformance risk. Due to the significant unobservable inputs required in this measurement, management determined that the fair value measurement of the contingent consideration liability is level 3 in the fair value hierarchy.

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 July 31, 2014 and July 31, 2013, the estimated fair value of Ferrellgas L.P.'s long-term debt instruments was $1,215.3 million and $999.2 million, respectively. Ferrellgas estimates the fair value of long-term debt based on quoted market prices. The fair value of our 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.

K. 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. Ferrellgas, L.P. also periodically utilizes derivative instruments to manage its exposure to fluctuations in interest rates, which is discussed in Note H - Debt. Additional information related to derivatives is provided in Note B – Summary of significant accounting policies.

Derivative instruments and hedging activity

During the years ended July 31, 2014 and 2013, 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 cash flow hedges.

The following tables provide a summary of the fair value derivatives that were designated as hedging instruments in Ferrellgas, L.P.'s consolidated balance sheets as of July 31, 2014 and 2013:

	July 31, 2014			
	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Location	Fair value	Location	Fair value
Propane commodity derivatives	Prepaid expenses and other current assets	$ 5,301	Other current liabilities	$ 83
Propane commodity derivatives	Other assets, net	1,705	Other liabilities	—
Interest rate swap agreements, current portion	Prepaid expenses and other current assets	2,101	Other current liabilities	—
Interest rate swap agreements, noncurrent portion	Other assets, net	—	Other liabilities	5,075
	Total	$ 9,107	Total	$ 5,158

	July 31, 2013			
	Asset Derivatives		Liability Derivatives	
Derivative Instrument	Location	Fair value	Location	Fair value
Propane commodity derivatives	Prepaid expenses and other current assets	$ 1,400	Other current liabilities	$ 569
Propane commodity derivatives	Other assets, net	1,132	Other liabilities	338
Interest rate swap agreements, current portion	Prepaid expenses and other current assets	3,341	Other current liabilities	—
Interest rate swap agreements, noncurrent portion	Other assets, net	442	Other liabilities	4,998
	Total	$ 6,315	Total	$ 5,905

The following table provides a summary of the effect on Ferrellgas L.P.'s consolidated statements of comprehensive income for the years ended July 31, 2014 and 2013 of derivatives accounted for under ASC 815-25, Derivatives and Hedging – Fair Value Hedges, that were designated as hedging instruments:

		Amount of Gain Recognized on Derivative		Amount of Interest Expense Recognized on Fixed-Rated Debt (Related Hedged Item)	
Derivative Instrument	Location of Gain Recognized on Derivative	For the year ended July 31,		For the year ended July 31,	
		2014	2013	2014	2013
Interest rate swap agreements	Interest expense	$ 2,520	$ 3,205	$ (11,985)	$ (21,875)

The following tables provide a summary of the effect on Ferrellgas' consolidated statements of comprehensive income for the years ended July 31, 2014 and 2013 of the effective portion of derivatives accounted for under ASC 815-30, Derivatives and Hedging – Cash Flow Hedges, that were designated as hedging instruments:

	For the year ended July 31, 2014		
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
Commodity derivatives propane swaps	$ 15,473	Cost of product sold- propane and other gas liquids sales	$ 10,175
Interest rate swap agreements	(881)	Interest expense	—
	$ 14,592		$ 10,175

	For the year ended July 31, 2013		
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
Commodity derivatives propane swaps	$ 2,032	Cost of product sold- propane and other gas liquids sales	$ (10,613)
Interest rate swap agreements	2,220	Interest expense	—
	$ 4,252		$ (10,613)

The changes in derivatives included in accumulated other comprehensive income (loss) (“AOCI”) for the years ended July 31, 2014, 2013 and 2012 were as follows:

	For the year ended July 31,		
Gains and losses on derivatives included in AOCI	2014	2013	2012
Beginning balance	$ 2,066	$ (12,799)	$ 5,161
Change in value on risk management commodity derivatives	15,473	2,032	(23,290)
Reclassification of gains and losses of commodity hedges to cost of product sold - propane and other gas liquids sales	(10,175)	10,613	7,108
Change in value on risk management interest rate derivatives	(881)	2,220	(1,778)
Ending balance	$ 6,483	$ 2,066	$ (12,799)

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 margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sales exception.

During the years ended July 31, 2014 and 2013, Ferrellgas, L.P. had no reclassifications to earnings resulting from 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 July 31, 2014, Ferrellgas, L.P. had financial derivative contracts covering 1.4 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 reduces 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. Although Ferrellgas has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative financial instruments, Ferrellgas would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was $6.6 million at July 31, 2014.

Ferrellgas L.P. holds certain derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon the Partnership's debt rating. As of July 31, 2014, a downgrade in the Partnership's debt rating could trigger a reduction in credit limit but would not result in any additional collateral requirements. There were no derivatives with credit-risk-related contingent features in a liability position on July 31, 2014 and Ferrellgas L.P. had no posted collateral in the normal course of business related to such derivatives.

L. 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 consolidated statements of earnings as follows:

	For the year ended July 31,		
	2014	2013	2012
Operating expense	$ 216,657	$ 203,859	$ 198,576
General and administrative expense	$ 32,119	$ 30,053	$ 26,213

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

M. Contingencies and commitments

Litigation

Ferrellgas L.P.'s propane and related equipment sales 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. Ferrellgas L.P.'s propane and related equipment sales and midstream operations face an inherent risk of exposure to general liability claims in the event that the use of these facilities results in injury or destruction of property. As a result, at any given time, Ferrellgas, L.P. is 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.

During the first quarter of fiscal 2014 Ferrellgas L.P. reached a settlement with the Offices of the District Attorneys of several counties in California relating to an investigation of labeling and filling practices relating to the amount of propane contained in barbecue cylinders. Ferrellgas L.P. already paid and reflected in the consolidated financial statements the settlement reached.

The Federal Trade Commission ("FTC") initiated an investigation into certain practices related to the filling of portable propane cylinders. On March 27, 2014, the FTC filed an administrative complaint alleging that Ferrellgas L.P. and one of its competitors colluded in 2008 to persuade a customer to accept the cylinder fill reduction from 17 pounds to 15 pounds. The complaint does not seek monetary remedies. Ferrellgas L.P. has filed an answer to the complaint and believes that the FTC's claims are without merit and will vigorously defend the claims. Ferrellgas does not believe loss is probable or reasonably estimable at this time.

Ferrellgas L.P. has also been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The complaints, filed on behalf of direct and indirect customers of our tank exchange business, reference the FTC complaint mentioned above. The lawsuits allege that Ferrellgas L.P. 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 retailers 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. Ferrellgas L.P. anticipates that these lawsuits will be consolidated into one case by a multidistrict litigation panel. Ferrellgas L.P. believes they have strong defenses to the claims and intend to vigorously defend against them. Ferrellgas L.P. does not believe loss is probable or reasonably estimable at this time related to these putative class action lawsuits.

Ferrellgas L.P. has also been named as a defendant in a putative class action lawsuit filed in the United States District Court in Kansas. The complaint was the subject of a motion to dismiss which was granted, in part, in August 2011. The surviving claims allege breach of contract and breach of the implied duty of good faith and fair dealing, both of which allegedly arise from the existence of an oral contract for continuous propane service. Ferrellgas L.P. believes the claims are without merit and intends to defend them vigorously. The case has not been certified for class treatment. Ferrellgas L.P. recently prevailed on an appeal before the Tenth Circuit Court of Appeals and the appellate court ordered the trial court to determine whether the case must be arbitrated. Ferrellgas L.P. does not believe loss is probable or reasonably estimable at this time related to this putative class action lawsuit.

Long-term debt-related commitments

Ferrellgas, L.P. has long and short-term payment obligations under agreements such as senior notes and its credit facility. See Note H – Debt – for a description of these debt obligations and a schedule of future maturities.

Operating lease commitments and buyouts

Ferrellgas, L.P. leases certain property, plant and equipment under non-cancelable and cancelable operating leases. Amounts shown in the table below represent minimum lease payment obligations under Ferrellgas, L.P.'s third-party operating leases with terms in excess of one year for the periods indicated. These arrangements include the leasing of transportation equipment, property, computer equipment and propane tanks. Ferrellgas, L.P. accounts for these arrangements as operating leases.

Ferrellgas, L.P. is required to recognize a liability for the fair value of guarantees. The only material guarantees Ferrellgas, L.P. has are associated with residual value guarantees of operating leases. Most of the operating leases involving Ferrellgas, L.P.'s transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over the next 7 fiscal years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or Ferrellgas, L.P. will be required to pay the lessor the difference. The fair value of these residual value guarantees was $1.2 million as of July 31, 2014. Although the fair values of the underlying equipment at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments Ferrellgas, L.P. could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $5.1 million as of July 31, 2014. Ferrellgas, L.P. does not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

Operating lease buyouts represent the maximum amount Ferrellgas, L.P. would pay if it were to exercise its right to buyout the assets at the end of their lease term.

The following table summarizes Ferrellgas, L.P.'s contractual operating lease commitments and buyout obligations as of July 31, 2014:

	Future minimum rental and buyout amounts by fiscal year					
	2015	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Operating lease obligations	$ 31,635	$ 26,182	$ 21,120	$ 16,456	$ 11,798	$ 11,884
Operating lease buyouts	$ 1,448	$ 2,054	$ 1,509	$ 2,746	$ 2,893	$ 6,649

Certain property and equipment is leased under non-cancelable operating leases, which require fixed monthly rental payments and which expire at various dates through 2024. Rental expense under these leases totaled $35.6 million, $32.2 million and $31.7 million for fiscal 2014, 2013 and 2012, respectively.

N. Employee benefits

Ferrellgas, L.P. has no employees and is managed and controlled by its general partner. Ferrellgas, L.P. assumes all liabilities, which include specific liabilities related to the following employee benefit plans for the benefit of the officers and employees of the general partner.

Ferrell Companies makes contributions to the ESOT, which causes a portion of the shares of Ferrell Companies owned by the ESOT to be allocated to employees' accounts over time. The allocation of Ferrell Companies' shares to employee accounts causes a non-cash compensation charge to be incurred by Ferrellgas, L.P., equivalent to the fair value of such shares allocated. This non-cash compensation charge is reported separately in Ferrellgas, L.P.'s consolidated statements of earnings and thus excluded from operating and general and administrative expenses. The non-cash compensation charges were $21.8 million,

$15.8 million and $9.4 million during fiscal 2014, 2013 and 2012, respectively. Ferrellgas, L.P. is not obligated to fund or make contributions to the ESOT.

The general partner and its parent, Ferrell Companies, have a defined contribution profit-sharing plan which includes both profit sharing and matching contribution features. The plan covers substantially all full time employees. The plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Matching contributions for fiscal 2014, 2013 and 2012 were $3.6 million, $3.0 million and $2.9 million, respectively.

The general partner has a defined benefit plan that provides participants who were covered under a previously terminated plan with a guaranteed retirement benefit at least equal to the benefit they would have received under the terminated plan. Until July 31, 1999, benefits under the terminated plan were determined by years of credited service and salary levels. As of July 31, 1999, years of credited service and salary levels were frozen. The general partner's funding policy for this plan is to contribute amounts deductible for Federal income tax purposes and invest the plan assets primarily in corporate stocks and bonds, U.S. Treasury bonds and short-term cash investments. During fiscal 2014, 2013 and 2012, other comprehensive income and other liabilities were adjusted by $0.3 million, $0.3 million and $38 thousand, respectively.

O. Segment reporting

During May 2014, Ferrellgas L.P. entered into a membership interest purchase agreement to acquire all of the issued and outstanding membership interests of Sable, a fluid logistics provider in the Eagle Ford shale region of south Texas. With this acquisition Ferrellgas L.P. established a new operating and reportable segment referred to as "Midstream Operations" in addition to the existing reportable segment of propane and related equipment sales. The chief operating decision maker evaluates the operating segments using an Adjusted EBITDA performance measure which is based on earnings before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, change in fair value of contingent consideration, litigation accrual and related legal fees associated with a class action lawsuit and net earnings (loss) attributable to noncontrolling interests. This performance measure is not a GAAP measure, however, the components are computed using amounts that are determined in accordance with GAAP. A reconciliation of this performance measure to net earnings (loss), which is its nearest comparable GAAP measure, is included in the tables below. In management's evaluation of performance, certain costs, such as compensation for administrative staff and executive management, are not allocated by segment and, accordingly, the following reportable segment results do not include such unallocated costs. The accounting policies of the operating segments are otherwise the same as those described in the summary of significant accounting policies in Note B.

Assets reported within a segment are those assets that can be identified to a segment and primarily consist of trade receivables, property, plant and equipment, inventories, identifiable intangible assets and goodwill. Cash, certain prepaid assets and other assets are not allocated to segments. Although Ferrellgas L.P. can and does identify long-lived assets such as property, plant and equipment and identifiable intangible assets to reportable segments, Ferrellgas L.P. does not allocate the related depreciation and amortization to the segment as management evaluates segment performance exclusive of these non-cash charges.

The propane and related equipment sales segment primarily includes the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Sales from propane distribution are generated principally from transporting propane purchased from third parties to propane distribution locations and then to tanks on customers' premises or to portable propane tanks delivered to nationwide and local retailers. Sales from portable tank exchanges, nationally branded under the name Blue Rhino, are generated through a network of independent and partnership-owned distribution outlets.

Salt water disposal wells are a critical component of the oil and natural gas well drilling industry. Oil and gas wells generate significant volumes of salt water known as "flowback" and "production" water. Flowback is a water based solution that flows back to the surface during and after the completion of the hydraulic fracturing ("fracking") process whereby large volumes of water, sand and chemicals are injected under high pressures into rock formations to stimulate production. Flowback contains clays, chemicals, dissolved metal ions, total dissolved solids and oil/condensate. Production water is salt water from underground formations that are brought to the surface during the normal course of oil or gas production. Because this water has been in contact with hydrocarbon-bearing formations, it contains some of the chemical characteristics of the formations and the hydrocarbons. In the oil and gas fields we service, these volumes of water are transported by truck away from the fields to salt water disposal wells where it is injected into underground geologic formations using high-pressure pumps. Revenue is derived from fees charged to customers to dispose of salt water at the disposal facilities and crude oil sales from the skimming oil process.

Prior to the Sable acquisition in May 2014, Ferrellgas managed and evaluated its operations as a single reportable segment. As the current two reportable segment structure is the result of the Sable acquisition completed during May 2014, comparative historical segment information for fiscal 2013 and 2012 are not provided.

Following is a summary of segment information for the year ended July 31, 2014.

	Year Ended July 31, 2014			
	Propane and related equipment sales	Midstream operations	Corporate and other	Total
Segment revenues	$ 2,398,425	$ 7,435	$ —	$ 2,405,860
Direct costs (1)	2,067,156	3,997	46,582	2,117,735
Adjusted EBITDA	$ 331,269	$ 3,438	$ (46,582)	$ 288,125

(1) Direct costs are comprised of "cost of products sold-propane and other gas liquids sales", "cost of products sold-other", "operating expense", "general and administrative expense", and "equipment lease expense" less "non-cash stock and unit-based compensation charge", "change in fair value of contingent consideration", "litigation accrual and related legal fees associated with a class action lawsuit" and "severance costs".

Following is a reconciliation of our total segment performance measure to consolidated net earnings:

	Year Ended July 31, 2014
Net earnings	$ 49,907
Income tax expense	2,471
Interest expense	70,332
Depreciation and amortization expense	84,202
EBITDA	206,912
Loss on extinguishment of debt	21,202
Non-cash employee stock ownership plan compensation charge	21,789
Non-cash stock and unit-based compensation charge	24,508
Loss on disposal of assets	6,486
Other expense (income), net	479
Change in fair value of contingent consideration	5,000
Litigation accrual and related legal fees associated with a class action lawsuit	1,749
Adjusted EBITDA	$ 288,125

Following are total assets by segment:

	July 31, 2014
Assets	
Propane and related equipment sales	$ 1,400,603
Midstream operations	136,116
Corporate and unallocated	33,114
Total consolidated assets	$ 1,569,833

Following are capital expenditures by segment:

	Year Ended July 31, 2014			
	Propane and related equipment sales	Midstream operations	Corporate and other	Total
Maintenance	$ 14,682	$ 181	$ 3,275	$ 18,138
Growth	30,501	1,715	627	32,843
Total	$ 45,183	$ 1,896	$ 3,902	$ 50,981

P. Quarterly data (unaudited)

The following summarized unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments, with the exception of those items indicated below), which Ferrellgas, L.P. considers necessary for a fair presentation. Due to the seasonality of Ferrellgas' business, first and fourth quarter Revenues, gross margin from propane and other gas liquids sales and Net earnings are consistently less than the second and third quarter results. Other factors affecting the results of operations include competitive conditions, demand for product, timing of acquisitions, variations in the weather and fluctuations in propane prices.

For the year ended July 31, 2014	First quarter	Second quarter	Third quarter	Fourth quarter
Revenues	$ 415,030	$ 869,683	$ 722,117	$ 399,030
Gross margin from propane and other gas liquids sales (a)	123,469	237,940	202,861	126,685
Net earnings (loss)	$ (21,138)	$ 65,171	$ 50,053	$ (44,179)

For the year ended July 31, 2013	First quarter	Second quarter	Third quarter	Fourth quarter
Revenues	$ 362,909	$ 658,865	$ 603,020	$ 350,673
Gross margin from propane and other gas liquids sales (a)	121,624	206,838	195,201	123,343
Net earnings (loss)	$ (13,692)	$ 62,953	$ 49,396	$ (25,282)

(a) Gross margin from “Propane and other gas liquids sales” represents “Revenues - Propane and other gas liquids sales” less “Cost of product sold – propane and other gas liquids sales.”

Q. Subsequent events

Ferrellgas, L.P. has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas, L.P.’s consolidated financial statements were issued and concluded that, other than the events discussed below, there were no events or transactions occurring during this period that required recognition or disclosure in its financial statements.

During September 2014, Ferrellgas L.P. entered into an asset purchase agreement to acquire two salt water disposal wells in the Eagle Ford shale region of south Texas from C&E Production, LLC and its affiliates ("C&E sellers") based in Bryan, Texas. Consideration was paid in cash upon closing with funds borrowed from the secured credit facility. During September 2014, in a non-brokered registered direct offering, which units are subject to certain transfer restrictions, Ferrellgas Partners issued to Ferrell Companies Inc. and the former equity holders of C&E sellers, an aggregate of 1.5 million common units for an aggregate purchase price of $42.0 million. Ferrellgas Partners contributed these proceeds to Ferrellgas L.P. to pay down a portion of the borrowings under the secured credit facility used to fund the acquisition discussed above, as well as other propane and related equipment sales acquisitions completed during fiscal 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Ferrellgas Finance Corp.

We have audited the accompanying balance sheets of Ferrellgas Finance Corp. (a Delaware corporation) (the “Company”) as of July 31, 2014 and 2013, and the related statements of earnings, stockholders’ equity, and cash flows for each of the two years in the period ended July 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ferrellgas Finance Corp. as of July 31, 2014 and 2013, and the results of its operations and its cash flows for each of the two years in the period ended July 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
September 29, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Ferrellgas Finance Corp.
Overland Park, Kansas

We have audited the statements of earnings, stockholder's equity, and cash flows of Ferrellgas Finance Corp. (a wholly-owned subsidiary of Ferrellgas, L.P., and referred to herein as the "Company") for the year ended July 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the results of operations and cash flows of Ferrellgas Finance Corp. for the year ended July 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
October 1, 2012

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

	July 31, 2014	July 31, 2013
ASSETS		
Cash	$ 1,100	$ 1,100
Total assets	$ 1,100	$ 1,100
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	49,159	43,870
Accumulated deficit	(49,059)	(43,770)
Total stockholder's equity	$ 1,100	$ 1,100

See notes to financial statements.

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

	For the year ended July 31, 2014	2013	2012
General and administrative expense	$ 5,289	$ 4,999	$ 3,489
Net loss	$ (5,289)	$ (4,999)	$ (3,489)

See notes to financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Additional paid in	Accumulated	Total stockholder's
	Shares	Dollars	capital	deficit	equity
July 31, 2011	1,000	$ 1,000	$ 35,382	$ (35,282)	$ 1,100
Capital contribution	—	—	3,489	—	3,489
Net loss	—	—	—	(3,489)	(3,489)
July 31, 2012	1,000	1,000	38,871	(38,771)	1,100
Capital contribution	—	—	4,999	—	4,999
Net loss	—	—	—	(4,999)	(4,999)
July 31, 2013	1,000	1,000	43,870	(43,770)	1,100
Capital contribution	—	—	5,289	—	5,289
Net loss	—	—	—	(5,289)	(5,289)
July 31, 2014	1,000	$ 1,000	$ 49,159	$ (49,059)	$ 1,100

See notes to financial statements.

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

	For the year ended July 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net loss	$ (5,289)	$ (4,999)	$ (3,489)
Cash used in operating activities	(5,289)	(4,999)	(3,489)
Cash flows from financing activities:			
Capital contribution	5,289	4,999	3,489
Cash provided by financing activities	5,289	4,999	3,489
Change in cash	—	—	—
Cash - beginning of year	1,100	1,100	1,100
Cash - end of year	$ 1,100	$ 1,100	$ 1,100

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

NOTES TO 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.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership.

The senior notes agreements contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of July 31, 2014, the Partnership is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

C. Income taxes

Income taxes have been computed separately as the Finance Corp. files its own income tax return. Deferred income taxes are provided as a result of temporary differences between financial and tax reporting using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and tax basis of existing assets and liabilities.

Due to the inability of the Finance Corp. to utilize the deferred tax benefit of $19,103 associated with the net operating loss carryforward of $49,109, which expires at various dates through July 31, 2034, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for fiscal 2014, 2013 or 2012, and there is no net deferred tax asset as of July 31, 2014 and 2013.

D. Subsequent events

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

INDEX TO FINANCIAL STATEMENT SCHEDULES

Schedule 1

FERRELLGAS PARTNERS, L.P.
PARENT ONLY
BALANCE SHEETS
(in thousands, except unit data)

	July 31,	
	2014	**2013**
ASSETS		
Cash and cash equivalents	$ 6	$ 157
Prepaid expenses and other current assets	—	26
Investment in Ferrellgas, L.P.	69,205	93,507
Other assets, net	2,439	2,913
Total assets	$ 71,650	$ 96,603
LIABILITIES AND PARTNERS' DEFICIT		
Other current liabilities	$ 2,016	$ 2,199
Long-term debt	182,000	182,000
Partners' deficit		
Common unitholders (81,228,237 and 79,072,819 units outstanding at 2014 and 2013, respectively)	(57,893)	(28,931)
General partner (820,487 and 798,715 units outstanding at 2014 and 2013, respectively)	(60,654)	(60,362)
Accumulated other comprehensive income	6,181	1,697
Total Ferrellgas Partners, L.P. partners' deficit	(112,366)	(87,596)
Total liabilities and partners' deficit	$ 71,650	$ 96,603

FERRELLGAS PARTNERS, L.P.
PARENT ONLY
STATEMENTS OF EARNINGS
(in thousands)

	For the year ended July 31,		
	2014	**2013**	**2012**
Equity in earnings of Ferrellgas, L.P.	$ 49,403	$ 72,634	$ 5,533
Operating expense	23	(20)	(350)
Operating income	49,426	72,614	5,183
Interest expense	(16,170)	(16,171)	(16,127)
Income tax expense	(45)	(17)	(8)
Net earnings (loss)	$ 33,211	$ 56,426	$ (10,952)

FERRELLGAS PARTNERS, L.P.
PARENT ONLY
STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	2014	**2013**	**2012**
Cash flows from operating activities:			
Net earnings (loss)	$ 33,211	$ 56,426	$ (10,952)
Reconciliation of net earnings (loss) to net cash used in operating activities:			
Other	426	383	398
Equity in earnings of Ferrellgas, L.P.	(49,403)	(72,634)	(5,533)
Net cash used in operating activities	(15,766)	(15,825)	(16,087)
Cash flows from investing activities:			
Distributions received from Ferrellgas, L.P.	176,623	175,380	172,218
Cash contributed to Ferrellgas, L.P.	(51,105)	(800)	(50,700)
Net cash provided by investing activities	125,518	174,580	121,518
Cash flows from financing activities:			
Distributions	(160,925)	(159,682)	(156,520)
Cash paid for financing costs	(94)	—	(135)
Issuance of common units (net of issuance costs of $0, $0, and $62 for the years ended July 31, 2014, 2013 and 2012	50,000	—	49,938
Proceeds from exercise of common unit options	605	864	891
Cash contribution from general partners in connection with common unit issuances	511	9	511
Net cash used in financing activities	(109,903)	(158,809)	(105,315)
Increase (decrease) in cash and cash equivalents	(151)	(54)	116
Cash and cash equivalents - beginning of year	157	211	95
Cash and cash equivalents - end of year	$ 6	$ 157	$ 211

Schedule II

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Charged to cost and expenses	Other		Balance at end of period
Year ended July 31, 2014					
Allowance for doubtful accounts	$ 3,607	$ 3,419	$ (2,270)	(1)	$ 4,756
Year ended July 31, 2013					
Allowance for doubtful accounts	$ 3,812	$ 2,066	$ (2,271)	(1)	$ 3,607
Year ended July 31, 2012					
Allowance for doubtful accounts	$ 4,310	$ 4,822	$ (5,320)	(1)	$ 3,812

(1) Uncollectible accounts written off, net of recoveries.

Schedule II

FERRELLGAS, L.P. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Charged to cost and expenses	Other		Balance at end of period
Year ended July 31, 2014					
Allowance for doubtful accounts	$ 3,607	$ 3,419	$ (2,270)	(1)	$ 4,756
Year ended July 31, 2013					
Allowance for doubtful accounts	$ 3,812	$ 2,066	$ (2,271)	(1)	$ 3,607
Year ended July 31, 2012					
Allowance for doubtful accounts	$ 4,310	$ 4,822	$ (5,320)	(1)	$ 3,812

(1) Uncollectible accounts written off, net of recoveries.

The exhibits listed below are furnished as part of this Annual Report on Form 10-K. 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	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of February 18, 2003. Incorporated by reference to Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.
	3.2	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of March 8, 2005. Incorporated by reference to Exhibit 3.2 to our registration statement on Form S-3 filed March 6, 2009.
	3.3	Second Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of June 29, 2005. Incorporated by reference to Exhibit 3.3 to our registration statement on Form S-3 filed March 6, 2009.
	3.4	Third Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of October 11, 2006. Incorporated by reference to Exhibit 3.4 to our registration statement on Form S-3 filed March 6, 2009.
	3.5	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.
	3.6	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.
	3.7	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	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.
	3.9	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, 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.
	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.
	4.4	First Supplemental Indenture dated as of April 13, 2010, with form of Note attached, 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.
	4.5	Indenture dated as of November 24, 2010, 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.
*	4.6	Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc.
*	4.7	First Amendment to Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc.
*	4.8	Second Amendment to Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc.
	4.9	Third Amendment to Registration Rights Agreement dated as of June 29, 2005, by and between Ferrellgas Partners, L.P. and JEF Capital Management, Inc. Incorporated by reference to Exhibit 4.13 to our Quarterly Report on Form 10-Q filed June 9, 2010.
*	10.1	Credit Agreement dated as of November 2, 2009, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto.
	10.2	First Amendment to Credit Agreement dated as of September 23, 2011, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K filed September 26, 2011.
	10.3	Second Amendment to Credit Agreement dated as of October 21, 2013, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 23, 2013.
	10.4	Third Amendment to Credit Agreement dated as of June 6, 2014, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 9, 2014.
	10.5	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.
	10.6	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.
	10.7	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.

	#	10.8	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.
*	#	10.9	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004.
	#	10.10	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.
*	#	10.11	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.
	#	10.12	Change In Control Agreement dated as of October 9, 2006 by and between Ferrellgas, Inc. as the company and James E. Ferrell as the executive. Incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q filed December 9, 2011.
*	#	10.13	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Stephen L. Wambold as the executive.
*	#	10.14	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and James R. VanWinkle as the executive.
*	#	10.15	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Tod Brown as the executive.
*	#	10.16	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and George L. Koloroutis as the executive.
	#	10.17	Agreement and Release dated as of January 19, 2012 by and between Ferrellgas, Inc. as the company and George L. Koloroutis as the executive. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed January 20, 2012.
	#	10.18	Employment Agreement dated as of September 25, 2013 by and between Ferrell Companies, Inc. as the company and Boyd H. McGathey as the executive. Incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K filed September 26, 2013.
		10.19	ISDA 2002 Master Agreement and Schedule to the 2002 ISDA Master Agreement both dated as of May 3, 2012 together with three Confirmation of Swap Transaction documents each dated as of May 8, 2012, all between SunTrust Bank and Ferrellgas, L.P. Incorporated by reference to Exhibit 10.17 to our Quarterly Report on Form 10-Q filed June 8, 2012.
	#	10.20	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.
		10.21	Membership interest purchase agreement dated May 1, 2014, among Ferrellgas, L.P. and the former members of Sable Environmental LLC and Sable SWD 2 LLC. Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed May 1, 2014.
		16.1	Deloitte & Touche LLP letter regarding change in certifying accountant. Incorporated by reference to Exhibit 16.1 to our Current Report on Form 8-K filed September 7, 2012.
*		21.1	List of subsidiaries
*		23.1	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 2014.
*		23.2	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2014.
*		23.3	Consent of Grant Thornton LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 2014.
*		23.4	Consent of Grant Thornton LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2014.
*		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.

Exhibit 4.6

REGISTRATION RIGHTS AGREEMENT

Dated as of December 17, 1999

by and between

FERRELLGAS PARTNERS, L.P.

and

WILLIAMS NATURAL GAS LIQUIDS, INC.

UNITS REPRESENTING LIMITED PARTNER INTERESTS

of

FERRELLGAS PARTNERS, L.P.

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into as of December __, 1999, by and between Ferrellgas Partners, L.P., a Delaware limited partnership (the "Issuer"), and Williams Natural Gas Liquids, Inc., a Delaware corporation ("Williams").

This Agreement is entered into in connection with the Purchase Agreement, dated November 7, 1999, as amended (the "Purchase Agreement"), and a Representations Agreement, dated the date hereof (the "Representations Agreement"), by and among the Issuer, Ferrellgas L.P., a Delaware limited partnership, Ferrellgas, Inc., a Delaware corporation, and Williams, relating to the sale by Williams to the Issuer of Williams' equity interest in Thermogas L.L.C., a Delaware limited liability company (formerly, Thermogas Company, a Delaware corporation), in consideration, among other things, of 4,375,000 of the Issuer's senior convertible units representing limited partner interests, $40.00 liquidation preference per unit (the "Senior Units").

In order to induce Williams to enter into the Purchase Agreement and the Representations Agreement, the Issuer has agreed to provide the registration rights set forth in this Agreement for the benefit of the holders of Registrable Units (as defined), including, without limitation, Williams. The execution and delivery of this Agreement is a condition to Williams' obligation to consummate the transactions contemplated by the Purchase Agreement.

The parties hereby agree as follows:

1. SECTION *Definitions* .

As used in this Agreement, the following terms shall have the following meanings:

Additional Payment Rate: See Section 3(b).

Additional Payments: See Section 3(a).

Additional Senior Units: See Section 5.4 of the Partnership Agreement.

Advice: See the last paragraph of Section 4.

Agreement: See the first introductory paragraph to this Agreement.

Business Day: A day that is not a Saturday, a Sunday, or a day on which banking institutions in New York, New York are required to be closed.

Closing Date: The Closing Date as defined in the Purchase Agreement.

Closing Price: With respect to the Common Units, the last reported sale price of the Common Units on such day, or in the case no sale takes place on such day, the average of the closing bid and asked prices in each case on the principal national securities exchange on which the Common Units are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the NASDAQ National Market or any successor national automated interdealer quotation system or, if the Common Units are not listed or admitted to trading on any national securities exchange or quoted on the NASDAQ National Market, the average of the closing bid and asked prices of the Common Units in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by the Issuer for such purpose.

Commission: The Securities and Exchange Commission.

Common Units: See Article II of the Partnership Agreement.

Effectiveness Actual Date: With respect to any Registration Statement referred to in Section 2(a), the actual date such Initial Registration Statement is declared effective.

Effectiveness Target Date:

(i) With respect to the Initial Registration Statement referred to in Section 2(a)(i), the date that is 90 days following the occurrence of a Material Event; (ii) with respect to the Initial Registration Statement referred to in Section 2(a)(ii), the date that is 90 days after the delivery to the Issuer of a Shelf Notice thereunder; and (iii) with respect to the Initial Registration Statement referred to in Section 2(a)(iii), the date that is 180 days after the Closing Date.

Effectiveness Period: With respect to any Initial Registration Statement referred to in any subsection of Section 2(a), the period commencing on the applicable Effectiveness Actual Date during which the Issuer has agreed to use its reasonable best efforts to keep the applicable Initial Registration Statement continuously effective under the Securities Act and ending as provided in the applicable subsection of Section 2(a).

Event Date: See Section 3(b).

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

Holder: Any registered holder of Registrable Units.

Indemnified Person: See Section 6(c).

Indemnifying Person: See Section 6(c).

Initial Shelf Registration: Any Registration Statement filed pursuant to Section 2(a).

Inspectors: See Section 4(o).

Issuer: Ferrellgas Partners, L.P., a Delaware limited partnership.

Market Value: The average of the daily Closing Prices for Common Units during the five consecutive trading days prior to and including the date of determination, as adjusted in good faith by the general partner of the Issuer to appropriately reflect any splits or combinations of the Common Units subsequent to the Closing Date.

Material Event: See Article II of the Partnership Agreement.

NASD: National Association of Securities Dealers, Inc.

Outstanding: With respect to the Units, all Units that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

Participant: See Section 6(a).

Partnership Agreement: The Amended and Restated Agreement of Limited Partnership of the Issuer, as same may be amended from time to time pursuant to the terms thereof.

Person: Any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government (including any agency or political subdivision thereof).

Prospectus: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Units covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the second introductory paragraph to this Agreement.

Records: See Section 4(o).

Registrable Units: (i) any Units issued or issuable pursuant to the Purchase Agreement, this Agreement or the provisions of the Partnership Agreement relating to the issuance of Senior Units (including any Additional Senior Units) or the issuance of Common Units upon conversion of Senior Units, (ii) in the case of the Senior Units if the Unitholders have approved the Senior Unit Conversion Option in accordance with the Partnership Agreement, all Common Units into which such Senior Units are convertible and (iii) any Units issued or issuable with respect to the Units referred to in clause (i) or (ii) above by way of a Unit distribution or Unit split or in connection with a combination of Units, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Units, such Units shall cease to be Registrable Units upon the earliest to occur of (i) a Registration Statement covering such Units has been declared effective by the Commission and such Units have been disposed of in accordance with such effective Registration Statement, (ii) such Units are eligible for sale to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act without being subject to the volume and manner of sale restrictions contained therein and the Effectiveness Period applicable to the Registration Statement has expired, (iii) such Units shall have been otherwise transferred by such Holder and new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Issuer or its transfer agent and subsequent disposition of such securities shall not require registration or qualification under the Securities Act or any similar state law then in force, or (iv) such Units cease to be Outstanding for purposes of the Partnership Agreement. Common Units or Senior Units that are Registrable Units are sometimes referred to herein as Registrable Common Units or Registrable Senior Units, respectively.

Registration Statement: Any registration statement of the Issuer that covers any of the Registrable Units pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

Representations Agreement: See the second introductory paragraph of this Agreement.

Rule 144: Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the Commission.

Rule 144A: Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the Commission.

Rule 415: Rule 415 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

Senior Unit Conversion Option: See Article II of the Partnership Agreement.

Senior Unit Distribution: See Article II of the Partnership Agreement.

Senior Units: See the second introductory paragraph of this Agreement.

Shelf Notice: See Section 2(a).

Shelf Registration: See Section 2(c).

Subsequent Shelf Registration: See Section 2(c).

Suspension Period: See Section 2(d).

Underwritten offering: An offering in which securities of the Issuer are sold to an underwriter or underwriters for reoffering to the public.

Unitholders: Holders of limited partnership interests in the Issuer.

Units: The Senior Units and the Common Units of the Issuer.

1. SECTION *Shelf Registration* .

(a) *Filing and Effectiveness of Shelf Registration*.

(i) Upon the occurrence of a Material Event, the Issuer shall file with the Commission an Initial Shelf Registration for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Units within 30 days of the occurrence of the Material Event and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared effective under the Securities Act within 90 days following the occurrence of the Material Event. The Issuer shall use its reasonable best efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for (A) an Effectiveness Period until the date which is two years from the Effectiveness Actual Date (or, if Rule 144(k) under the Securities Act is amended to permit unlimited resales of the Registrable Units by non-affiliates within a lesser period, such lesser period), subject to extension (I) pursuant to the last paragraph of Section 4 hereof or (II) for so long as at least (x) $10 million aggregate liquidation preference of the Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable, covered by the Initial Registration Statement have not been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or (B) such shorter Effectiveness Period ending when all Registrable Units covered by the Initial Shelf Registration either have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units or shall cease to be Outstanding, other than, in either case, less than (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable.

(ii) At any time commencing on or after November 3, 2001, unless Section 2(a)(i) is applicable, the Holders of at least 25% in aggregate number of outstanding Registrable Units may make a written request (a "Shelf Notice") to the Issuer for registration of Registrable Units to be made pursuant to an Initial Registration Statement. The Issuer shall give written notice of such registration request within 5 Business Days after the receipt thereof to all other Holders. Within 7 Business Days after receipt of such notice by any Holder, such Holder may request in writing that such Holder's Registrable Units be included in such registration and the Issuer shall include in the Initial Shelf Registration the Registrable Units of any such selling Holder requested to be so included. A Holder so notified who does not timely make such request may not later deliver a Shelf Notice to the Company requiring the Company to file another Shelf Registration under this Section 2 with respect to such Holder's Registrable Units, but may later request in writing (but no more than twice during any consecutive 12 months) that such Holder's Registrable Units be included in the Initial Shelf Registration and the Issuer shall, as soon as possible, include in such Initial Shelf Registration the Registrable Units of any such selling Holder requested to be so included (and, if the Initial Registration Statement has already been filed, shall file with the Commission a pre-effective or post-effective amendment, as applicable, to effect such inclusion).

The Issuer shall file with the Commission an Initial Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Units within 30 days of the delivery of the Shelf Notice and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared effective under the Securities Act within 90 days after the delivery to the Issuer of a Shelf Notice. The Issuer shall use its reasonable best

efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for (A) an Effectiveness Period until the date which is two years from the Effectiveness Actual Date (or, if Rule 144(k) under the Securities Act is amended to permit unlimited resales of the Registrable Units by non-affiliates within a lesser period such lesser period), subject to extension (I) pursuant to the last paragraph of Section 4 hereof or (II) for so long as at least (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable, covered by the Initial Registration Statement have not been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or (B) such shorter Effectiveness Period ending when all Registrable Common Units covered by the Initial Shelf Registration either have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units or shall cease to be Outstanding, other than, in either case, less than (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable.

(i) In the event that, within 120 days of the closing under the Purchase Agreement, the Unitholders have not approved the Senior Unit Conversion Option in accordance with the Partnership Agreement and no Material Event has occurred, the Issuer shall file with the Commission an Initial Shelf Registration for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Senior Units and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared effective under the Securities Act within 180 days after the Closing Date. The Issuer shall use its reasonable best efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for an Effectiveness Period until the date when all Registrable Senior Units covered by the Initial Shelf Registration have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or shall cease to be outstanding.

(a) *Form of Shelf Registration*. The Initial Shelf Registration shall be on Form S-3 or another appropriate form permitting registration of such Registrable Units for resale by Holders in the manner or manners designated by them (including, without limitation, one or more underwritten offerings). The Issuer shall not permit any securities other than the Registrable Units to be included in any Shelf Registration.

(b) *Subsequent Shelf Registrations*. If the Initial Shelf Registration or any Subsequent Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the expiration of the Effectiveness Period in accordance with Section 2(a)), the Issuer shall use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within 30 days of such cessation of effectiveness amend the Shelf Registration in a manner to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional "shelf" Registration Statement pursuant to Rule 415 covering all of the Registrable Units (a "Subsequent Shelf Registration"). If a Subsequent Shelf Registration is filed, the Issuer shall use its reasonable best efforts to cause the Subsequent Shelf Registration to be declared effective as soon as practicable after such filing and to keep such Subsequent Shelf Registration continuously effective until the end of the applicable Effectiveness Period. As used herein the term "Shelf Registration" means the Initial Shelf Registration and any Subsequent Shelf Registration.

Suspension Period. Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to keep any Shelf Registration effective or to permit the use of any Prospectus forming a part of any Shelf Registration if

the Issuer determines, in its reasonable judgment upon advice of counsel, that the continued effectiveness and use of the Shelf Registration would

(c) require the disclosure of material information which the Issuer has a bona fide business reason for preserving as confidential, or interfere with any acquisition, corporate reorganization or other material transaction involving the Issuer or any of its subsidiaries; *provided, however*, that the failure to keep the Shelf Registration effective and usable for offers and sales of Registrable Units for such reasons shall last no longer than 30 days per occurrence or 60 days in the aggregate for any consecutive twelve-month period, and the Issuer promptly thereafter complies with the requirements of Section 4(k) hereof, if applicable (any such period during which the Issuer is excused from keeping the Shelf Registration effective and usable for offers and sales of Registrable Units is referred to herein as a "Suspension Period," and a Suspension Period shall commence on and include the date that the Issuer gives notice to the Holders that the Shelf Registration is no longer effective or the Prospectus included therein is no longer usable for offers and sales of Registrable Units as a result of the foregoing provisions and shall end on the earlier to occur of the date on which each selling Holder of Registrable Units covered by the Shelf Registration either receives the copies of the supplemental or amended prospectus contemplated by Section 4(k) hereof or is advised in writing by the Issuer that use of the prospectus may be resumed).

(d) *Supplements and Amendments*. The Issuer shall promptly supplement and amend any Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate number of the Registrable

Units covered by such Shelf Registration or by any underwriter of such Registrable Units, in each case, with the Issuer's consent, which consent shall not be unreasonably withheld or delayed.

1. SECTION *Additional Payments* .

(a) The Issuer and Williams agree that the Holders of Registrable Units will suffer damages if the Issuer fails to fulfill its obligations under Section 2 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Issuer agrees to pay, as liquidated damages, payments on the Registrable Units in addition to any amounts otherwise payable thereon ("Additional Payments") under the circumstances and to the extent set forth below (each of which shall be given independent effect):

(i) if an Initial Shelf Registration is not declared effective on or prior to the applicable Effectiveness Target Date, commencing on the day immediately following such Effectiveness Target Date, Additional Payments shall accrue on the Registrable Units at the Additional Payment Rate for each day that such Initial Shelf Registration is not declared effective; and

(ii) if a Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time during the applicable Effectiveness Period , commencing on the day immediately following the date such Shelf Registration ceases to be effective (other than pursuant to Section 2(d)), Additional Payments shall accrue on the Registrable Units at the Additional Payment Rate for each day that such Shelf Registration ceases to be effective;

provided, *however*, that (1) upon the effectiveness of an Initial Shelf Registration (in case of (i) above) or (2) upon the reinstatement of effectiveness of a Shelf Registration which has ceased to remain effective (in the case of (ii) above), Additional Payments on any Registrable Units then accruing Additional Payments as a result of such clause shall cease to accrue.

(a) The Issuer shall notify the Holders within one Business Day after each and every date on which an event occurs in respect of which Additional Payments are required to be paid (an "Event Date"). Any amounts of Additional Payments due pursuant to (a)(i) or (a)(ii) of this Section 3 will be payable (i) in the case of the Common Units, in cash, or (ii) in the case of the Senior Units, (x) on or prior to the earlier to occur of February 1, 2002 or the first occurrence of a Material Event, in Additional Senior Units and (y) thereafter, in cash. Any such amounts will be payable monthly on the first Business Day of each month to the holder of record on such day commencing with the first such day after any Event Date. Additional Payments shall accrue at a rate (the "Additional Payment Rate") equal to (i) in the case of Senior Units, $0.25 per Senior Unit per quarter or (ii) in the case of Common Units that were issued upon exercise of the Senior Unit Conversion Option, an amount per Common Unit per quarter equal to $0.25 divided by the number of Common Units into which each Senior Unit was converted. The amount of Additional Payments will be determined by multiplying the applicable Additional Payment Rate by the number of the Units subject thereto, multiplied by a fraction, the numerator of which is the number of days such Additional Payment Rate was applicable during such period (determined on the basis of a 90-day quarter comprised of three 30-day months), and the denominator of which is 90.

(b) The Issuer and the Holders hereby agree that any Additional Payments paid in cash shall be treated, for federal income tax purposes, as a transaction occurring between the Issuer and one who is not a partner in the Issuer in accordance with Section 707(a)(1) of the Internal Revenue Code of 1986, as amended, and shall not be treated as a distribution under the terms of the Partnership Agreement.

3. SECTION *Registration Procedures* .

Whenever the Holders have requested that any Registrable Units be registered pursuant to Section 2 hereof, the Issuer will use its reasonable best efforts to effect the registration of such Registrable Units in accordance with the intended method of disposition thereof as quickly as practicable, and in connection with any Registration Statements, the Issuer will as expeditiously as possible:

(a) Prepare and file with the Commission a Registration Statement and use its reasonable best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; *provided* that, before filing any Registration Statement or any amendments or supplements thereto, the Issuer shall, if requested, furnish to and afford the Holders of the Registrable Units to be registered pursuant to such Registration Statement and their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least five Business Days prior to such filing). The Issuer shall not file any such Registration Statement or any amendments or supplements thereto if the Holders of a

majority in aggregate number of the Registrable Units covered by such Registration Statement or their counsel shall reasonably object.

(b) Prepare and file with the Commission such amendments and post-effective amendments to each Registration Statement, as may be necessary to keep such Registration Statement continuously effective for the applicable Effectiveness Period provided herein; cause the related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented.

Notify the selling Holders of Registrable Units, their counsel and the managing underwriters, if any, promptly (but in any event within two Business Days), and confirm such notice in writing, when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective (including in such notice a written statement that any Holder may, upon request, obtain, without charge, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation of any proceedings for that purpose, if at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Units the representations and warranties of the Issuer contained in any agreement (including any underwriting agreement contemplated by Section 4(n) hereof) cease to be true and correct in any material respect, of the receipt by the Issuer of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Units, or the initiation or threatening of any proceeding for such purpose, of the happening of any event, the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in, or amendments or supplements to, such Registration Statement, Prospectus or docum

(i) ents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and of the Issuer's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(a) Use its reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Units, for sale in any jurisdiction, and, if any such order is issued, to use its reasonable best efforts to obtain the withdrawal of any such order at the earliest possible date.

(b) If requested by the managing underwriters, if any, or the Holders of a majority in aggregate number of the Registrable Units being sold in connection with an underwritten offering, (i) as promptly as practicable incorporate in a prospectus supplement or post-effective amendment such information or revisions to information therein relating to such underwriters or selling Holders as the managing underwriters, if any, or such Holders or their counsel reasonably request to be included or made therein, (ii) make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after the Issuer has received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment, and (iii) supplement or make amendments to such Registration Statement.

(c) Furnish to each selling Holder of Registrable Units who so requests and to counsel and each managing underwriter, if any, who so requests without charge, one conformed copy of the Registration Statement or Registration Statements and each post-effective amendment thereto, including financial statements and schedules, and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(d) Deliver to each selling Holder of Registrable Units, their respective counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of preliminary prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request; and, subject to the last paragraph of this Section 4, the Issuer hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Units, and the underwriters or agents, if any, and dealers (if any), in connection with the offering and sale of the Registrable Units covered by such Prospectus and any amendment or supplement thereto.

(e) Prior to any public offering of Registrable Units, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders of Registrable Units, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Units, for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, or the managing underwriter or underwriters, if any, reasonably request in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Units covered by the applicable Registration Statement; *provided* that the Issuer shall not be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(f) Facilitate the timely preparation and delivery of certificates representing Registrable Units to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company; and enable such Registrable Units to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Holders may reasonably request.

(g) Use its reasonable best efforts to cause the Registrable Units covered by the Registration Statement to be registered with or approved by such governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Units, in which case the Issuer will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals.

(h) Upon the occurrence of any event contemplated by paragraph 4(c)(v) or 4(c)(vi) hereof, as promptly as practicable prepare and (subject to Section 4(a) hereof) file with the Commission, at the Issuer's sole expense, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Units being sold thereunder, any such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) Use its reasonable best efforts to cause the Registrable Senior Units covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by the managing underwriter or underwriters, if any.

(j) Prior to the effective date of the first Registration Statement relating to the Registrable Units, (i) provide the transfer agent with printed certificates, if not then already available, for the Registrable Units in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Registrable Senior Units.

Enter into an underwriting agreement as is customary in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and take all such other actions as are reasonably

requested by the managing underwriter or underwriters, if any, in order to expedite or facilitate the registration or the disposition of such Registrable Units (including preparation of and participation in a "road show" in connection with such disposition) and, in such connection, make such representations and warranties to the underwriters, with respect to the business of the Issuer and its subsidiaries and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by issuers to underwriters in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and confirm the same in writing if and when requested; if requested by the managing underwriter or underwriters, obtain the opinion of counsel to the Issuer and updates thereof in form and substance reasonably satisfactory to the managing underwriter or underwriters, addressed to the underwriters covering the matters customarily covered in opinions requested in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and such other matters as may be reasonably requested by underwriters; if requested by the managing underwriter or underwriters, if any, obtain "cold comfort" letters and updates thereof in form and substance reasonably satisfactory to the managing underwriter or underwriters from the independent certified public accountants of the Issuer (and, if necessary, any other independent certified public accountants of any subsidiary of the Issuer or of any business acqui

(i) red by the Issuer for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and such other matters as reasonably requested by the managing underwriter or underwriters; and if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 6 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate number of Registrable Units covered by such Registration Statement and the managing underwriter or underwriters or agents) with respect to all parties to be indemnified pursuant to said Section. The above shall be done at each closing under such underwriting agreement, or as and to the extent required thereunder.

(k) Make available for inspection by representatives appointed by the selling Holders of a majority of such Registrable Units being sold, and any underwriter participating in any such disposition of Registrable Units, if any (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours, all material financial and other records, pertinent corporate documents and properties of the Issuer and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Issuer and its subsidiaries to supply all material information reasonably requested by any such Inspector in connection with such Registration Statement. Each selling Holder of such Registrable Units will be required to agree that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Issuer unless and until such is made generally available to the public. Each Inspector and each selling Holder of such Registrable Units will be required to further agree that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction of the previous sentence or otherwise, give notice to the Issuer and allow the Issuer to undertake appropriate action to obtain a protective order or otherwise prevent disclosure of the Records deemed confidential at its expense.

(l) Provide a transfer agent for the Registrable Units, to the extent not already provided.

(m) Comply with all applicable rules and regulations of the Commission and make generally available to its securityholders earnings statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Units are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the

first fiscal quarter of the Issuer after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(n) Cooperate with each seller of Registrable Units covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Units and their respective counsel in connection with any filings required to be made with the NASD.

(o) Use its reasonable best efforts to take all other steps reasonably necessary to effect the registration of the Registrable Units covered by a Registration Statement contemplated hereby.

The Issuer may, as a condition to such Holder's participation in any Registration Statements, require each Holder of Registrable Units to (i) furnish to the Issuer such information regarding the Holder and the proposed distribution by such Holder of such Registrable Units as the Issuer may from time to time reasonably request in writing, (ii) agree in writing to be bound by this Agreement and (iii) enter into a standard form underwriting agreement. The Issuer may exclude from such registration the Registrable Units of any seller who fails to furnish such information described in clause (i) of the immediately preceding sentence or enter into the agreements contemplated by clauses (ii) and (iii) of the immediately preceding sentence within a reasonable time after being requested to do so.

Each Holder of Registrable Units agrees by acquisition of such Registrable Units that, upon receipt of any notice from the Issuer of the happening of any event of the kind described in Section 4(c)(ii), 4(c)(iv), 4(c)(v), or 4(c)(vi), such Holder will forthwith discontinue disposition of such Registrable Units covered by such Registration Statement or Prospectus and, in each case, dissemination of such Prospectus until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 4(k), or until it is advised in writing (the "Advice") by the Issuer that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. In the event the Issuer shall give any such notice, the period during which such Registration Statement is required to remain effective shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Units covered by such Registration Statement, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 4(k) or (y) the Advice.

3. SECTION *Registration Expenses* .

All fees and expenses incident to the performance of or compliance with this Agreement by the Issuer shall be borne by the Issuer whether or not a Shelf Registration is filed or becomes effective, including, without limitation, all registration and filing fees (including, without limitation, fees with respect to filings required to be made with the NASD in connection with an underwritten offering and fees and expenses of compliance with state securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Units and determination of the eligibility of the Registrable Units for investment under the laws of such jurisdictions where the holders of Registrable Units are located)), printing expenses, including, without limitation, expenses of printing certificates for Registrable Units in a form eligible for deposit with The Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the managing underwriter or underwriters, if any, or by the Holders of a majority in aggregate number of the Registrable Units included in any Registration Statement, fees and disbursements of counsel for the Issuer and reasonable fees and disbursements of up to one special counsel chosen by holders of the majority of the Registrable Units (other than any local counsel) for the sellers of Registrable Units, fees and disbursements of all independent certified public accountants referred to in Section 4(n)(iii) (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), rating agency fees, fees and expenses of all other Persons retained by the Issuer, internal expenses of the Issuer (including, without limitation, all salaries and expenses of officers and employees of the Issuer performing legal or accounting duties), the expense of any

(i) annual or special audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange, the fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of the Registrable Units which discounts, commissions or taxes shall be paid by Holders of such Registrable Units) and the expenses relating to printing, word processing and distributing all Registration Statements, underwriting agreements, securities sales agreements and any other documents necessary in order to comply with this Agreement.

4. SECTION *Indemnification* .

(a) The Issuer agrees to indemnify and hold harmless each Holder of Registrable Units, the officers, directors, employees and agents of each such Person, and each Person, if any, who controls any such Person within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant"), from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other reasonable expenses

actually incurred in connection with any suit, action or proceeding or any claim asserted) caused by, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) or caused by, arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Participant furnished to the Issuer in writing by or on behalf of such Participant expressly for use therein.

(b) Each Participant will be required to agree, severally and not jointly, to indemnify and hold harmless the Issuer, the general partner of the Issuer and its directors and officers and each Person who controls the Issuer and its general partner within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Issuer to each Participant, but only with reference to information relating to such Participant furnished to the Issuer in writing by such Participant expressly for use in any Registration Statement or Prospectus, any amendment or supplement thereto, or any preliminary prospectus. The liability of any Participant under this paragraph shall in no event exceed the proceeds received by such Participant from sales of Registrable Units giving rise to such obligations.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such Person (the "Indemnified Person") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person may, at its option, participate in and assume the defense thereof and retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding; *provided*, *however*, that the failure to so notify the Indemnifying Person shall not relieve it of any obligation or liability which it may have hereunder or otherwise except to the extent that the Indemnifying Person is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person, or affiliates of such Persons, and there may be one or more defenses available to such Indemnified Person or Persons that are different from or additional to those available to the Indemnifying Persons, in which case, if such Indemnified Person or Persons notifies the Indemnifying Persons in writing that it elects to employ separate counsel of its choice at the expense of the Indemnifying Persons, the Indemnifying Persons shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Persons. The Indemnifying Person shall not, in any event, unless there exists a conflict among Indemnified Persons, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Participants and such control Persons of Participants shall be designated in writing by Participants who sold a majority in interest of Registrable Units sold by all such Participants and any such separate firm for the Issuer, its directors, officers and such control Persons of the Issuer shall be designated in writing by the Issuer. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there is a final nonappealable judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for reasonable fees and expenses actually incurred by counsel as contemplated by the third sentence of this paragraph, the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional release of such Indemnified Person, in form and substance satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of an Indemnified Person.

(d) If the indemnification provided for in the first and second paragraphs of this Section 6 is unavailable to, or insufficient to hold harmless, an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraphs, in lieu of indemnifying such Indemnified Person thereunder and in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other in connection with the statements or omissions (or alleged statements or omissions) that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or by the Participants or such other Indemnified Person, as the case may be, on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by *pro rata* allocation (even if the Participants were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, in no event shall a Participant be required to contribute any amount in excess of the amount by which proceeds received by such Participant from sales of Registrable Units exceeds the amount of any damages that such Participant has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution agreements contained in this Section 6 will be in addition to any liability which the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

5. SECTION *Rule 144A* .

The Issuer covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder in a timely manner. The Issuer further covenants, for so long as any Registrable Units remain outstanding, to make available to any Holder or beneficial owner of Registrable Units in connection with any sale thereof and any prospective purchaser of such Registrable Units from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Registrable Units pursuant to Rule 144A.

3. SECTION *Underwritten Offerings* .

If the Holders of at least 25% in aggregate number of outstanding Registrable Units so elect, any one or more offerings of such Registrable Units pursuant to any Shelf Registration shall be in the form of an underwritten offering. If any of the Registrable Units covered by any Shelf Registration are to be sold in an underwritten offering, the Issuer will select a nationally recognized investment banker or investment bankers and manager or managers that will manage the offering, that shall be reasonably acceptable to the Holders of a majority in aggregate number of such Registrable Units included in such offering.

No Holder of Registrable Units may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Units on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

3. SECTION *Miscellaneous* .

(a) *Remedies*. In the event of a breach by the Issuer of any of its obligations under this Agreement, each Holder of Registrable Units, in addition to being entitled to exercise all rights provided herein, or in the Purchase Agreement, or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Issuer agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) *No Inconsistent Agreements*. The Issuer has not entered, as of the date hereof, and the Issuer shall not enter, after the date of this Agreement, into any agreement with respect to any of its securities that is inconsistent with the rights

granted to the Holders of Registrable Units in this Agreement or otherwise conflicts with the provisions hereof.

(c) *Adjustments Affecting Registrable Units*. The Issuer shall not, directly or indirectly, take any action with respect to the Registrable Units as a class that would adversely affect the ability of the Holders of Registrable Units to include such Registrable Units in a registration undertaken pursuant to this Agreement.

(d) *Amendments and Waivers*. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Issuer and the Holders of not less than a majority in aggregate number of the then outstanding Registrable Units; *provided*, *however*, that Section 6 and this Section 9(d) may not be amended, modified or supplemented without the prior written consent of the Issuer and each Holder (including any person who was a Holder of Registrable Units disposed of pursuant to any Registration Statement). Notwithstanding the consent requirements of Holders set forth in the previous sentence, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Units whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Units may be given by Holders of at least a majority in aggregate number of the Registrable Units being tendered or being sold by such Holders pursuant to such Registration Statement and, *provided*, *further*, that no such modification, amendment or waiver under this sentence may treat any Holder more adversely than any other Holder without such Holder's written consent.

(e) *Notices*. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or telecopier:

(1) if to a Holder of Registrable Units, at the most current address of such Holder, set forth on the records of the registrar under the Purchase Agreement, with a copy in like manner to Williams (as long as it holds any Registrable Units) as follows:

Williams National Gas Liquids, Inc.
One Williams Center, Suite 3000
Tulsa, Oklahoma 74172
Attention: Don Wellendorf
Telecopy: (918) 573-3864

and to:

The Williams Companies, Inc.
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attention: Lonny Townsend
Telecopy: (800) 479-6690

with a copy to:

Andrews & Kurth L.L.P.
805 Third Avenue
New York, New York 10022
Attention: Michael Swidler
Telecopy: (212) 850-2929

(1) if to the Issuer, as follows:

Ferrellgas Partners, L.P.
Ferrellgas, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: James M. Hake
Telecopy: (816) 792-7985

with a copy to:

Bracewell & Patterson LLP
South Tower Pennzoil Place
711 Louisiana Street, Suite 2900
Houston, Texas 77002

Attention: David L. Ronn
Telecopy: (713) 222-3208

Notice given by personal delivery, courier service or mail shall be effective upon actual receipt. Notice given by telecopier shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

(a) *Successors and Assigns*. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto and the Holders; *provided, however*, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign holds Registrable Units.

(b) *Counterparts*. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(c) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(d) *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(f) *Units Held by the Issuer or Its Affiliates*. Whenever the consent or approval of Holders of a specified percentage of Registrable Units is required hereunder, Registrable Units held by the Issuer or its affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(g) *Third Party Beneficiaries*. Holders of Registrable Units are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Persons

(h) *Entire Agreement*. This Agreement, together with the Purchase Agreement, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understandings, correspondence, conversations and memoranda among Williams on the one hand and the Issuer on the other, or between or among any agents, representatives, parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

FERRELLGAS PARTNERS, L.P.

By: FERRELLGAS, INC.,
its general partner

By: __
Name:

Title:

WILLIAMS NATURAL GAS LIQUIDS, INC.

By: __
Name:
Title:

Exhibit 4.7

FIRST AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

This First Amendment to Registration Rights Agreement (the "Amendment") is made and entered into as of the __ day of March, 2000, by and between Ferrellgas Partners, L.P., a Delaware limited partnership (the "Issuer"), and Williams Natural Gas Liquids, Inc., a Delaware corporation ("Williams").

WHEREAS, Issuer and Williams have entered into that certain Registration Rights Agreement dated as of December 17, 1999 (the "Registration Rights Agreement");

WHEREAS, Issuer and Williams desire to amend the Registration Rights Agreement as set forth in this Amendment; and

WHEREAS, pursuant to Section 9(d) of the Registration Rights Agreement, the Registration Rights Agreement may be amended in writing by the Issuer and the Holders (as defined in the Registration Rights Agreement) of not less than a majority in aggregate number of the then outstanding Registrable Units (as defined in the Registration Rights Agreement);

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements and conditions contained herein, the parties hereto agree as follows:

ARTICLE I AMENDMENTS TO THE REGISTRATION RIGHTS AGREEMENT

A. *Amendment to Definition of "Effectiveness Target Date" in the Registration Rights Agreement*.

The reference in clause (iii) of the definition of "Effectiveness Target Date" in the Registration Rights Agreement to "180 days" is hereby amended to be "240 days."

B. *Amendment to Section 2(a)(iii) of the Registration Rights Agreement*.

The reference in the first sentence of Section 2(a)(iii) of the Registration Rights Agreement to "120 days" is hereby amended to be "180 days." The reference in the first sentence of Section 2(a)(iii) of the Registration Rights Agreement to "180 days" is hereby amended to be "240 days."

ARTICLE II GENERAL PROVISIONS

A. *Full Force and Effect*.

Except as expressly amended hereby, the Registration Rights Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

B. *Other Provisions*.

Section 9 of the Registration Rights Agreement shall apply to this Amendment and be incorporated herein with the same force and effect as if its provisions were reprinted as part of this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment to be effective as of the first date stated above.

FERRELLGAS PARTNERS, L.P.

By: FERRELLGAS, INC., its general partner

By: James M. Hake Sr. Vice President

WILLIAMS NATURAL GAS LIQUIDS, INC.

By: Don R. Wellendorf Vice President/Attorney-in-Fact

Exhibit 4.8

SECOND AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

This Second Amendment to the Registration Rights Agreement (the "Second Amendment") is entered into effective as of April 6, 2001, by and between Ferrellgas Partners, L.P., a Delaware limited partnership (the "Issuer"), and The Williams Companies, Inc., a Delaware corporation ("Williams") and successor in interest to Williams Natural Gas Liquids, Inc., a Delaware corporation. This Second Amendment amends the Registration Rights Agreement dated as of December 17, 1999, as amended (the "Registration Rights Agreement"), by and between the Issuer and Williams Natural Gas Liquids, Inc. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning given to them in the Registration Rights Agreement.

RECITALS:

WHEREAS, the Registration Rights Agreement was executed in connection with the issuance of Registrable Units by the Issuer to Williams Natural Gas Liquids, Inc.; and

WHEREAS, Williams is the holder of all the Registrable Units issued by the Issuer; and

WHEREAS, pursuant to Section 9(d) of the Registration Rights Agreement, the parties hereto desire to amend the Registration Rights Agreement to reflect amendments incorporated into the Third Amended and Restated Agreement of Limited Partnership of the Issuer, which sets forth the rights, terms and obligations of the Registrable Units and the holders thereof;

NOW, THEREFORE, effective as of the date first set forth above, the Registration Rights Agreement is amended as follows:

ARTICLE 1

AMENDMENTS

1.1 Clause (iv) of the definition of "Registrable Units" in Section 1 of the Registration Rights Agreement is hereby amended by deleting the phrase "for purposes of the Partnership Agreement."

1.2 The first sentence of Section 2(a)(ii) of the Registration Rights Agreement is hereby amended by replacing the phrase "November 3, 2001" with the phrase "October 2, 2005."

1.3 The second sentence of Section 3(b) of the Registration Rights Agreement is hereby amended by replacing the phrase "February 1, 2002" with the phrase "December 31, 2005."

1.4 The first clause of Section 6(a) of the Registration Rights Agreement until the definition of "Participant" is hereby amended and restated in its entirety to be as follows:

> The Issuer agrees to indemnify and hold harmless each Holder of Registrable Units and any lender or lenders to whom the Registrable Units are pledged in connection with a loan to enable, among other things, that Holder to purchase those Registrable Units, or any refinancings thereof (provided that, for the avoidance of doubt, the lenders shall include The Williams Companies, Inc. to the extent that entity or an affiliate thereof succeeds to the rights of the lenders) and the respective officers, directors, employees and agents of such Person, and each Person, if any, who controls any such Person within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant")

1.5 Two new sentences are hereby added to the end of Section 9(a) of the Registration Rights Agreement as follows:

> If the Issuer or Ferrellgas, L.P. (i) fails to make any payment of more than $100,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any of its outstanding indebtedness of more than $10 million, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such indebtedness, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such indebtedness to be declared to be due and payable prior to its stated maturity or to cause such indebtedness to be prepaid, purchased or redeemed by the Issuer or Ferrellgas, L.P., (iii) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise, (iv) voluntarily ceases to conduct its business in the ordinary course, (v) commences any Insolvency Proceeding with respect to itself; (vi) takes any action to effectuate or authorize any of the foregoing items specified in clauses (iii) through (v), (vii) has any involuntary Insolvency Proceeding commenced or filed against it, or any writ, judgment, warrant of

attachment, execution or similar process, is issued or levied against a substantial part of any of its properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (viii) admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (ix) acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar person or entity for itself or a substantial portion of its property or business, then the Issuer agrees that upon the receipt of written notice from the Holders of at least 25% in aggregate number of Outstanding Registrable Units, the Issuer shall commence the preparation of an Initial Shelf Registration as detailed under Section 2(a)(i) above but shall not be required to file such Initial Shelf Registration until required under the terms of Section 2(a)(i). For purposes of this Section 9(a) "Insolvency Proceeding" means (i) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of an entity's creditors generally or any substantial portion of an entity's creditors; undertaken under U.S. Federal, state or foreign law, including the United States bankruptcy code.

1.6 Section 9(k) is hereby amended and restated in its entirety to be as follows:

Whenever the consent or approval of Holders of a specified percentage of Registrable Units is required hereunder, Registrable Units held by the Issuer shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

1.7 Section 9(l) is hereby amended and restated in its entirety to be as follows:

Holders of Registrable Units and each Participant are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Person.

1.8 The second notification address of Section 9(e)(1) of the Registration Rights Agreement is hereby amended by deleting in its entirety the address "Andrews and Kurth, L.L.P., 805 Third Avenue, New York, New York 10022, Attention: Michael Swidler, Telecopy: (212) 850-2929" and replacing it with the address "Vinson & Elkins, L.L.P., 666 Fifth Avenue, 26th floor, New York, New York 10103, Attention: Michael Swidler, Telecopy: (917) 206-8100."

1.9 The second notification address of Section 9(e)(2) of the Registration Rights Agreement is hereby amended by deleting in its entirety the address "Bracewell & Patterson LLP, South Tower Penzoil Place, 711 Louisiana Street, Suite 2900, Houston, Texas 77002, Attention: David L. Ronn, Telecopy: (713) 222-3208" and replacing it with the address " Mayer, Brown & Platt, 700 Louisiana Street, Suite 3600, Houston, Texas 77002, Attention: David L. Ronn, Telecopy: (713) 632-1825."

ARTICLE 2

GENERAL PROVISIONS

2.1 Except as expressly amended hereby, the Registration Rights Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

2.2 Section 9 of the Registration Rights Agreement shall apply to this Second Amendment and be incorporated herein with the same force and effect as if those sections were reprinted as part of this Second Amendment, including to the extent Section 9 was expressly amended herein.

****

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment effective for all purposes as of the date first set forth above.

ISSUER:

FERRELLGAS PARTNERS, L.P.

By: Ferrellgas, Inc., its General Partner

By: _____ By: __

Kevin T. Kelly
Senior Vice President

HOLDER OF ALL REGISTRABLE UNITS:

THE WILLIAMS COMPANIES, INC.

By: _____ By: __

Name:
Title:

24431241.13 40501 1735C 00649490

[Published CUSIP Number: ____]

CREDIT AGREEMENT

Dated as of November 2, 2009

among

FERRELLGAS, L.P.,
as the Borrower,

FERRELLGAS, INC.,
as the General Partner of the Borrower,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender and
an L/C Issuer,

and

The Other Lenders Party Hereto

BANC OF AMERICA SECURITIES LLC
and
WELLS FARGO SECURITIES, LLC,
as Lead Arrangers

BANC OF AMERICA SECURITIES LLC
WELLS FARGO SECURITIES, LLC
and
J.P. MORGAN SECURITIES INC.,
as Book Managers

WELLS FARGO BANK NATIONAL ASSOCIATION
and
JPMORGAN CHASE BANK, N.A.,
as Syndication Agents

SOCIÉTÉ GÉNÉRALE
and

BNP PARIBAS,
as Documentation Agents

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CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of November 2, 2009, among FERRELLGAS, L.P., a Delaware limited partnership (the "Borrower"), FERRELLGAS, INC., a Delaware corporation and sole general partner of the Borrower (the "General Partner"), each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer.

PRELIMINARY STATEMENTS:

The Borrower has requested that the Lenders provide a revolving credit facility, and the Lenders have indicated their willingness to lend and the L/C Issuers have indicated their willingness to issue letters of credit, in each case, on the terms and subject to the conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Article I
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"2004 Fixed Rate Senior Notes" means the $250,000,000 6 ¾% Senior Notes due May 1, 2014, issued by the Borrower pursuant to the 2008 Indenture.

"2004 Indenture" means the Indenture dated as of April 20, 2004 among the Borrower, Ferrellgas Finance Corp., and U.S. Bank National Association, as trustee.

"2008 Fixed Rate Senior Notes" means the $200,000,000 6 ¾% Senior Notes due May 1, 2014, issued by the Borrower pursuant to the 2008 Indenture.

"2008 Indenture" means the Indenture dated as of August 4, 2008 among the Borrower, Ferrellgas Finance Corp., and U.S. Bank National Association, as trustee.

"2009 Fixed Rate Senior Notes" means the $300,000,000 9.125% Senior Notes due October 1, 2017, issued by the Borrower pursuant to the 2009 Indenture.

"2009 Indenture" means the Indenture dated as of September 14, 2009 among the Borrower, Ferrellgas Finance Corp., and U.S. Bank National Association, as trustee.

"Accounts Receivable Securitization" means a financing arrangement involving the transfer or sale of accounts receivable of the Borrower in the ordinary course of business through one or more SPEs, the terms of which arrangement do not impose (a) any recourse or repurchase obligations upon the Borrower or any Affiliate of the Borrower (other than any such SPE) except to the extent of the breach of a representation or warranty by the Borrower in connection therewith or (b) any negative pledge or Lien on any accounts receivable or other assets not actually transferred to any such SPE in connection with such arrangement.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in substantially the form of Exhibit E-2 or any other form approved by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means the Commitments of all the Lenders.

"Agreement" means this Credit Agreement.

"Applicable Fee Rate" means, at any time, 0.50% per annum.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Facility represented by such Lender's Commitment at such time. If the commitment of each Lender to make Revolving Credit Loans and the obligation of the L/C Issuers to make L/C Credit Extensions have been terminated pursuant to Section 8.02, or if the Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means (i) from the Closing Date to the date on which the Administrative Agent receives a Compliance Certificate pursuant to Section 6.02(b) for the fiscal year ending July 31, 2009, 2.75% per annum for Base Rate Loans and 3.75% per annum for Eurodollar Rate Loans and Letter of Credit Fees and (ii) thereafter, the applicable percentage per annum set forth below determined by reference to the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

Applicable Rate

Pricing Level	Consolidated Leverage Ratio	Eurodollar Rate // Standby Letters of Credit	Base Rate	Commercial Letters of Credit
1	< 3.0:1	3.50%	2.50%	2.750%
2	≥3.0:1 but <3.5:1	3.75%	2.75%	2.875%
3	≥3.5:1 but ≤4.0:1	4.00%	3.00%	3.000%
4	>4.0:1	4.25%	3.25%	3.125%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Level 4 shall apply, in each case as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the date on which such Compliance Certificate is delivered.

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b).

"Appropriate Lender" means, at any time, (a) a Lender that has a Commitment or holds a Revolving Credit Loan at such time, (b) with respect to the Letter of Credit Sublimit, (i) the applicable L/C Issuer and (ii) if any Letters of Credit have been issued pursuant to Section 2.03(a), the Lenders and (c) with respect to the Swing Line Sublimit, (i) the Swing Line Lender and (ii) if any Swing Line Loans are outstanding pursuant to Section 2.04(a), the Lenders.

"Approved Interest Counterparty" means a counterparty to an interest rate Swap Contract that either (a) is a Hedge Bank, or (b) is a Person whose senior unsecured long-term debt obligations are rated BBB- or higher by S&P and Baa3 or higher by Moody's.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means, collectively, Banc of America Securities LLC and Wells Fargo Securities, LLC, in their capacities as lead arrangers.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit E-1 or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease.

"Audited Financial Statements" means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended July 31, 2008, and the related consolidated statements of income or operations, partners' capital and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

"Available Cash" has the meaning given to such term in the Partnership Agreement, as amended to and including April 7, 2004, provided, that (a) Available Cash shall not include any Net Proceeds of Asset Sales in excess of an aggregate amount of $10,000,000 made during any fiscal year of the Borrower, (b) investments, loans and other contributions to a Non-Recourse Subsidiary or Unrestricted Subsidiary are to be treated as "cash disbursements" when made for purposes of determining the amount of Available Cash, and (c) cash receipts of a Non-Recourse Subsidiary or Unrestricted Subsidiary shall not constitute cash receipts of the Borrower for purposes of determining the amount of Available Cash until cash is actually distributed by such Non-Recourse Subsidiary or Unrestricted Subsidiary to the Borrower or a Restricted Subsidiary.

"Availability Period" means the period from and including the Closing Date to the earliest of (i) the Maturity Date, (ii) the date of termination of the Commitments pursuant to Section 2.06, and (iii) the date of termination of the commitment of each Lender to make Revolving Credit Loans and of the obligation of the L/C Issuers to make L/C Credit Extensions pursuant to Section 8.02.

"Bank of America" means Bank of America, N.A. and its successors.

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate", and (c) the Eurodollar Rate plus 1%. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change (i) in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change and (ii) in the Eurodollar Rate described in clause (c) above shall take effect on the date of such change.

"Base Rate Loan" means a Revolving Credit Loan that bears interest based on the Base Rate.

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 6.02.

"Borrowing" means a Revolving Credit Borrowing or a Swing Line Borrowing, as the context may require.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Cash Collateralize" has the meaning specified in Section 2.03(g).

"Cash Equivalents" means (a) United States dollars, (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than eighteen months from the date of acquisition, (c) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any Lender or with any other domestic commercial bank that is a member of the Federal Reserve System having capital and surplus in excess of $500 million, (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) entered into with any financial institution meeting the qualifications specified in clause (c) above, (e) commercial paper or direct obligations of a Person, provided such Person has publicly outstanding debt having the highest short-term rating obtainable from Moody's or S&P and provided further that such commercial paper or direct obligation matures within 270 days after the date of acquisition, and (f) investments in money market funds all of whose assets consist of securities of the types described in the foregoing clauses (a) through (e).

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any Person that is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement.

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

"Change of Control" means the occurrence of any of the following events: (a) the sale, lease, conveyance or other disposition of all or substantially all of the Borrower's assets to any Person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) other than James E. Ferrell, the Ferrell Related Parties and any Person of which James E. Ferrell and the Ferrell Related Parties beneficially own in the aggregate 51% or more of the voting Equity Interests (or if such Person is a partnership, 51% or more of the general partner interests), (b) the liquidation or dissolution of the Borrower or the General Partner, (c) the occurrence of any transaction, the result of which is that James E. Ferrell and the Ferrell Related Parties beneficially own in the aggregate, directly or indirectly, less than 51% of the total voting power entitled to vote for the election of directors of the General Partner, or (d) the occurrence of any transaction, the result of which is that the General Partner is no longer the sole general partner of the Borrower.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means all of the property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

"Collateral Documents" means, collectively, the Security Agreement, the Intellectual Property Security Agreements, each of the mortgages, collateral assignments, Security Agreement Supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent pursuant to Section 6.12, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means, as to each Lender, its obligation to (a) make Revolving Credit Loans to the Borrower pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Commitment" or opposite such caption in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Committed Loan Notice" means a notice of (a) a Revolving Credit Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Commodity Risk Management Policy" means the Amended and Restated Commodity Risk Management Policy as of July 14, 2008 of the MLP and the Borrower, as amended from time to time in compliance with Section 7.18.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated EBITDA" means, at any date of determination, an amount equal to Consolidated Net Income of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period plus (a) the following, to the extent deducted in calculating such Consolidated Net Income: (i) any extraordinary loss (including expenses related to the early extinguishment of Indebtedness) plus any net loss realized in connection with an asset sale, (ii) the provision for Taxes based on income or profits of the Borrower and the Restricted Subsidiaries, (iii) the Consolidated Interest Charges for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments and the interest component of any payments associated with Attributable Indebtedness in respect of Capital Leases and net payments (if any) pursuant to Swap Contracts in respect of interest rates), (iv) the depreciation and amortization charges (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), and (v) other non-recurring expenses reducing such Consolidated Net Income which do not represent a cash item in such period or any future period (including those related to Dispositions and those resulting from the requirements of SFAS 133), plus (b) to the extent deducted in calculating such Consolidated Net Income, non-cash employee compensation expenses of the Borrower and the Restricted Subsidiaries, minus (c) to the extent included in calculating such Consolidated Net Income, all non-cash items increasing Consolidated Net Income (including those related to Dispositions and those resulting from the requirements of SFAS 133), in each case in this definition of or by the Borrower and its Restricted Subsidiaries for such Measurement Period, without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Borrower and its Restricted Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all outstanding obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all outstanding purchase money Indebtedness, (c) all outstanding obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (d) all outstanding Attributable Indebtedness, (e) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (d) above of Persons other than the Borrower or any Restricted Subsidiary, and (f) all outstanding Indebtedness of the types referred to in clauses (a) through (e) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Restricted Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Restricted Subsidiary; provided that, for the avoidance of doubt, "Consolidated Funded Indebtedness" shall not include any obligations of such Person in respect of Accounts Receivable Securitizations permitted by Sections 7.02(h) and 7.05(f).

"Consolidated Funded Senior Secured Indebtedness" means, as of any date of determination, for the Borrower and its Restricted Subsidiaries on a consolidated basis, Consolidated Funded Indebtedness, but excluding any such Indebtedness that is not secured by any Liens.

"Consolidated Interest Charges" means, with respect to the Borrower and the Restricted Subsidiaries for any Measurement Period, on a consolidated basis, the sum of (a) all interest, fees (including Letter of Credit fees), charges and related expenses paid or payable (without duplication) by the Borrower and the Restricted Subsidiaries for that period to the Lenders hereunder or to any other lender in connection with borrowed money (including capitalized interest) or the deferred purchase price of assets that are considered "interest expense" under GAAP, plus (b) the portion of rent paid or payable (without duplication) by the Borrower and the Restricted Subsidiaries for that period under Capital Leases that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, on a consolidated basis.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Charges, in each case, of or by the Borrower and its Restricted Subsidiaries on a consolidated basis for the

most recently completed Measurement Period. In the event that the Borrower or any of the Restricted Subsidiaries (i) incurs, assumes or guarantees any Indebtedness (other than revolving credit borrowings including, with respect to the Borrower, the Loans and other than Indebtedness under the Accounts Receivable Securitizations permitted by this Agreement), or (ii) redeems or repays any Indebtedness (excluding Indebtedness under the Accounts Receivable Securitizations permitted by this Agreement), in any case subsequent to the commencement of the Measurement Period but prior to the date of the event for which the calculation of the Consolidated Interest Coverage is made (the "Interest Coverage Ratio Calculation Date"), then the Consolidated Interest Coverage shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness as if the same had occurred at the beginning of the applicable reference period. Furthermore, in the event that the Borrower or any of the Restricted Subsidiaries consummates a purchase or acquisition permitted under Section 7.03(h) or a Disposition permitted under Section 7.05(h) during a Measurement Period or subsequent to the end of such Measurement Period but prior to the date of the event for which the calculation of the Consolidated Interest Coverage is made, then the Consolidated Interest Coverage Ratio shall be calculated giving pro forma effect to such purchase or acquisition or to such Disposition, as the case may be, as though such transaction occurred on the first day of such Measurement Period; provided that with respect to the Borrower and the Restricted Subsidiaries, (a) Consolidated Interest Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Consolidated Interest Charges would no longer be obligations contributing to the Consolidated Interest Charges of the Borrower or the Restricted Subsidiaries subsequent to Interest Coverage Ratio Calculation Date, (b) Consolidated EBITDA generated by an acquired business or asset of the Borrower or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in applicable Measurement Period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated Borrower facilities, and (c) in connection with any Material Acquisition, in lieu of the pro forma adjustments provided in the immediately preceding clauses (a) and (b), if requested by the Borrower, Consolidated Interest Charges and Consolidated EBITDA may be subject to such pro forma adjustments reasonably acceptable to the Administrative Agent.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period. In the event that the Borrower or any of the Restricted Subsidiaries (i) incurs, assumes or guarantees any Indebtedness (other than revolving credit borrowings including, with respect to the Borrower, the Loans and other than Indebtedness under the Accounts Receivable Securitizations permitted by this Agreement) or (ii) redeems or repays any Indebtedness (excluding Indebtedness under the Accounts Receivable Securitizations permitted by this Agreement), in any case subsequent to the commencement of the Measurement Period but prior to the date of the event for which the calculation of the Consolidated Leverage Ratio is made (the "Leverage Ratio Calculation Date"), then the Consolidated Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness as if the same had occurred at the beginning of the applicable reference period. Furthermore, in the event that the Borrower or any of the Restricted Subsidiaries consummates a purchase or acquisition permitted under Section 7.03(h) or a Disposition permitted under Section 7.05(h) during a Measurement Period or subsequent to the end of the Measurement Period but prior to the date of the event for which the calculation of the Consolidated Leverage Ratio is made, then the Consolidated Leverage Ratio shall be calculated giving pro forma effect to such purchase or acquisition or to such Disposition, as the case may be, as though such transaction occurred on the first day of such Measurement Period; provided that with respect to the Borrower and the Restricted Subsidiaries, (a) Consolidated Funded Indebtedness shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness included in such Consolidated Funded Indebtedness would no longer be obligations of the Borrower or the Restricted Subsidiaries subsequent to the Leverage Ratio Calculation Date, (b) Consolidated EBITDA generated by an acquired business or asset of the Borrower or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in applicable Measurement Period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated Borrower facilities, and (c) in connection with any Material Acquisition, in lieu of the pro forma adjustments provided in the immediately preceding clauses (a) and (b), if requested by the Borrower, Consolidated Funded Indebtedness and Consolidated EBITDA may be subject to such pro forma adjustments reasonably acceptable to the Administrative Agent.

"Consolidated Net Income" means, at any date of determination, the net income (or loss) of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period; provided that Consolidated Net Income shall exclude (a) extraordinary gains for such Measurement Period, (b) the net income of any Restricted Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Restricted Subsidiary during such Measurement Period, except that the Borrower's equity in any net loss of any such Restricted Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such Measurement Period of any Person if such Person is not a Restricted Subsidiary, except that the

Borrower's equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Borrower or a Restricted Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Restricted Subsidiary, such Restricted Subsidiary is not precluded from further distributing such amount to the Borrower as described in clause (b) of this proviso); provided further that, Consolidated Net Income shall include extraordinary losses for such Measurement Period and exclude the cumulative effect of a change in accounting principles.

"Consolidated Senior Secured Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Senior Secured Indebtedness as of such date to (b) Consolidated EBITDA of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period. In the event that the Borrower or any of the Restricted Subsidiaries (i) incurs, assumes or guarantees any Consolidated Funded Senior Secured Indebtedness (other than revolving credit borrowings including, with respect to the Borrower, the Loans) or (ii) redeems or repays any such Indebtedness, in any case subsequent to the commencement of the Measurement Period but prior to the date of the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "Senior Leverage Ratio Calculation Date"), then the Consolidated Senior Secured Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness as if the same had occurred at the beginning of the applicable reference period. Furthermore, in the event that the Borrower or any of the Restricted Subsidiaries consummates a purchase or acquisition permitted under Section 7.03(h) or a Disposition permitted under Section 7.05(h) during a Measurement Period or subsequent to the end of the Measurement Period but prior to the date of the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made, then the Consolidated Senior Secured Leverage Ratio shall be calculated giving pro forma effect to such purchase or acquisition or to such Disposition, as the case may be, as though such transaction occurred on the first day of such Measurement Period; provided that with respect to the Borrower and the Restricted Subsidiaries, (a) Consolidated Funded Senior Secured Indebtedness shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Consolidated Funded Indebtedness included in such Consolidated Funded Senior Secured Indebtedness would no longer be obligations of the Borrower or the Restricted Subsidiaries subsequent to the Senior Leverage Ratio Calculation Date, (b) Consolidated EBITDA generated by an acquired business or asset of the Borrower or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in applicable Measurement Period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated Borrower facilities, and (c) in connection with any Material Acquisition, in lieu of the pro forma adjustments provided in the immediately preceding clauses (a) and (b), if requested by the Borrower, Consolidated Funded Senior Secured Indebtedness and Consolidated EBITDA may be subject to such pro forma adjustments reasonably acceptable to the Administrative Agent.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to the Obligations (other than Obligations constituting Letter of Credit Fees), an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate plus 2% per annum.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Revolving Credit Loans (unless the subject of a good faith dispute), participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding, in each case as reasonably determined by the Administrative Agent.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollar" and "$" mean lawful money of the United States.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"Eurodollar Rate" means:

(a) with respect to each Eurodollar Rate Loan, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to (i) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or if such publication is unavailable, such other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or (ii), if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two London Banking Days prior to the commencement of such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m. (London time) determined daily on each Business Day (or as to any day that is not a London Banking

Day, on the next preceding London Banking Day) for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained by Bank of America and with a term equal to one month would be offered by Bank of America's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

"Eurodollar Rate Loan" means a Revolving Credit Loan that bears interest at a rate based on the Eurodollar Rate.

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Borrower is located, (c) any backup withholding tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with clause (A) of Section 3.01(e)(ii), and (d) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 10.13), any United States withholding tax that (i) is required to be imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or (ii) is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with clause (B) of Section 3.01(e)(ii), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 3.01(a).

"Existing Credit Agreement" means that certain Fifth Amended and Restated Credit Agreement dated as of April 22, 2005 among the Borrower, the General Partner, Bank of America, N.A., as administrative agent, and a syndicate of lenders, as amended or supplemented to the date hereof.

"Existing Letters of Credit" means the letters of credit issued pursuant to the Existing Credit Agreement that are outstanding on the date hereof.

"Facility" means, at any time, the amount of the Aggregate Commitments at such time.

"FCI ESOT" means the employee stock ownership trust of Ferrell Companies, Inc. organized under Section 4975(e)(7) of the Code.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated August 24, 2009 among the Borrower, the Administrative Agent, the Arranger, Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., and J.P. Morgan Securities Inc.

"Ferrell Related Parties" means collectively (a) the spouse or any lineal descendant of James E. Ferrell, (b) any trust for his benefit or for the benefit of his spouse or any such lineal descendants, (c) any corporation, partnership or other entity in which James E. Ferrell and/or such other Persons referred to in the foregoing clauses (a) and (b) are the direct record and beneficial owners of all of the voting and nonvoting Equity Interests, (d) the FCI ESOT, (e) any participant in the FCI ESOT whose ESOT account has been allocated shares of Ferrell Companies, Inc, (f) Ferrell Companies, Inc., as long as it is controlled by, and is at least seventy-five percent (75%) owned by, any Persons described in the preceding clauses (a) through (e), or (g) any wholly-owned Subsidiary of Ferrell Companies, Inc., as long as it is controlled by, and is at least seventy-five percent (75%) owned by, any Persons described in the preceding clauses (a) through (e).

"Foreign Lender" means any Lender that is organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes (including such a Lender when acting in the capacity of an L/C Issuer). For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"General Partner" has the meaning specified in the introductory paragraph hereto.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantors" means, collectively, the General Partner, the Restricted Subsidiaries of the Borrower listed on Schedule 6.12 and each other Restricted Subsidiary of the Borrower that shall be required to execute and deliver a guaranty or guaranty supplement pursuant to Section 6.12.

"Guaranty" means the Guaranty made by the Guarantors in favor of the Secured Parties, substantially in the form of Exhibit F, together with each other guaranty and guaranty supplement delivered pursuant to Section 6.12.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Bank" means any Person that, at the time it enters into an interest rate Swap Contract with the Borrower, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Swap Contract.

"Impacted Lender" means a Defaulting Lender or a Lender as to which (a) the Administrative Agent or an L/C Issuer has a good faith belief that the Lender has defaulted in fulfilling its obligations under one or more other syndicated credit facilities or (b) an entity that Controls the Lender has been deemed insolvent or become subject to a bankruptcy or other similar proceeding, as reasonably determined by the Administrative Agent.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business on ordinary terms);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness in respect of Capitalized Leases and Synthetic Lease Obligations of such Person;

(g) all obligations of such Person in respect of Accounts Receivable Securitizations; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Intellectual Property Security Agreement" has the meaning specified in Section 4.01(a)(iv).

"Interest Payment Date" means, (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan or Swing Line Loan, the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Committed Loan Notice or such other period that is twelve months or less requested by the Borrower and consented to by all the Appropriate Lenders; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or a substantial part of the business of, such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment; provided that the amount of any Investment shall be deemed reduced by any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investment (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings on such Investment (in the form of interest, or of dividends not constituting a return of capital, or otherwise) or as loans from any Person in whom such Investment has been made).

"IP Rights" has the meaning specified in Section 5.17.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by an L/C Issuer and the Borrower (or any Restricted Subsidiary) or in favor of an L/C Issuer and relating to such Letter of Credit.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable

administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case having the force of law.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Issuance Sublimit" means, with respect to an L/C Issuer, the maximum amount of L/C Obligations that such L/C Issuer has agreed to incur pursuant to this Agreement in such capacity, as such amount is mutually agreed to by Administrative Agent, the Borrower, and such L/C Issuer. The initial L/C Issuance Sublimit with respect to Bank of America is the amount of $150,000,000 and with respect to PNC Bank, N.A. is the amount of $50,000,000.

"L/C Issuers" means (a) Bank of America and (b) PNC Bank, N.A. each in their respective in its capacities as an issuer of Letters of Credit hereunder, or any successor issuers of Letters of Credit hereunder.

"L/C Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Lender" has the meaning specified in the introductory paragraph hereto and, as the context requires, includes the Swing Line Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"Letter of Credit" means any letter of credit issued hereunder and shall include the Existing Letters of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by an L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Fee" has the meaning specified in Section 2.03(i).

"Letter of Credit Sublimit" means an amount equal to $200,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Facility.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Credit Loan or a Swing Line Loan.

"Loan Documents" means, collectively, (a) this Agreement, (b) the Notes, (c) the Guaranty, (d) the Collateral Documents, (e) the Fee Letter, and (f) each Issuer Document.

"Loan Parties" means, collectively, the Borrower and each Guarantor.

"London Banking Day" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Material Acquisition" has the meaning specified in Section 7.03(h)(iii).

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

"Material Contract" means, with respect to any Person, each contract to which such Person is a party which either (a) involves aggregate consideration payable to or by such Person of $10,000,000 or more in any year or (b) the breach thereof by any party thereto could reasonably be expected to result in a Material Adverse Effect.

"Maturity Date" means November 2, 2012; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

"Measurement Period" means, at any date of determination, the most recently completed four fiscal quarters of the Borrower.

"MLP" means Ferrellgas Partners, L.P., a Delaware limited partnership and the sole limited partner of the Borrower.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Net Proceeds of Asset Sale" means the aggregate cash proceeds received by the Borrower or any of the Restricted Subsidiaries in respect of any Disposition made pursuant to Section 7.05(h), net of the direct costs relating to such Disposition (including legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets the subject of such Disposition.

"Non-Recourse Subsidiary" means any Person that would otherwise be a Subsidiary of the Borrower but is designated as a Non-Recourse Subsidiary in a resolution of the Board of Directors of the General Partner, so long as each of the following remains true: (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of such Person (i) is a contingent obligation of the Borrower or any of its Restricted Subsidiaries, (ii) is recourse to or obligates the Borrower or any of its Restricted Subsidiaries in any way or (iii) is secured by any property or asset of the Borrower or any of its Restricted Subsidiaries, directly or indirectly, contingently or otherwise, (b) neither the Borrower nor any of its Subsidiaries has any contract, agreement, arrangement or understanding or is subject to an obligation of any kind, written or oral, with such Person other than on terms no less favorable to the Borrower and its Subsidiaries than those that might be obtained at the time from persons who are not Affiliates of the Borrower, (c) neither the Borrower nor any of its Subsidiaries has any obligation with respect to such Person (i) to subscribe for additional shares of Equity Interests therein or (ii) maintain or preserve such Person's financial condition or to cause such Person to achieve certain levels of operating or other financial results, (d) such Person has no more than $1,000 of assets at the time of such designation, and (e) such Person takes steps designed to assure that neither the Borrower nor any of its Subsidiaries will be liable for any portion of the Indebtedness or other obligations of such Person, including maintenance of a corporate or limited partnership structure and observance of applicable formalities such as regular meetings and maintenance of minutes, a substantial and meaningful capitalization and the use of a corporate or partnership name, trade name or trademark not misleadingly similar to those of the Borrower.

"Note" means a promissory note made by the Borrower in favor of a Lender evidencing Revolving Credit Loans or Swing Line Loans, as the case may be, made by such Lender, substantially in the form of Exhibit C.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, or Letter of Credit, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Amount" means (a) with respect to Revolving Credit Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit Loans and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

"Participant" has the meaning specified in Section 10.06(d).

"Partnership Agreement" shall mean the Third Amended and Restated Agreement of Limited Partnership of the Borrower dated April 7, 2004, as amended from time to time in accordance with the terms of this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permitted Amount" means an amount equal to the lesser of (a) $500,000,000 and (b) if the 2009 Indenture, the 2008 Indenture, the 2004 Indenture is still in effect, the amount of Indebtedness as the Borrower would be permitted to incur under the 2009 Indenture, 2008 Indenture or 2004 Indenture.

"Permitted Commodity Swap Contract" means any Swap Contract entered into by the Borrower with a counterparty in respect of commodities, provided that such Swap Contract is (or was) entered into in compliance with the terms and provisions of the Commodity Risk Management Policy.

"Permitted Interest Swap Contract" means any Swap Contract entered into by the Borrower with an Approved Interest Counterparty in respect of interest rates, provided that (i) the aggregate notional principal amount of indebtedness subject to all such Swap Contracts must not exceed $200,000,000 at any time, and (ii) such Swap Contract must not relate to periods of time associated with such indebtedness after the date that is two years following the Maturity Date.

"Permitted Liens" means the Liens permitted under Section 7.01.

"Permitted Unsecured Debt" means Indebtedness in respect of senior unsecured notes (whether issued under a loan agreement or indenture) issued by the Borrower from time to time, that complies with all of the following requirements:

(a) such Indebtedness is and shall remain unsecured at all times;

(b) no scheduled payment of principal, scheduled mandatory redemption or scheduled sinking fund payment of such Indebtedness is due on or before the Maturity Date (as in effect at the time the agreement or indenture governing such Indebtedness is entered into); provided that such Indebtedness may be prepaid in connection with a refinancing thereof with other Indebtedness that is permitted by this Agreement;

(c) the agreement or indenture governing such Indebtedness must not contain (x) financial maintenance covenants stricter than, or in addition to, those in this Agreement (as in effect at the time the agreement or indenture governing such Indebtedness is entered into), or (y) other covenants or "events of default" that are less favorable to or more restrictive upon (in each case, in any material respect) the Borrower or any Guarantor than those contained in the Loan Documents (as in effect at the time the agreement or indenture governing such Indebtedness is entered into), provided that the inclusion of any other covenant (other than Prohibited Covenants) that is reasonable and customary with respect to such type of debt and that is not found in the Loan Documents, other than the Issuer Documents, (in each case, as in effect at the time the agreement or indenture governing such Indebtedness is entered into) shall not be deemed to be more restrictive for purposes of this clause; and

(d) on each date on which such Indebtedness is issued (in this definition defined as a "Date of Issuance") and immediately after giving effect to such Indebtedness the Borrower is in compliance on a pro forma basis with Section 7.11, calculated for the most recent four fiscal quarter period for which the financial statements described in Section 6.01(a) and (b) are available to the Lenders;

(e) no Default or Event of Default exists on the Date of Issuance or will occur as a result of the issuance of the notes evidencing such Indebtedness;

(f) such Indebtedness is not guaranteed by any Person which is not a Guarantor of all of the Obligations; and

(g) the Borrower shall have delivered to the Administrative Agent a certificate in reasonable detail reflecting compliance with the foregoing requirements.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Platform" has the meaning specified in Section 6.02.

"Pledged Debt" has the meaning specified in Section 1.3 of the Security Agreement.

"Pledged Deposit Accounts" has the meaning specified in Section 1.3 of the Security Agreement.

"Pledged Equity" has the meaning specified in Section 1.3 of the Security Agreement.

"Prohibited Covenants" means (a) covenants that restrict the ability to grant liens in favor of the Administrative Agent to secure the Obligations up to a principal amount equal to the Permitted Amount; (b) covenants that restrict the ability of the Borrower to borrow up to the Permitted Amount under this Agreement or have Swap Contracts permitted under this Agreement; (c) covenants that require the Borrower to prepay the applicable Permitted Unsecured Debt and prohibit the Borrower from prepaying the Obligations; and (d) covenants that require the use of specific cash flows or asset sale proceeds to prepay the applicable Permitted Unsecured Debt and prohibit the Borrower from prepaying the Obligations with such cash flow or proceeds.

"Public Lender" has the meaning specified in Section 6.02.

"Register" has the meaning specified in Section 10.06(c).

"Reinvestment" means, for any Person, capital expenditures in connection with the present and related business of such Person.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Revolving Credit Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, as of any date of determination, Lenders holding more than 50% of the sum of the (a) Total Outstandings (with the aggregate amount of each Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Lender for purposes of this definition) and (b) aggregate unused Commitments; provided that the unused Commitment of, and the portion of the Total Outstandings held or deemed held by, any Impacted Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" means the chief executive officer, president, chief financial officer, director of finance, treasurer, assistant treasurer or controller of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Person or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Person's stockholders, partners or members (or the equivalent of any thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment, and (b) any optional payment (whether in cash, securities or other property), including any sinking fund payment or similar deposit, to prepay, purchase, redeem, retire, acquire, cancel, terminate, defease or refinance the 2004 Fixed Rate Senior Notes, the 2008 Fixed Rate Senior Notes, or the 2009 Fixed Rate Senior Notes.

"Restricted Subsidiary" means each Subsidiary of the Borrower (including any newly acquired or formed Subsidiary of the Borrower after the date hereof), excluding any such Subsidiary that is either an SPE or an Unrestricted Subsidiary.

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

"Revolving Credit Loan" has the meaning specified in Section 2.01.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank and that is designated as a "Secured Cash Management Agreement" by delivery to the Administrative Agent of a written Secured Cash Management Bank Notice, appropriately completed and signed by a Responsible Officer of the General Partner.

"Secured Cash Management Bank" means any Cash Management Bank that is party to a Secured Cash Management Agreement; provided that if such Person ceases to be a Lender hereunder or an Affiliate of a Lender Party hereunder, this definition shall only include such Person with respect to Secured Cash Management Agreements entered into during or prior to the time such Person was a Lender or an Affiliate of a Lender.

"Secured Cash Management Bank Notice" means a notice by the Borrower of the designation of a Secured Cash Management Agreement, which shall be substantially in the form of Exhibit H.

"Secured Cash Management Obligations" means all debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Secured Cash Management Agreement (or any document or instrument relating thereto) whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Secured Hedge Agreement" means any interest rate Swap Contract that is entered into by and between the Borrower and any Hedge Bank.

"Secured Hedge Obligations" means all debts, liabilities (including amounts due upon termination), obligations, covenants and duties of, any Loan Party arising under any Secured Hedge Agreement (or any document or instrument relating thereto) whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Secured Obligations" means (a) all Obligations, (b) all Secured Cash Management Obligations, and (c) all Secured Hedge Obligations.

"Secured Parties" means, collectively, the Administrative Agent, the Lenders, the L/C Issuers, the Secured Cash Management Banks, the Hedge Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05, and the other Persons the Secured Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

"Security Agreement" has the meaning specified in Section 4.01(a)(iii).

"Security Agreement Supplement" has the meaning specified in Section 1.3 of the Security Agreement.

"Securitization Assets" means accounts receivable owed to the Borrower or any Restricted Subsidiary, all collateral (if any) securing such accounts receivable, all contracts and contract rights in respect thereof, all guarantees in respect thereof, all proceeds thereof, and other assets that are of the type customarily transferred in connection with a securitization, factoring, or monetization of similar assets and which are sold, transferred or otherwise conveyed (or purported to be sold, transferred or otherwise conveyed) by the Borrower or any Restricted Subsidiary to an SPE in connection with Accounts Receivable Securitizations permitted hereunder.

"Securitization Subordinated Note" means the Subordinated Note dated April 15, 2009 made by Ferrellgas Receivables, LLC, a Delaware limited liability company, payable to the order of the Borrower.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the present value of the aggregate liabilities (including contingent liabilities) of such Person, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (c) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (d) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SPE" means any special purpose Non-Recourse Subsidiary of the Borrower established in connection with Accounts Receivable Securitizations permitted by Section 7.02 and 7.05.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Swing Line Borrowing" means a borrowing of a Swing Line Loan pursuant to Section 2.04.

"Swing Line Lender" means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning specified in Section 2.04(a).

"Swing Line Loan Notice" means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

"Swing Line Sublimit" means an amount equal to the lesser of (a) $25,000,000 and (b) the Facility. The Swing Line Sublimit is part of, and not in addition to, the Facility.

"Synthetic Lease" means each arrangement, however described, under which the obligor accounts for its interest in the property covered thereby under GAAP as lessee of a lease which is not a capital lease under GAAP and accounts for its interest in the property covered thereby for Federal income tax purposes as the owner.

"Synthetic Lease Obligation" means, as to any Person with respect to any Synthetic Lease at any time of determination, the amount of the liability of such Person in respect of such Synthetic Lease that would (if such lease was required to be classified and accounted for as a capital lease on a balance sheet of such Person in accordance with GAAP) be required to be capitalized on the balance sheet of such Person at such time.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Threshold Amount" means $25,000,000.

"Total Revolving Credit Outstandings" means the aggregate Outstanding Amount of all Revolving Credit Loans, Swing Line Loans and L/C Obligations.

"Total Outstandings" means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"UCC" means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"Unrestricted Subsidiary" means any of (a) Ferrellgas Receivables, LLC, a Delaware limited liability company, (b) Ferrellgas Real Estate, Inc., a Delaware corporation, (c) Uni Asia Ltd., a Seychelles limited company, (d) Blue Rhino Canada, Inc., a Delaware corporation, and (e) Ferrellgas Finance Corp., a Delaware corporation.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness; provided, however, that with respect to any revolving Indebtedness, the foregoing calculation of Weighted Average Life to Maturity shall be determined based upon the total available commitments and the required reductions of commitments in lieu of the outstanding principal amount and the required payments of principal, respectively.

"Wholesale Accounts Receivable" means all "accounts" in which a Loan Party has any interest arising from the sale of "inventory" (as such terms are defined in the UCC), including all such accounts (a) relating to sales of inventory by the Loan Parties under the trade name "Blue Rhino", and (b) relating to wholesale sales of inventory by any Loan Party; provided that such accounts shall not include any such accounts that are sold pursuant to an Accounts Receivable Securitization permitted by Sections 7.02(h) and 7.05(f).

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Central time (daylight or standard, as applicable).

1.06 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 The Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Credit Loan") to the Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment; provided, however, that after giving effect to any Revolving Credit Borrowing, (i) the Total Revolving Credit Outstandings shall not exceed the Facility, and (ii) the aggregate Outstanding Amount of the Revolving Credit Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment. Within the limits of each Lender's Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Revolving Credit Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Revolving Credit Borrowing, each conversion of Revolving Credit Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 12:00 noon (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans; provided, however, that if the Borrower wishes to request Eurodollar Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period," the applicable notice must be received by the Administrative Agent not later than 12:00 noon four Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Appropriate Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 12:00 noon, three Business Days before the requested date of such Borrowing, conversion or continuation, the Administrative Agent shall notify the Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the General Partner. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $3,000,000 or a whole multiple of $1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Revolving Credit Borrowing, a conversion of Revolving Credit Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of

Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Revolving Credit Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Revolving Credit Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Notwithstanding anything to the contrary herein, a Swing Line Loan may not be converted to a Eurodollar Rate Loan.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Revolving Credit Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in Section 2.02(a). In the case of a Revolving Credit Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 3:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date a Committed Loan Notice with respect to a Revolving Credit Borrowing is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Revolving Credit Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted to another Eurodollar Rate Loan only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Revolving Credit Borrowings, all conversions of Revolving Credit Loans from one Type to the other, and all continuations of Revolving Credit Loans as the same Type, there shall not be more than ten Interest Periods in effect.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment. (%5) Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrower, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (w) the Total Outstandings shall not exceed the Aggregate Commitments, (x) the aggregate Outstanding Amount of the Revolving Credit Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, (y) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit, and (z) the Outstanding Amount of such L/C Issuer's L/C Obligations shall not exceed the L/C Issuance Sublimit for such L/C Issuer. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(i) No L/C Issuer shall issue any Letter of Credit if:

(A) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(ii) No L/C Issuer shall be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit generally;

(C) such Letter of Credit is to be denominated in a currency other than Dollars;

(D) a default of any Lender's obligations to fund under Section 2.03(c) exists or any Lender is at such time a Defaulting Lender hereunder, unless such L/C Issuer has entered into arrangements reasonably satisfactory to such L/C Issuer, provided that the Borrower and the L/C Issuers agree that cash collateral shall constitute satisfactory arrangements, with the Borrower or such Lender to eliminate such L/C Issuer's risk with respect to such Lender; or

(%6) any Lender is at such time an Impacted Lender hereunder, unless such L/C Issuer has entered into arrangements reasonably satisfactory to such L/C Issuer, provided that the Borrower and the L/C Issuers agree that cash collateral shall constitute satisfactory arrangements, with the Borrower or such Lender to eliminate such L/C Issuer's risk with respect to such Lender.

(iii) No L/C Issuer shall be obligated to amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(iv) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to such L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit. (%5) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to applicable the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the General Partner of the Borrower. Such Letter of Credit Application must be received by the applicable L/C Issuer and the Administrative Agent not later than 12:00 noon at least two Business Days (or such later date and time as such L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be; provided that, if such requested Letter of Credit will be issued in any of the forms previously approved by the applicable L/C Issuer and the Administrative Agent, such L/C Issuer shall use its reasonable efforts to issue such Letter of Credit on the date the Borrower delivers to such L/C Issuer the Letter of Credit Application relating thereto (but shall have no liability for failing to accomplish such issuance on such date). In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the applicable L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder, if applicable; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as such L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the applicable L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such L/C Issuer may require. Additionally, the Borrower shall furnish to the applicable L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as such L/C Issuer or the Administrative Agent may require.

(i) Promptly after receipt of any Letter of Credit Application, the applicable L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, such L/C Issuer will provide the Administrative Agent with a copy

thereof. Unless the applicable L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Letter of Credit.

(ii) If the Borrower so requests in any applicable Letter of Credit Application, the applicable L/C Issuer shall, if consistent with the provisions of Section 2.03(a)(ii) and in its reasonable judgment the issuance would not be otherwise disadvantageous, shall agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit such L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Notwithstanding the above, no L/C Issuer will give any such nonrenewal notice if the conditions precedent in Section 4.02 have been met and a Responsible Officer of General Partner has given such L/C Issuer a certificate to such effect, provided that after giving effect to any automatic extension of a Letter of Credit, the expiry date of such Letter of Credit will not occur after the Letter of Credit Expiration Date. Unless otherwise directed by the applicable L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) such L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that such L/C Issuer shall not permit any such extension if (A) such L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing such L/C Issuer not to permit such extension.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, an L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that permits the automatic reinstatement of all or a portion of the stated amount thereof after any drawing thereunder (each, an "Auto-Reinstatement Letter of Credit"). Unless otherwise directed by the applicable L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer to permit such reinstatement. Once an Auto-Reinstatement Letter of Credit has been issued, except as provided in the following sentence, the Lenders shall be deemed to have authorized (but may not require) such L/C Issuer to reinstate all or a portion of the stated amount thereof in accordance with the provisions of such Letter of Credit. Notwithstanding the foregoing, if such Auto-Reinstatement Letter of Credit permits the applicable L/C Issuer to decline to reinstate all or any portion of the stated amount thereof after a drawing thereunder by giving notice of such non-reinstatement within a specified number of days after such drawing (the "Non-Reinstatement Deadline"), such L/C Issuer shall not permit such reinstatement if it has received a notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Reinstatement Deadline (A) from the Administrative Agent that the Required Lenders have elected not to permit such reinstatement or (B) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied (treating such reinstatement as an L/C Credit Extension for purposes of this clause) and, in each case, directing such L/C Issuer not to permit such reinstatement.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations. (%5) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 12:00 noon on the date of any payment by such L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse such L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the applicable L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Percentage thereof. In such event, the Borrower shall be deemed to have requested a Revolving Credit Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice). Any notice given by either L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(i) Each Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the applicable L/C Issuer at the Administrative Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the applicable L/C Issuer.

(ii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iii) Until each Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the applicable L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of such L/C Issuer.

(iv) Each Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse any L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against such L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse such L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(v) If any Lender fails to make available to the Administrative Agent for the account of any L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by such L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by such L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Credit Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the applicable L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations. (%5) At any time after any L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Administrative Agent.

(i) If any payment received by the Administrative Agent for the account of any L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the applicable L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(vi) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(vii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(viii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(ix) any payment by such L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(x) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the applicable L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuers and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuers. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuers shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuers shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuers shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the applicable L/C Issuer, and such L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuers may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuers shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, (i) if any L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.05 and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 2.03, Section 2.05 and Section 8.02(c), "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuers and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuers (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuers and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America.

(h) Applicability of ISP and UCP. Unless otherwise expressly agreed by the applicable L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

(i) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender (other than an Impacted Lender for the period during which such Lender was an Impacted Lender) in accordance with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") (i) for each commercial Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such Letter of Credit, and (ii) for each standby Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on each Interest Payment Date for Base Rate Loans, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each standby Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, when any amount payable by the Borrower under any Loan Document is not paid when due, all Letter of Credit Fees shall accrue at the Default Rate.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the applicable L/C Issuer for its own account a fronting fee (i) with respect to each commercial Letter of Credit, 0.200% of the amount available to be drawn under such Letter of Credit and (ii) with respect to each standby Letter of Credit issued and outstanding, 0.200% per annum of the amount available to be drawn under such Letter of Credit, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, the Borrower shall pay directly to the applicable L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuers relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.04 Swing Line Loans. (%3) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender, in its sole and absolute discretion and in reliance upon the agreements of the other Lenders set forth in this Section 2.04, may make loans (each such loan, a "Swing Line Loan") to the Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Revolving Credit Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Revolving Credit Outstandings shall not exceed the Facility at such time, and (ii) the aggregate Outstanding Amount of the Revolving Credit Loans of any Lender at such time, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations at such time, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans at such time shall not exceed such Lender's Commitment, and provided further that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall bear interest only at a rate based on the Base Rate. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(a) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 3:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of $200,000 or any multiple of $100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the General Partner. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 3:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 4:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

(b) Refinancing of Swing Line Loans. (%5) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Facility and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Committed Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(vi) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(vii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing, provided, notwithstanding anything herein to the contrary in this sentence, no Loan Party shall be obligated to pay such interest or fees described in this sentence due to the Swing Line Lender from such Lender; provided further that, the immediately preceding proviso shall not release, or affect in any manner, any Loan Party's obligations to pay interest or fees with respect to such Swing Line Loans which are required to be paid by the Borrower under any other provision in this Agreement or any other Loan Document. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid (not including such interest and fees as aforesaid) shall constitute such Lender's Committed Loan included in the relevant Revolving Credit Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(viii) Each Lender's obligation to make Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(c) Repayment of Participations. (%5) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(d) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(e) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) Optional. (%5) Subject to the last sentence of this Section 2.05(a)(i), the Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Credit Loans in whole or in part without premium or penalty; provided that (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans; (B) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $3,000,000 or a whole multiple of $1,000,000 in excess thereof; and (C) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's ratable portion of such prepayment (based on such Lender's Applicable Percentage). If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05.

(ix) The Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (A) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 3:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of $50,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) Mandatory.

(iii) If for any reason the Total Revolving Credit Outstandings at any time exceed the Facility at such time, the Borrower shall immediately prepay Revolving Credit Loans, Swing Line Loans and L/C Borrowings and/or Cash Collateralize the L/C Obligations (other than the L/C Borrowings) in an aggregate amount equal to such excess.

(iv) The Borrower shall prepay the Loans as required under Section 7.05(h)(iv).

(v) Prepayments made pursuant to this Section 2.05(b), first, shall be applied ratably to the L/C Borrowings and the Swing Line Loans, second, shall be applied ratably to the outstanding Revolving Credit Loans, and, third, shall be used to Cash Collateralize the remaining L/C Obligations. Upon the drawing of any Letter of Credit that has been Cash Collateralized, the funds held as Cash Collateral shall be applied (without any further action by or notice to or from the Borrower or any other Loan Party) to reimburse the applicable L/C Issuer or the Lenders, as applicable.

2.06 Termination or Reduction of Commitments. (%3) Optional. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit, or from time to time permanently reduce the Aggregate Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. three Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $3,000,000 or any whole multiple of $1,000,000 in excess thereof and (iii) the Borrower shall not terminate or reduce (A) the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Credit Outstandings would exceed the Facility, as so reduced, (B) the Letter of Credit Sublimit if, after giving effect thereto, the Outstanding Amount of L/C Obligations not fully Cash Collateralized hereunder would exceed the Letter of Credit Sublimit, or (C) the Swing Line Sublimit if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount of Swing Line Loans would exceed the Swing Line Sublimit.

(a) Impacted Lender. If a Lender is then an Impacted Lender, the Borrower (at the Borrower's election) may elect to terminate such Impacted Lender's Commitment hereunder; provided that (i) such termination must be of such Impacted Lender's entire Commitment, (ii) the Borrower shall pay all amounts owed by the Borrower to such Impacted Lender under this Agreement and under the other Loan Documents (including principal of and interest on the Loans owed to such Impacted Lender, accrued commitment fees, if any, and letter of credit fees but specifically excluding any amounts owing under Section 3.05 as result of such payment of any Eurodollar Rate Loan on a date other than the last day of the Interest Period for such Loan), (iii) if after giving effect to such termination the Outstanding Amount of L/C Obligations exceeds the Letter of Credit Sublimit, the Borrower must fully Cash Collateralize such excess, (iv) for the avoidance of doubt, after giving effect to such termination, the remaining Lenders will have a greater participation interest in the L/C Obligations, and (v) at the time of such termination, no Event of Default exists or will result after giving effect to such termination and to the payments described in clause (ii) of this proviso; provided further that, the termination of an Impacted Lender's Commitment pursuant to this clause (b) will (i) not constitute a waiver or release of any claim the Borrower, the Administrative Agent, any L/C Issuer, the Swing Line Lender or any other Lender may have against such Impacted Lender and (ii) not relieve such Impacted Lender from its obligations under Section 10.04(c) for any amount unpaid (or accrued) while such Impacted Lender had a Commitment hereunder.

(b) Mandatory.

(xi) If after giving effect to any reduction or termination of Commitments under this Section 2.06, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the Facility at such time, the Letter of Credit Sublimit or the Swing Line Sublimit, as the case may be, shall be automatically reduced by the amount of such excess. If after giving effect to any reduction or termination of Commitments under this Section 2.06, any L/C Issuer's L/C Issuance Sublimit exceeds the Letter of Credit Sublimit at such time, the L/C Issuance Sublimit of such L/C Issuer shall be automatically reduced by the amount of such excess.

(xii) The Commitments shall automatically and permanently reduce by the amount of mandatory prepayment made as required under Section 2.05(b)(ii).

(c) Application of Commitment Reductions; Payment of Fees. The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Letter of Credit Sublimit, Swing Line Sublimit or the Commitment under this Section 2.06. Upon any reduction of the Commitments (other than a termination pursuant to clause (c) above), the Commitment of each Lender shall be reduced by such Lender's Applicable Percentage of such reduction amount. All fees accrued until the effective date of any termination of the Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans. (%3) Revolving Credit Loans. The Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of all Revolving Credit Loans outstanding on such date.

(a) Swing Line Loans. The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such Loan is made and (ii) the Maturity Date.

2.08 Interest. (%4) Subject to the provisions of Section 2.08(b), (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(a) (%5) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(b) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in Sections 2.03(i) and (j):

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent for the account of each Lender (other than an Impacted Lender for the period during which such Lender was an Impacted Lender) in accordance with its Applicable Percentage, a commitment fee equal to the Applicable Fee Rate times the actual daily amount by which the Facility exceeds the sum of (i) the Outstanding Amount of Revolving Credit Loans and (ii) the Outstanding Amount of L/C Obligations. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Fee Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Fee Rate separately for each period during such quarter that such Applicable Fee Rate was in effect.

(b) Other Fees. (%5) The Borrower shall pay to the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(i) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate. (%4) All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(%4) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower, or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the applicable L/C Issuers, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or any L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or any L/C Issuer, as the case may be, under Section 2.03(c)(iii), 2.03(i) or 2.08(b) or under Article VIII. The Borrower's obligations under this paragraph shall survive until the date that is 365 days after the later to occur of (A) termination of the Aggregate Commitments and (B) the repayment of all other Obligations hereunder.

2.11 Evidence of Debt. (%4) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(a) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected on computing interest or fees, as the case may be.

(b) (%5) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 11:00 a.m. on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share

available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, provided, notwithstanding anything herein to the contrary in this clause (A), no Loan Party shall be obligated to pay such interest or fees described in this clause (A) due to the Swing Line Lender from such Lender; provided further that, the immediately preceding proviso shall not release, or affect in any manner, any Loan Party's obligations to pay interest or fees with respect to such Loans which are required to be paid by the Borrower under any other provision in this Agreement or any other Loan Document, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to the applicable Borrowing. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the time at which any payment is due to the Administrative Agent for the account of the Lenders or any L/C Issuer hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Appropriate Lenders or the applicable L/C Issuer, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Appropriate Lenders or the applicable L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Revolving Credit Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and L/C Borrowings then due to such parties; provided that, so long as no Event of Default has occurred and is continuing, any funds held as Cash Collateral in respect of L/C Obligations shall be applied solely to L/C Obligations in accordance with the terms of this Agreement.

2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder

and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Parties at such time) of payment on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of Obligations then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, provided that:

(ii) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(iii) the provisions of this Section shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

2.14 Increase in Facility.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may from time to time, request an increase in the Facility by an amount (for all such requests) not exceeding $100,000,000; provided that (i) any such request for an increase shall be in a minimum amount of $15,000,000, and (ii) the Borrower may make a maximum of six such requests. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Borrower and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, and subject to the approval of the Administrative Agent, the L/C Issuers and the Swing Line Lender (which approvals shall not be unreasonably withheld), the Borrower may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the Facility is increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the "Revolving Credit Increase Effective Date") and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Revolving Credit Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Revolving Credit Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase or, if the resolutions authorizing this Agreement permitted a principal amount equal to or greater than Facility (after giving effect to such increase), certifying that such resolutions have not been amended or rescinded since the date hereof, and (ii) in the case of the Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V and the other Loan Documents are true and correct on and as of the Revolving Credit Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.14, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (B) no Default exists. The Borrower shall prepay any Revolving Credit Loans outstanding on the Revolving Credit Increase Effective Date (and pay any additional amounts

required pursuant to Section 3.05) to the extent necessary to keep the outstanding Revolving Credit Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(c) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes. (%5) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall to the extent permitted by applicable Laws be made free and clear of and without reduction or withholding for any Taxes. If, however, applicable Laws require the Borrower or the Administrative Agent to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such Laws as determined by the Borrower or the Administrative Agent, as the case may be, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(v) If the Borrower or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or applicable L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(d) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(e) Tax Indemnifications. (%5) Without limiting the provisions of subsection (a) or (b) above, the Borrower shall, and does hereby, indemnify the Administrative Agent, each Lender and each L/C Issuer, and shall make payment in respect thereof within 30 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) withheld or deducted by the Borrower or the Administrative Agent or paid by the Administrative Agent, such Lender or such L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The Borrower shall also, and does hereby, indemnify the Administrative Agent, and shall make payment in respect thereof within 30 days after demand therefor, for any amount (other than amounts in respect of Excluded Taxes) which a Lender or an L/C Issuer for any reason fails to pay indefeasibly to the Administrative Agent as required by clause (ii) of this subsection. A certificate as to the amount of any such payment or liability delivered to the Borrower by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error.

(vi) Without limiting the provisions of subsection (a) or (b) above, each Lender and each L/C Issuer shall, and does hereby, indemnify the Borrower and the Administrative Agent, and shall make payment in respect thereof within 30 days after demand therefor, against any and all Taxes and any and all related losses, claims, liabilities, penalties, interest and expenses (including the fees, charges and disbursements of any counsel for the Borrower or the Administrative Agent) incurred by or asserted against the Borrower or the Administrative Agent by any Governmental Authority as a result of the failure by such Lender or such L/C Issuer, as the case may be, to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender or such L/C Issuer, as the case may be, to the Borrower or the Administrative Agent pursuant to subsection (e). Each Lender and each L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or such L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii). The agreements in this clause (ii) shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender or an L/C Issuer, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all other Obligations.

(f) Evidence of Payments. Within 30 days after any payment of Taxes by the Borrower or the Administrative Agent to a Governmental Authority as provided in this Section 3.01, if a request is made by the Borrower or the Administrative Agent, as the case may be, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(g) Status of Lenders; Tax Documentation. (%5) Each Lender shall deliver to the Borrower and to the Administrative Agent, at the time or times prescribed by applicable Laws or when reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of all payments to be made to such Lender by the Borrower pursuant to this Agreement or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

(i) Without limiting the generality of the foregoing, if the Borrower is resident for tax purposes in the United States,

(A) any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements; and

(B) each Foreign Lender that is entitled under the Code or any applicable treaty to an exemption from or reduction of withholding tax with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(I) executed originals of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(II) executed originals of Internal Revenue Service Form W-8ECI,

(III) executed originals of Internal Revenue Service Form W-8IMY and all required supporting documentation,

(IV) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) executed originals of Internal Revenue Service Form W-8BEN, or

(V) executed originals of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States Federal withholding tax together with such supplementary documentation as may be prescribed by applicable Laws to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(ii) Each Lender shall promptly (A) notify the Borrower and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (B) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any jurisdiction that the Borrower or the Administrative Agent make any withholding or deduction for taxes from amounts payable to such Lender.

(h) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or an L/C Issuer, or have any obligation to pay to any Lender or any L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or such L/C Issuer, as the case may be. If the Administrative Agent, any Lender or any L/C Issuer determines, in its discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses incurred by the Administrative Agent, such Lender or such L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, such Lender or such L/C Issuer, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or such L/C Issuer in the event the Administrative Agent, such Lender or such L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the

Administrative Agent, any Lender or any L/C Issuer to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Revolving Credit Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(c) Increased Costs Generally. If any Change in Law shall:

(xiii) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any L/C Issuer;

(xiv) subject any Lender or any L/C Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender or such L/C Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or such L/C Issuer); or

(xv) impose on any Lender or any L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or such L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such L/C Issuer, the Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(d) Capital Requirements. If any Lender or any L/C Issuer determines that any Change in Law affecting such Lender or such L/C Issuer or any Lending Office of such Lender or such Lender's or the such L/C Issuer's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such L/C Issuer's capital or on the capital of such Lender's or such L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such L/C Issuer, to a level below that which such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such L/C Issuer's policies and the policies of such Lender's or such L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company for any such reduction suffered.

(e) Certificates for Reimbursement. A certificate of a Lender or an L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or such L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or such L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(f) Delay in Requests. Failure or delay on the part of any Lender or any L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or such L/C Issuer's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or an L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or such L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(%3) Reserves on Eurodollar Rate Loans. The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(c) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(d) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(e) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 10.13;

including any loss of anticipated profits (other than the profit margin represented in the Applicable Rate for Eurodollar Rate Loans) and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(b) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any additional amount to any Lender, any L/C Issuer, or any Governmental Authority for the account of any Lender or any L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or such L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the good faith judgment of such Lender or such L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or such L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or such L/C Issuer, as the case may be. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or any L/C Issuer in connection with any such designation or assignment.

(c) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives notice pursuant to Section 3.02, or if any Lender is then an Impacted Lender, the Borrower may replace such Lender in accordance with Section 10.13. With respect to an Impacted Lender, in lieu of replacing such Lender, the Borrower may elect to terminate such Impacted Lender's Commitment in accordance with Section 2.06(b).

3.07 Survival. All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

ARTICLE IV
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of each L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(b) The Administrative Agent's receipt of the following, each of which shall be originals or facsimiles or PDF versions by e-mail (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

(i) executed counterparts of this Agreement and the Guaranty, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrower;

(ii) a Note executed by the Borrower in favor of each Lender requesting a Note;

(iii) a security agreement, in substantially the form of Exhibit G (such security agreement, together with each other security agreement and security agreement supplement delivered pursuant to Section 6.12, in each case as amended, being referred to herein as the "Security Agreement"), duly executed by each Loan Party, together with:

(A) to the extent required under the Security Agreement, certificates representing the Pledged Equity referred to therein accompanied by undated stock powers executed in blank and instruments evidencing the Pledged Debt indorsed in blank,

(B) proper Financing Statements in form appropriate for filing under the Uniform Commercial Code of all jurisdictions that the Administrative Agent may deem necessary in order to perfect the Liens created under the Security Agreement, covering the Collateral described in the Security Agreement,

(C) completed requests for information, dated on or before the date of the initial Credit Extension, listing all effective financing statements filed in the jurisdictions referred to in clause (B) above that name any Loan Party as debtor, together with copies of such other financing statements,

(D) deposit account control agreements as required by the Security Agreement with respect to the Pledged Deposit Accounts and duly executed by the appropriate parties, and

(E) evidence that all other action that the Administrative Agent may deem necessary in order to perfect the Liens created under, and as required under, the Security Agreement has been taken or provision therefor has been made (including receipt of duly executed payoff letters and UCC-3 termination statements, if any);

(iv) an intellectual property security agreement, in substantially the form of Exhibit B to the Security Agreement (such security agreement, together with each other intellectual property security agreement and intellectual property security agreement supplement delivered pursuant to Section 6.12, in each case as amended, being referred to herein as the "Intellectual Property Security Agreement"), duly executed by each Loan Party, together with evidence that all action that the Administrative Agent may deem necessary in order to perfect the Liens created under the Intellectual Property Security Agreement has been taken;

(v) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party;

(vi) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrower and the Guarantors is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(vii) a favorable opinion of Bracewell & Giuliani LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, as to the matters set forth in Exhibit I and such other matters concerning the Loan Parties and the Loan Documents as the Required Lenders may reasonably request;

(viii) a certificate signed by a Responsible Officer of the General Partner certifying (A) that the conditions specified in Sections 4.02(a) and (b) have been satisfied, and (B) that there has been no event or circumstance since the date

of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(ix) financial projections and inventory sales projections (reporting projected volumes of propane to be sold) with respect to the Borrower and the Guarantors for fiscal years 2010, 2011, and 2012, including balance sheets and statements of projected income and cash flow, in each case with pro forma adjustments for the transactions implied in this Agreement;

(x) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect, together with the certificates of insurance, naming the Administrative Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies maintained with respect to the assets and properties of the Loan Parties that constitutes Collateral;

(xi) evidence that the Existing Credit Agreement has been, or concurrently with the Closing Date is being, terminated (with no letters of credit remaining issued and outstanding thereunder with respect to which BNP Paribas is the letter of credit issuer) and all Liens, if any, securing obligations under the Existing Credit Agreement have been, or concurrently with the Closing Date are being, released; and

(xii) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, any L/C Issuer, the Swing Line Lender or any Lender reasonably may require.

(c) (i) All fees required to be paid to the Administrative Agent and the Arranger on or before the Closing Date shall have been paid and (ii) all fees required to be paid to the Lenders on or before the Closing Date shall have been paid.

(d) Unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of Thompson & Knight LLP, as counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(%4) The Lenders shall have completed a due diligence investigation of the Loan Parties' respective assets which constitute Collateral and financial condition in scope, and with results, reasonably satisfactory to the Lenders, and shall have been given such access to the management, records, books of account, contracts and properties of the Loan Parties and shall have received such financial and business information regarding each of the Loan Parties and businesses as shall have been requested (including all documentation and other information described in the last sentence of Section 10.18); and

(e) The Borrower's $82 million senior notes due August 1, 2010 and $70 million senior notes due August 1, 2013 shall have been repaid in full prior to, or contemporaneously with, the closing of this Agreement.

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(f) The representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in Sections 5.05(a) and (b) shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b), respectively.

(g) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(h) The Administrative Agent and, if applicable, the L/C Issuers or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Each of the General Partner and the Borrower represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence, Qualification and Power. The MLP, each Loan Party and each of its Subsidiaries (a) is duly organized or formed under the Laws of the jurisdiction of its incorporation or organization, (b) is validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (c) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (d) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except (x) in each case referred to in clause (c)(i) or (d), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and (y) in the case of clause (b) with respect to Unrestricted Subsidiaries, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Contravention. The execution and delivery by each Loan Party of each Loan Document to which such Person is a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's or the MLP's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under (i) any Contractual Obligation to which the MLP or such Person is a party or affecting the properties of such Person or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject except where the creation of any such Lien would be a Permitted Lien; or (c) violate any Law in any material respect. The performance by each Loan Party of each Loan Document to which such Person is a party has been duly authorized by all necessary corporate or other organizational action, and does not and will not (A) contravene the terms of any of such Person's or the MLP's Organization Documents; (B) conflict with or result in any breach or contravention of, in any material respect, or the creation of any Lien under (i) any Contractual Obligation to which the MLP or such Person is a party or affecting the properties of such Person or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject except where the creation of any such Lien would be a Permitted Lien; or (c) violate any Law in any material respect.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution or delivery by any Loan Party of this Agreement or any other Loan Document, (b) the performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, (c) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (d) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof), or (e) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents; except in each case for such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) with respect to clause (b) only, as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clause (b) or (B) ordinarily obtained in the ordinary course of business, (iv) as are necessary to perfect or maintain the perfection or priority of the Liens created by the Collateral Documents, and (v) as are required under applicable Law prior to exercising remedies in respect of the Collateral.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except to the extent such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by generally applicable principles of equity relating to enforceability.

5.05 Financial Statements; No Material Adverse Effect. (%4) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(i) The unaudited consolidated balance sheets of the Borrower and its Subsidiaries dated October 31, 2008, January 31, 2009, and April 30, 2009, respectively, and the related consolidated statements of income or operations, partners' capital and cash flows for the fiscal quarters ended on such dates (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the dates thereof and their results of operations for the periods covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(j) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(k) The consolidated forecasted balance sheets, statements of income and cash flows of the Borrower and its Subsidiaries delivered pursuant to Section 4.01 or Section 6.01(c) were prepared in good faith based on assumptions believed to be reasonable at the time, and represented, at the time of delivery, the Borrower's best estimate of its future financial condition and performance.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the General Partner, the MLP, the Borrower or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement, any other Loan Document, or (b) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

5.07 No Default. Neither any Loan Party nor any Restricted Subsidiary is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property; Liens; Investments. (%4) Each Loan Party and each of its Restricted Subsidiaries has good record and defensible title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of each Loan Party and each of its Restricted Subsidiaries is subject to no Liens, other than Liens permitted by Section 7.01.

(b) Schedule 5.08(b) sets forth a complete and accurate list of all real property (not including leasehold interests) owned by each Loan Party and each of its Restricted Subsidiaries with an initial cost book value in excess of $15,000,000, showing as of the date hereof the street address, county or other relevant jurisdiction, state, record owner and book and the initial cost book value thereof. Each Loan Party and each of its Subsidiaries has good, marketable and insurable fee simple title to such real property described in this Section 5.08(b), free and clear of all Liens, other than Liens created or permitted by the Loan Documents.

(c) Schedule 5.08(c) sets forth a complete and accurate list of all Investments (other than Cash Equivalents) held by any Loan Party or any Subsidiary of a Loan Party on the date hereof, showing as of the date hereof the amount, obligor or issuer and maturity, if any, thereof.

5.09 Environmental Compliance. (%4) The Loan Parties and their respective Restricted Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(a) Neither any Loan Party nor any of its Restricted Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any material actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law. All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Loan Party or any of its Restricted Subsidiaries have been disposed of in a manner not reasonably expected to result in material liability to any Loan Party or any of its Restricted Subsidiaries.

5.10 Insurance. All material properties of the Borrower and its Restricted Subsidiaries which are necessary for the operation of their respective businesses are (a) insured with financially sound and reputable insurance companies not Affiliates of the Borrower (or insured through a self insurance program with a Loan Party or an Affiliate thereof in the ordinary course of business) and (b) insured in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Restricted Subsidiary operates.

5.11 Taxes. The Borrower and its Subsidiaries have filed all Federal, all material state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Loan Party nor any Subsidiary thereof is party to any tax sharing agreement.

5.12 ERISA Compliance. (%4) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS

with respect thereto and, to the best knowledge of the Borrower and the General Partner, nothing has occurred which would prevent, or cause the loss of, such qualification. The Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(a) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(b) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability which could reasonably be expected to result in a liability in excess of the aggregate amount of $5,000,000; (iii) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.13 Subsidiaries; Equity Interests; Loan Parties. Except as from time to time disclosed in writing to the Administrative Agent, the Borrower has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and, with respect to outstanding Equity Interests in Restricted Subsidiaries, are owned by a Loan Party in the amounts specified on Part (a) of Schedule 5.13 free and clear of all Liens except those Liens permitted under Section 7.01(a), (c), or (h). Except as from time to time disclosed in writing to the Administrative Agent or such investments permitted pursuant to Section 7.03, the Borrower has no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.13. All of the outstanding Equity Interests in the Borrower have been validly issued, are fully paid and non-assessable and are owned by the General Partner and the MLP in the amounts specified on Part (c) of Schedule 5.13 free and clear of all Liens. Set forth on Part (d) of Schedule 5.13 is a complete and accurate list of all Loan Parties, showing as of the Closing Date (as to each Loan Party) the jurisdiction of its incorporation, the address of its principal place of business and its U.S. taxpayer identification number.

5.14 Margin Regulations; Investment Company Act. (%4) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Credit Extension will be used to purchase or carry margin stock.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940. The Borrower is not subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other federal or state statute or regulation limiting its ability to incur Indebtedness.

5.15 Disclosure. The Borrower has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Restricted Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.16 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.17 Intellectual Property; Licenses, Etc. The Borrower and each of its Restricted Subsidiaries own, or possess the right to use, all of the material trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for those patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect. Schedule 5.17 sets forth a complete and accurate list of all IP Rights owned or used by the Borrower and each of its Restricted Subsidiaries as of the date hereof, and as of the date such Schedule is supplemented and updated pursuant to Section 6.02(e). To the best knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance,

part or other material now employed, or now contemplated to be employed, by the Borrower or any of its Restricted Subsidiaries infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.18 Solvency. Each Loan Party is, individually and together with its Subsidiaries on a consolidated basis, Solvent.

5.19 Casualty, Etc. Neither the businesses nor the properties of any Loan Party or any of its Restricted Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that, in any event, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

ARTICLE VI
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, each of the General Partner and the Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03 and 6.11) cause each Restricted Subsidiary or Subsidiary (as applicable) to:

6.01 Financial Statements. Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(b) as soon as available, but in any event within 100 days after the end of each fiscal year of the Borrower (commencing with the fiscal year ended July 31, 2009), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in partners' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, such consolidated statements to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and such consolidated statements to be certified by the chief executive officer, president, or chief financial officer of the General Partner as fairly presenting the financial condition, results of operations, partners' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP;

(c) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in partners' equity, and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidated statements to be certified by the chief executive officer, president, or chief financial officer of the General Partner as fairly presenting the financial condition, results of operations, partners' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(d) as soon as available, but not later than 60 days after the end of each fiscal year of the Borrower (commencing with the fiscal year ended July 31, 2010) projected consolidated balance sheets of the Borrower and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by the chief executive officer, president, or chief financial officer of the General Partner as having been developed and prepared by the Borrower in good faith and based upon the Borrower's best estimates and best available information;

(e) as soon as available, but in any event within 100 days after the end of each fiscal year of the General Partner (commencing with the fiscal year ended July 31, 2009), a copy of the unaudited (or audited, if available) consolidated balance sheet of the General Partner as of the end of such fiscal year and the related consolidated statements of income, partners' capital and cash flows for such fiscal year, certified by the chief executive officer, president, or chief financial officer of the General Partner as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of independent public certified accountants as described in Section 6.01(a)); and

(f) to the extent not contained in the reports, proxies and statements delivered pursuant to Section 6.02(b), as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower and, with respect to the final fiscal quarter, concurrently with the financial statements referred to in Section 6.01(a), a summary of the risk management trading activities, substantially in the form as disclosed in the management's discussion and analysis of financial condition and results of operations section of the MLP's form 10-K dated July 31, 2008, certified by the chief executive officer, president, or chief financial officer of the General Partner.

6.02 Certificates; Other Information. Deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(l) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event;

(m) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the General Partner;

(n) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the partners or stockholders of the General Partner, the MLP, the Borrower or any Subsidiary, and copies of all annual, regular, periodic and special reports and registration statements which any such Person may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(o) promptly after the assertion or occurrence thereof, notice of any action or proceeding against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could (i) reasonably be expected to have a Material Adverse Effect or (ii) cause any real property described in the deeds of trust or mortgages constituting Collateral Documents (if any) to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law in any material respect;

(p) as soon as available, but in any event within 100 days after the end of each fiscal year of the Borrower, (i) a report supplementing Schedule 5.08(b), including a list and description (including the street address, county or other relevant jurisdiction, state, record owner, book value thereof) of all real property (other than leasehold interests) owned by a Loan Party with an initial cost book value in excess of $15,000,000 acquired such fiscal year and a description of such other changes in the information included in such Schedule as may be necessary for such Schedule to be accurate and complete in all material respects as of such fiscal year end; (ii) a report supplementing Schedule 5.17, setting forth a list of registration numbers for all patents, trademarks, service marks, trade names and copyrights awarded to the Borrower or any Restricted Subsidiary during such fiscal year; and (iii) a report supplementing Schedules 5.08(c) and 5.13 containing a description of all changes in the information included in such Schedules as may be necessary for such Schedules to be accurate and complete in all material respects as of such fiscal year end, each such report to be certified by a Responsible Officer of the General Partner in a form reasonably satisfactory to the Administrative Agent;

(q) on the last day of each month (or, if such day not a Business Day, the next succeeding Business Day), a certificate of a Responsible Officer of the General Partner setting forth, as of the preceding Business Day of such month, a schedule of all propane gallons subject to Swap Contracts of the Borrower and the other Loan Parties, the net mark-to-market value therefor, any margin required or supplied under any such Swap Contracts, the counterparty to each Swap Contract, a sensitivity analysis with respect to commodity swaps included therein reflecting the incremental margin that would be required to be supplied under any such credit support document if (all other things being equal) commodity prices were at different price levels as specified by the Administrative Agent to the Borrower, and such other information with respect to such Swap Contracts as may be reasonably requested by the Administrative Agent or any Lender;

(r) on the last day of each month (or, if such day not a Business Day, the next succeeding Business Day), a report setting forth, as of the preceding Business Day of such month, a report summarizing the amount of gallons of propane anticipated to be sold to customers during the following 12 month period subject to fixed price or cap or collar price sales contracts, together with such other information with respect to such sales contracts as may be reasonably requested by the Administrative Agent or any Lender; and

(s) promptly, such additional information regarding the business, financial, legal or corporate affairs of the General Partner, the MLP, the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01(a), (b), or (d) or Section 6.02(c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) upon request by the Administrative Agent or a Lender, the Borrower shall deliver paper copies of such documents to the Administrative Agent until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 6.02(b) to the Administrative Agent. Except for such Compliance Certificates and delivery to the

Administrative Agent or any requesting Lender of paper copies as set forth in the proviso in the immediately preceding sentence, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that so long as the Borrower is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

6.03 Notices. Promptly notify the Administrative Agent and each Lender:

(a) of the occurrence of any Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary that has resulted or could reasonably be expected to result in a Material Adverse Effect; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority that has resulted or could reasonably be expected to result in a Material Adverse Effect; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(c) of the occurrence of any ERISA Event; and

(d) of any material change in accounting policies or financial reporting practices by any Loan Party or any Subsidiary thereof, including any determination by the Borrower referred to in Section 2.10(b).

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the General Partner setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property that would not constitute a Permitted Lien; and (c) all Indebtedness in excess of the Threshold Amount, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of the Borrower (or maintain a self insurance program with a Loan Party or an Affiliate thereof in the ordinary course of business), insurance with respect to its material properties which are necessary for the operation of their respective businesses, and business, against loss or damage of the kinds customarily insured by Persons engaged in the same or similar business, of such types and in

such amounts as are customarily carried under similar circumstances by such other Persons and providing for not less than 10 days' prior notice from the applicable insurance company to the Administrative Agent of termination, lapse or cancellation of such insurance.

6.07 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.08 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

6.09 Inspection Rights. Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

6.10 Use of Proceeds. Use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

6.11 Covenant to Give Security and Guarantee Obligations Security. (%4) Deliver, at the Borrower's expense, whenever requested by the Administrative Agent in its discretion from time to time, deeds of trust, mortgages, chattel mortgages, security agreements, financing statements and other Collateral Documents, in form and substance reasonably satisfactory to the Administrative Agent, for the purpose of granting, confirming, and perfecting first and prior liens or security interests (subject to Permitted Liens) in any real or personal property now owned or hereafter acquired by any Loan Party, provided that

(i) such liens and security interests shall not cover any deposit account other than the Pledged Deposit Accounts or other deposit accounts approved by the Administrative Agent from time to time in writing;

(ii) such liens and security interests shall not cover (1) any accounts receivable sold pursuant to an Accounts Receivable Securitization permitted by Section 7.02 and 7.05, (2) any related Securitization Assets that are sold along with such accounts receivable, and (3) other assets expressly excluded by the terms of the Security Agreement;

(iii) such liens and security interests in any rolling stock of the Loan Parties subject to an applicable certificate of title act will not be required to be noted on the certificates of title related thereto, except upon the request of the Administrative Agent during the continuance of an Event of Default;

(iv) such liens and security interests shall not cover any Equity Interests in Unrestricted Subsidiaries;

(v) such liens and security interests shall not cover any other "Excluded Collateral", as defined in the Security Agreement; and

(vi) so long as no Event of Default exists that is continuing, no Loan Party shall be required to deliver any Collateral Document with respect to real property owned by it with an initial cost book value of less than $15,000,000.

(c) Upon the formation or acquisition of any new direct or indirect Subsidiary (other than an Unrestricted Subsidiary or a Subsidiary that is held directly or indirectly by an Unrestricted Subsidiary) by any Loan Party, then the Borrower shall, at the Borrower's expense:

(i) within 10 Business Days after such formation or acquisition, cause such Subsidiary, and cause each direct and indirect parent of such Subsidiary (if it has not already done so), to duly execute and deliver to the Administrative Agent a supplement to the Guaranty substantially in the form attached thereto; and

(ii) as promptly as practicable after such formation or acquisition and subject to Section 6.12(a), cause such Subsidiary and each direct and indirect parent of such Subsidiary (if it has not already done so) to duly execute and deliver to the Administrative Agent Collateral Documents, as specified by and in form and substance satisfactory to the Administrative Agent, securing payment of all the Secured Obligations of such Subsidiary or such parent, as the case may be, under the Loan Documents.

(d) At any time upon the request of the Administrative Agent, promptly (i) execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may reasonably deem necessary or desirable in order to perfect, protect, and preserve the Liens of, such Collateral Documents and (ii) deliver a signed copy of a favorable

opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Administrative Agent with respect to the matters contained in this Section 6.12 in connection with any Material Acquisition or the execution and delivery of any Collateral Document described in Section 6.12(a)(vi). In connection with the delivery of any deeds or trust or mortgages of real property to the Administrative Agent pursuant to this Section 6.12, as promptly as practicable upon the request of the Administrative Agent in its sole discretion, deliver to the Administrative Agent real property title reports, surveys and engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent.

6.12 Compliance with Environmental Laws. Comply in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew all material Environmental Permits necessary for its operations and properties; and conduct, in all material respects, any investigation, study, sampling and testing, and undertake, in all material respects, any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

6.13 Preparation of Environmental Reports. At the request of the Required Lenders from time to time, provide to the Lenders within 60 days after such request, at the expense of the Borrower, an environmental site assessment report for any of its real properties then constituting Collateral and described in such request, prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent, indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance, removal or remedial action in connection with any Hazardous Materials on such properties; without limiting the generality of the foregoing, if an Event of Default has occurred and is continuing and the Administrative Agent determines at any time that a material risk exists that any such report will not be provided within the time referred to above, the Administrative Agent may retain an environmental consulting firm to prepare such report at the expense of the Borrower, and the Borrower hereby grants and agrees to cause any Restricted Subsidiary that owns any property described in such request to grant at the time of such request to the Administrative Agent, the Lenders, such firm and any agents or representatives thereof an irrevocable non-exclusive license, subject to the rights of tenants, to enter onto their respective properties to undertake such an assessment.

6.14 Further Assurances. Promptly upon the reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable Law, subject any Loan Party's or any of its Restricted Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iv) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Restricted Subsidiaries is a party, and cause each of its Restricted Subsidiaries to do so.

6.15 Compliance with Terms of Leaseholds. Make all payments and otherwise perform all obligations in respect of all leases of real property to which the Borrower or any of its Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, notify the Administrative Agent of any default by any party with respect to such leases and cooperate with the Administrative Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

6.16 Material Contracts. Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, maintain each such Material Contract in full force and effect, enforce each such Material Contract in accordance with its terms, take all such action to such end as may be from time to time requested by the Administrative Agent and, upon request of the Administrative Agent, make to each other party to each such Material Contract such demands and requests for information and reports or for action as any Loan Party or any of its Subsidiaries is entitled to make under such Material Contract, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.17 Designation as Senior Debt. Designate all Obligations as "senior indebtedness" under any subordinated note or indenture documents applicable to it, to the extent provided for therein.

6.18 Unrestricted Subsidiaries. Cause the management, business and affairs of each of the Borrower and its Restricted Subsidiaries to be conducted in such a manner (including by keeping separate books of account and furnishing separate financial statements of Unrestricted Subsidiaries to creditors and potential creditors thereof) so that each Unrestricted Subsidiary that is a corporation or other legal entity will be treated as an entity separate and distinct from the Borrower and the Restricted Subsidiaries.

ARTICLE VII
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, the Borrower shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, or sign or file or suffer to exist under the Uniform Commercial Code of any jurisdiction a financing statement that names the Borrower or any of its Restricted Subsidiaries as debtor, or assign any accounts or other right to receive income, other than the following:

(t) Liens pursuant to any Loan Document;

(u) [Reserved];

(v) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves or other appropriate provisions with respect thereto are maintained in accordance with GAAP;

(w) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves or other appropriate provisions with respect thereto are maintained;

(x) pledges or deposits of cash in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(y) deposits of cash to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(z) zoning restrictions, easements, rights-of-way, restrictions, licenses, covenants, reservations, restrictions on use, and other similar encumbrances affecting real property which, in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(aa) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h);

(bb) Liens on or transfers of Securitization Assets arising solely in connection with an Accounts Receivable Securitization pursuant to Section 7.05(f);

(cc) Liens on cash (in an aggregate amount not exceeding the Facility amount at any time) that are granted in the ordinary course of business of the Borrower or any Restricted Subsidiary to secure obligations arising under Permitted Commodity Swap Contracts permitted under Section 7.02(a);

(dd) Liens securing Indebtedness permitted under Section 7.02(g); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and the proceeds thereof, including any insurance proceeds, and, if required by the terms of the instrument originally creating the Lien, other property which is an improvement to or is acquired for use specifically in connection with the acquired property, and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired or leased on the date of acquisition or lease;

(ee) Liens of landlords or mortgages of landlords on fixtures and movable property located on premises leased by the Borrower or any of its Subsidiaries in the ordinary course of business;

(ff) Liens incurred and financing statements filed or recorded in each case with respect to property leased by the Borrower and its Subsidiaries in the ordinary course of business to the owners of such property which are operating leases; provided, that such Lien does not extend to any other property of the Borrower and its Subsidiaries;

(gg) Liens such as banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a depository institution in the ordinary course of business;

(hh) deposits of cash or the issuance of a Letter of Credit made to secure liability to insurance carriers under insurance or self-insurance arrangements; and

(ii) other Liens securing Indebtedness outstanding in an aggregate principal amount not to exceed (when combined with the aggregate amount of Indebtedness securing Liens permitted by Section 7.01(k)) $25,000,000.

7.02 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(%4) obligations (contingent or otherwise) existing or arising under any Permitted Commodity Swap Contract or under any Permitted Interest Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business, and (ii) such Swap Contracts do not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) unsecured Indebtedness of a Loan Party owing to another Loan Party, which Indebtedness shall (i) in the case of Indebtedness owed to a Loan Party, constitute Collateral under the Security Agreement, and (ii) be otherwise permitted under the provisions of Section 7.03;

(f) Indebtedness under the Loan Documents;

(g) Indebtedness outstanding on the date hereof and listed on Schedule 7.02 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and the direct or any contingent obligor with respect thereto is not changed, as a result of or in connection with such refinancing, refunding, renewal or extension; and provided, still further, that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate; and provided, still further, that, with respect to maturity, if the Weighted Average Life to Maturity of such refinancing, refunding, renewal or extension is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being refinanced, refunded, renewed, or extended, such maturity shall be deemed to be no less favorable to the Loan Parties and the Lenders;

(h) Permitted Unsecured Debt;

(i) Guarantees of the Borrower or any Guarantor in respect of Indebtedness otherwise permitted hereunder of the Borrower or any other Guarantor;

(j) Indebtedness in respect of Capitalized Leases and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(k); provided, however, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed $25,000,000;

(k) Indebtedness, not to exceed the aggregate amount of $145,000,000 at any time outstanding, incurred in connection with an Accounts Receivable Securitization pursuant to Section 7.05(f); and

(%4) unsecured Indebtedness in an aggregate principal amount not to exceed $25,000,000 at any time outstanding.

7.03 Investments. Make or hold any Investments, except:

(jj) Investments held by the Borrower and its Subsidiaries in the form of Cash Equivalents;

(kk) (i) Investments by the Borrower and its Subsidiaries in Loan Parties (other than the General Partner), and (ii) Investments by the Borrower or any Restricted Subsidiary in Unrestricted Subsidiaries, provided that the amount of cash or property contributed, loaned or otherwise advanced by the Borrower or such Restricted Subsidiaries in respect of such Investments pursuant to this clause (ii) may not exceed at any time an aggregate amount equal to the greater of (x) $25,000,000 and (y) 10% of Consolidated EBITDA for the most recently ended four fiscal quarters of the Borrower;

(ll) Investments made by the Borrower or any Restricted Subsidiary in any SPE consisting of (i) capital contributions of Securitization Assets to such SPE and (ii) promissory notes issued by such SPE payable to the order of the Borrower or any Restricted Subsidiary representing the noncash portion of the purchase price for Securitization Assets sold to such SPE, in each case in connection with Accounts Receivable Securitizations permitted hereunder;

(mm) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(nn) Guarantees permitted by Section 7.02;

(oo) Investments existing on the date hereof (other than those referred to in Section 7.03(c)(i)) and set forth on Schedule 5.08(c);

(pp) loans and advances to employees incurred in the ordinary course of business; and

(qq) the purchase or other acquisition of all of the Equity Interests in, or all or substantially all of the property of or of any business or division of, any Person that, upon the consummation thereof, will be wholly-owned directly by the Borrower or one or more of its wholly-owned Subsidiaries (including as a result of a merger or consolidation); provided that, with respect to each purchase or other acquisition made pursuant to this Section 7.03(h):

(i) any such newly-created or acquired Subsidiary shall comply with the requirements of Section 6.12;

(ii) no Default or Event of Default will occur or be continuing and each of the representations and warranties of the Borrower in this Agreement will be true on and as of the date of such purchase or acquisition, both before and after giving effect thereto;

(iii) if the total cash and noncash consideration (including the fair market value of all Equity Interests issued or transferred to the sellers thereof, all earnouts and other contingent payment obligations (other than indemnities) to, and the aggregate amounts paid or to be paid under noncompete agreements with, the sellers thereof, and all assumptions of debt and other liabilities or obligations quantifiable and known on the date that such purchase or other acquisition is consummated) paid by or on behalf of the Borrower and its Restricted Subsidiaries for any such purchase or other acquisition (or related series with the same seller (or Affiliate of such seller) over a 4 month period) exceeds the aggregate amount of $15,000,000 (a "Material Acquisition"), then immediately after giving effect to such purchase or other acquisition, the Borrower and its Restricted Subsidiaries shall be in pro forma compliance with all of the covenants set forth in Section 7.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to Section 6.01(a) or (b) as though such purchase or other acquisition had been consummated as of the first day of the fiscal period covered thereby; and

(iv) in connection with any Material Acquisition, if, after giving pro forma effect to such Material Acquisition, Consolidated EBITDA (calculated on a pro forma basis consistent with past practices of the Borrower (including as described in clause (b) of the last sentence in the definition of Consolidated Interest Coverage Ratio) or, if requested by the Borrower, calculated on a pro forma basis in such other manner reasonably acceptable to the Administrative Agent) exceeds 15% of the Consolidated EBITDA reflected in the most recently audited financial statements of the Borrower, the Borrower shall have delivered to the Administrative Agent and each Lender, at least five Business Days prior to the date on which any such Material Acquisition is to be consummated, (A) a certificate of a Responsible Officer of the General Partner, in form and substance reasonably satisfactory to the Administrative Agent, certifying that all of the requirements set forth in this clause (vi) have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition, and (B) audited financial statements of the company or companies acquired pursuant to such acquisition (the "Target Audited Financials" and the "Target Company"), which shall for clarification purposes include the following for the most recent fiscal year then ended of such Target Company: (i) consolidated statement of income, (ii) consolidated statement of cash flows, (iii) consolidated balance sheet, (iv) consolidated statement of changes in shareholders equity, and (v) notes to the audit.

7.04 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(g) any Restricted Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Restricted Subsidiaries;

(h) any Loan Party may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Loan Party (other than the General Partner); and

(i) so long as no Default has occurred and is continuing or would result therefrom, any Loan Party (other than the General Partner) may merge with an Unrestricted Subsidiary, provided that a Loan Party shall be the continuing or surviving Person.

7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

(j) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(k) Dispositions of inventory in the ordinary course of business;

(l) Dispositions of equipment in the ordinary course of business to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(m) Dispositions of property by any Restricted Subsidiary to the Borrower or to a wholly-owned Restricted Subsidiary;

(n) Dispositions permitted by Section 7.04;

(o) sales or transfers of Securitization Assets by the Borrower or any Restricted Subsidiary to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 7.02(h);

(%4) Dispositions by the Borrower and its Restricted Subsidiaries of property pursuant to sale-leaseback transactions, provided that the fair market value of all property so Disposed of shall not exceed $25,000,000 from and after the Closing Date;

(%4) Dispositions by the Borrower and its Restricted Subsidiaries not otherwise permitted under this Section 7.05; provided that:

(i) at the time of such Disposition, no Default shall exist or would result from such Disposition;

(ii) if such Disposition includes the Equity Interests of a Restricted Subsidiary, then 100% of the issued and outstanding Equity Interests of such Restricted Subsidiary must be included in such Disposition;

(iii) if the fair market value of assets subject to any such Disposition or related series of Dispositions exceeds the aggregate amount of $10,000,000 (a "Material Disposition"), then at least 75% of the consideration therefor received by the Borrower or such Restricted Subsidiary must be in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto), of the Borrower or any Restricted Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Obligations) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by the Borrower or any such Restricted Subsidiary from such transferee that are immediately converted by the Borrower or such Restricted Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision;

(iv) if such Disposition is a Material Disposition, then the Borrower must apply the net cash proceeds received therefrom in excess of $10,000,000 by the Borrower or such Restricted Subsidiary within 360 days of such receipt (or within 180 days with respect to any such net cash proceeds in excess of $50,000,000) (i) to the acquisition of substantially similar assets so disposed of or other Reinvestments or purchases of operating assets permitted by this Agreement, or (ii) to the extent not applied pursuant to the immediately preceding clause (i), to prepay the Loans (and the Aggregate Commitments shall be automatically and permanently reduced by such amount); and

(v) if the fair market value of assets subject to any such Disposition or related series of Dispositions exceeds the aggregate amount of $50,000,000, then immediately after giving effect to such Disposition and to the application of the proceeds thereof, the Borrower must be in compliance on a pro forma basis with Section 7.11 of this Agreement, calculated for the most recent four fiscal quarter period for which the financial statements described in Section 6.01(a) and (b) are available to the Lenders, as evidenced by a certificate signed by a Responsible Officer of the General Partner delivered to the Administrative Agent prior to consummating such Disposition in reasonable detail reflecting compliance with the foregoing requirements;

provided, however, that any Disposition pursuant to Section 7.05(a) through Section 7.05(h) shall be for fair market value.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests, except that:

(d) each Subsidiary may make Restricted Payments to the Borrower and to any Subsidiaries of the Borrower that are Guarantors and to the General Partner;

(e) so long as no Default would result therefrom, the Borrower may issue and sell its common limited partnership Equity Interests;

(f) the Borrower and each Restricted Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(g) the Borrower and each Subsidiary may purchase, redeem or otherwise acquire its common Equity Interests with the net cash proceeds received from the substantially concurrent issue of new common Equity Interests; and

(h) the Borrower may declare and make cash Restricted Payments in addition to those listed above if, both before and after the declaration and the making thereof, all of the following conditions are satisfied:

(i) the representations and warranties of the Borrower and the General Partner contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Restricted Payment, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 7.06, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01.

(ii) no Default shall exist, and no Default would result from such proposed Restricted Payments;

(iii) the Consolidated Interest Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which quarterly or annual financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than 2.25 to 1.00 for each such period; and

(iv) such Restricted Payment, together with the aggregate of all other Restricted Payments (other than Restricted Payments permitted by subsections (a) through (d) of this Section 7.06) made by the Borrower and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made, shall not exceed an amount equal to (x) Available Cash of the Borrower for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of the Borrower accrued during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Loans that the Borrower could have borrowed over the actual amount of Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter.

The foregoing subsection (e) will not prohibit (i) the payment of any Restricted Payment within 60 days after the date on which the Borrower declares or otherwise becomes committed to make such Restricted Payment, if such declaration or commitment is allowed under subsection (e) at the time it is made, or (ii) refinancings permitted by Section 7.02(d). Not later than the date on which any Restricted Payment is made, the General Partner shall deliver to the Administrative Agent an officer's certificate signed by a Responsible Officer of Borrower stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 7.06 were computed, which calculations may be based upon the Borrower's latest available financial statements.

7.07 Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.08 Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to (a) transactions between or among the Loan Parties (excluding the General Partner), (b) any employment agreement, stock option agreement, restricted stock agreement, employee stock ownership plan related agreements, or similar agreement and arrangements, in the ordinary course of business and consistent with past practice of the Borrower (or the General Partner) or such Restricted Subsidiary, (c) Restricted Payments permitted by the provisions of Section 7.06, (d) transactions in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane business operated by the Borrower, its Subsidiaries and Affiliates, (e) Accounts Receivable Securitization to the extent permitted under Section 7.02; provided that, nothing in this Section 7.08 shall authorize the payments by the Borrower to the General Partner or any other Affiliate of the Borrower for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and the Borrower shall pay in the ordinary course of business.

7.09 Burdensome Agreements. Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Restricted Subsidiary to make Restricted Payments to the Borrower or any Guarantor or to otherwise transfer property to or invest in the Borrower or any Guarantor, (ii) of any Restricted Subsidiary to Guarantee the Indebtedness of the Borrower or (iii) of the Borrower or any Restricted Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person, provided, however, that this clause (iii) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.02(g) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person, except, in each case, for any agreement in effect (1) on the date hereof and set forth on Schedule 7.09, (2) at the time any Subsidiary becomes a Subsidiary of the Borrower, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of the Borrower and so long as such agreement does not constitute a Prohibited Covenant, (3) in connection with customary non-assignment provisions of contracts governing leasehold interests, and (4) with respect to any Indebtedness mentioned in the preceding clauses (1) or (2) refinanced pursuant to Section 7.02(d) and subject to the limits set forth in such clauses, provided that the restrictions contained in the agreements governing such refinanced Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

7.10 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Financial Covenants.

(a) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than 2.50 to 1.00.

(b) Consolidated Senior Secured Leverage Ratio. Permit the Consolidated Senior Secured Leverage Ratio as of the end of any period of four fiscal quarters of the Borrower to be greater than 2.50 to 1.0.

(c) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any period of four fiscal quarters of the Borrower to be greater than 5.0 to 1.0.

7.12 Amendments of Organization Documents. (a) Amend, supplement, modify, or replace any of its Organization Documents in any respect that would adversely affect the Lenders, the Borrower's ability to perform the Obligations, or any Guarantor's ability to perform its obligations under its Guaranty, in each such case without the prior written consent of the Administrative Agent and the Required Lenders, or (b) permit any amendment, supplement, modification, or replacement of the Organization Documents of the MLP that would have a material effect on the Borrower without the prior written consent of the Administrative Agent and the Required Lenders.

7.13 Accounting Changes. Make any change in (a) accounting policies or reporting practices, except in conformity with GAAP, or (b) fiscal year.

7.14 Prepayments, Etc. of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness, except (a) the prepayment of the Credit Extensions in accordance with the terms of this Agreement, (b) regularly scheduled or required repayments or redemptions of Indebtedness set forth in Schedule 7.02 and Indebtedness permitted under Section 7.02(h) and refinancings and refundings of such Indebtedness in compliance with Section 7.02(d), (c) Restricted Payments in respect of such Indebtedness in compliance with Section 7.06(e), and (d) so long as no Event of Default exists or would result therefrom, other prepayments of such Indebtedness not described in the immediately preceding clauses (a), (b), and (c).

7.15 Amendment, Etc. of Indebtedness. Amend, supplement, modify or change in any manner the 2004 Fixed Rate Senior Notes, the 2004 Indenture, the 2008 Fixed Rate Senior Notes, the 2008 Indenture, the 2009 Fixed Rate Senior Notes or the 2009 Indenture or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Lenders (other any refinancings, refundings, renewals or extensions thereof permitted under Section 7.02(d)), the Borrower's ability to perform the Obligations, or any Guarantor's ability to perform its obligations under its Guaranty, in each such case without the prior written consent of the Administrative Agent and the Required Lenders.

7.16 General Partner. In the case of General Partner, engage in any business or activity other than (a) the ownership of all outstanding general partnership Equity Interests in the Borrower and the MLP, (b) maintaining its corporate existence, (c) participating in tax, accounting and other administrative activities as the parent of the consolidated group of companies, including the Loan Parties and the MLP, (d) the execution and delivery of the Loan Documents to which it is a party and the performance of its obligations thereunder, (e) the ownership of limited partnership Equity Interests in the MLP, and (f) activities incidental to the businesses or activities described in clauses (a) through (e) of this Section.

7.17 Designation of Senior Debt. Designate any Indebtedness (other than the Indebtedness under the Loan Documents) of the Borrower or any of its Subsidiaries as "senior debt" (or any similar term) under any of its subordinated notes or indentures.

7.18 Commodity Risk Management Policy. (i) Replace or terminate the Commodity Risk Management Policy, (ii) amend Section 2 of the Commodity Risk Management Policy entitled "Role of Commodity Risk Within Ferrellgas" or Section 4 of the Commodity Risk Management Policy entitled "Risked to be Managed", (iii) amend the definitions of "VAR," "Current Risk Limit," "Maximum Risk Limit," and "Year-to-Date Loss Limit" contained in the Commodity Risk Management Policy, (iv) amend Appendix C of the Commodity Risk Management Policy to increase the Year-to-Date Loss Limit or the Value-at-Risk limits above $10,000,000, respectively, or (v) otherwise amend the Commodity Risk Management Policy in a manner could reasonably be expected to have a Material Adverse Effect.

7.19 Deposit Accounts. Permit any monies, checks, notes, drafts and other payments constituting proceeds of Wholesale Accounts Receivable to be forwarded to or deposited to any "deposit account" (as such term is defined in the UCC) other than a Pledged Deposit Account over which the Administrative Agent has "control" (as such term is defined in the UCC); provided that the foregoing restriction shall not apply to (a) collections of such proceeds that are deposited into field collection deposit accounts that are deposited or transferred to a Pledged Deposit Account over which the Administrative Agent has "control" (as such term is defined in the UCC) within one Business Day of such collection, or (b) transfers of such proceeds from a Pledged Deposit Account to an operating account of a Loan Party in accordance with the provisions of the Loan Documents.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(d) Non-Payment. The Borrower or any other Loan Party fails to (i) pay when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation or, if required under Section 2.05(b), deposit any funds as Cash Collateral in respect of L/C Obligations, or (ii) pay within five days after the same becomes due, any interest on any Loan or on any L/C

Obligation, or any fee due hereunder, or, other than as required under Section 2.05(b), deposit any funds as Cash Collateral in respect of L/C Obligation, or (iii) pay within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(e) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.03 (other than clause (d) thereof), 6.05, 6.10, 6.11, 6.17, 6.18, or Article VII; or

(f) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the earlier of (i) the date upon which a Responsible Officer of Borrower or such other Loan Party knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to Borrower by the Administrative Agent or any Lender; or

(g) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(h) Cross-Default. (i) Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise, but after giving effect to any applicable grace periods) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto (in each case, after giving effect to any applicable grace periods), or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness or such Guarantee to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which a Loan Party or any Restricted Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which a Loan Party or any Restricted Subsidiary thereof is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(i) Insolvency Proceedings, Etc. The MLP, any Loan Party or any Subsidiary thereof institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(j) Inability to Pay Debts; Attachment. (i) The MLP, any Loan Party or any Restricted Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(k) Judgments. There is entered against any Loan Party or any Subsidiary thereof (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(l) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(m) Invalidity of Loan Documents. Except to the extent covered by Section 8.01(l), any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or

satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(n) Change of Control. There occurs any Change of Control; or

(o) Collateral Documents. Any Collateral Document after delivery thereof pursuant to Section 4.01 or 6.12 shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority Lien (subject to Permitted Liens) on all of the Collateral purported to be covered thereby or on any portion of the Collateral purported to be covered thereby with a value (as reasonably determined by the Administrative Agent) in excess of $5,000,000 individually or in the aggregate; or

(p) Certain Indenture Defaults, Etc. To the extent not otherwise within the scope of Section 8.01(e) above, (i) any "Event of Default" shall occur and be continuing under and as defined in the 2004 Indenture, the 2008 Indenture, or the 2009 Indenture or (ii) any of the following shall occur under or with respect to any Indebtedness guaranteed by the Borrower or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) the Borrower or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "event of default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness.

8.02 Remedies upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(rr) declare the commitment of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(ss) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(tt) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(uu) exercise on behalf of itself, the Lenders and the L/C Issuers all rights and remedies available to it, the Lenders and the L/C Issuers under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Secured Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuers (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuers) arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations arising under the Loan Documents, ratably among the Lenders and the L/C Issuers in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Secured Obligations constituting unpaid principal of the Loans, L/C Borrowings, Secured Cash Management Obligations then owing under Secured Cash Management Agreements, and Secured Hedge Obligations then owing under Secured Hedge Agreements ratably among the Lenders, the L/C Issuers, the Secured Cash Management Banks, and the Hedge Banks in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Secured Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Secured Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, Secured Cash Management Obligations and Secured Hedge Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements, respectively, shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to the Credit Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE IX
ADMINISTRATIVE AGENT

9.01 Appointment and Authority. (%4) Each of the Lenders and each of the L/C Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and the Borrower shall not have rights as a third party beneficiary of any of such provisions.

(vv) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders (including in its capacities as a potential Cash Management Bank and a potential Hedge Bank) and each of the L/C Issuers hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04(c), as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(p) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(q) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(r) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(s) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower, a Lender or an L/C Issuer.

(t) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuers under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each L/C Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in

substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and each L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Book Managers, Arrangers, Syndication Agents, or Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise.

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Administrative Agent under Sections 2.03(i) and (j), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each L/C Issuer to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or any L/C Issuer or in any such proceeding.

9.10 Collateral and Guaranty Matters. Each of the Lenders (including in its capacities as a potential Cash Management Bank and a potential Hedge Bank) and each of the L/C Issuers irrevocably authorize the Administrative Agent, at its option and in its discretion,

(c) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Secured Obligations (other than (A) contingent indemnification obligations for which no claim shall have been made, (B) Secured Cash Management Obligations as to which arrangements satisfactory to the applicable Cash Management Bank shall have been made, and (C) Secured Hedge Obligations as to which arrangements satisfactory to the applicable Hedge Bank shall have been made) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable L/C Issuer shall have been made), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing in accordance with Section 10.01;

(d) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder; and

(e) to subordinate (or release) any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i) or Section 7.01(k).

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its

obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

9.11 Secured Cash Management Agreements and Secured Hedge Agreements. No Cash Management Bank or Hedge Bank that obtains the benefits of Section 8.03, the Guaranty or any Collateral by virtue of the provisions hereof or of the Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Cash Management Obligations or Secured Hedge Obligations unless the Administrative Agent has received written notice of such Secured Cash Management Obligations or Secured Hedge Obligations, as the case may be, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

ARTICLE X
MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(u) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(v) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under such other Loan Document without the written consent of each Lender entitled to such payment;

(w) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document, or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Rate that would result in a reduction of any interest rate on any Loan or any fee payable hereunder without the written consent of each Lender entitled to such amount; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate;

(x) change (i) Section 8.03 or Section 2.05(b) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender or (ii) the order of application of any reduction in the Commitments from the application thereof set forth in the applicable provisions of Section 2.05(b) or 2.06(b), respectively, in any manner that materially and adversely affects the Lenders under this Agreement without the written consent of the Required Lenders;

(y) change (i) any provision of this Section 10.01 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder (other than the definitions specified in clause (ii) of this Section 10.01(g)), without the written consent of each Lender or (ii) the definition of "Required Lenders" without the written consent of each Lender;

(z) release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

(aa) release all or substantially all of the value of the Guaranty, without the written consent of each Lender, except to the extent the release of any Subsidiary from the Guaranty is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone); or

(bb) impose any greater restriction on the ability of any Lender to assign any of its rights or obligations hereunder without the written consent of the Required Lenders;

and provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by each L/C Issuer in addition to the Lenders required above, affect the rights or duties of such L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this

Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Impacted Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (a) the Commitment of such Lender may not be increased or extended without the consent of such Lender, and (b) the principal of, or the accrued interest on, any Loan or L/C Borrowing owing to such Lender may not be reduced without the consent of such Lender, unless the such reduction applies to all Lenders on a ratable basis.

If any Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender and that has been approved by the Required Lenders, the Borrower may replace such non-consenting Lender in accordance with Section 10.13; provided that such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrower to be made pursuant to this paragraph).

10.02 Notices; Effectiveness; Electronic Communications.

(b) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the General Partner, the Borrower, the Administrative Agent, the L/C Issuers or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(c) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or any L/C Issuer pursuant to Article II if such Lender or such L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(d) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the General Partner, the Borrower, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the General Partner, the Borrower,

any Lender, any L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(e) Change of Address, Etc. Each of the General Partner, the Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities laws.

(f) Reliance by Administrative Agent, L/C Issuers and Lenders. The Administrative Agent, the L/C Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, any L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuers; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as a L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver.

(g) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or any L/C Issuer (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or any L/C Issuer), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(h) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party or any of the Borrower's or such Loan Party's directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE;** provided that such indemnity shall not, as to an Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(i) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such L/C Issuer or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or such L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or any L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(j) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for such direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee or from a breach in bad faith of such Indemnitee's obligations hereunder or under any Loan Document, in any case, as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(k) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(l) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, any L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent, any L/C Issuer or any Lender, or the Administrative Agent, any L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(g) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 10.06(b), (ii) by way of participation in accordance with the provisions of Section 10.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(h) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans (including for purposes of this Section 10.06(b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it hereunder or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not (A) apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the L/C Issuers (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment hereunder.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the

case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.06(d).

(i) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(j) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the L/C Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.06(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(k) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.01(e) as though it were a Lender.

(l) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(m) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Revolving Credit Loans pursuant to Section 10.06(b), Bank of America may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as an L/C Issuer and/or (ii) upon 30 days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as an L/C Issuer or the Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as an L/C Issuer or the Swing Line Lender, as the case may be. If Bank of America resigns as an L/C Issuer, it shall retain

all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as the Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.14(c), (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, or (iii) any actual or prospective credit insurance provider relating to the Borrower and the Obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender, any L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower; provided that such disclosure is not in breach of a confidentiality agreement with a Loan Party, which breach is known to the Administrative Agent or such Lender or L/C Issuer.

For purposes of this Section, "Information" means all information received from any Loan Party or any Subsidiary thereof relating to any Loan Party or any Subsidiary thereof or their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any L/C Issuer on a nonconfidential basis prior to disclosure by any Loan Party or any Subsidiary thereof, provided that, in the case of information received from a Loan Party or any such Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the L/C Issuers acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such L/C Issuer or any such Affiliate to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or such L/C Issuer, irrespective of whether or not such Lender or such L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or such L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, each L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such L/C Issuer or their respective Affiliates may have. Each Lender and each L/C Issuer agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that

is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, or if any Lender is a Defaulting Lender or an Impacted Lender or if any other circumstance exists hereunder that gives the Borrower the right to replace a Lender as a party hereto, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(b) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);

(c) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(d) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and

(e) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY

APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER PARTY HERETO OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrower and the General Partner acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arranger are arm's-length commercial transactions between the Borrower, General Partner and their respective Affiliates, on the one hand, and the Administrative Agent and the Arranger, on the other hand, (B) each of the Borrower and the General Partner has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrower and the General Partner is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and the Arranger each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, the General Partner or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor the Arranger has any obligation to the Borrower, the General Partner or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the General Partner and their respective Affiliates, and neither the Administrative Agent nor the Arranger has any obligation to disclose any of such interests to the Borrower, the General Partner or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the General Partner hereby waives and releases any claims that it may have against the Administrative Agent and the Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.17 Electronic Execution of Assignments and Certain Other Documents. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with

the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" an anti-money laundering rules and regulations, including the Act.

10.19 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

FERRELLGAS, L.P.

By: Ferrellgas, Inc., as its general partner

By:
James R. VanWinkle
Senior Vice President
and Chief Financial Officer

FERRELLGAS, INC.

By:
James R. VanWinkle
Senior Vice President
and Chief Financial Officer

BANK OF AMERICA, N.A., as
Administrative Agent

By: _____
Name: _____
Title: _____
BANK OF AMERICA, N.A., as a Lender, an L/C Issuer and Swing Line Lender

By: _____
Name: _____
Title: _____
WELLS FARGO BANK, N.A., as a Lender

By: _____
Name: _____
Title: _____
JPMORGAN CHASE BANK, N.A., as a Lender

By: _____
Name: _____
Title: _____
BNP PARIBAS, as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
SOCIÉTÉ GÉNÉRALE, as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
FIFTH THIRD BANK, as a Lender

By: _____
Name: _____
Title: _____
M&I BANK, as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
PNC BANK, N.A., as a Lender and an L/C Issuer

By: _____
Name: _____
Title: _____
BARCLAYS BANK PLC, as a Lender

By: _____
Name: _____
Title: _____
THE PRIVATEBANK & TRUST COMPANY, as a Lender

By: _____
Name: _____
Title: _____
CAPITAL ONE, N.A., as a Lender

By: _____
Name: _____
Title: _____
U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: _____
Name: _____
Title: _____

UBS FINANCE LOAN LLC, as a Lender

By: _____
Name: _____
Title: _____

FERRELL COMPANIES, INC.1998
INCENTIVE COMPENSATION PLAN

As Amended and Restated effective as of October 11, 2004

1. PURPOSE. The purposes of the Ferrell Companies, Inc. 1998 Incentive Compensation Plan (the "Plan") are as follows:

(a) to allow upper middle and senior level managers of Ferrellgas, Inc. ("FGI") to participate in the equity growth of Ferrell Companies, Inc. ("FCI") and, indirectly (through its "subsidiary" holding), in the equity growth of Ferrellgas Partners, L.P. (the "Partnership") and its subsidiaries (with FCI, FGI, the Partnership and its subsidiaries being collectively referred to herein as "Companies");

(b) to generate an increased incentive to contribute to the Partnership's future success and prosperity and to focus on the value growth of FCI; and

(c) to focus on profitable Partnership growth and acquisition activities that will enable subordinated Partnership units ("Subordinated Units") held by FCI to convert to common Partnership units ("Common Units"), to increase the value of all Partnership Units (including both Common and Subordinated Units) and to increase the equity value of FCI, through an increasing Partnership value, a maximization of Partnership distributions, a reduction of FCI debt, and an optimization of share value growth for the FCI shares held by FCI's employee stock ownership plan (its "ESOP").

Unless defined in the sentence or paragraph in which they are used, definitions used herein are set forth in Section 9.9 below. The following provisions constitute an amendment, restatement and continuation of the Plan effective as of October 11, 2004.

2. ADMINISTRATION.

2.1 Administration by Committee. The Plan shall be administered by the FCI Options Committee (comprised of three members of the FCI's or FGI's Management Committee, and generally including the CEO and CFO of FGI, as well as the senior personnel manager of FGI) (the "Committee").

2.2 Authority. Subject to the provisions of the Plan, the Committee shall have the authority to (a) interpret the provisions of the Plan, and prescribe, amend, and rescind rules and procedures relating to the Plan, (b) grant incentives under the Plan, in such forms and amounts and subject to such terms and conditions as it deems appropriate, including, without limitation, incentives which are made in combination with or in tandem with other incentives (whether or not contemporaneously granted) or compensation or in lieu of current or deferred compensation, (c) modify the terms of, cancel and reissue, or repurchase outstanding incentives, subject to Section 9.7, (d) suspend the operation of the Plan (or any portion thereof) pursuant to the provisions of Section 9.8 hereinbelow and (e) make all other determinations and take all other actions as it deems necessary or desirable for the administration of the Plan. The determination of the Committee on matters within its authority shall be conclusive and binding on Companies and all other persons. The Committee shall comply with all applicable law in administering the Plan.

3. PARTICIPATION. Subject to the terms and conditions of the Plan, the Committee shall designate from time to time employees of Companies (including, without limitation, employees who are officers and/or directors of any Companies entity) who shall receive incentives under the Plan ("Participants").

4. SHARES SUBJECT TO THE PLAN

4.1 Number of Shares Reserved. Subject to adjustment in accordance with Sections 4.2 and 4.3, the aggregate number of shares of FCI common stock ("Common Stock") available for incentives under the Plan shall be that number of shares of Common Stock equaling 20% of FCI's outstanding Common Stock shares, on a fully-diluted basis, immediately following the date on which the ESOP has acquired all of the outstanding Common Stock shares.

All shares of Common Stock issued under the Plan may be authorized and unissued shares or treasury shares. In addition, all of such shares may, but need not, be issued pursuant to the exercise of nonqualified stock options and/or "incentive stock options" (as defined in section 422 of the Internal Revenue Code of 1986, as amended (the "Code")).

4.2 Reusage of Shares.

(a) In the event of the termination (by reason of forfeiture, expiration, cancellation, surrender, or otherwise) of any incentive under the Plan, that number of shares of Common Stock that was subject to the incentive but not delivered shall be available again for incentives under the Plan.

(b) In the event that shares of Common Stock are delivered under the Plan and are thereafter forfeited or reacquired by FCI (whether or not pursuant to rights reserved upon the award thereof), such forfeited or reacquired shares shall be available again for incentives under the Plan.

4.3 Adjustments to Shares Reserved. In the event of any merger, consolidation, reorganization, recapitalization, spinoff, stock dividend, stock split, reverse stock split, exchange, or other distribution with respect to shares of Common Stock or other change in the corporate structure or capitalization affecting the Common Stock (each being an "Adjustment"), the type and number of shares of stock which are or may be subject to incentives under the Plan and the terms of any outstanding incentives (including the price at which shares of stock may be issued pursuant to an outstanding incentive) shall be equitably adjusted by the Committee, in its sole discretion, to preserve both the value of incentives awarded or to be awarded to Participants under the Plan and the percentage of outstanding Common Stock shares (on a fully-diluted basis) available for incentives under the Plan immediately prior to the date of the Adjustment (taking into account both incentives granted but not yet distributed from the Plan and incentives not yet granted under the Plan).

5. STOCK OPTIONS.

5.1 Awards. Subject to the terms and conditions of the Plan, the Committee shall designate the individuals to whom "nonqualified stock options" to purchase shares of Common Stock ("Stock Options") are to be awarded under the Plan and shall determine the number, and terms of the Stock Options to be awarded to each of them. Unless and until the Committee makes a decision to the contrary, the Participants to whom Stock Options are granted hereunder shall be designated from the following two employee groups:

(i) field employees who are at or above the "area manager" designation level; and

(ii) corporate employees who are deemed by the Committee to have a material positive impact on developing and implementing the strategies, systems or processes that support the operations of the Partnership and contribute to the achievement by the Partnership of its financial and operational goals and the maximization of the equity value of FCI.

Stock Options awarded under the Plan will, unless and until the Committee makes a decision to the contrary, be classified as either "Tranche A Options" or "Tranche B Options." Each Stock Option awarded under the Plan shall be a "nonqualified stock option" for tax purposes.

5.2 Adjustment of Awards. If a Participant experiences a material change in job status (or other similar compensation measurement as may, from time to time, be utilized by the Committee), the Committee may, in its sole discretion, determine whether any or all of the unvested portion of the Participant's Stock Option(s) shall be taken from the Participant and returned to FCI. In addition, in the event of a Change in Control, the Committee may, in its sole discretion, determine what adjustments, if any, should be made to (i) Stock Options awarded hereunder and/or (ii) the Plan.

5.3 Time for Exercise. Each Stock Option shall be exercisable in accordance with the following rules:

(a) Each Stock Option granted prior to September 28, 2004, shall be exercisable only if it is vested (as described in Section 5.4 below) and, then, only to the extent, at the times and until the expiration date(s) described in the following table and the remainder of this Section 5.3(a):

Exercise Event	Percentage of Vested Portion of Tranche A Options Which May be Exercised on Specified Exercise Dates	Percentage of Vested Portion of Tranche B Options Which May be Exercised on Specified Exercise Dates
Full repayment of the "FCI Senior Notes" (as defined in Section 9.9 below) ("Trigger 1")	Up to 25% of the vested portion of a Participant's Stock Option(s) may be exercised, upon (and only upon) the first odd-numbered year "Exercise Date" (as defined in Section 9.9 below) next following such repayment of the FCI Senior Notes.	Up to 25% of the vested portion of a Participant's Stock Option(s) may be exercised, upon (and only upon) the first even-numbered year "Exercise Date" next following such repayment of the FCI Senior Notes.
Full repayment of the "Subordinated Notes" (as defined in Section 9.9 below), and assuming Trigger 1 occurs ("Trigger 2")	An additional 25% of the vested portion of a Participant's Stock Option(s) may be exercised, upon (and only upon) the first odd-numbered year Exercise Date next following such repayment of the Subordinated Notes.	An additional 25% of the vested portion of a Participant's Stock Option(s) may be exercised, upon (and only upon) the first even-numbered year Exercise Date next following such repayment of the Subordinated Notes.
Assuming that both Trigger 1 and Trigger 2 have occurred:	The vested portion of a Participant's Stock Option(s) may be exercised up to the following percentage on the Exercise Date occurring in each of the following years: 2009 60% 2011 80% 2013 100% 2015 100% 2017 100%	The vested portion of a Participant's Stock Option(s) may be exercised up to the following percentages on the Exercise Date occurring in each of the followin years: 2010 70% 2012 90% 2014 100% 2016 100% 2018 100%

In the event that either or both of Trigger 1 and Trigger 2 has (have) not occurred by 2013 (for Tranche A Options) or 2014 (for Tranche B Options), then (i) 100% of the vested portion of a Participant's Tranche A Option(s) may be exercised on the Exercise Date occurring in each of 2013, 2015 and 2017; and (ii) to up to 100% of the vested portion of a Participant's vested Tranche B Option(s) may be exercised on the Exercise Date occurring in each of 2014, 2016 and 2018.

(b) Each Stock Option granted on or after September 28, 2004, shall be exercisable only if it is vested (as described in Section 5.4 below) and, then, only to the extent, at the times and until the expiration date(s) established by the Committee and set forth in the stock option agreement evidencing the grant of such Stock Option.

5.4 Vesting. Each Stock Option shall vest in accordance with the following:

(a) Subject to the provisions of paragraph (c), Tranche A Options and Tranche B Options granted prior to September 28, 2004, shall vest in accordance with the following schedule:

Anniversary of Stock Option Grant Date	Annual Vested Percentage	Cumulative Vested Percentage
1st	5%	5%
2nd	5%	10%
3rd	5%	15%
4th	5%	20%
5th	5%	25%
6th	10%	35%
7th	10%	45%
8th	10%	55%
9th	10%	65%
10th	10%	75%
11th	10%	85%
12th	15%	100%

(b) Subject to the provisions of paragraph (c), Stock Options granted on or after September 28, 2004, shall vest in accordance with the vesting schedule established by the Committee and set forth in the stock option agreement evidencing the grant of such Stock Options.

(c) Notwithstanding the vesting schedule set forth in the immediately preceding paragraphs or in a Participant's stock option agreement, as applicable, all Stock Options granted hereunder shall fully vest upon (i) a "Change in Control" of the Partnership or FCI, (ii) the Participant's death, or "permanent disability" or (iii) the Participant's retirement from FCI at or after attainment of age 65. A Stock Option, whether or not vested, will be forfeited, no longer exercisable and, if vested, *divested* if (I) a Participant's employment with FGI is terminated for gross insubordination (as determined by FGI's Board of Directors) or (II) the Participant enters a plea of "guilty" or "nolo contendre" to, or is convicted by a court of competent jurisdiction of, a felony.

5.5 Option Price. The option price per share ("Option Price") for any Stock Option awarded shall not be less than the "Fair Market Value" of a share of Common Stock on the date the Stock Option is granted. Recipients of Stock Options shall be timely notified no less frequently than twice annually of the Fair Market Value of a share of Common Stock.

5.6 Manner of Exercise. The vested portion of a Stock Option may be exercised, in whole or in part, once a year on the Exercise Date by notice to FCI specifying the number of whole (not fractional) shares of Common Stock to be purchased. Such notice shall be given at least thirty (30) days prior to the Exercise Date and it shall be accompanied by (or provision shall be made for) (i) payment of the Option Price by a certified or cashiers check or wire transferpayable to the order of the Company on or prior to the Exercise Date; (ii) an executed share transfer restriction agreement (the form of which shall either be attached to the agreement memorializing the Participant's Stock Option grant or be provided to the Participant prior to the first Exercise Date for the Stock Option); and (iii) such other documents or representations (including, without limitation, representations as to the

intention of the Participant or his/her successor to acquire the shares for investment) as the Company may reasonably request in order to comply with securities, tax or other laws then applicable to the exercise of the Stock Option.

The vested portion of the Stock Option so granted may be exercised until (and must be exercised on or before) the expiration date specified by the Committee at the time of grant. Subject to the next succeeding sentence, if the Participant becomes no longer employed by a Companies entity prior to the exercise of all of the vested portion of the Participant's Stock Option(s) (and the Participant is not immediately thereafter employed with another Companies entity), the *nonvested* portion of the Participant's Stock Option(s) shall expire, terminate and be forfeited, and the Participant will be permitted to exercise the vested portion of his/her Stock Option(s) during the times set for exercise as described in the table set forth in Section 5.3 above. In such case, the Committee may, in its sole discretion, give the terminated participant one opportunity to exercise all of the vested portion of his/her Stock Option(s) (with the opportunity specifying the early Exercise Date on which such vested portion must be exercised). If the Participant is given such an opportunity and chooses not to exercise all of the remaining vested portion of his/her remaining Stock Option(s) by the early Exercise Date, such vested portion of the Stock Option(s) will immediately expire, terminate and be forfeited as of such date.

5.7 **ESOP Call.** All shares acquired bya Participant pursuant to the exercise of a StockOption shall be subject to a "call option" which shall be granted to and may be (a) exercised by the Ferrell Companies, Inc. Employee Stock Ownership Trust (the "Trust") and (b) assigned by the trustee of the Trust (the "Trustee") to FCI. Although the call option may generally be exercised by either (i) the Trust or (ii) by the Trust's assignee, if applicable, it may not be exercised during the first six months following the Exercise Date.

The shares acquired by a Participant pursuant to such exercise may be called by the Trust (or its assignee) at their Fair Market Value as of the date of the call (the "Call Date") by giving the Participant who acquired the shares notice of the Trust's (or its assignee's) intention to call the shares (a "call notice") at least ten (10) business days prior to the Call Date. As stated in Section 5.5 above, Participants receiving grants of Stock Options shall be notified every six (6) months of the Fair Market Value of a share of Common Stock.

A Participant receiving a call notice shall deliver to the Trustee (or the Trust's assignee, as applicable) stock certificate(s) for the called shares prior to the Call Date. The Participant's sale of the called shares shall be deemed to have occurred as of the Call Date, with the purchase price being payable in one lump sum by the Trust (or its assignee) within ninety (90) days of any Call Date not occurring on July 31st or January 31st and within ninety (90) days after the receipt of the ESOP financial advisor's determination of the Fair Market Value of the called shares as of any July 31st or January 31st Call Date. Notwithstanding the immediately preceding sentence, however, if a Participant's employment is terminated prior to the Participant's exercise of all of the vested portion of his/her Stock Option and the Committee gives the Participant one opportunity to exercise such vested portion as of an early Exercise Date, the purchase price to be paid by the Trust (or its assignee) for any early Exercise Date shares acquired pursuant to its call option may be, in the sole discretion of the Committee, payable in the form of a five-year promissory note given by the Trust (or its assignee) (with (i) interest payable at the lowest percentage of libor which equals or exceeds the "Applicable Federal Rate" and (ii) semi-annual equal payments of principal and interest being made during the five-year payment period).

5.8 **Put Option.** All shares acquired by a Participant pursuant to the exercise of a Stock Option shall be subject to a "put option" (the "Put Option") which shall be granted as of the acquisition date to and may be exercised by the Participant or other party receiving such shares (as provided hereunder, the "Other Party") if, at the time of their receipt, the shares are not readily tradable on an established market, as defined in Section 409(h) of the Code and the Treasury regulations promulgated thereunder. The Put Option shall permit the Participant or Other Party to sell some or all of the shares acquired at their Fair Market Value as of (and *only* as of) any July 31st or January 31st following the Exercise Date (each being a "Permissible Put Date"). The Put Option may not, however, be exercised during the first six months following the Exercise Date *and* it may no longer *ever* be exercised once a call notice (as described in Section 5.7 above) has been sent or delivered by the Company.

Shares acquired pursuant to the exercise of a Participant's Stock Option may be put by the Participant or Other Party at their Fair Market Value as of a Permissible Put Date by giving the Company notice of the Participant's (or Other Party's) intention to put the shares (a "put notice") at least ten (10) business days prior to the Permissible Put Date. As is stated in Section 5.5 above, Participants receiving grants of Stock Options shall be notified every six (6) months of the Fair Market Value of a share of a share of Common Stock.

In the event the Company receives a put notice, the sale pursuant to the put shall be deemed to have occurred as of the Permissible Put Date referenced in the Put Notice, with the purchase price being payable by the Company (or its assignee) in one lump sum within ninety (90) days after the receipt of the ESOP financial advisor's determination of the Fair Market Value of the put shares as of the specified Permissible Put Date. Notwithstanding the immediately preceding sentence, however, if a Participant's employment is terminated prior to the Participant's exercise of all of the vested portion of his/her Stock Option and the Committee gives the Participant one opportunity to exercise such vested portion as of an early Exercise Date, the purchase price to be paid by the Company (or its assignee) for any early Exercise Date shares acquired pursuant to the Put Option may be, in the sole discretion of the Committee, payable in the form of a five-year promissory note given by the Company (or its assignee) (with (i) interest payable at the lowest percentage of libor which equals or exceeds the "Applicable Federal Rate" and (ii) semi-annual equal payments of principal and interest being made during the five-year payment period).

5.9 **Share Restrictions.** The exercise of a Participant's Stock Option shall be conditioned upon the Participant's execution of a share transfer restriction agreement (which shall either be attached to the agreement memorializing the Participant's Stock Option grant or provided to the Participant prior to the first Exercise Date for the Stock Option so granted). Unless and until the Committee makes a decision to the contrary, all shares purchased pursuant to the exercise of Stock Options granted hereunder (i) must be held for at least, and shall be non-transferable during, the six-month period immediately following the Exercise Date; (ii) will be subject to the call option described in Section5.7 above; and (iii) will be subject to the Put Option described in Section 5.8 above.

6. STOCK APPRECIATION RIGHTS.

6.1 **Grant of SARs.** Subject to the terms and conditions of the Plan, the Committee shall designate the employees to whom stock appreciation rights ("SARs") are to be awarded under the Plan and shall determine the number, type and terms of the SARs to be awarded to each of them. An SAR may be granted in tandem with a Stock Option granted under the Plan, or the SAR may be granted on a free-standing basis. Tandem SARs may be granted either at or after the time of grant of a Stock Option, provided that, in the case of an incentive stock option, a tandem SAR may be granted only at the time of the grant of such Stock Option. The grant price of a tandem SAR shall equal the option price of the related Stock Option and the grant price of a free-standing SAR shall be equal to the Fair Market Value of a share of Common Stock on the SAR's grant date.

6.2 **Exercise of Tandem SARs.** Tandem SARs may be exercised for all or part of the shares subject to the related option upon the surrender of the right to exercise the equivalent portion of the related Stock Option. A tandem SAR shall terminate and no longer be exercisable upon termination or exercise of the related Stock Option. A tandem SAR may be exercised only with respect to the shares for which its related option is then exercisable.

6.3 **Exercise of Free-Standing SARs.** Free-standing SARs may be exercised upon such terms and conditions as the Committee, in its sole discretion, determines.

6.4 **Term of SARs**. The term of an SAR granted under the Plan shall be determined by the Committee in its sole discretion; provided, however, that such term shall not exceed the option term in the case of a tandem SAR, or ten years in the case of a free-standing SAR.

6.5 **Payment of SAR Amount.** Upon exercise of an SAR, a Participant shall be entitled to receive payment from Companies in an amount determined by multiplying:

(a) The excess of the Fair Market Value of a share of Common Stock on the date of exercise over the "grant price" of the SAR; by

(b) The number of shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment to be made upon an SAR exercise may be in cash, in shares of Common Stock of equivalent value, or in some combination thereof.

7. PERFORMANCE SHARES.

7.1 **Awards.** Subject to the terms and conditions of the Plan, the Committee shall designate the employees to whom Performance Shares are to be awarded and determine the number of shares and the terms and conditions of each such award. Subject to the terms of Section 7.3 below and the immediately preceding sentence, each Performance Share shall

entitle the Participant to a payment in the form of one share of Common Stock as soon as reasonably practicable following the date on which the specified performance goals and other terms and conditions specified by the Committee are attained (the "Attainment Date").

7.2 **No Adjustments.** Except as otherwise provided by the Committee or in section 4.3 hereof, no adjustment shall be made in Performance Shares awarded on account of cash dividends which may be paid or other rights which may be provided to the holders of Common Stock prior to the end of any performance period.

7.3 **Substitution of Cash.** The Committee may, in its sole discretion, substitute cash equal to the Fair Market Value of shares of Common Stock otherwise required to be issued to a Participant hereunder (with such Fair Market Value being the Fair Market Value most recently determined by the ESOP financial advisor immediately prior to the Attainment Date).

8. OTHER INCENTIVES. In addition to the incentives described in Sections 5 through 7 above and subject to the terms and conditions of the Plan, the Committee may grant other incentives ("Other Incentives"), payable in cash or in stock, under the Plan as it determines to be in the best interest of Companies.

9. GENERAL

9.1 **Effective Date.** The Plan was adopted by the Board of Directors effective as of July 17, 1998.

9.2 **Duration.** The Plan shall remain in effect until all incentives granted under the Plan have been satisfied by the issuance of shares of Common Stock, lapse of restrictions or the payment of cash, or have been terminated in accordance with the terms of the Plan or the incentive. Notwithstanding any other provision of the Plan to the contrary, no Stock Option which is intended to be an incentive stock option shall be granted after July 17, 2008 and no incentive stock option shall be exercisable after the expiration of ten (10) years from the date it is granted.

9.3 **Non-transferability of Incentives.** No incentive granted under the Plan may be transferred, pledged, or assigned by the employee except by will or the laws of descent and distribution in the event of death, and FCI shall not be required to recognize any attempted assignment of such rights by any Participant. During a Participant's lifetime, awards may be exercised only by the Participant or by the Participant's guardian or legal representative. Notwithstanding the foregoing, at the discretion of the Committee, a grant of an award may (but need not) permit the transfer of the award by the Participant solely to members of the Participant's immediate family or trusts or family partnerships for the benefit of such persons, subject to such terms and conditions as may be established by the Committee.

9.4 **Compliance with Applicable Law and Withholding.**

(a) The award of any benefit under the Plan may also be made subject to such other provisions as the Committee determines appropriate, including, without limitation, provisions to comply with federal and state securities laws or stock exchange requirements.

(b) If, at any time, FCI, in its sole discretion, determines that the listing, registration, qualification of any type of incentive, or the shares of Common Stock issuable pursuant thereto, or availability of exemption is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable, the exercise or issuance of shares of Common Stock pursuant to any incentive, or the removal of any restrictions imposed on shares subject to an incentive, may be delayed until such listing, registration, qualification, exemption, consent, or approval is effected.

(c) The Companies' entities shall have the right to withhold from any award under the Plan or to collect as a condition of any payment under the Plan, as applicable, any taxes required by law to be withheld. To the extent permitted by the Committee, to fulfill any tax withholding obligation, a Participant may elect to have any distribution otherwise required to be made under the Plan (or a portion thereof) to be withheld or, where Stock Options are to be exercised, the Participant may use shares received from the exercise of the Stock Option.

9.5 **No Continued Employment.** Participation in the Plan will not affect any right any entity of Companies has to terminate the employment of a Participant or give any Participant the right to be retained in the employ of Companies or any right or claim to any benefit under the Plan unless such right or claim has specifically accrued under the terms of any incentive under the Plan.

9.6 **Treatment as a Stockholder.** No incentive granted to a Participant under the Plan shall create any rights in such Participant as a stockholder of FCI until shares of Common Stock related to the incentive are registered in the name of the Participant.

9.7 **Amendment or Discontinuation of the Plan.** The Board of Directors may amend, suspend, or discontinue the Plan at any time; provided, however, that (a) *the Committee* may amend or suspend the Plan to avoid the occurrence of any of the events/circumstances described in Clauses (i) thru (iii) in Section 9.8 below; and (b), other than such an amendment or suspension by the Committee, no amendment, suspension or discontinuance shall adversely affect any outstanding benefit and if any law, agreement or exchange on which Common Stock is traded requires stockholder approval for an amendment to become effective, no such amendment shall become effective unless approved by vote of FCI's stockholders.

9.8 **Limitations on Applicability.** No Plan provision shall be applicable if its application would (i) cause a default under the terms of an extension of credit made to any Companies' entity, or (ii) have an effect on the ability of the Partnership to make any "Restricted Payment," or (iii) cause a material change in FCI's Federal, state or local corporate or tax status. In addition to the powers reserved to the Committee in Section 2.2 above, the Committee shall have complete discretion to administer the Plan in such a way as will prevent the occurrence of any such default, inability to make a Restricted Payment or change in corporate tax status.

9.9 **Definitions.**

(a) **Change in Control.** The term "Change in Control" shall be defined as

(1) any merger or consolidation of FCI in which such entity is not the survivor,

(2) any sale of all or substantially all of the Common Stock of FCI by the Trust,

(3) a sale of all or substantially all of the Common Stock of FGI,

(4) a replacement of FGI as the General Partner of the Partnership, or

(5) a public sale of a "material" amount of FCI's equity (with materiality being determined by the Committee, but with a material amount of such equity being *at least* 51% thereof).

(b) **Exercise Date.** The term "Exercise Date" refers to the 31st day of January (i.e., January 31st) of each year in which a Stock Option may be exercised (with each such year being an odd-numbered year for Tranche A Options and an even-numbered year for Tranche B Options).

(c) **Fair Market Value.** Except as otherwise determined by the Committee, the "Fair Market Value" of a share of Common Stock as of any date shall equal the value of such a share most recently determined for the ESOP by its independent financial advisor to the ESOP (assuming no material change in such value since the date as of which such determination was made); provided, however, that the "Fair Market Value" of a share of Common Stock as of any July 31st or January 31st shall equal the value of such a share, *as of such date* , as determined by such independent financial advisor .

(d) **FCI Senior Notes.** The term "FCI Senior Notes" means the Series A Notes, the Series B Notes and the Series C Loans issued pursuant to the Master Agreement dated July 15, 1998 among FCI, the initial purchasers of the Series A Notes, the initial purchasers of the Series B Notes, the Series C Lenders referred therein and U.S. Bank National Association, as collateral agent (the "Master Agreement").

(e) **Master Agreement.** The term "Master Agreement" shall have the meaning set forth in Section 9.9(d) above.

(f) **Permanent Disability.** The term "permanent disability" means any mental or physical condition which entitles the referenced Participant to disability benefits under the long-term disability plans of the Participant's employer.

(g) **Restricted Payment.** The term "Restricted Payment" of the Partnership or its subsidiaries means, as applicable, a "Restricted Payment" as defined in the debt documents of either the Partnership or its subsidiaries.

(h) **Subordinated Notes.** The term "Subordinated Notes" means any promissory note(s) constituting "Subordinated Debt" (as said term is defined in the Master Agreement).

(i) **Subsidiary.** The term "subsidiary" means any business, whether or not incorporated, in which FCI has a direct or indirect ownership interest.

Change of control	In the case of a change of control of FGP in the 3 years, both the stay bonus and the unvested BR options fuly vest.
Signed by Ferrellgas	/s/ James E. Ferrell Chairman, CEO and President of Ferrellgas, Inc.
Date	February 6, 2004

Exhibit 10.11

EMPLOYMENT, CONFIDENTIALITY, AND NONCOMPETE AGREEMENT

This Employment, Confidentiality, and Noncompete Agreement ("Agreement") is made and entered into this 17th day of July, 1998, by and among Ferrell Companies, Inc., a Kansas corporation ("FCI"), Ferrellgas, Inc., a Delaware corporation ("FGI"; FCI and FGI are jointly and severally referred to herein as the "Company" or the "Companies", as the context so requires), James E. Ferrell (the "Executive") and LaSalle National Bank, not in its corporate capacity, but solely as Trustee ("Trustee") of the Ferrell Companies Inc. Employee Stock Ownership Trust.

WHEREAS, the James E. Ferrell Revocable Trust, an affiliate of Executive, has made $40,000,000 subordinated loan to FCI pursuant to a Subordinated Note Purchase Agreement dated as of the date hereof (the "Subordinated Loan").

WHEREAS, FGI is a wholly-owned subsidiary of FCI and serves as the general partner of Ferrellgas Partners, L.P., a Delaware limited partnership ("Ferrellgas Partners") and Ferrellgas, L.P., a Delaware limited partnership ("Ferrellgas", and referred to herein collectively with Ferrellgas Partners as the "Partnerships"), which are engaged primarily in the retail sale, distribution and marketing of propane (the "Business").

WHEREAS, the Companies, through the Partnerships, conduct the Business throughout the United States.

WHEREAS, the Companies, through the Partnerships, have expended a great deal of time, money, and effort to develop and maintain proprietary Confidential Information (as defined below) which, if misused or disclosed, could be harmful to the Business.

WHEREAS, the success of the Companies depends to a substantial extent upon the protection of the Confidential Information and customer goodwill by all of their employees and the employees of the Partnerships.

WHEREAS, the Executive desires to be employed, and to continue to be employed, by the Companies as Chairman of the Board of the Companies.

WHEREAS, the Executive desires to be eligible for other opportunities within the Companies and/or compensation increases which otherwise would not be available to the Executive and to be given access to Confidential Information of the Companies and the Partnerships which is necessary for the Executive to perform his duties, but which the Companies would not make available to the Executive but for the Executive's signing and agreeing to abide by the terms of this Agreement as a condition of the Executive's employment and continued employment with the Companies.

WHEREAS, the Executive recognizes and acknowledges that the Executive's position with the Companies has provided and/or will continue to provide the Executive with access to Confidential Information of the Companies and the Partnerships.

WHEREAS, the Companies compensate their employees to, among other things, develop and preserve goodwill with their customers on each respective Company's behalf and business information for each respective Company's ownership and use.

NOW, THEREFORE, in consideration of the compensation and other benefits of the Executive's employment by the Companies and the recitals, mutual covenants and agreements hereinafter set forth, the Executive and the Companies agree as follows:

1. Term. The Executive is hereby employed by the Companies, and the Executive hereby accepts such employment upon the terms and conditions set forth herein. The Executive's term of employment under this Agreement shall be for a period of five (5) years, commencing on July 17, 1998 (the "Initial Period"), and shall continue for a period through and including July 17, 2003, unless earlier terminated pursuant to the terms and conditions of this Agreement. Notwithstanding anything herein to the contrary, this Agreement and the term of employment shall be automatically renewed for one year successive periods following the Initial Period (the "Successive Period" and together with the Initial Period, the "Employment Period"), until notice of either party's desire that the Agreement not be renewed for a Successive Period is given by such party on or prior to March 31 of the year in which the next Successive Period shall commence, in which case, subject to Sections 8, 9 and 10, Executives employment under this Agreement shall terminate upon the expiration of the Initial Period or current Successive Period, as the case may be; *provided, however,* that except as provided in Section 9 (a) the Companies may not terminate any Successive Period for such time as any amount is due under the FCI Subordinated Notes from Ferrell Companies, Inc., a Kansas corporation, to the Executive or his designee dated as of July 17, 1998.

2. Duties and Responsibilities. During the Employment Period the Executive shall, on a non-exclusive basis, perform the duties and responsibilities customarily incident to the position of Chairman of the Board of the Companies ("Chairman") and as are consistent with the each Company's Bylaws, as now existing or hereafter amended. The duties and responsibilities of the Executive shall include, but not be limited to, the following:

(a) chairing the Board of Director meetings for the Companies;

(b) serving as an ex-officio member of the Senior Management Committee of the Companies;

(c) providing strategic advice and insights related to the industry and the operations and development of the Business, as well as acquisition opportunities, to the Chief Executive Officer of the Companies;

(d) interviewing and providing feedback to the Chief Executive Officer of the Companies regarding candidates for senior management positions;

(e) performing periodic visits to the Companies' district offices at which time advice is provided to area managers and senior field managers, consistent with past practices, and providing feedback to the Chief Executive Officer of the Companies regarding such matters;

(f) meeting on a regular basis with the Chief Executive Officer of the Companies to provide insight, consultation, guidance, and direction related to the operation and development of the Companies;

(g) materially participating in company wide meetings, consistent with past practices;

(h) migrate the role of Chief Operating Officer-Houston as soon as practicable following the date hereof, but in any event no later than July 17, 1999;

(i) assisting in the re-application of FGI's membership to the National Propane Gas Association;

(j) maintaining PERC board membership until such membership is transferred to another senior officer of FGI, which transfer shall occur as soon as practicable following the date hereof, but in any event no later than July 15, 2003;

(k) attempting to facilitate the transfer of board membership on the Propane Vehicle Counsel to another senior officer of FGI, as soon as practicable following the date hereof, but in any event no later than July 17, 2003;

(l) maintaining membership with the World LPG Association as a representative of FGI, until such membership is transferred to another senior officer of FGI, as soon as practicable following the date hereof, but in any event no later than July 17, 2003;

(m) actively participating in the maintenance and development of appropriate and amicable lender, debtholder, and equity holder relationships; and

(n) such other senior management activities as may be agreed to in writing by the parties from time to time.

3. Performance of Services. During the Employment Period, the Executive agrees to dedicate a reasonably sufficient amount of time per year (which the parties estimate to equate to approximately 1,000 hours) to the accomplishment of his duties and responsibilities and to perform the duties and responsibilities in a diligent, trustworthy, loyal, business-like and efficient manner. The Executive agrees to follow and act in accordance with all of the Companies' rules, policies, and procedures.

4. Compensation.

(a) Salary. During the Employment Period, the Companies shall pay the Executive as compensation for his services a monthly base salary of not less than ten thousand dollars ($10,000), payable in accordance with the Companies' usual practices. The Executive's base salary shall be eligible for review and increase consistent with practices of the Companies in effect from time to time during the Employment Period, but shall not be reduced. The Executive shall be eligible to participate in such perquisites as may from time to time be awarded to the Executive by the Companies payable at such times and in such amounts as the Companies, in their sole discretion, may determine; *provided*, *however*, that such perquisites so awarded are no less favorable to Executive than similar perquisites awarded to other members of the Companies' senior management.

(b) Personal Service Bonus. As an additional inducement, the Executive shall be entitled to receive a bonus (the "Incentive Bonus") payable by the Companies on the later of: (i) the date the Executive's employment under this Agreement terminates (for any reason; (the "Employment Termination Date");(ii) the date that all indebtedness under the Subordinated Loan has been paid in full (the "Subordinated Loan Payment Date"); or (iii) the Incentive Bonus is permitted to be paid pursuant to the covenants, terms and conditions of any financing documents applicable to FCI (the "Bonus Payment Date"). The amount of the Incentive Bonus shall be equal to .005 of the increase in the equity value of FCI from July 31, 1998 (as determined by an appraisal by the financial advisor to the trustee of the ESOT (the "Appraiser")) to and including the date of the most recent appraisal

conducted by the Appraiser prior to the earlier of: (y) the Employment Termination Date; or (z) the Subordinated Loan Payment Date.

5. Benefit Plans. During the Employment Period and as otherwise provided herein, the Executive shall be entitled to participate in any and all employee welfare and health benefit plans (including, but not limited to life insurance, health and medical, dental, and disability plans) and other employee benefit plans (including but not limited to the Companies' 401(k) plan and qualified pension plans) established by the Companies from time to time for the benefit of executive employees of the Companies; *provided, however,* that nothing herein shall entitle the Executive to participate in any Company employee stock ownership plan or any equity board incentive compensatoin plan of the Company and its affiliates. Such employee benefit plans in which the Executive shall be entitled to participate on the date hereof shall include those listed on Schedule 5 hereof. The Executive shall be required to comply with the conditions attendant to coverage by such plans and shall comply with and, except as otherwise provided herein, shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be amended from time to time. Nothing herein contained shall be construed as requiring the Companies to establish or continue any particular benefit plan in discharge of their obligations under this Agreement.

6. Other Benefits.

(a) During the Employment Period, the Executive shall be entitled to such other employment benefits extended or provided to other key executives of the Companies, including, but not limited to, payment or reimbursement of all business expenses incurred by the Executive in the performance of his duties and other job related activities set forth in this Agreement or subsequently agreed to by the parties and in the promotion of the Business in accordance with the Companies' customary policies and procedures. The Executive shall submit to the Companies periodic statements of all expenses so incurred. Subject to such audits as the Companies may deem necessary, the Companies shall reimburse the Executive the full amount of any such expenses advanced by him in the ordinary course of business.

(b) During the Employment Period the Companies shall provide the Executive with office space and administrative support services consistent with past practices.

(c) The Executive shall be entitled to reimbursement of reasonable expenses incurred by Executive in connection with the negotiation of this Agreement, which shall be paid to Executive upon submission to the Companies of proper vouchers evidencing such expenses and the purposes for which the same were incurred.

(d) The Board of Directors of the Companies may, in their sole discretion, approve additional benefits to be offered to the Executive at such time as they deem appropriate.

7. Deductions from Salary and Benefits. The Companies shall withhold from any compensation or benefits payable to the Executive all customary federal, state, local and other withholdings, including, without limitation, federal and state withholding taxes, social security taxes and state disability insurance.

8. Death or Disability.

(e) In the event of the death or termination of employment due to permanent disability of the Executive during the Employment Period, (i) all sums payable to the Executive under this Agreement through the end of the second month following the month in which such event occurs, (ii) all amounts earned by the Executive but not taken at the time of the termination of employment, and (iii) a cash, lump-sum amount equal to three (3) times the greater of (X) 125% of the then current base salary, or (Y) the average compensation paid for the prior three (3) fiscal years, shall be paid to the Executive or the Executive's estate or guardian, as the case may be, as soon as practicable after the death occurs or permanent disability is determined. In addition, if such termination occurs after the third month of the Companies' then fiscal year, sums payable to the Executive shall include a pro rata portion of any amounts to which the Executive would have otherwise been entitled for the year in which such event occurs under any Company perquisite to which Executive is a participant. For purposes of calculating any bonus as applicable pursuant to Section 6(d), to be paid to the Executive pursuant to this Section 8(a), the Executive shall be entitled to the payment of any bonus normally calculated with reference to a future period based upon a percentage of the amount paid for such item in the previous fiscal year; such percentage to be calculated by dividing the number of days of his employment during the Companies' then current fiscal year by the number 365.

(f) For purposes of this Agreement, "permanent disability" means the impairment of Executive's physical or mental health which makes the performance of duties impractical or impossible as evidenced by the certification of Executive's doctor.

9. Termination by the Companies.

(g) The Executive's duties and responsibilities under this Agreement may be terminated by the Companies for good Cause, subject to the provisions of this Section 9(a), upon at least sixty (60) calendar days' ("Notice Period") written notice ("Notice") to the Executive of their intent to terminate Executive's employment. The Notice shall specify the particulars of such Cause and shall afford the Executive an opportunity to discuss the particulars of such Cause with the

Board of Directors of FCI and to cure such Cause to the reasonable satisfaction of the Board of Directors of FCI during the Notice Period. If such Cause shall not be cured accordingly, Executive's employment shall terminate upon expiration of the Notice Period and no compensation shall be due him beyond the date of such termination (other than pursuant to pension or other plans which by their terms provide payments beyond the date of termination in such circumstances). For purposes of this Agreement "Cause" means: (i) the conviction of Executive by a court of competent jurisdiction of, or entry of a plea of nolo contendere with respect to, a felony or any other crime, which other crime involves fraud, dishonesty or moral turpitude which interferes with the performance of Executive's duties, responsibilities or obligations under this Agreement; (ii) fraud or embezzlement related to either of the Companies on the part of Executive; (iii) Executive's chronic abuse of or dependency on alcohol or drugs (illicit or otherwise) which materially interferes with the performance of Executive's duties, responsibilities or obligations under this Agreement; (iv) the material breach by Executive of Sections 15, 16 or 17 hereof, except as permitted pursuant to Section 11 hereof; (v) any act of moral turpitude or willful misconduct by Executive which (A) results in personal enrichment of Executive at the expense of the Companies, or (B) may have a material adverse impact on the Business or reputation of the Companies; (vi) gross and willful neglect of material duties and responsibilities of the Executive pursuant hereto, or an intentional violation of a material term of this Agreement; (vii) any material violation of any statutory or common law fiduciary duty of Executive to FCI or FGI; or (viii) failure by Executive to comply with a material Company policy, as reasonably determined by the Board of Directors of FCI.

(h) While the parties agree that the Companies may not terminate the Executive's duties and responsibilities under this Agreement except as provided in Section 9(a), if such duties and responsibilities are involuntarily terminated by the Companies for any reason other than for good Cause as noted in Section 9(a), the Companies shall pay Executive the payments and provide him the benefits specified in Section 8(a) hereof.

10. Termination by the Executive. The Executive may terminate his employment under this Agreement upon at least sixty (60) calendar days' ("Executive Notice Period") written notice ("Executive Notice") to the Companies of such termination:

(i) without Cause, upon expiration of the Executive Notice Period, in which event no compensation shall be due him beyond the date of such termination (other than pursuant to pension or other plans which by their terms provide payment beyond the date of termination); and

(j) for Executive Cause. The Executive Notice shall specify the particulars of such Executive Cause and during the Executive Notice Period the Executive shall afford the Board of Directors of FCI an opportunity to discuss the particulars of such Executive Cause with the Executive and to cure such Executive Cause to the satisfaction of the Executive during the Executive Notice Period. If such Executive Cause shall not be cured accordingly, Executive's employment shall terminate upon expiration of the Executive Notice Period. In all events, Executive shall be paid all compensation and provided all benefits due him during the Executive Notice Period (and thereafter under Section 8(a)). "Executive Cause" means any of the following to which the Executive does not agree: (i) assignment to the Executive of duties or responsibilities, or the material diminution of duties or responsibilities, that are inconsistent with his position, duties, responsibilities or status as they exist at the commencement of the term of this Agreement; (ii) material change in the reporting responsibilities of the Executive; *provided, however,* that notwithstanding the effect of changes on the Board under Section 11 hereof, changes in the identity of persons on the Board shall not be considered a change in reporting responsibilities for purposes of this Section; or (iii) withdrawal from the Executive of his title as Chairman or a material breach of any provision of this Agreement by the Companies.

11. Effect of Certain Terminations; Change in Control. If (a) any Company or Partnership merges with or is consolidated into another corporation or other entity not theretofore affiliated with any Company or Partnership (i.e., controlled by, controlling or under common control with the Companies or the Partnerships, as applicable) and the Company or Partnership so merging or consolidating is not the surviving entity pursuant to such merger or consolidation, or if all or substantially all of the assets of any Company or Partnership are acquired by another corporation or other entity not theretofore affiliated with either Company or Partnership in a single transaction or a series of related transactions, or if more than a majority of the Board of Directors of either Company changes within a 12-month period, or if FGI is no longer the general partner of the Partnerships, or if either Company registures a class of equity securities under the Securities Exchange Act of 1934 (all such events being referred to herein as "Change in Control"), and (b) within eighteen (18) months after any such Change in Control the Executive's employment under this Agreement is terminated, then upon such termination or occurence: (i) the Companies shall pay the Executive a cash, lump-sum termination benefit not later than thirty (30) calendar days after such termination equal to three (3) times the greatest of 125% of (A) his then current base salary, (B) the average compensation (base salary plus bonuses, if any) paid for the prior three (3) fiscal years prior to such termination, or (C) the total compensation remaining for the Initial Period, if such Change of Control occurs during the Initial Period, or for the Successive Period, if such occurs during any Successive Period, (ii) the Companies shall pay the Executive any other amounts earned but unpaid, (iii) if such termination occurs after the third month of the Companies' then current fiscal year, the Companies shall pay the Executive a pro rata portion (such proration shall be on the basis that the number of months of his employment during the Companies' then current fiscal year bears to the number 12, considering the month of termination as a month of full employment, and in the case of any plan measured over a full year, such determination and payment shall be made after the close of such year) of any amounts to which he would have otherwise been entitled under any Company perquisite to which Executive is a participant, (iv) the Companies, at their expense, shall continue the Executive's health, accident and life insurance benefits for six (6) months after the month in which such termination occurs (following which the

Executive, at his expense, shall have the right to extend such benefits under COBRA for a period of eighteen (18) months), and (iv) Section 17 hereof shall terminate and be of no effect. For purposes of calculating any bonus, if applicable, to be paid to the Executive pursuant to this Section 11, the Executive shall be entitled to the payment of any bonus normally calculated with reference to a future period based upon the total amount paid for such bonus in the three (3) previous fiscal years.

12. Mitigation or Reduction of Benefits. Executive shall not be required to mitigate or reduce the amount of any payment upon termination provided for herein by seeking other employment or otherwise nor, except as otherwise specifically set forth herein, shall the amount of any payment or benefits provided upon termination be reduced by any compensation or other amounts paid to or earned by Executive as the result of employment by another employer after such termination or otherwise.

13. Certain Additional Payments by the Companies.

(k) Notwithstanding anything in this Agreement to the contrary and except as set forth below, in the event it shall be determined that any payment or distribution by the Companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(l) Subject to the provisions of Section 13(c), all determinations required to be made under this Section 13, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by certified public accounting firm as designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Companies and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Companies. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Companies. Any Gross-Up Payment, as determined pursuant to this Section 13, shall be paid by the Companies to the Executive within five (5) calendar days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Companies and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Companies should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Companies exhaust their remedies pursuant to Section 13(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Companies to or for the benefit of the Executive.

(m) The Executive shall notify the Companies in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Companies of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Companies of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Companies (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Companies notify the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(1) give the Companies any information reasonably requested by the Companies relating to such claim,

(2) take such action in connection with contesting such claim as the Companies shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Companies,

(3) cooperate with the Companies in good faith in order to effectively contest such claim, and

(4) permit the Companies to participate in any proceedings relating to such claim;

provided, however, that the Companies shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 13(c), the

Companies shall control all proceedings taken in connection with such contest and, at their sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at their sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Companies shall determine; *provided, however,* that if the Companies direct the Executive to pay such claim and sue for a refund, the Companies shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(n) If, after the receipt by the Executive of an amount advanced by the Companies pursuant to Section 13(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Companies' complying with the requirements of Section 13(c)) promptly pay to the Companies the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Companies pursuant to Section 13(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Companies do not notify the Executive in writing of their intent to contest such denial of refund prior to the expiration of thirty (30) calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

14. Indemnification. The Companies shall indemnify the Executive to the fullest extent permitted by law against any liability he incurs, or which is threatened against him, during or after termination of his employment, by reason of the fact that he is or was a director, officer, employee or agent of the Companies, or is or was serving at the request of the Companies as a director, officer, employee or agent of another corporation or other entity. In providing such indemnification, and in addition to and not in lieu of its general obligations to indemnify the Executive, the Companies shall reimburse the Executive upon demand for all reasonable expenses and payments incurred or made by the Executive relating to any matter for such indemnification hereunder is due.

15. Confidential Information. The Executive acknowledges that the information, observations and data (whether in human or machine readable form) obtained by him while employed by the Companies concerning the business or affairs of the Companies, a Partnership, or any other affiliate, including any information pertaining to the Business which is not generally known in the propane industry, including, but not limited to, trade secrets, internal processes, designs, design information, products, test data, research and development plans and activities, equipment modifications, techniques, software and computer programs and derivative works, business and marketing plans, projections, sales data and reports, confidential evaluations, compilations and/or analyses of technical or business information, profit margins, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, strategic plans, training materials, internal financial information, operating and financial data and projections, names and addresses of customers, inventory lists, sources of supplies, supply lists, employee lists, mailing lists, and information concerning relationships between any Company or Partnership and their employees or customers which gives or may give the Companies or the Partnerships an advantage over competitors ("Confidential Information") are the property of the Company, the Partnership or such other affiliate, as applicable. Therefore, Executive agrees that he shall not use any Confidential Information other than in connection with performing the Executive's services for or on behalf of the Companies in accordance with this Agreement, or disclose to any unauthorized person or use for his own account any Confidential Information without the prior written consent of the Board of the Companies, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Executive's acts or omissions to act. Executive shall deliver to the Companies at the termination of Executive's employment, or at any other time the Companies may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information, Work Product (as defined below) and the Business which he may then possess or have under his control. The Companies and the Executive acknowledge that: (a) the Confidential Information is commercially and competitively valuable to the Companies and their affiliates; (b) the unauthorized use or disclosure of the Confidential Information would cause irreparable harm to the Companies and their affiliates; (c) the Companies have taken and are taking all reasonable measures to protect their legitimate interest in the Confidential Information, including, without limitation, affirmative action to safeguard the confidentiality of such Confidential Information; (d) the restrictions on the activities in which Executive may engage set forth in this Agreement, and the periods of time for which such restrictions apply, are reasonably necessary in order to protect the Companies' legitimate interests in their Confidential Information; and (e) nothing herein shall prohibit the Companies from pursuing any remedies, whether in law or equity, available to the Companies for breach or threatened breach of this Agreement, including the recovery of damages from Executive.

16. Inventions and Patents. Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Companies' actual or anticipated business (to the extent the Executive is aware thereof), research and development or existing or future products or

services and which are conceived, developed or made by Executive while employed by the Companies or any of their affiliates (whether prior to or during the Employment Period) ("Work Product") belong to the Companies or such other affiliate, and Executive hereby assigns to the Companies his entire right, title and interest in any such Work Product. Executive will promptly disclose such Work Product to the Board of the Companies and perform all actions reasonably requested by the Board of the Companies (whether during or after Executive's employment period) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments).

17. Noncompete; Nonsolicitation.

(o) Executive acknowledges that in the course of his employment with the Companies he will become familiar with Confidential Information and that his services will be of special, unique and extraordinary value to the Companies. Therefore, Executive agrees that, during the time he is employed by the Companies pursuant hereto and thereafter for the period of time of five (5) years (ii) until the payment in full of the Senior Secured Notes (as defined in the Subordinated Note Purchase Agreement) and any indebtdness incurred in connection with any extensions, renewals, replacements or refinancing of the indebtedness evidenced thereby in the extent that all or any portion of the Subordiantd Loan has been transferred or assigned to any person who is not a "Permitted Assignee" (as defined in the Subordinated Note Purchase Agreement)(the "Noncompete Period"), Executive shall not directly or indirectly own, manage, control, or engage in any business with any person (including by himself or in association with any person, firm, corporate or other business organization or through any other entity) whose business is substantially similar to the Business (as defined in the first "Whereas" clause of this Agreement, and for purposes of this Section 17, shall be limited to the retail aspects of the Business) as such business exists or is in process on the date of the termination of Executive's employment, within any geographical area in which the Companies engage in Business on the date of the termination of Executive's employment; *provided, however,* that nothing herein shall prohibit the Executive either directly or indirectly from owning, managing, controlling or engaging in any business which competes with the Companies in areas other than the retail sale of propane gas.

(p) Nothing herein shall prohibit Executive from being a passive owner of not more than 5% of the outstanding stock of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(q) During the Noncompete Period, Executive shall not directly or indirectly through another entity (i) induce or attempt to induce any employee of the Companies or any affiliate of the Companies to leave the employ of the Companies or such affiliate, or in any way interfere with the relationship between the Companies and any employee thereof, (ii) hire any person who was an employee of the Companies at any time within the six-month period prior to the date of termination of Executive's employment with the Companies or any affiliate thereof, or (iii) induce or attempt to induce any customer, supplier, licensee, licensor, franchisee, franchisor or other business relation of the Companies or any affiliate to cease doing business with the Companies or such affiliate, or in any way interfere with the relationship between any such customer, supplier, licensee, licensor, franchisee, franchisor or business relation and the Companies or any affiliate thereof.

(r) The Companies and the Executive agree that: (i) the covenants set forth in this Section 17 are reasonable in geographical and temporal scope and in all other respects, (ii) the Companies would not have entered into this Agreement but for the covenants of Executive contained herein, and (iii) the covenants contained herein have been made in order to induce the Companies to enter into this Agreement.

(s) If, at the time of enforcement of this Section 17, a court or arbiter shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

(t) The Executive hereby agrees that he shall at no time either prior to or following expiration of the Noncompete Period use the name "Ferrellgas" in any business venture unrelated to FGI engaged in by Executive without the prior written consent of the FGI; *provided, however,* that nothing herein shall be construed to limit the Executive from using the name "Ferrell" in any context which is not substantially related to the Business of the Companies.

18. Companies' Right to Injunctive Relief, Tolling. In the event of a breach or threatened breach of any of the Executive's duties and obligations under the terms and provisions of Sections 15, 16 or 17 hereof, the Companies shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to temporary, preliminary, and permanent injunctive relief restraining such breach or threatened breach. The Executive hereby expressly acknowledges that the harm which might result to the Business as a result of any noncompliance by the Executive with any of the provisions of Sections 15, 16 or 17 hereof would be largely irreparable.

19. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To

the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

20. Executive Warranties and Representations. The Executive warrants and represents that the execution and delivery of the Agreement and the Executive's employment with the Companies do not violate any previous employment agreement or other contractual obligation of the Executive.

21. Payments to Executive. For the avoidance of doubt, while the Companies are jointly and severally liable for payments due to the Executive hereunder nothing herein shall be construed to entitle the Executive to duplicate compensation or benefits to be paid by both of FCI and FGI pursuant hereto. Payments due to the Executive by the Companies shall be paid by FCI and/or FGI as determined appropriate by the Board of Directors of FGI.

22. Covenants.

(u) The Companies hereby covenant that unless the Executive's employment is terminated for good Cause pursuant to Section 9 (a) hereof, they shall ensure that during the Employment Period, (i) the Executive is elected to the Board of Directors of the Companies and that the Executive shall be appointed as Chairman, (ii) the Executive, and Danley K. Sheldon and Elizabeth Solberg are elected as the Plan Administrator as defined in, and pursuant to, the Ferrell Companies, Inc. Stock Ownership Plan, and that they are, and they each remain, for so long as they are Directors of the Company, the only members thereof, and (iii) the Plan Administrator directs the Trustee that the Executive is elected to the Board of the Companies and appointed Chairman thereof.

(v) The Trustee, subject to its duties to comply with applicable provisions of ERISA and the Department of Labor regulations promulgated in connection therewith, hereby covenants to vote the capital stock of the Ferrell Companies Inc. Employee Stock Ownership Trust to elect the Executive to the Board of the Companies.

(w) The Executive may designate in writing to the Companies, a replacement director (the "Designee") to take Executive's place on the Board of Directors of the Companies in the event of termination of Executive's employment pursuant to Section 8, 9 or 10 hereof at such time as the FCI Subordinated Notes are outstanding. The Companies acknowledge that in the event of such a termination of Executive's employment and for such time as the FCI Subordinated Notes are outstanding and held directly or indirectly by the Executive's trust, estate, hiers or beneficiaries, the Executive or the Executor (or guardian, as the case may be) of the Executive's estate shall have the right to appoint the Designee, or if not so designated by Executive pursuant hereto, in its sole discretion to designate the Designee, and the Companies hereby covenant to ensure that the Designee is elected to the Board of the Companies.

(x) In the event that the Executive's employment is terminated pursuant to Section 8, 9 or 10 hereof at such time as the FCI Subordinated Notes are outstanding, the Trustee, subject to compliance with applicable ERISA and the Department of Labor regulations promulgated thereunder, hereby covenants to vote the capital of the Ferrell Companies Inc. Employee Stock Ownership Trust to elect the Designee to the Board of the Companies, for such period as the FCI Subordinated Notes are outstanding and held directly or indirectly by the Executive's estate, hiers or beneficiaries.

In the event of a breach or threatened breach of this Section 22, the Executive shall be entitled, in addition to any other legal or equitable remedies he may have in connection therewith (including any right to damages that he may suffer) to temporary, preliminary, and permanent injunctive relief restraining such breach or threatened breach.

23. Survival. The provisions of this Agreement, except as otherwise provided herein, shall continue in full force in accordance with their terms notwithstanding any termination of the Executive's employment by the Companies.

24. Right to Recover Costs and Fees. The Executive and the Companies undertake and agree that if either the Executive or a Company breaches or threatens to breach this Agreement (the "Breaching Party"), the Breaching Party shall be liable for any attorneys' fees and costs incurred by the non-Breaching Party in enforcing the non-Breaching Party's rights hereunder.

25. Entire Agreement, Amendments and Modifications. This Agreement constitutes the entire agreement and understanding of the parties regarding the employment of the Executive by the Companies and supersedes all prior agreements and understandings between the Executive and the Companies to the extent that any such agreements or understandings conflict with the terms of this Agreement. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto.

26. Assignments. This Agreement shall be freely assignable by the Companies to, and shall inure to the benefit of and be binding upon, their successors and assigns and/or any other entity which shall succeed to the business presently being conducted by the Companies. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by the Executive.

27. Choice of Forum; Governing Law. In light of the Companies' substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity, and enforceability of this Agreement are resolved on a uniform basis, and the Companies execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in the State of Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Missouri or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Missouri.

28. Headings and Interpretation. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". References to the singular or plural tense of a word shall also include the plural or singular as the context may require.

29. Neutral Construction. Each party acknowledges that in the negotiation and drafting of this Agreement, they have been represented by and relied upon the advice of counsel of their choice. The parties affirm that they and their counsel have had a substantial role in such negotiation and drafting and, therefore, the parties agree that this Agreement shall be deemed to have been drafted by all the parties hereto and the rule of construction to the effect that any contract ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibit hereto.

30. Notices. Any notice, request, consent or communication (collectively, a "Notice") under this Agreement shall be effective only if it is in writing and (i) personally delivered with written receipt thereof, (ii) sent by certified or registered mail, return receipt requested, postage prepaid or (iii) sent by a nationally recognized overnight delivery service, with delivery confirmed, addressed as follows (or at such other address for a party as shall be specified by like notice):

(a) If to the Executive, to: Mr. James E. Ferrell
2142 Inwood Drive
Houston, Texas 77019

(b) With a copy to: Bryan Cave LLP
One Kansas City Place
1200 Main Street
Kansas City, Missouri 64105
Attn: John M. Edgar, Esq.

(c) If to FGI, to: Ferrellgas, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: Mr. Danley K. Sheldon, President

(d) If to FCI, to: Ferrell Companies, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: Mr. Danley K. Sheldon, President

(e) If to the Trustee, to: LaSalle National Bank
Trust & Asset Management
135 S. LaSalle, 19th Floor
Chicago, Illinois 60606-5096
Attn: William W. Merten, Esq.

(f) With a copy to: McDermott, Will & Emery
277 West Monroe Street
Chicago, Illinois 60606-5096
Attn: William W. Merten, Esq.

A Notice shall be deemed to have been given as of the date when (i) personally delivered as indicated by date of receipt, (ii) five (5) days after the date when deposited with the United States certified mail, return receipt requested, properly addressed, or (iii) when receipt of a Notice sent by an overnight delivery service is confirmed by such overnight delivery service, as the case may be, unless the sending party has actual knowledge that a Notice was not received by the intended recipient.

32. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

FERRELL COMPANIES, INC. **EXECUTIVE**

By: /s/ Kevin T. Kelly By: /s/ James E. Ferrell

Kevin T. Kelly James E. Ferrell
Vice President

FERRELLGAS, INC.TRUSTEE

By: /s/Kenneth A. Heinz By: /s/ E. Vaughn Gordy

Kenneth A. Heinz
Assistant Secretary

E. Vaughn Gordy, on behalf of
LaSalle National Bank, solely as
Trustee of the Ferrell Companies Inc. Employee Stock Ownership Trust, and not in Mr. Gordy's individual capacity or LaSalle National Bank's corporate capacity.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EXECUTIVE IS HEREBY CERTIFYING THAT EXECUTIVE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EXECUTIVE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EXECUTIVE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

Schedule 5

Employee Benefit Plans

The following is a listing of the benefit plans available to James E. Ferrell:

1. Comprehensive medical plan.
2. Dental plan.
3. Vision plan.
4. Short-term disability plan.
5. Long-term disability plan.
6. Employee life insurance – maximum of $500,000.
7. Dependent life insurance.
8. Accidental death and disability – maximum of $300,000.
9. 401(k) plan – maximum employee contribution of 15%; employer match of 50% of first 8% of employee contribution. Maximum contributions subject to statutory limitations.
10. Profit sharing plan – discretionary employer contribution to retirement plan. Contribution subject to statutory

limitations.

11. Supplemental savings plan – non-qualified deferred compensation plan. Maximum contribution of 100% of earnings, subject to annual limitation. This plan provides the balance of the 4% match contemplated by the 401(k) plan for Employee's capped out of the 401(k) plan due to statutory limitations.

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), made and entered into this 10th day of August, 2009 (the "Effective Date"), by and between Ferrellgas, Inc. (the "Company") and Stephen L. Wambold (the "Executive");

WITNESSETH THAT:

WHEREAS, the Company wishes to continue to assure itself of the continuity of the Executive's services; and

WHEREAS, the Company and the Executive now desire to enter into this Agreement relating to the Executive's continued employment with the Company;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, IT IS HEREBY AGREED by and between the parties as follows:

1. Certain Definitions. In addition to terms otherwise defined herein, the following capitalized terms used in this Agreement shall have the meanings specified:

(a) Board. The term "Board" means the Board of Directors of the Company.

(b) Cause. The term "Cause" means:

(i) the willful and continued failure by the Executive to substantially perform his duties for the Company (other than any such failure resulting from the Executive's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) the engaging by the Executive in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board, the Executive's credibility and reputation no longer conform to the standard of the Company's executives; or

(iv) the Executive's material breach of a material term of this Agreement.

For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(c) Change in Control. The term "Change in Control" means the first to occur of any of the following that occurs after the Effective Date:

(i) any merger or consolidation of the Company in which the Company is not the survivor;

(ii) any sale of all or substantially all of the common stock of Ferrell Companies, Inc. by the Ferrell Companies, Inc. Employee Stock Ownership Trust;

(iii) a sale of all or substantially all of the common stock of the Company;

(iv) a replacement of the Company as the General Partner of Ferrellgas Partners, L.P.;

(v) a public sale of at least 51 percent of the equity of Ferrell Companies, Inc.; or

(vi) such other transaction designated as a Change in Control by the Board.

(d) Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall include (i) all non-public information (including, without limitation, information regarding litigation and pending litigation) concerning the Company and the affiliates which is acquired by or disclosed to the Executive during the course of his employment with the Company and (ii) all non-public information concerning any other person or company that was shared with the Company or an affiliate of the Company that is subject to an agreement to maintain the confidentiality of such information.

(e) COBRA. The term "COBRA" means continuing group health coverage required by section 4980B of the Code or sections 601 et. seq. of the Employee Retirement Income Security Act of 1974, as amended.

(f) Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

(g) Good Reason. The term "Good Reason" means any of the following which occur after the Effective Date without the consent of the Executive:

(a) A reduction in excess of 10% in the Executive's Salary (as defined in paragraph 4(a)) or target incentive potential as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(b) A material diminution in the Executive's authority, duties or responsibilities as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(c) The relocation of the Executive's principal office location to a location which is more than 50 highway miles from the location of the Executive's principal office location as in effect on the Effective Date (or such subsequent principal location agreed to by the Executive); or

(d) The Company's material breach of any material term of this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, the Executive's Termination Date shall not be considered to be on account of Good Reason unless the Executive provides notice of the event or condition that the Executive believes to constitute Good Reason within 180 days after the date on which the event first occurs or the condition first exists, the Company does not cure such event or condition within 30 days following the date the Executive provides notice and the Executive resigns his employment with the Company and its affiliates for Good Reason within the Agreement Term.

(h) Termination Date. The term "Termination Date" with respect to the Executive means the date on which the Executive's employment with the Company and its affiliates terminates for any reason, including voluntary resignation. If the Executive becomes employed by the entity into which the Company is merged, or the purchaser of substantially all of the assets of the Company, or a successor to such entity or purchaser, the Executive's Termination Date shall not be treated as having occurred for purposes of this Agreement until such time as the Executive terminates employment with the successor and its affiliates (including, without limitation, the merged entity or purchaser). If the Executive is transferred to employment with an affiliate (including a successor to the Company, and regardless of whether before, on, or after a Change in Control), such transfer shall not constitute the Executive's Termination Date for purposes of this Agreement. To the extent that any payments or benefits under the Agreement are subject to section 409A of the Code and are paid or provided on account of the Executive's Termination Date, the determination as to whether the Executive has had a Termination Date (or other termination of employment or separation from service) shall be made in accordance with section 409A of the Code and the guidance issued thereunder.

2. Agreement Term. Subject to the terms and conditions of this Agreement, the Company hereby agrees to employ the Executive during the Agreement Term (as defined below) and the Executive hereby agrees to remain in the employ of the Company and to provide services during the Agreement Term in accordance with this Agreement. Unless terminated sooner in accordance with this Agreement, the "Agreement Term" shall be the period beginning on the Effective Date and ending on December 31, 2012 and, thereafter, the Agreement Term will be automatically extended for successive 12-month periods, unless one party to this Agreement provides notice of non-renewal to the other at least 180 days before the last day of then current Agreement Term. Notwithstanding the foregoing, if a Change in Control occurs during the Agreement Term (as it may be extended from time to time), the Agreement Term shall continue for a period of twenty-four calendar months beyond the calendar month in which such Change in Control occurs and, following an extension in accordance with this sentence, the Agreement Term shall expire without further action by any party. Notwithstanding the foregoing, in all cases, the Agreement Term shall terminate on the Executive's Termination Date.

3. Performance of Duties. The Executive agrees that during the Agreement Term from and after the Effective Date, while the Executive is employed by the Company, the Executive will devote the Executive's full business time, energies and talents to serving the Company, at the direction of the Board. The Executive shall have such duties and responsibilities as may be assigned to the Executive from time to time by the Board, shall perform all duties assigned to the Executive faithfully and efficiently, subject to the direction of the Board, and shall have such authorities and powers as are inherent to the undertakings applicable to the Executive's position and necessary to carry out the responsibilities and duties required of the Executive hereunder. The Executive will perform the duties required by this Agreement at the Company's principal place of business unless the nature of such duties requires otherwise. Notwithstanding the foregoing, during the Agreement Term, the Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the

Board, inhibit, prohibit, interfere with or conflict with the Executive's duties under this Agreement or conflict in any material way with the business of the Company and its affiliates; provided, however, that the Executive shall not serve on the board of directors of any business (other than the Company or its affiliates) or hold any other position with any business without receiving the prior written consent of the Board.

4. Compensation. During the Agreement Term, while the Executive is employed by the Company, the Executive shall be compensated for the Executive's services as follows:

(a) The Executive shall receive, for each 12-consecutive month period beginning on November 1, 2009 and each anniversary thereof, a base annual salary ("Salary") at the rate of $500,000. The Salary shall be payable in accordance with the regular payroll practices of the Company. The Executive's rate of Salary shall be reviewed annually by the Board; provided that the Executive's rate of Salary will not be reduced.

(b) The Executive shall be eligible to participate in employee benefit plans and programs maintained from time to time by the Company for the benefit of similarly situated senior management employees, subject to the terms and conditions of such plans.

(c) The Executive shall be entitled to bonuses from the Company as determined in the sole discretion of by the Board.

(d) The Executive shall be reimbursed by the Company, on terms and conditions that are substantially similar to those that apply to other similarly situated senior management employees of the Company and in accordance with the Company's expense reimbursement policy, for reasonable out-of-pocket expenses for entertainment, travel, meals, lodging and similar items which are consistent with the Company's expense reimbursement policy and actually incurred by the Executive in the promotion of the Company's business; provided, however, that, the reimbursement of any such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred and the amount of the expenses eligible for reimbursement during one year will not affect the amount of expenses eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

5. Rights and Payments Upon Termination. The Executive's right to benefits and payments, if any, for periods after the Executive's Termination Date shall be determined in accordance with this Section 5. Additionally, a signed Agreement and Release will be required of the Executive before payments will be made to the Executive under this agreement.

(a) Minimum Payments. If the Executive's Termination Date occurs during the Agreement Term for any reason, the Executive shall be entitled to the following payments, in addition to any payments or benefits to which the Executive may be entitled under the following provisions of this Section 5 (other than this paragraph 5(a)) or the express terms of any employee benefit plan or as required by law:

(i) the Executive's earned but unpaid Salary for the period ending on the Executive's Termination Date;

(i) the Executive's accrued but unpaid vacation pay for the period ending with the Executive's Termination Date, as determined in accordance with the Company's policy as in effect from time to time, and all other amounts earned and owed to the Executive through and including the Termination Date;

(ii) the Executive's unreimbursed business expenses; and

(iii) any amounts payable to the Executive under the terms of any employee benefit plan.

Payments to be made to the Executive pursuant to subparagraphs 5(a)(i) and (ii) shall be made within 30 days after the Executive's Termination Date in a lump sum, payments to be made pursuant to subparagraph 5(a)(iii) shall be paid in accordance with paragraph 4(d) and amounts payable pursuant to subparagraph 5(a)(iv) shall be paid in accordance with the terms of the applicable employee benefit plan. Except as may be otherwise expressly provided to the contrary in this Agreement or as otherwise provided by law, nothing in this Agreement shall be construed as requiring the Executive to be treated as employed by the Company following the Executive's Termination Date for purposes of any employee benefit plan or arrangement in which the Executive may participate at such time.

(b) Termination by the Company for Cause; Termination for Death or Disability. If the Executive's Termination Date occurs during the Agreement Term and is a result of (i) the Company's termination of the Executive's employment on account of Cause or for disability, or (ii) the Executive's death, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, neither the Executive

nor any other person shall have any right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

(c) Termination Other than for Cause; Termination for Good Reason. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's termination of employment (i) by the Company for any reason other than Cause (and is not on account of the Executive's death, disability, the Executive's voluntary resignation, or the mutual agreement of the parties or otherwise as pursuant to paragraph 5(d)), or (ii) by the Executive for Good Reason, the Executive shall be entitled to the following payments and benefits:

(i) A payment equal to two times the Executive's Salary in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(ii) A payment equal to two times the Executive's target bonus, at his target bonus rate in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(iii) For the two year period following the Termination Date, the Executive shall be entitled to receive continuing group medical coverage for himself and his dependents (on a non-taxable basis, including if necessary, payment of any gross-up payments necessary to result in net non-taxable benefits), which coverage is not materially less favorable to the Executive than the group medical coverage which was provided to the Executive by the Company or its affiliates immediately prior to the Termination Date. To the extent applicable and to the extent permitted by law, any continuing coverage provided to the Executive and/or his dependents pursuant to this subparagraph (iii) shall be considered part of, and not in addition to, any coverage required under COBRA.

(iv) The Executive will be provided with a lump sum payment of $12,000 for professional outplacement services.

Notice by the Company that the term of this Agreement will not be renewed, and any subsequent termination of the Executive's employment at or after the end of the Agreement Term, will not result in the Executive being eligible for any payments or benefits contemplated by this paragraph 5(c). Subject to the terms and conditions of this Agreement, payments pursuant to subparagraphs (i) and (ii) next above shall be made in substantially equal monthly installments beginning within five days following the Termination Date. To the extent that the Company is required to make any gross-up payments to the Executive in order to provide the benefits described in subparagraph (iii) on a non-taxable basis, such payments shall be made in the month that the Executive otherwise has taxable income as a result of such benefits, but in no event later than the end of the year in which the Executive pays the related taxes.

(d) Termination for Voluntary Resignation, Mutual Agreement or Other Reasons. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's voluntary resignation, the mutual agreement of the parties, or any reason other than those specified in paragraphs 5(b) or (c) above, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, the Executive shall have no right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

6. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. None of the Company or any of its affiliates shall be entitled to set off against the amounts payable to the Executive under this Agreement any amounts owed to the Company or any of its affiliates by the Executive, any amounts earned by the Executive in other employment after his Termination Date, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

7. Confidentiality. Except as may be required by the lawful order of a court or agency of competent jurisdiction, except as necessary to carry out his duties to the Company and its affiliates, and except to the extent that the Executive otherwise has express written authorization from the Company, the Executive agrees to keep secret and confidential indefinitely, all Confidential Information, and not to disclose the same, either directly or indirectly, to any other person, firm, or business entity, or to use it in any way. The Executive shall, during the continuance of the Executive's employment with the Company and its affiliates, use the Executive's best endeavors to prevent the unauthorized publication or misuse of any Confidential Information. To the extent that any court or agency seeks to have the Executive disclose Confidential Information, he shall promptly inform the Company, and he shall take reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such requested disclosure and the Company has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or any of the affiliates that may be subject to attorney-client

privilege as to the Company's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege. Nothing in the foregoing provisions of this Section 7 shall be construed so as to prevent the Executive from using, in connection with his employment for himself or an employer other than the Company or any of the affiliates, knowledge which was acquired by him during the course of his employment with the Company and the affiliates, and which is generally known to persons of his experience in other companies in the same industry.

8. Tax Payments. If:

(a) any payment or benefit to which the Executive is entitled from the Company, any affiliate, or trusts established by the Company or by any affiliate (the “Payments,” which shall include, without limitation, the vesting of an option or other non-cash benefit or property) are subject to the tax imposed by section 4999 of the Code or any successor provision to that section; and

(b) reduction of the Payments to the amount necessary to avoid the application of such tax would result in the Executive retaining an amount that is greater than the amount he would retain if the Payments were made without such reduction but after the reduction for the amount of the tax imposed by section 4999 of the Code;

then the Payments shall be reduced to the extent required to avoid application of the tax imposed by section 4999 of the Code. The Executive shall be entitled to select the order in which payments are to be reduced in accordance with the preceding sentence. Determination of whether Payments would result in the application of the tax imposed by section 4999 of the Code , and the amount of reduction that is necessary so that no such tax would be applied, shall be made, at the Company’s expense, by the independent accounting firm employed by the Company immediately prior to the occurrence of the Change in Control. Notwithstanding the foregoing, in no event shall the Executive be entitled to exercise any discretion with respect to the reduction of payments that are subject to section 409A of the Code and any such payments shall be reduced, if applicable, in the order in which they would otherwise be paid or provided (with the payments to be made first being reduced first) and cash payments shall be reduced prior to any non-cash payments or benefits.

9. Other Benefits. Except as may be otherwise specifically provided in an amendment of this Agreement adopted in accordance with Section 13, the Executive shall not be eligible to participate in or to receive any benefits pursuant to the terms of any severance pay or termination pay arrangement of the Company (or any affiliate of the Company), including any arrangement of the Company (or any affiliate of the Company) providing benefits upon involuntary termination of employment.

10. Withholding. All payments to the Executive under this Agreement will be subject to all applicable withholding of applicable taxes.

11. Assistance with Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive’s Termination Date, the Executive will assist the Company and its affiliates in defense of any claims that may be made against the Company or its affiliates and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to services performed by the Executive for the Company or its affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or its affiliates. The Company agrees to provide legal counsel to the Executive in connection with such assistance (to the extent legally permitted), and to reimburse the Executive for all of his reasonable out-of-pocket expenses associated with such assistance, including travel expenses. For periods after the Executive’s employment with the Company terminates, the Company agrees to provide reasonable compensation to the Executive for such assistance. The Executive also agrees to promptly inform the Company if he is asked to assist in any investigation of the Company or its affiliates (or their actions) that may relate to services performed by the Executive for the Company or its affiliates, regardless of whether a lawsuit has then been filed against the Company or its affiliates with respect to such investigation. Any compensation payable to the Executive pursuant to this Section 11 for services provided to the Company shall be paid within ten days after the Executive provides the applicable services. To the extent that any reimbursements to be provided pursuant to this Section 11 are taxable to the Executive, such reimbursements shall be paid to the Executive only if (a) the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred within two years following the Termination Date. With respect to any expenses that are reimbursable pursuant to the preceding sentence, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

12. Nonalienation. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of

the Executive or the Executive's beneficiary.

13. Amendment. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Applicable Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Kansas, without regard to the conflict of law provisions of any state.

15. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

16. Obligation of Company. Except as otherwise specifically provided in this Agreement, nothing in this Agreement shall be construed to affect the Company's right to modify the Executive's position or duties, compensation, or other terms of employment, or to terminate the Executive's employment. Nothing in this Agreement shall be construed to require the Company or any other person to take steps or not take steps (including, without limitation, the giving or withholding of consents) that would result in a Change in Control.

17. Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

18. Successors, Assumption of Contract. This Agreement is personal to the Executive and may not be assigned by the Executive without the written consent of the Company. However, to the extent that rights or benefits under this Agreement otherwise survive the Executive's death, the Executive's heirs and estate shall succeed to such rights and benefits pursuant to the Executive's will or the laws of descent and distribution; provided that the Executive shall have the right at any time and from time to time, by notice delivered to the Company, to designate or to change the beneficiary or beneficiaries with respect to such benefits. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, subject to the following:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) After a successor assumes this Agreement in accordance with this Section 18, only such successor shall be liable for amounts payable after such assumption, and no other companies (including, without limitation, the Company and any other predecessors) shall have liability for amounts payable after such assumption.

(c) If the successor is required to assume the obligations of this Agreement under subparagraph 18(a), the successor shall execute and deliver to the Executive a written acknowledgment of the assumption of the Agreement.

19. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery service are to be delivered to the addresses set forth below:

to the Company:

Gene Caresia
Vice President, Human Resources
7500 College Blvd., Suite 1000
Overland Park, Kansas 66210

or to the Executive:

Stephen L. Wambold
15405 Knox
Overland Park, KS 66221

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

20. Arbitration of All Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in Overland Park, Kansas by three arbitrators. Except as otherwise expressly provided in this Section 20, the arbitration shall be conducted in accordance with the rules of the American Arbitration Association (the "Association") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Executive, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days of the appointment of the second arbitrator, then the third arbitrator shall be appointed by the Association.

21. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company.

22. Entire Agreement. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, if any, between the parties relating to the subject matter hereof, including, but not limited to, the Amended and Restated Change in Control Agreement dated March 5, 2008; provided, however, that nothing in this Agreement shall be construed to limit any policy or agreement that is otherwise applicable relating to confidentiality, rights to inventions, copyrightable material, business and/or technical information, trade secrets, solicitation of employees, interference with relationships with other businesses, competition, and other similar policies or agreement for the protection of the business and operations of the Company and its affiliates.

23. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit hereunder is subject to section 409A of the Code, if such payment or benefit is to be paid or provided on account of the Executive's separation from service (within the meaning of section 409A of the Code), and if such payment or benefit is required to be made or provided prior to the first day of the seventh month following the Employee's separation from service, and if the Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), such payment or benefit shall be paid or provided on the later of (a) the first day of the seventh month following the Executive's separation from service or (b) the date on which such payment or benefit would otherwise be paid or provided pursuant to the terms of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the Effective Date.

/s/ Stephen L. Wambold
EXECUTIVE

FERRELLGAS, INC.

By Stephen L. Wambold
Its President and Chief
Operating Officer
Date 8/10/2009

Exhibit 10.14

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), made and entered into this 10th day of August, 2009 (the "Effective Date"), by and between Ferrellgas, Inc. (the "Company") and James R. VanWinkle (the "Executive");

WITNESSETH THAT:

WHEREAS, the Company wishes to continue to assure itself of the continuity of the Executive's services; and

WHEREAS, the Company and the Executive now desire to enter into this Agreement relating to the Executive's continued employment with the Company;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, IT IS HEREBY AGREED by and between the parties as follows:

1. Certain Definitions. In addition to terms otherwise defined herein, the following capitalized terms used in this Agreement shall have the meanings specified:

(a) Board. The term "Board" means the Board of Directors of the Company.

(b) Cause. The term "Cause" means:

(i) the willful and continued failure by the Executive to substantially perform his duties for the Company (other than any such failure resulting from the Executive's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) the engaging by the Executive in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board, the Executive's credibility and reputation no longer conform to the standard of the Company's executives; or

(iv) the Executive's material breach of a material term of this Agreement.

For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(c) Change in Control. The term "Change in Control" means the first to occur of any of the following that occurs after the Effective Date:

(i) any merger or consolidation of the Company in which the Company is not the survivor;

(ii) any sale of all or substantially all of the common stock of Ferrell Companies, Inc. by the Ferrell Companies, Inc. Employee Stock Ownership Trust;

(iii) a sale of all or substantially all of the common stock of the Company;

(iv) a replacement of the Company as the General Partner of Ferrellgas Partners, L.P.;

(v) a public sale of at least 51 percent of the equity of Ferrell Companies, Inc.; or

(vi) such other transaction designated as a Change in Control by the Board.

(d) Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall include (i) all non-public information (including, without limitation, information regarding litigation and pending litigation) concerning the Company and the affiliates which is acquired by or disclosed to the Executive during the course of his employment with the Company and (ii) all non-public information concerning any other person or company

that was shared with the Company or an affiliate of the Company that is subject to an agreement to maintain the confidentiality of such information.

(e) COBRA. The term "COBRA" means continuing group health coverage required by section 4980B of the Code or sections 601 et. seq. of the Employee Retirement Income Security Act of 1974, as amended.

(f) Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

(g) Good Reason. The term "Good Reason" means any of the following which occur after the Effective Date without the consent of the Executive:

(a) A reduction in excess of 10% in the Executive's Salary (as defined in paragraph 4(a)) or target incentive potential as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(b) A material diminution in the Executive's authority, duties or responsibilities as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(c) The relocation of the Executive's principal office location to a location which is more than 50 highway miles from the location of the Executive's principal office location as in effect on the Effective Date (or such subsequent principal location agreed to by the Executive); or

(d) The Company's material breach of any material term of this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, the Executive's Termination Date shall not be considered to be on account of Good Reason unless the Executive provides notice of the event or condition that the Executive believes to constitute Good Reason within 180 days after the date on which the event first occurs or the condition first exists, the Company does not cure such event or condition within 30 days following the date the Executive provides notice and the Executive resigns his employment with the Company and its affiliates for Good Reason within the Agreement Term.

(h) Termination Date. The term "Termination Date" with respect to the Executive means the date on which the Executive's employment with the Company and its affiliates terminates for any reason, including voluntary resignation. If the Executive becomes employed by the entity into which the Company is merged, or the purchaser of substantially all of the assets of the Company, or a successor to such entity or purchaser, the Executive's Termination Date shall not be treated as having occurred for purposes of this Agreement until such time as the Executive terminates employment with the successor and its affiliates (including, without limitation, the merged entity or purchaser). If the Executive is transferred to employment with an affiliate (including a successor to the Company, and regardless of whether before, on, or after a Change in Control), such transfer shall not constitute the Executive's Termination Date for purposes of this Agreement. To the extent that any payments or benefits under the Agreement are subject to section 409A of the Code and are paid or provided on account of the Executive's Termination Date, the determination as to whether the Executive has had a Termination Date (or other termination of employment or separation from service) shall be made in accordance with section 409A of the Code and the guidance issued thereunder.

2. Agreement Term. Subject to the terms and conditions of this Agreement, the Company hereby agrees to employ the Executive during the Agreement Term (as defined below) and the Executive hereby agrees to remain in the employ of the Company and to provide services during the Agreement Term in accordance with this Agreement. Unless terminated sooner in accordance with this Agreement, the "Agreement Term" shall be the period beginning on the Effective Date and ending on December 31, 2012 and, thereafter, the Agreement Term will be automatically extended for successive 12-month periods, unless one party to this Agreement provides notice of non-renewal to the other at least 180 days before the last day of then current Agreement Term. Notwithstanding the foregoing, if a Change in Control occurs during the Agreement Term (as it may be extended from time to time), the Agreement Term shall continue for a period of twenty-four calendar months beyond the calendar month in which such Change in Control occurs and, following an extension in accordance with this sentence, the Agreement Term shall expire without further action by any party. Notwithstanding the foregoing, in all cases, the Agreement Term shall terminate on the Executive's Termination Date.

3. Performance of Duties. The Executive agrees that during the Agreement Term from and after the Effective Date, while the Executive is employed by the Company, the Executive will devote the Executive's full business time, energies and talents to serving the Company, at the direction of the Board. The Executive shall have such duties and responsibilities as may be assigned to the Executive from time to time by the Board, shall perform all duties assigned to the Executive faithfully and efficiently, subject to the direction of the Board, and shall have such authorities and powers as are inherent to the undertakings applicable to the Executive's position and necessary to carry out the responsibilities and duties required of the Executive hereunder. The Executive will perform the duties required by this Agreement at the Company's principal place of business unless the nature of such duties requires otherwise.

Notwithstanding the foregoing, during the Agreement Term, the Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the Board, inhibit, prohibit, interfere with or conflict with the Executive's duties under this Agreement or conflict in any material way with the business of the Company and its affiliates; provided, however, that the Executive shall not serve on the board of directors of any business (other than the Company or its affiliates) or hold any other position with any business without receiving the prior written consent of the Board.

4. Compensation. During the Agreement Term, while the Executive is employed by the Company, the Executive shall be compensated for the Executive's services as follows:

(a) The Executive shall receive, for each 12-consecutive month period beginning on November 1, 2009 and each anniversary thereof, a base annual salary ("Salary") at the rate of $350,000. The Salary shall be payable in accordance with the regular payroll practices of the Company. The Executive's rate of Salary shall be reviewed annually by the Board; provided that the Executive's rate of Salary will not be reduced.

(b) The Executive shall be eligible to participate in employee benefit plans and programs maintained from time to time by the Company for the benefit of similarly situated senior management employees, subject to the terms and conditions of such plans.

(c) The Executive shall be entitled to bonuses from the Company as determined in the sole discretion of by the Board.

(d) The Executive shall be reimbursed by the Company, on terms and conditions that are substantially similar to those that apply to other similarly situated senior management employees of the Company and in accordance with the Company's expense reimbursement policy, for reasonable out-of-pocket expenses for entertainment, travel, meals, lodging and similar items which are consistent with the Company's expense reimbursement policy and actually incurred by the Executive in the promotion of the Company's business; provided, however, that, the reimbursement of any such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred and the amount of the expenses eligible for reimbursement during one year will not affect the amount of expenses eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

5. Rights and Payments Upon Termination. The Executive's right to benefits and payments, if any, for periods after the Executive's Termination Date shall be determined in accordance with this Section 5. Additionally, a signed Agreement and Release will be required of the Executive before payments will be made to the Executive under this agreement.

(a) Minimum Payments. If the Executive's Termination Date occurs during the Agreement Term for any reason, the Executive shall be entitled to the following payments, in addition to any payments or benefits to which the Executive may be entitled under the following provisions of this Section 5 (other than this paragraph 5(a)) or the express terms of any employee benefit plan or as required by law:

(i) the Executive's earned but unpaid Salary for the period ending on the Executive's Termination Date;

(i) the Executive's accrued but unpaid vacation pay for the period ending with the Executive's Termination Date, as determined in accordance with the Company's policy as in effect from time to time, and all other amounts earned and owed to the Executive through and including the Termination Date;

(ii) the Executive's unreimbursed business expenses; and

(iii) any amounts payable to the Executive under the terms of any employee benefit plan.

Payments to be made to the Executive pursuant to subparagraphs 5(a)(i) and (ii) shall be made within 30 days after the Executive's Termination Date in a lump sum, payments to be made pursuant to subparagraph 5(a)(iii) shall be paid in accordance with paragraph 4(d) and amounts payable pursuant to subparagraph 5(a)(iv) shall be paid in accordance with the terms of the applicable employee benefit plan. Except as may be otherwise expressly provided to the contrary in this Agreement or as otherwise provided by law, nothing in this Agreement shall be construed as requiring the Executive to be treated as employed by the Company following the Executive's Termination Date for purposes of any employee benefit plan or arrangement in which the Executive may participate at such time.

(b) Termination by the Company for Cause; Termination for Death or Disability. If the Executive's Termination

Date occurs during the Agreement Term and is a result of (i) the Company's termination of the Executive's employment on account of Cause or for disability, or (ii) the Executive's death, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, neither the Executive nor any other person shall have any right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

(c) Termination Other than for Cause; Termination for Good Reason. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's termination of employment (i) by the Company for any reason other than Cause (and is not on account of the Executive's death, disability, the Executive's voluntary resignation, or the mutual agreement of the parties or otherwise as pursuant to paragraph 5(d)), or (ii) by the Executive for Good Reason, the Executive shall be entitled to the following payments and benefits:

(i) A payment equal to two times the Executive's Salary in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(ii) A payment equal to two times the Executive's target bonus, at his target bonus rate in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(iii) For the two year period following the Termination Date, the Executive shall be entitled to receive continuing group medical coverage for himself and his dependents (on a non-taxable basis, including if necessary, payment of any gross-up payments necessary to result in net non-taxable benefits), which coverage is not materially less favorable to the Executive than the group medical coverage which was provided to the Executive by the Company or its affiliates immediately prior to the Termination Date. To the extent applicable and to the extent permitted by law, any continuing coverage provided to the Executive and/or his dependents pursuant to this subparagraph (iii) shall be considered part of, and not in addition to, any coverage required under COBRA.

(iv) The Executive will be provided with a lump sum payment of $12,000 for professional outplacement services.

Notice by the Company that the term of this Agreement will not be renewed, and any subsequent termination of the Executive's employment at or after the end of the Agreement Term, will not result in the Executive being eligible for any payments or benefits contemplated by this paragraph 5(c). Subject to the terms and conditions of this Agreement, payments pursuant to subparagraphs (i) and (ii) next above shall be made in substantially equal monthly installments beginning within five days following the Termination Date. To the extent that the Company is required to make any gross-up payments to the Executive in order to provide the benefits described in subparagraph (iii) on a non-taxable basis, such payments shall be made in the month that the Executive otherwise has taxable income as a result of such benefits, but in no event later than the end of the year in which the Executive pays the related taxes.

(d) Termination for Voluntary Resignation, Mutual Agreement or Other Reasons. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's voluntary resignation, the mutual agreement of the parties, or any reason other than those specified in paragraphs 5(b) or (c) above, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, the Executive shall have no right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

6. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. None of the Company or any of its affiliates shall be entitled to set off against the amounts payable to the Executive under this Agreement any amounts owed to the Company or any of its affiliates by the Executive, any amounts earned by the Executive in other employment after his Termination Date, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

7. Confidentiality. Except as may be required by the lawful order of a court or agency of competent jurisdiction, except as necessary to carry out his duties to the Company and its affiliates, and except to the extent that the Executive otherwise has express written authorization from the Company, the Executive agrees to keep secret and confidential indefinitely, all Confidential Information, and not to disclose the same, either directly or indirectly, to any other person, firm, or business entity, or to use it in any way. The Executive shall, during the continuance of the Executive's employment with the Company and its affiliates, use the Executive's best endeavors to prevent the unauthorized publication or misuse of any Confidential Information. To the extent that any court or agency seeks to have the Executive disclose Confidential Information, he shall promptly inform the Company, and he shall take

reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such requested disclosure and the Company has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or any of the affiliates that may be subject to attorney-client privilege as to the Company's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege. Nothing in the foregoing provisions of this Section 7 shall be construed so as to prevent the Executive from using, in connection with his employment for himself or an employer other than the Company or any of the affiliates, knowledge which was acquired by him during the course of his employment with the Company and the affiliates, and which is generally known to persons of his experience in other companies in the same industry.

8. Tax Payments. If:

(a) any payment or benefit to which the Executive is entitled from the Company, any affiliate, or trusts established by the Company or by any affiliate (the “Payments,” which shall include, without limitation, the vesting of an option or other non-cash benefit or property) are subject to the tax imposed by section 4999 of the Code or any successor provision to that section; and

(b) reduction of the Payments to the amount necessary to avoid the application of such tax would result in the Executive retaining an amount that is greater than the amount he would retain if the Payments were made without such reduction but after the reduction for the amount of the tax imposed by section 4999 of the Code;

then the Payments shall be reduced to the extent required to avoid application of the tax imposed by section 4999 of the Code. The Executive shall be entitled to select the order in which payments are to be reduced in accordance with the preceding sentence. Determination of whether Payments would result in the application of the tax imposed by section 4999 of the Code , and the amount of reduction that is necessary so that no such tax would be applied, shall be made, at the Company’s expense, by the independent accounting firm employed by the Company immediately prior to the occurrence of the Change in Control. Notwithstanding the foregoing, in no event shall the Executive be entitled to exercise any discretion with respect to the reduction of payments that are subject to section 409A of the Code and any such payments shall be reduced, if applicable, in the order in which they would otherwise be paid or provided (with the payments to be made first being reduced first) and cash payments shall be reduced prior to any non-cash payments or benefits.

9. Other Benefits. Except as may be otherwise specifically provided in an amendment of this Agreement adopted in accordance with Section 13, the Executive shall not be eligible to participate in or to receive any benefits pursuant to the terms of any severance pay or termination pay arrangement of the Company (or any affiliate of the Company), including any arrangement of the Company (or any affiliate of the Company) providing benefits upon involuntary termination of employment.

10. Withholding. All payments to the Executive under this Agreement will be subject to all applicable withholding of applicable taxes.

11. Assistance with Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive’s Termination Date, the Executive will assist the Company and its affiliates in defense of any claims that may be made against the Company or its affiliates and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to services performed by the Executive for the Company or its affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or its affiliates. The Company agrees to provide legal counsel to the Executive in connection with such assistance (to the extent legally permitted), and to reimburse the Executive for all of his reasonable out-of-pocket expenses associated with such assistance, including travel expenses. For periods after the Executive’s employment with the Company terminates, the Company agrees to provide reasonable compensation to the Executive for such assistance. The Executive also agrees to promptly inform the Company if he is asked to assist in any investigation of the Company or its affiliates (or their actions) that may relate to services performed by the Executive for the Company or its affiliates, regardless of whether a lawsuit has then been filed against the Company or its affiliates with respect to such investigation. Any compensation payable to the Executive pursuant to this Section 11 for services provided to the Company shall be paid within ten days after the Executive provides the applicable services. To the extent that any reimbursements to be provided pursuant to this Section 11 are taxable to the Executive, such reimbursements shall be paid to the Executive only if (a) the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred within two years following the Termination Date. With respect to any expenses that are reimbursable pursuant to the preceding sentence, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

12. Nonalienation. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive's beneficiary.

13. Amendment. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Applicable Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Kansas, without regard to the conflict of law provisions of any state.

15. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

16. Obligation of Company. Except as otherwise specifically provided in this Agreement, nothing in this Agreement shall be construed to affect the Company's right to modify the Executive's position or duties, compensation, or other terms of employment, or to terminate the Executive's employment. Nothing in this Agreement shall be construed to require the Company or any other person to take steps or not take steps (including, without limitation, the giving or withholding of consents) that would result in a Change in Control.

17. Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

18. Successors, Assumption of Contract. This Agreement is personal to the Executive and may not be assigned by the Executive without the written consent of the Company. However, to the extent that rights or benefits under this Agreement otherwise survive the Executive's death, the Executive's heirs and estate shall succeed to such rights and benefits pursuant to the Executive's will or the laws of descent and distribution; provided that the Executive shall have the right at any time and from time to time, by notice delivered to the Company, to designate or to change the beneficiary or beneficiaries with respect to such benefits. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, subject to the following:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) After a successor assumes this Agreement in accordance with this Section 18, only such successor shall be liable for amounts payable after such assumption, and no other companies (including, without limitation, the Company and any other predecessors) shall have liability for amounts payable after such assumption.

(c) If the successor is required to assume the obligations of this Agreement under subparagraph 18(a), the successor shall execute and deliver to the Executive a written acknowledgment of the assumption of the Agreement.

19. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery

service are to be delivered to the addresses set forth below:

to the Company:

Gene Caresia
Vice President, Human Resources
7500 College Blvd., Suite 1000
Overland Park, Kansas 66210

or to the Executive:

James R. VanWinkle
5907 Beechwood Court
Parkville, MO 64152

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

20. Arbitration of All Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in Overland Park, Kansas by three arbitrators. Except as otherwise expressly provided in this Section 20, the arbitration shall be conducted in accordance with the rules of the American Arbitration Association (the "Association") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Executive, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days of the appointment of the second arbitrator, then the third arbitrator shall be appointed by the Association.

21. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company.

22. Entire Agreement. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, if any, between the parties relating to the subject matter hereof, including, but not limited to, the Amended and Restated Change in Control Agreement dated March 5, 2008; provided, however, that nothing in this Agreement shall be construed to limit any policy or agreement that is otherwise applicable relating to confidentiality, rights to inventions, copyrightable material, business and/or technical information, trade secrets, solicitation of employees, interference with relationships with other businesses, competition, and other similar policies or agreement for the protection of the business and operations of the Company and its affiliates.

23. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit hereunder is subject to section 409A of the Code, if such payment or benefit is to be paid or provided on account of the Executive's separation from service (within the meaning of section 409A of the Code), and if such payment or benefit is required to be made or provided prior to the first day of the seventh month following the Employee's separation from service, and if the Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), such payment or benefit shall be paid or provided on the later of (a) the first day of the seventh month following the Executive's separation from service or (b) the date on which such payment or benefit would otherwise be paid or provided pursuant to the terms of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the Effective Date.

/s/ James R. VanWinkle
EXECUTIVE

FERRELLGAS, INC.

By James R. VanWinkle
Its Senior Vice President and
Chief Financial Officer
Date 8/10/2009

Exhibit 10.15

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), made and entered into this 10th day of August, 2009 (the "Effective Date"), by and between Ferrellgas, Inc. (the "Company") and Tod Brown (the "Executive");

WITNESSETH THAT:

WHEREAS, the Company wishes to continue to assure itself of the continuity of the Executive's services; and

WHEREAS, the Company and the Executive now desire to enter into this Agreement relating to the Executive's continued employment with the Company;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, IT IS HEREBY AGREED by and between the parties as follows:

1. Certain Definitions. In addition to terms otherwise defined herein, the following capitalized terms used in this Agreement shall have the meanings specified:

(a) Board. The term "Board" means the Board of Directors of the Company.

(b) Cause. The term "Cause" means:

(i) the willful and continued failure by the Executive to substantially perform his duties for the Company (other than any such failure resulting from the Executive's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) the engaging by the Executive in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board, the Executive's credibility and reputation no longer conform to the standard of the Company's executives; or

(iv) the Executive's material breach of a material term of this Agreement.

For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(c) Change in Control. The term "Change in Control" means the first to occur of any of the following that occurs after the Effective Date:

(i) any merger or consolidation of the Company in which the Company is not the survivor;

(ii) any sale of all or substantially all of the common stock of Ferrell Companies, Inc. by the Ferrell Companies, Inc. Employee Stock Ownership Trust;

(iii) a sale of all or substantially all of the common stock of the Company;

(iv) a replacement of the Company as the General Partner of Ferrellgas Partners, L.P.;

(v) a public sale of at least 51 percent of the equity of Ferrell Companies, Inc.; or

(vi) such other transaction designated as a Change in Control by the Board.

(d) Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall include (i) all non-public information (including, without limitation, information regarding litigation and pending litigation) concerning the Company and the affiliates which is acquired by or disclosed to the Executive during the course of his employment with the Company and (ii) all non-public information concerning any other person or company that was shared with the Company or an affiliate of the Company that is subject to an agreement to maintain the confidentiality of such information.

(e) COBRA. The term "COBRA" means continuing group health coverage required by section 4980B of the Code or sections 601 et. seq. of the Employee Retirement Income Security Act of 1974, as amended.

(f) Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

(g) Good Reason. The term "Good Reason" means any of the following which occur after the Effective Date without the consent of the Executive:

(a) A reduction in excess of 10% in the Executive's Salary (as defined in paragraph 4(a)) or target incentive potential as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(b) A material diminution in the Executive's authority, duties or responsibilities as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(c) The relocation of the Executive's principal office location to a location which is more than 50 highway miles from the location of the Executive's principal office location as in effect on the Effective Date (or such subsequent principal location agreed to by the Executive); or

(d) The Company's material breach of any material term of this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, the Executive's Termination Date shall not be considered to be on account of Good Reason unless the Executive provides notice of the event or condition that the Executive believes to constitute Good Reason within 180 days after the date on which the event first occurs or the condition first exists, the Company does not cure such event or condition within 30 days following the date the Executive provides notice and the Executive resigns his employment with the Company and its affiliates for Good Reason within the Agreement Term.

(h) Termination Date. The term "Termination Date" with respect to the Executive means the date on which the Executive's employment with the Company and its affiliates terminates for any reason, including voluntary resignation. If the Executive becomes employed by the entity into which the Company is merged, or the purchaser of substantially all of the assets of the Company, or a successor to such entity or purchaser, the Executive's Termination Date shall not be treated as having occurred for purposes of this Agreement until such time as the Executive terminates employment with the successor and its affiliates (including, without limitation, the merged entity or purchaser). If the Executive is transferred to employment with an affiliate (including a successor to the Company, and regardless of whether before, on, or after a Change in Control), such transfer shall not constitute the Executive's Termination Date for purposes of this Agreement. To the extent that any payments or benefits under the Agreement are subject to section 409A of the Code and are paid or provided on account of the Executive's Termination Date, the determination as to whether the Executive has had a Termination Date (or other termination of employment or separation from service) shall be made in accordance with section 409A of the Code and the guidance issued thereunder.

2. Agreement Term. Subject to the terms and conditions of this Agreement, the Company hereby agrees to employ the Executive during the Agreement Term (as defined below) and the Executive hereby agrees to remain in the employ of the Company and to provide services during the Agreement Term in accordance with this Agreement. Unless terminated sooner in accordance with this Agreement, the "Agreement Term" shall be the period beginning on the Effective Date and ending on December 31, 2012 and, thereafter, the Agreement Term will be automatically extended for successive 12-month periods, unless one party to this Agreement provides notice of non-renewal to the other at least 180 days before the last day of then current Agreement Term. Notwithstanding the foregoing, if a Change in Control occurs during the Agreement Term (as it may be extended from time to time), the Agreement Term shall continue for a period of twenty-four calendar months beyond the calendar month in which such Change in Control occurs and, following an extension in accordance with this sentence, the Agreement Term shall expire without further action by any party. Notwithstanding the foregoing, in all cases, the Agreement Term shall terminate on the Executive's Termination Date.

3. Performance of Duties. The Executive agrees that during the Agreement Term from and after the Effective Date, while the Executive is employed by the Company, the Executive will devote the Executive's full business time, energies and talents to serving the Company, at the direction of the Board. The Executive shall have such duties and responsibilities as may be assigned to the Executive from time to time by the Board, shall perform all duties assigned to the Executive faithfully and efficiently, subject to the direction of the Board, and shall have such authorities and powers as are inherent to the undertakings applicable to the Executive's position and necessary to carry out the responsibilities and duties required of the Executive hereunder. The Executive will perform the duties required by this Agreement at the Company's principal place of business unless the nature of such duties requires otherwise. Notwithstanding the foregoing, during the Agreement Term, the Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the

Board, inhibit, prohibit, interfere with or conflict with the Executive's duties under this Agreement or conflict in any material way with the business of the Company and its affiliates; provided, however, that the Executive shall not serve on the board of directors of any business (other than the Company or its affiliates) or hold any other position with any business without receiving the prior written consent of the Board.

4. Compensation. During the Agreement Term, while the Executive is employed by the Company, the Executive shall be compensated for the Executive's services as follows:

(a) The Executive shall receive, for each 12-consecutive month period beginning on November 1, 2009 and each anniversary thereof, a base annual salary ("Salary") at the rate of $270,000. The Salary shall be payable in accordance with the regular payroll practices of the Company. The Executive's rate of Salary shall be reviewed annually by the Board; provided that the Executive's rate of Salary will not be reduced.

(b) The Executive shall be eligible to participate in employee benefit plans and programs maintained from time to time by the Company for the benefit of similarly situated senior management employees, subject to the terms and conditions of such plans.

(c) The Executive shall be entitled to bonuses from the Company as determined in the sole discretion of by the Board.

(d) The Executive shall be reimbursed by the Company, on terms and conditions that are substantially similar to those that apply to other similarly situated senior management employees of the Company and in accordance with the Company's expense reimbursement policy, for reasonable out-of-pocket expenses for entertainment, travel, meals, lodging and similar items which are consistent with the Company's expense reimbursement policy and actually incurred by the Executive in the promotion of the Company's business; provided, however, that, the reimbursement of any such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred and the amount of the expenses eligible for reimbursement during one year will not affect the amount of expenses eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

5. Rights and Payments Upon Termination. The Executive's right to benefits and payments, if any, for periods after the Executive's Termination Date shall be determined in accordance with this Section 5. Additionally, a signed Agreement and Release will be required of the Executive before payments will be made to the Executive under this agreement.

(a) Minimum Payments. If the Executive's Termination Date occurs during the Agreement Term for any reason, the Executive shall be entitled to the following payments, in addition to any payments or benefits to which the Executive may be entitled under the following provisions of this Section 5 (other than this paragraph 5(a)) or the express terms of any employee benefit plan or as required by law:

(i) the Executive's earned but unpaid Salary for the period ending on the Executive's Termination Date;

(i) the Executive's accrued but unpaid vacation pay for the period ending with the Executive's Termination Date, as determined in accordance with the Company's policy as in effect from time to time, and all other amounts earned and owed to the Executive through and including the Termination Date;

(ii) the Executive's unreimbursed business expenses; and

(iii) any amounts payable to the Executive under the terms of any employee benefit plan.

Payments to be made to the Executive pursuant to subparagraphs 5(a)(i) and (ii) shall be made within 30 days after the Executive's Termination Date in a lump sum, payments to be made pursuant to subparagraph 5(a)(iii) shall be paid in accordance with paragraph 4(d) and amounts payable pursuant to subparagraph 5(a)(iv) shall be paid in accordance with the terms of the applicable employee benefit plan. Except as may be otherwise expressly provided to the contrary in this Agreement or as otherwise provided by law, nothing in this Agreement shall be construed as requiring the Executive to be treated as employed by the Company following the Executive's Termination Date for purposes of any employee benefit plan or arrangement in which the Executive may participate at such time.

(b) Termination by the Company for Cause; Termination for Death or Disability. If the Executive's Termination Date occurs during the Agreement Term and is a result of (i) the Company's termination of the Executive's employment on account of Cause or for disability, or (ii) the Executive's death, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, neither the Executive

nor any other person shall have any right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

(c) Termination Other than for Cause; Termination for Good Reason. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's termination of employment (i) by the Company for any reason other than Cause (and is not on account of the Executive's death, disability, the Executive's voluntary resignation, or the mutual agreement of the parties or otherwise as pursuant to paragraph 5(d)), or (ii) by the Executive for Good Reason, the Executive shall be entitled to the following payments and benefits:

(i) A payment equal to two times the Executive's Salary in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(ii) A payment equal to two times the Executive's target bonus, at his target bonus rate in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(iii) For the two year period following the Termination Date, the Executive shall be entitled to receive continuing group medical coverage for himself and his dependents (on a non-taxable basis, including if necessary, payment of any gross-up payments necessary to result in net non-taxable benefits), which coverage is not materially less favorable to the Executive than the group medical coverage which was provided to the Executive by the Company or its affiliates immediately prior to the Termination Date. To the extent applicable and to the extent permitted by law, any continuing coverage provided to the Executive and/or his dependents pursuant to this subparagraph (iii) shall be considered part of, and not in addition to, any coverage required under COBRA.

(iv) The Executive will be provided with a lump sum payment of $12,000 for professional outplacement services.

Notice by the Company that the term of this Agreement will not be renewed, and any subsequent termination of the Executive's employment at or after the end of the Agreement Term, will not result in the Executive being eligible for any payments or benefits contemplated by this paragraph 5(c). Subject to the terms and conditions of this Agreement, payments pursuant to subparagraphs (i) and (ii) next above shall be made in substantially equal monthly installments beginning within five days following the Termination Date. To the extent that the Company is required to make any gross-up payments to the Executive in order to provide the benefits described in subparagraph (iii) on a non-taxable basis, such payments shall be made in the month that the Executive otherwise has taxable income as a result of such benefits, but in no event later than the end of the year in which the Executive pays the related taxes.

(d) Termination for Voluntary Resignation, Mutual Agreement or Other Reasons. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's voluntary resignation, the mutual agreement of the parties, or any reason other than those specified in paragraphs 5(b) or (c) above, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, the Executive shall have no right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

6. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. None of the Company or any of its affiliates shall be entitled to set off against the amounts payable to the Executive under this Agreement any amounts owed to the Company or any of its affiliates by the Executive, any amounts earned by the Executive in other employment after his Termination Date, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

7. Confidentiality. Except as may be required by the lawful order of a court or agency of competent jurisdiction, except as necessary to carry out his duties to the Company and its affiliates, and except to the extent that the Executive otherwise has express written authorization from the Company, the Executive agrees to keep secret and confidential indefinitely, all Confidential Information, and not to disclose the same, either directly or indirectly, to any other person, firm, or business entity, or to use it in any way. The Executive shall, during the continuance of the Executive's employment with the Company and its affiliates, use the Executive's best endeavors to prevent the unauthorized publication or misuse of any Confidential Information. To the extent that any court or agency seeks to have the Executive disclose Confidential Information, he shall promptly inform the Company, and he shall take reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such requested disclosure and the Company has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or any of the affiliates that may be subject to attorney-client

privilege as to the Company's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege. Nothing in the foregoing provisions of this Section 7 shall be construed so as to prevent the Executive from using, in connection with his employment for himself or an employer other than the Company or any of the affiliates, knowledge which was acquired by him during the course of his employment with the Company and the affiliates, and which is generally known to persons of his experience in other companies in the same industry.

8. Tax Payments. If:

(a) any payment or benefit to which the Executive is entitled from the Company, any affiliate, or trusts established by the Company or by any affiliate (the “Payments,” which shall include, without limitation, the vesting of an option or other non-cash benefit or property) are subject to the tax imposed by section 4999 of the Code or any successor provision to that section; and

(b) reduction of the Payments to the amount necessary to avoid the application of such tax would result in the Executive retaining an amount that is greater than the amount he would retain if the Payments were made without such reduction but after the reduction for the amount of the tax imposed by section 4999 of the Code;

then the Payments shall be reduced to the extent required to avoid application of the tax imposed by section 4999 of the Code. The Executive shall be entitled to select the order in which payments are to be reduced in accordance with the preceding sentence. Determination of whether Payments would result in the application of the tax imposed by section 4999 of the Code , and the amount of reduction that is necessary so that no such tax would be applied, shall be made, at the Company’s expense, by the independent accounting firm employed by the Company immediately prior to the occurrence of the Change in Control. Notwithstanding the foregoing, in no event shall the Executive be entitled to exercise any discretion with respect to the reduction of payments that are subject to section 409A of the Code and any such payments shall be reduced, if applicable, in the order in which they would otherwise be paid or provided (with the payments to be made first being reduced first) and cash payments shall be reduced prior to any non-cash payments or benefits.

9. Other Benefits. Except as may be otherwise specifically provided in an amendment of this Agreement adopted in accordance with Section 13, the Executive shall not be eligible to participate in or to receive any benefits pursuant to the terms of any severance pay or termination pay arrangement of the Company (or any affiliate of the Company), including any arrangement of the Company (or any affiliate of the Company) providing benefits upon involuntary termination of employment.

10. Withholding. All payments to the Executive under this Agreement will be subject to all applicable withholding of applicable taxes.

11. Assistance with Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive’s Termination Date, the Executive will assist the Company and its affiliates in defense of any claims that may be made against the Company or its affiliates and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to services performed by the Executive for the Company or its affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or its affiliates. The Company agrees to provide legal counsel to the Executive in connection with such assistance (to the extent legally permitted), and to reimburse the Executive for all of his reasonable out-of-pocket expenses associated with such assistance, including travel expenses. For periods after the Executive’s employment with the Company terminates, the Company agrees to provide reasonable compensation to the Executive for such assistance. The Executive also agrees to promptly inform the Company if he is asked to assist in any investigation of the Company or its affiliates (or their actions) that may relate to services performed by the Executive for the Company or its affiliates, regardless of whether a lawsuit has then been filed against the Company or its affiliates with respect to such investigation. Any compensation payable to the Executive pursuant to this Section 11 for services provided to the Company shall be paid within ten days after the Executive provides the applicable services. To the extent that any reimbursements to be provided pursuant to this Section 11 are taxable to the Executive, such reimbursements shall be paid to the Executive only if (a) the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred within two years following the Termination Date. With respect to any expenses that are reimbursable pursuant to the preceding sentence, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

12. Nonalienation. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of

the Executive or the Executive's beneficiary.

13. Amendment. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Applicable Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Kansas, without regard to the conflict of law provisions of any state.

15. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

16. Obligation of Company. Except as otherwise specifically provided in this Agreement, nothing in this Agreement shall be construed to affect the Company's right to modify the Executive's position or duties, compensation, or other terms of employment, or to terminate the Executive's employment. Nothing in this Agreement shall be construed to require the Company or any other person to take steps or not take steps (including, without limitation, the giving or withholding of consents) that would result in a Change in Control.

17. Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

18. Successors, Assumption of Contract. This Agreement is personal to the Executive and may not be assigned by the Executive without the written consent of the Company. However, to the extent that rights or benefits under this Agreement otherwise survive the Executive's death, the Executive's heirs and estate shall succeed to such rights and benefits pursuant to the Executive's will or the laws of descent and distribution; provided that the Executive shall have the right at any time and from time to time, by notice delivered to the Company, to designate or to change the beneficiary or beneficiaries with respect to such benefits. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, subject to the following:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) After a successor assumes this Agreement in accordance with this Section 18, only such successor shall be liable for amounts payable after such assumption, and no other companies (including, without limitation, the Company and any other predecessors) shall have liability for amounts payable after such assumption.

(c) If the successor is required to assume the obligations of this Agreement under subparagraph 18(a), the successor shall execute and deliver to the Executive a written acknowledgment of the assumption of the Agreement.

19. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery service are to be delivered to the addresses set forth below:

to the Company:

Gene Caresia
Vice President, Human Resources
7500 College Blvd., Suite 1000
Overland Park, Kansas 66210

or to the Executive:

Tod Brown
3760 Burbank Lane
Winston Salem, NC 27106

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

20. Arbitration of All Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in Overland Park, Kansas by three arbitrators. Except as otherwise expressly provided in this Section 20, the arbitration shall be conducted in accordance with the rules of the American Arbitration Association (the "Association") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Executive, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days of the appointment of the second arbitrator, then the third arbitrator shall be appointed by the Association.

21. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company.

22. Entire Agreement. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, if any, between the parties relating to the subject matter hereof, including, but not limited to, the Amended and Restated Change in Control Agreement dated March 5, 2008; provided, however, that nothing in this Agreement shall be construed to limit any policy or agreement that is otherwise applicable relating to confidentiality, rights to inventions, copyrightable material, business and/or technical information, trade secrets, solicitation of employees, interference with relationships with other businesses, competition, and other similar policies or agreement for the protection of the business and operations of the Company and its affiliates.

23. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit hereunder is subject to section 409A of the Code, if such payment or benefit is to be paid or provided on account of the Executive's separation from service (within the meaning of section 409A of the Code), and if such payment or benefit is required to be made or provided prior to the first day of the seventh month following the Employee's separation from service, and if the Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), such payment or benefit shall be paid or provided on the later of (a) the first day of the seventh month following the Executive's separation from service or (b) the date on which such payment or benefit would otherwise be paid or provided pursuant to the terms of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the Effective Date.

/s/ Tod Brown
EXECUTIVE

FERRELLGAS, INC.

By Tod Brown
Its Senior Vice President,
Ferrellgas and President, Blue Rhino
Date 8/10/2009

Exhibit 10.16

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), made and entered into this 10th day of August, 2009 (the "Effective Date"), by and between Ferrellgas, Inc. (the "Company") and George L. Koloroutis (the "Executive");

WITNESSETH THAT:

WHEREAS, the Company wishes to continue to assure itself of the continuity of the Executive's services; and

WHEREAS, the Company and the Executive now desire to enter into this Agreement relating to the Executive's continued employment with the Company;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, IT IS HEREBY AGREED by and between the parties as follows:

1. Certain Definitions. In addition to terms otherwise defined herein, the following capitalized terms used in this Agreement shall have the meanings specified:

(a) Board. The term "Board" means the Board of Directors of the Company.

(b) Cause. The term "Cause" means:

(i) the willful and continued failure by the Executive to substantially perform his duties for the Company (other than any such failure resulting from the Executive's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) the engaging by the Executive in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board, the Executive's credibility and reputation no longer conform to the standard of the Company's executives; or

(iv) the Executive's material breach of a material term of this Agreement.

For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(c) Change in Control. The term "Change in Control" means the first to occur of any of the following that occurs after the Effective Date:

(i) any merger or consolidation of the Company in which the Company is not the survivor;

(ii) any sale of all or substantially all of the common stock of Ferrell Companies, Inc. by the Ferrell Companies, Inc. Employee Stock Ownership Trust;

(iii) a sale of all or substantially all of the common stock of the Company;

(iv) a replacement of the Company as the General Partner of Ferrellgas Partners, L.P.;

(v) a public sale of at least 51 percent of the equity of Ferrell Companies, Inc.; or

(vi) such other transaction designated as a Change in Control by the Board.

(d) Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall include (i) all non-public information (including, without limitation, information regarding litigation and pending litigation) concerning the Company and the affiliates which is acquired by or disclosed to the Executive during the course of his employment with the Company and (ii) all non-public information concerning any other person or company that was shared with the Company or an affiliate of the Company that is subject to an agreement to maintain the confidentiality of such information.

(e) COBRA. The term "COBRA" means continuing group health coverage required by section 4980B of the Code or sections 601 et. seq. of the Employee Retirement Income Security Act of 1974, as amended.

(f) Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

(g) Good Reason. The term "Good Reason" means any of the following which occur after the Effective Date without the consent of the Executive:

(a) A reduction in excess of 10% in the Executive's Salary (as defined in paragraph 4(a)) or target incentive potential as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(b) A material diminution in the Executive's authority, duties or responsibilities as in effect as of the Effective Date, as the same may be modified from time to time in accordance with this Agreement;

(c) The relocation of the Executive's principal office location to a location which is more than 50 highway miles from the location of the Executive's principal office location as in effect on the Effective Date (or such subsequent principal location agreed to by the Executive); or

(d) The Company's material breach of any material term of this Agreement.

Notwithstanding any other provision of this Agreement to the contrary, the Executive's Termination Date shall not be considered to be on account of Good Reason unless the Executive provides notice of the event or condition that the Executive believes to constitute Good Reason within 180 days after the date on which the event first occurs or the condition first exists, the Company does not cure such event or condition within 30 days following the date the Executive provides notice and the Executive resigns his employment with the Company and its affiliates for Good Reason within the Agreement Term.

(h) Termination Date. The term "Termination Date" with respect to the Executive means the date on which the Executive's employment with the Company and its affiliates terminates for any reason, including voluntary resignation. If the Executive becomes employed by the entity into which the Company is merged, or the purchaser of substantially all of the assets of the Company, or a successor to such entity or purchaser, the Executive's Termination Date shall not be treated as having occurred for purposes of this Agreement until such time as the Executive terminates employment with the successor and its affiliates (including, without limitation, the merged entity or purchaser). If the Executive is transferred to employment with an affiliate (including a successor to the Company, and regardless of whether before, on, or after a Change in Control), such transfer shall not constitute the Executive's Termination Date for purposes of this Agreement. To the extent that any payments or benefits under the Agreement are subject to section 409A of the Code and are paid or provided on account of the Executive's Termination Date, the determination as to whether the Executive has had a Termination Date (or other termination of employment or separation from service) shall be made in accordance with section 409A of the Code and the guidance issued thereunder.

2. Agreement Term. Subject to the terms and conditions of this Agreement, the Company hereby agrees to employ the Executive during the Agreement Term (as defined below) and the Executive hereby agrees to remain in the employ of the Company and to provide services during the Agreement Term in accordance with this Agreement. Unless terminated sooner in accordance with this Agreement, the "Agreement Term" shall be the period beginning on the Effective Date and ending on December 31, 2012 and, thereafter, the Agreement Term will be automatically extended for successive 12-month periods, unless one party to this Agreement provides notice of non-renewal to the other at least 180 days before the last day of then current Agreement Term. Notwithstanding the foregoing, if a Change in Control occurs during the Agreement Term (as it may be extended from time to time), the Agreement Term shall continue for a period of twenty-four calendar months beyond the calendar month in which such Change in Control occurs and, following an extension in accordance with this sentence, the Agreement Term shall expire without further action by any party. Notwithstanding the foregoing, in all cases, the Agreement Term shall terminate on the Executive's Termination Date.

3. Performance of Duties. The Executive agrees that during the Agreement Term from and after the Effective Date, while the Executive is employed by the Company, the Executive will devote the Executive's full business time, energies and talents to serving the Company, at the direction of the Board. The Executive shall have such duties and responsibilities as may be assigned to the Executive from time to time by the Board, shall perform all duties assigned to the Executive faithfully and efficiently, subject to the direction of the Board, and shall have such authorities and powers as are inherent to the undertakings applicable to the Executive's position and necessary to carry out the responsibilities and duties required of the Executive hereunder. The Executive will perform the duties required by this Agreement at the Company's principal place of business unless the nature of such duties requires otherwise. Notwithstanding the foregoing, during the Agreement Term, the Executive may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations) to the extent such activities do not, in the reasonable judgment of the

Board, inhibit, prohibit, interfere with or conflict with the Executive's duties under this Agreement or conflict in any material way with the business of the Company and its affiliates; provided, however, that the Executive shall not serve on the board of directors of any business (other than the Company or its affiliates) or hold any other position with any business without receiving the prior written consent of the Board.

4. Compensation. During the Agreement Term, while the Executive is employed by the Company, the Executive shall be compensated for the Executive's services as follows:

(a) The Executive shall receive, for each 12-consecutive month period beginning on November 1, 2009 and each anniversary thereof, a base annual salary ("Salary") at the rate of $275,000. The Salary shall be payable in accordance with the regular payroll practices of the Company. The Executive's rate of Salary shall be reviewed annually by the Board; provided that the Executive's rate of Salary will not be reduced.

(b) The Executive shall be eligible to participate in employee benefit plans and programs maintained from time to time by the Company for the benefit of similarly situated senior management employees, subject to the terms and conditions of such plans.

(c) The Executive shall be entitled to bonuses from the Company as determined in the sole discretion of by the Board.

(d) The Executive shall be reimbursed by the Company, on terms and conditions that are substantially similar to those that apply to other similarly situated senior management employees of the Company and in accordance with the Company's expense reimbursement policy, for reasonable out-of-pocket expenses for entertainment, travel, meals, lodging and similar items which are consistent with the Company's expense reimbursement policy and actually incurred by the Executive in the promotion of the Company's business; provided, however, that, the reimbursement of any such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred and the amount of the expenses eligible for reimbursement during one year will not affect the amount of expenses eligible for reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

5. Rights and Payments Upon Termination. The Executive's right to benefits and payments, if any, for periods after the Executive's Termination Date shall be determined in accordance with this Section 5. Additionally, a signed Agreement and Release will be required of the Executive before payments will be made to the Executive under this agreement.

(a) Minimum Payments. If the Executive's Termination Date occurs during the Agreement Term for any reason, the Executive shall be entitled to the following payments, in addition to any payments or benefits to which the Executive may be entitled under the following provisions of this Section 5 (other than this paragraph 5(a)) or the express terms of any employee benefit plan or as required by law:

(i) the Executive's earned but unpaid Salary for the period ending on the Executive's Termination Date;

(i) the Executive's accrued but unpaid vacation pay for the period ending with the Executive's Termination Date, as determined in accordance with the Company's policy as in effect from time to time, and all other amounts earned and owed to the Executive through and including the Termination Date;

(ii) the Executive's unreimbursed business expenses; and

(iii) any amounts payable to the Executive under the terms of any employee benefit plan.

Payments to be made to the Executive pursuant to subparagraphs 5(a)(i) and (ii) shall be made within 30 days after the Executive's Termination Date in a lump sum, payments to be made pursuant to subparagraph 5(a)(iii) shall be paid in accordance with paragraph 4(d) and amounts payable pursuant to subparagraph 5(a)(iv) shall be paid in accordance with the terms of the applicable employee benefit plan. Except as may be otherwise expressly provided to the contrary in this Agreement or as otherwise provided by law, nothing in this Agreement shall be construed as requiring the Executive to be treated as employed by the Company following the Executive's Termination Date for purposes of any employee benefit plan or arrangement in which the Executive may participate at such time.

(b) Termination by the Company for Cause; Termination for Death or Disability. If the Executive's Termination Date occurs during the Agreement Term and is a result of (i) the Company's termination of the Executive's employment on account of Cause or for disability, or (ii) the Executive's death, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, neither the Executive

nor any other person shall have any right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

(c) Termination Other than for Cause; Termination for Good Reason. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's termination of employment (i) by the Company for any reason other than Cause (and is not on account of the Executive's death, disability, the Executive's voluntary resignation, or the mutual agreement of the parties or otherwise as pursuant to paragraph 5(d)), or (ii) by the Executive for Good Reason, the Executive shall be entitled to the following payments and benefits:

(i) A payment equal to two times the Executive's Salary in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(ii) A payment equal to two times the Executive's target bonus, at his target bonus rate in effect immediately prior to the Termination Date without regard to any reduction thereof in contemplation of the Termination Date.

(iii) For the two year period following the Termination Date, the Executive shall be entitled to receive continuing group medical coverage for himself and his dependents (on a non-taxable basis, including if necessary, payment of any gross-up payments necessary to result in net non-taxable benefits), which coverage is not materially less favorable to the Executive than the group medical coverage which was provided to the Executive by the Company or its affiliates immediately prior to the Termination Date. To the extent applicable and to the extent permitted by law, any continuing coverage provided to the Executive and/or his dependents pursuant to this subparagraph (iii) shall be considered part of, and not in addition to, any coverage required under COBRA.

(iv) The Executive will be provided with a lump sum payment of $12,000 for professional outplacement services.

Notice by the Company that the term of this Agreement will not be renewed, and any subsequent termination of the Executive's employment at or after the end of the Agreement Term, will not result in the Executive being eligible for any payments or benefits contemplated by this paragraph 5(c). Subject to the terms and conditions of this Agreement, payments pursuant to subparagraphs (i) and (ii) next above shall be made in substantially equal monthly installments beginning within five days following the Termination Date. To the extent that the Company is required to make any gross-up payments to the Executive in order to provide the benefits described in subparagraph (iii) on a non-taxable basis, such payments shall be made in the month that the Executive otherwise has taxable income as a result of such benefits, but in no event later than the end of the year in which the Executive pays the related taxes.

(d) Termination for Voluntary Resignation, Mutual Agreement or Other Reasons. If the Executive's Termination Date occurs during the Agreement Term and is a result of the Executive's voluntary resignation, the mutual agreement of the parties, or any reason other than those specified in paragraphs 5(b) or (c) above, then, except as described in paragraph 5(a) or as agreed in writing between the Executive and the Company, the Executive shall have no right to payments or benefits under this Agreement (and the Company shall have no obligation to make any such payments or provide any such benefits) for periods after the Executive's Termination Date.

6. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. None of the Company or any of its affiliates shall be entitled to set off against the amounts payable to the Executive under this Agreement any amounts owed to the Company or any of its affiliates by the Executive, any amounts earned by the Executive in other employment after his Termination Date, or any amounts which might have been earned by the Executive in other employment had he sought such other employment.

7. Confidentiality. Except as may be required by the lawful order of a court or agency of competent jurisdiction, except as necessary to carry out his duties to the Company and its affiliates, and except to the extent that the Executive otherwise has express written authorization from the Company, the Executive agrees to keep secret and confidential indefinitely, all Confidential Information, and not to disclose the same, either directly or indirectly, to any other person, firm, or business entity, or to use it in any way. The Executive shall, during the continuance of the Executive's employment with the Company and its affiliates, use the Executive's best endeavors to prevent the unauthorized publication or misuse of any Confidential Information. To the extent that any court or agency seeks to have the Executive disclose Confidential Information, he shall promptly inform the Company, and he shall take reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such requested disclosure and the Company has an opportunity to respond to such court or agency. To the extent that the Executive obtains information on behalf of the Company or any of the affiliates that may be subject to attorney-client

privilege as to the Company's attorneys, the Executive shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege. Nothing in the foregoing provisions of this Section 7 shall be construed so as to prevent the Executive from using, in connection with his employment for himself or an employer other than the Company or any of the affiliates, knowledge which was acquired by him during the course of his employment with the Company and the affiliates, and which is generally known to persons of his experience in other companies in the same industry.

8. Tax Payments. If:

(a) any payment or benefit to which the Executive is entitled from the Company, any affiliate, or trusts established by the Company or by any affiliate (the “Payments,” which shall include, without limitation, the vesting of an option or other non-cash benefit or property) are subject to the tax imposed by section 4999 of the Code or any successor provision to that section; and

(b) reduction of the Payments to the amount necessary to avoid the application of such tax would result in the Executive retaining an amount that is greater than the amount he would retain if the Payments were made without such reduction but after the reduction for the amount of the tax imposed by section 4999 of the Code;

then the Payments shall be reduced to the extent required to avoid application of the tax imposed by section 4999 of the Code. The Executive shall be entitled to select the order in which payments are to be reduced in accordance with the preceding sentence. Determination of whether Payments would result in the application of the tax imposed by section 4999 of the Code , and the amount of reduction that is necessary so that no such tax would be applied, shall be made, at the Company’s expense, by the independent accounting firm employed by the Company immediately prior to the occurrence of the Change in Control. Notwithstanding the foregoing, in no event shall the Executive be entitled to exercise any discretion with respect to the reduction of payments that are subject to section 409A of the Code and any such payments shall be reduced, if applicable, in the order in which they would otherwise be paid or provided (with the payments to be made first being reduced first) and cash payments shall be reduced prior to any non-cash payments or benefits.

9. Other Benefits. Except as may be otherwise specifically provided in an amendment of this Agreement adopted in accordance with Section 13, the Executive shall not be eligible to participate in or to receive any benefits pursuant to the terms of any severance pay or termination pay arrangement of the Company (or any affiliate of the Company), including any arrangement of the Company (or any affiliate of the Company) providing benefits upon involuntary termination of employment.

10. Withholding. All payments to the Executive under this Agreement will be subject to all applicable withholding of applicable taxes.

11. Assistance with Claims. The Executive agrees that, for the period beginning on the Effective Date, and continuing for a reasonable period after the Executive’s Termination Date, the Executive will assist the Company and its affiliates in defense of any claims that may be made against the Company or its affiliates and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to services performed by the Executive for the Company or its affiliates. The Executive agrees to promptly inform the Company if he becomes aware of any lawsuits involving such claims that may be filed against the Company or its affiliates. The Company agrees to provide legal counsel to the Executive in connection with such assistance (to the extent legally permitted), and to reimburse the Executive for all of his reasonable out-of-pocket expenses associated with such assistance, including travel expenses. For periods after the Executive’s employment with the Company terminates, the Company agrees to provide reasonable compensation to the Executive for such assistance. The Executive also agrees to promptly inform the Company if he is asked to assist in any investigation of the Company or its affiliates (or their actions) that may relate to services performed by the Executive for the Company or its affiliates, regardless of whether a lawsuit has then been filed against the Company or its affiliates with respect to such investigation. Any compensation payable to the Executive pursuant to this Section 11 for services provided to the Company shall be paid within ten days after the Executive provides the applicable services. To the extent that any reimbursements to be provided pursuant to this Section 11 are taxable to the Executive, such reimbursements shall be paid to the Executive only if (a) the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred within two years following the Termination Date. With respect to any expenses that are reimbursable pursuant to the preceding sentence, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

12. Nonalienation. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of

the Executive or the Executive's beneficiary.

13. Amendment. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Applicable Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Kansas, without regard to the conflict of law provisions of any state.

15. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

16. Obligation of Company. Except as otherwise specifically provided in this Agreement, nothing in this Agreement shall be construed to affect the Company's right to modify the Executive's position or duties, compensation, or other terms of employment, or to terminate the Executive's employment. Nothing in this Agreement shall be construed to require the Company or any other person to take steps or not take steps (including, without limitation, the giving or withholding of consents) that would result in a Change in Control.

17. Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

18. Successors, Assumption of Contract. This Agreement is personal to the Executive and may not be assigned by the Executive without the written consent of the Company. However, to the extent that rights or benefits under this Agreement otherwise survive the Executive's death, the Executive's heirs and estate shall succeed to such rights and benefits pursuant to the Executive's will or the laws of descent and distribution; provided that the Executive shall have the right at any time and from time to time, by notice delivered to the Company, to designate or to change the beneficiary or beneficiaries with respect to such benefits. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, subject to the following:

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) After a successor assumes this Agreement in accordance with this Section 18, only such successor shall be liable for amounts payable after such assumption, and no other companies (including, without limitation, the Company and any other predecessors) shall have liability for amounts payable after such assumption.

(c) If the successor is required to assume the obligations of this Agreement under subparagraph 18(a), the successor shall execute and deliver to the Executive a written acknowledgment of the assumption of the Agreement.

19. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery service are to be delivered to the addresses set forth below:

to the Company:

Gene Caresia
Vice President, Human Resources
7500 College Blvd., Suite 1000
Overland Park, Kansas 66210

or to the Executive:

George L. Koloroutis
13986 West 157th St.
Olathe, KS 66062

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

20. Arbitration of All Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in Overland Park, Kansas by three arbitrators. Except as otherwise expressly provided in this Section 20, the arbitration shall be conducted in accordance with the rules of the American Arbitration Association (the "Association") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Executive, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days of the appointment of the second arbitrator, then the third arbitrator shall be appointed by the Association.

21. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company.

22. Entire Agreement. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, if any, between the parties relating to the subject matter hereof, including, but not limited to, the Amended and Restated Change in Control Agreement dated March 5, 2008; provided, however, that nothing in this Agreement shall be construed to limit any policy or agreement that is otherwise applicable relating to confidentiality, rights to inventions, copyrightable material, business and/or technical information, trade secrets, solicitation of employees, interference with relationships with other businesses, competition, and other similar policies or agreement for the protection of the business and operations of the Company and its affiliates.

23. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit hereunder is subject to section 409A of the Code, if such payment or benefit is to be paid or provided on account of the Executive's separation from service (within the meaning of section 409A of the Code), and if such payment or benefit is required to be made or provided prior to the first day of the seventh month following the Employee's separation from service, and if the Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), such payment or benefit shall be paid or provided on the later of (a) the first day of the seventh month following the Executive's separation from service or (b) the date on which such payment or benefit would otherwise be paid or provided pursuant to the terms of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the Effective Date.

/s/ George L. Koloroutis
EXECUTIVE

FERRELLGAS, INC.

By George L. Koloroutis
Its Senior Vice President,
Ferrellgas and President,
Ferrell North America
Date 8/10/2009

EXHIBIT 21.1

SUBSIDIARIES OF
FERRELLGAS PARTNERS, L.P.

Ferrellgas, L.P., a Delaware limited partnership
Ferrellgas Partners Finance Corp., a Delaware Corporation

SUBSIDIARIES OF
FERRELLGAS, L.P.

Ferrellgas Receivables, LLC, a Delaware limited liability company
Ferrellgas Finance Corp., a Delaware Corporation
Blue Rhino Canada, Inc., a Delaware Corporation
Blue Rhino Global Sourcing, Inc., a Delaware Corporation
Uni Asia, Ltd, a Seychelles limited company
Sable Environmental, LLC, a Texas limited liability company

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement Nos. 333-130193 and 333-134867, in Amendment No. 2 to Registration Statement No. 333-180684, in Registration Statement Nos. 333-121350 and 333-115765 on Form S-3, in Registration Statement No. 333-197308 on Form S-4, and in Post-Effective Amendment No. 1 to Registration Statement Nos. 333-84344 and 333-87633 on Form S-8 of our report dated October 1, 2012, relating to the consolidated financial statements and consolidated financial statement schedules of Ferrellgas Partners, L.P. appearing in this Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 2014.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 29, 2014

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 2 to Registration Statement No. 333-180684-01 on Form S-3 of our report dated October 1, 2012, relating to the financial statements of Ferrellgas Partners Finance Corp., appearing in this Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2014.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 29, 2014

EXHIBIT 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated September 29, 2014, with respect to the consolidated financial statements, schedules, and internal control over financial reporting included in the Annual Report of Ferrellgas Partners, L.P. on Form 10-K for the year ended July 31, 2014. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Ferrellgas Partners, L.P. on Forms S-3 (Amendment No. 1 to File No. 333-130193 and File No. 333-134867, Amendment No. 2 to File No. 333-180684, and File No. 333-121350 and File No. 333-115765), on Form S-4 (File No. 333-197308) and on Forms S-8 (Post-Effective Amendment No. 1 to File No. 333-84344 and File No. 333-87633).

/s/ GRANT THORNTON LLP

Kansas City, Missouri

September 29, 2014

EXHIBIT 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated September 29, 2014, with respect to the financial statements and schedules included in the Annual Report of Ferrellgas Partners Finance Corp. on Form 10-K for the year ended July 31, 2014. We hereby consent to the incorporation by reference of said report in the Registration Statements of Ferrellgas Partners Finance Corp on Forms S-3 (Amendment No. 2 to File No. 333-180684-01).

/s/ GRANT THORNTON LLP

Kansas City, Missouri

September 29, 2014

EXHIBIT 31.1

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of
Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.2

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

EXHIBIT 31.3

CERTIFICATIONS
FERRELLGAS, L.P.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of
Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS, L.P.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.4

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2014 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: September 29, 2014

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

EXHIBIT 32.1

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Partners, L.P. (the "Partnership") for the year ended July 31, 2014, 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. 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), as applicable, 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 Partnership at the dates and for the periods indicated within the Report.

The foregoing certification is made solely for purposes of 18 U.S.C. 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. 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 incorporated by reference into any registration statement of the Partnership or other filing of the Partnership made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's general partner

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general partner

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

EXHIBIT 32.2

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2014, 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. 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), as applicable, 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. at the dates and for the periods indicated within the Report.

The foregoing certification is made solely for purposes of 18 U.S.C. 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. 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 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Partners Finance Corp.**

EXHIBIT 32.3

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas, L.P. (the "Partnership") for the year ended July 31, 2014, 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. 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), as applicable, 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 Partnership at the dates and for the periods indicated within the Report.

The foregoing certification is made solely for purposes of 18 U.S.C. 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. 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 incorporated by reference into any registration statement of the Partnership or other filing of the Partnership made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's general partner

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; President, Midstream Operations; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general partner

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

EXHIBIT 32.4

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Finance Corp. for the year ended July 31, 2014, 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. 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), as applicable, 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. at the dates and for the periods indicated within the Report.

The foregoing certification is made solely for purposes of 18 U.S.C. 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. 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 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: September 29, 2014

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Finance Corp.**