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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported):

August 10, 2009

**Ferrellgas Partners, L.P.**

(Exact name of registrant as specified in its charter)

Delaware

001-11331

43-1698480

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

7500 College Blvd., Suite 1000, Overland Park,  
Kansas

66210

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

913-661-1500

Not Applicable

Former name or former address, if changed since last report

**Ferrellgas Partners Finance Corp.**

(Exact name of registrant as specified in its charter)

Delaware

333-06693

43-1742520

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

7500 College Blvd., Suite 1000, Overland Park,  
Kansas

66210

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

913-661-1500

n/a

Former name or former address, if changed since last report

**Ferrellgas, L.P.**

(Exact name of registrant as specified in its charter)

Delaware

000-50182

43-1698481

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

7500 College Blvd., Suite 1000, Overland Park,  
Kansas

66210

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

913-661-1500

n/a

Former name or former address, if changed since last report

## Ferrellgas Finance Corp.

(Exact name of registrant as specified in its charter)

Delaware

000-50183

14-1866671

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

7500 College Blvd., Suite 1000, Overland Park,  
Kansas

66210

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

913-661-1500

n/a

Former name or former address, if changed since last report

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

Ferrellgas, Inc. Unaudited Balance Sheets

We are filing the unaudited interim condensed consolidated balance sheets and footnotes of Ferrellgas Partners, L.P.'s and Ferrellgas, L.P.'s non-public general partner, Ferrellgas, Inc., to update its most recent audited consolidated balance sheets. See Exhibit 99.15 for the unaudited condensed consolidated balance sheets and footnotes of Ferrellgas, Inc. and subsidiaries.

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

On August 10, 2009, the members of the Board of Directors Compensation Committee authorized us and our general partner to enter into three-year employment agreements with each of the following six executive officers:

- Stephen L. Wambold, President and Chief Operating Officer,
- James R. VanWinkle, Senior Vice President and Chief Financial Officer,
- Jennifer Boren, Vice President, Information Technology,
- Tod Brown, Senior Vice President, Ferrellgas and President, Blue Rhino,
- Eugene D. Caresia, Vice President, Human Resources, and
- George L. Koloroutis, Senior Vice President, Ferrellgas and President, Ferrell North America.

The agreements contain the following provisions, among others:

Cancellation of Amended and Restated Change in Control Agreements dated as of March 5, 2008 for Stephen L. Wambold, Tod Brown, Eugene D. Caresia and George L. Koloroutis. Cancellation of Change in Control Agreements dated as of March 5, 2008 for James R. VanWinkle and dated as of December 8, 2008 for Jennifer Boren.

During the agreement term, while the executive is employed by Ferrellgas, Inc. (the "Company"), the executive shall i) receive a base salary payable in accordance with the regular payroll practices of the Company; ii) be eligible to participate in employee benefit plans and programs maintained by the Company, subject to the terms and conditions of such plans; iii) be entitled to bonuses from the Company as determined by the Board of Directors of the Company; and iv) be reimbursed by the Company in accordance with the Company's expense reimbursement policy, for reasonable out-of-pocket expenses.

Under the terms of the agreements, if any of the above mentioned executive officer's employment with us is terminated for any reason, that executive officer will be entitled to the following payments i) the executive's earned but unpaid salary for the period ending on the executive's termination date; ii) the executive's accrued but unpaid vacation pay for the period ending with the executive's termination date; iii) the executive's unreimbursed business expenses; and iv) any amounts payable to the executive under the terms of any employee benefit plan.

Under the terms of the agreements, if any of the above mentioned executive officer's employment with us is terminated for any reason other than for cause (as defined in the agreements) or by the executive for good reason (as defined in the agreements), that executive officer will be entitled to the following payments and benefits i) a payment equal to two times the executive's salary; ii) a payment equal to two times the executive's target bonus; iii) for the two year period following the termination date, the executive will be entitled to receive continuing group medical coverage; and iv) a lump sum payment of \$12,000 for professional outplacement services.

**Item 9.01 Financial Statements and Exhibits.**

The following materials are filed as exhibits to this Current Report on Form 8-K.

- Exhibit 10.1 - Employment Agreement by and between Ferrellgas, Inc. and Stephen L. Wambold
- Exhibit 10.2 - Employment Agreement by and between Ferrellgas, Inc. and James R. VanWinkle
- Exhibit 10.3 - Employment Agreement by and between Ferrellgas, Inc. and Jennifer Boren
- Exhibit 10.4 - Employment Agreement by and between Ferrellgas, Inc. and Tod Brown
- Exhibit 10.5 - Employment Agreement by and between Ferrellgas, Inc. and Eugene D. Caresia
- Exhibit 10.6 - Employment Agreement by and between Ferrellgas, Inc. and George L. Koloroutis
- Exhibit 99.15 - Ferrellgas, Inc. and subsidiaries condensed consolidated balance sheets (unaudited) as of April 30, 2009 and July 31, 2008.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 10, 2009

Ferrellgas Partners, L.P.

By: /s/ J. Ryan VanWinkle

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*Name: J. Ryan VanWinkle  
Title: Senior Vice President and Chief Financial Officer; Treasurer  
(Principal Financial and Accounting Officer) of Ferrellgas, Inc., the  
general partner*

August 10, 2009

Ferrellgas Partners Finance Corp.

By: /s/ J. Ryan VanWinkle

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*Name: J. Ryan VanWinkle  
Title: Chief Financial Officer and Sole Director*

August 10, 2009

Ferrellgas, L.P.

By: /s/ J. Ryan VanWinkle

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*Name: J. Ryan VanWinkle  
Title: Senior Vice President and Chief Financial Officer; Treasurer  
(Principal Financial and Accounting Officer) of Ferrellgas, Inc., the  
general partner*

August 10, 2009

Ferrellgas Finance Corp.

By: /s/ J. Ryan VanWinkle

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*Name: J. Ryan VanWinkle  
Title: Chief Financial Officer and Sole Director*

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## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement by and between Ferrellgas, Inc. and Stephen L. Wambold
10.2	Employment Agreement by and between Ferrellgas, Inc. and James R. VanWinkle
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10.5	Employment Agreement by and between Ferrellgas, Inc. and Eugene D. Caresia
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99.15	Ferrellgas, Inc. and Subsidiaries Condensed Consolidated Balance Sheets (unaudited) as of April 30, 2009 and July 31, 2008

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> day of August, 2009 (the “Effective Date”), by and between Ferrellgas, Inc. (the “Company”) and Jennifer Boren (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 \$190,000. 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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:

Jennifer Boren  
13013 Ballentine  
Overland Park, KS 66213

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 December 8, 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/ Jennifer Boren

EXECUTIVE

FERRELLGAS, INC.

By Jennifer Boren

Its Vice President, Information Technology

Date 8/10/2009

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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, Ferrelgas and President, Blue Rhino

Date 8/10/2009

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> day of August, 2009 (the “Effective Date”), by and between Ferrellgas, Inc. (the “Company”) and Eugene D. Caresia (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 \$240,000. 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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:

Gene Caresia  
13403 W. 138<sup>th</sup> Terrace  
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/ Eugene D. Caresia  
EXECUTIVE  
FERRELLGAS, INC.  
By Eugene D. Caresia



Its Vice President, Human Resources

Date 8/10/2009

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), made and entered into this 10<sup>th</sup> 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;
  - (ii) 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;
  - (iii) the Executive's unreimbursed business expenses; and
  - (iv) 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, Ferrelgas and President, Ferrell North America

Date 8/10/2009



**Ferrellgas, Inc. and Subsidiaries**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

As of April 30, 2009 and July 31, 2008

**FERRELLGAS, INC. AND SUBSIDIARIES**

**Table of Contents**

**CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**

	<u>Page</u>
Condensed Consolidated Balance Sheets – April 30, 2009 and July 31, 2008	1
Notes to Condensed Consolidated Balance Sheets	2

**FERRELLGAS, INC. AND SUBSIDIARIES**

(a wholly-owned subsidiary of Ferrell Companies, Inc.)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

(unaudited)

	April 30, 2009	July 31, 2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,650	\$ 17,495
Accounts and notes receivable, net	168,934	145,081
Inventories	109,998	152,301
Price risk management assets	57	26,086
Prepaid expenses and other current assets	14,635	10,933
<b>Total current assets</b>	<u>307,274</u>	<u>351,896</u>
Property, plant and equipment, net	717,551	731,179
Goodwill	483,147	483,147
Intangible assets, net	214,243	225,273
Other assets, net	18,612	18,687
<b>Total assets</b>	<u>\$1,740,827</u>	<u>\$1,810,182</u>
<b>LIABILITIES AND STOCKHOLDER'S DEFICIENCY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 81,991	\$ 71,348
Short-term borrowings	41,580	125,729
Price risk management liabilities	33,835	7,336
Other current liabilities	252,066	100,515
<b>Total current liabilities</b>	<u>409,472</u>	<u>304,928</u>
Long-term debt	848,295	1,034,719
Deferred income taxes	3,090	5,903
Other liabilities	17,246	18,651
Contingencies and commitments (Note G)	—	—
Minority interest	429,588	358,706
Parent investment in subsidiary	150,500	152,006
<b>Stockholder's deficiency:</b>		
Common stock, \$1 par value; 10,000 shares authorized; 990 shares issued	1	1
Additional paid-in-capital	22,342	20,714
Note receivable from parent	(144,909)	(144,926)
Retained earnings	39,192	40,938
Accumulated other comprehensive income (loss)	(33,990)	18,542
<b>Total stockholder's deficiency</b>	<u>(117,364)</u>	<u>(64,731)</u>
<b>Total liabilities and stockholder's deficiency</b>	<u>\$1,740,827</u>	<u>\$1,810,182</u>

**FERRELLGAS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED BALANCE SHEETS**

April 30, 2009

(Dollars in thousands, unless otherwise designated)

(unaudited)

**A. Organization and formation**

The accompanying condensed consolidated balance sheets and related notes present the condensed consolidated financial position of Ferrellgas, Inc. (the "Company") and its subsidiaries which include its general partnership interest in both Ferrellgas Partners, L.P. ("Ferrellgas Partners") and Ferrellgas, L.P. (the "operating partnership"). The Company is a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell" or the "Parent").

The condensed consolidated balance sheets of the Company reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the consolidated balance sheets were of a normal, recurring nature. The information included in this Report should be read in conjunction with the consolidated financial statements and accompanying notes as set forth in the Company's consolidated financial statements for fiscal 2008.

**B. Summary of significant accounting policies**

*(1) Nature of operations:*

The Company is a holding entity that conducts no operations and has three subsidiaries, Ferrellgas Partners, Ferrellgas, L.P. and Ferrellgas Acquisitions Company, LLC ("Ferrellgas Acquisitions Company").

The Company owns a 1% general partner interest in Ferrellgas Partners and an approximate 1% general partner interest in the operating partnership. The operating partnership is the only operating subsidiary of Ferrellgas Partners. The Company owns a 100% equity interest in Ferrellgas Acquisitions Company. Limited operations are conducted by or through Ferrellgas Acquisitions Company, whose only purpose is to acquire the tax liabilities of

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

*(2) 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. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated balance sheets 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, financial derivative contracts and stock and unit-based compensation calculations.

*(3) Accounts receivable securitization:*

The Company has agreements to transfer, on an ongoing basis, a portion of its trade accounts receivable through Ferrellgas Receivables, LLC (“Ferrellgas Receivables”), an accounts receivable securitization facility that is a wholly-owned unconsolidated special purpose entity. The Company retains servicing responsibilities as well as a retained interest in the transferred receivables. The Company also holds a note receivable from Ferrellgas Receivables to the extent that expected cash proceeds from the sales of accounts receivable to Ferrellgas Receivables have not been received. The Company has no other continuing involvement with the transferred receivables, other than servicing the receivables. The related receivables are transferred from the condensed consolidated balance sheets and a retained interest and note receivable are recorded for the amount of receivables sold in excess of cash received and a related loss on the transfer is recorded, which represents the discount on the sale. The retained interest and note receivable are included in “Accounts and notes receivable, net” in the condensed consolidated balance sheets.

The Company determines the fair value of its retained interest and note receivable based on the present value of future expected cash flows using management’s best estimates of various factors, including credit loss experience and discount rates commensurate with the risks involved. These assumptions are updated periodically based on actual results; therefore, the estimated credit loss and discount rates utilized are materially consistent with historical performance. Due to the short-term nature of the Company’s trade receivables, variations in the credit and discount assumptions would not significantly impact the fair value of the retained interests and note receivable. See Note D – Accounts and notes receivable, net and accounts receivable securitization – for further discussion of these transactions.

*(4) New accounting standards:*

Statement of Financial Accounting Standards (“SFAS”) No. 161 “Disclosures about Derivative Instruments and Hedging Activities, an Amendment to FASB Statement No. 133” enhances disclosure requirements for derivative instruments and hedging activities. The adoption of this statement effective February 1, 2009 did not have a significant impact on the Company’s financial position. See additional disclosures relating to commodity derivative and financial derivative transactions in Note F – Derivatives.

SFAS No. 157, “Fair Value Measurements” defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The adoption of this statement effective August 1, 2008 did not have a significant impact on the Company’s financial position. See disclosure of the Company’s fair value measurements commodity derivative and financial derivative transactions in Note F – Derivatives.

SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities,” provides entities the irrevocable option to elect to carry most financial assets and liabilities at fair value. The adoption of this statement was effective August 1, 2008; however, the Company has not elected the fair value option for any of its financial assets or liabilities.

SFAS No. 141(R) “Business Combinations” (a replacement of SFAS No. 141, “Business Combinations”) establishes principles and requirements for how the acquirer in a business combination recognizes and measures the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, how the acquirer recognizes and measures goodwill or a gain from a bargain purchase (formerly negative goodwill) and how the acquirer determines what information to disclose. This statement is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently evaluating the potential impact of this statement.

SFAS No. 160 “Noncontrolling Interests in Consolidated Financial Statements” establishes accounting and reporting standards for the noncontrolling interest (formerly minority interest) in a subsidiary and for the deconsolidation of a subsidiary and it clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the potential impact of this statement.

FASB Staff Position (“FSP”) SFAS 140-4 and FASB Interpretation No. 46R-8 “Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities” improves the transparency of transfers of financial assets and an enterprise’s involvement with variable interest entities, including qualifying special-purpose entities. This FSP is effective for interim and annual reporting periods ending after December 15, 2008. The adoption of this FSP effective November 1, 2008 did not have a significant impact on the Company’s financial position.

*(5) Price risk management assets and liabilities:*

Financial instruments formally designated and documented as a hedge of a specific underlying exposure are recorded gross at fair value as “Price risk management assets” and “Price risk management liabilities” on the condensed consolidated balance sheets with changes in fair value reported in other comprehensive income. See additional discussion about price risk management assets and liabilities in Note F – Derivatives.

*(6) Income taxes:*

Deferred taxes consisted of the following:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Deferred tax assets	\$ 812	\$ 4,065
Deferred tax liabilities	(3,090)	(5,903)
Net deferred tax liability	<u>\$ (2,278)</u>	<u>\$ (1,838)</u>

**C. Supplemental financial statement information**

Inventories consist of the following:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Propane gas and related products	\$ 88,617	\$128,776
Appliances, parts and supplies	21,381	23,525
Inventories	<u>\$109,998</u>	<u>\$152,301</u>

In addition to inventories on hand, the Company 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 24 months. As of April 30, 2009, the Company had committed, for supply procurement purposes, to take net delivery of approximately 57.8 million gallons of propane at fixed prices.

Other current liabilities consist of the following:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Current portion of long-term debt	\$153,078	\$ 2,397
Accrued interest	29,041	19,875
Customer deposits and advances	16,054	25,065
Other	53,893	53,178
Other current liabilities	<u>\$252,066</u>	<u>\$100,515</u>

#### D. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Accounts receivable	\$ 59,462	\$127,975
Note receivable from Ferrellgas Receivables	68,013	—
Retained interest	46,763	22,753
Other	298	330
Less: Allowance for doubtful accounts	<u>(5,602)</u>	<u>(5,977)</u>
Accounts and notes receivable, net	<u>\$168,934</u>	<u>\$145,081</u>

During April 2009, the Company renewed its accounts receivable securitization facility with JPMorgan Chase Bank, N.A., Falcon Asset Securitization Company, LLC and Fifth Third Bank for an additional 364-day commitment. As part of this renewed facility, the Company transfers a portion of its trade accounts receivable to Ferrellgas Receivables, which finances its acquisition of the trade receivable assets by issuing beneficial interests in (securitizing) the receivables to a commercial paper conduit for proceeds of up to \$145.0 million. The Company does not provide any guarantee or similar support to the collectability of these receivables. The Company structured the facility using a wholly-owned, unconsolidated special purpose entity in order to facilitate the transaction while complying with the Company's various debt covenants. If the covenants are compromised, funding from the facility could be restricted or suspended, or its costs could increase. As a servicer, the Company remits daily to this special purpose entity funds collected on the trade receivables held by Ferrellgas Receivables.

The Company transfers a portion of its trade accounts receivable to Ferrellgas Receivables and retains an interest and a note receivable related to these transferred receivables. As these transferred receivables are subsequently collected, the funding from the accounts receivable securitization facility is reduced. Ferrellgas Receivables recorded the following on its balance sheet:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Trade accounts receivable transferred from the operating partnership	\$183,635	\$97,333
Note payable to the operating partnership	68,013	—

The Company's consolidated balance sheet does not include trade accounts receivables transferred, but does include a note receivable from Ferrellgas Receivables which represents expected cash proceeds from the sale of accounts receivable to Ferrellgas Receivables that have not yet been received. As of April 30, 2009, the Company had received proceeds from trade accounts receivable sales of \$65.0 million with the ability to receive proceeds of an additional \$4.0 million.

The weighted average discount rate used to value the retained interest in the transferred receivables was 3.0% and 4.7% as of April 30, 2009 and July 31, 2008, respectively.

#### E. Long-term debt

Long-term debt consists of the following:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
<b>Senior notes</b>		
Fixed rate, Series D-E, ranging from 7.24% to 7.42% due 2010-2013	\$ 152,000	\$ 204,000
Fixed rate, 8.75%, due 2012, net of unamortized premium of \$1,186 and \$1,471 at April 30,	269,186	269,471

2009 and July 31, 2008, respectively		
Fixed rate, Series C, 8.87%, due 2009	73,000	73,000
Fixed rate, 6.75% due 2014, net of unamortized discount of \$26,647 and \$518 at April 30, 2009 and July 31, 2008, respectively	423,353	249,482
<b>Credit facility</b> , variable interest rate, expiring 2010 (net of \$41.6 million and \$125.7 million classified as short-term borrowings at April 30, 2009 and July 31, 2008, respectively)	78,420	235,270
<b>Notes payable</b> , 8.0% weighted average interest rate in 2009 due 2009 to 2016, net of unamortized discount of \$1,084 and \$1,160 at April 30, 2009 and July 31, 2008, respectively	5,414	5,864
<b>Capital lease obligations</b>	—	29
	<u>1,001,373</u>	<u>1,037,116</u>
Less: current portion, included in other current liabilities on the condensed consolidated balance sheets	153,078	2,397
Long-term debt	<u>\$ 848,295</u>	<u>\$1,034,719</u>

On August 1, 2008, the Company made scheduled principal payments of \$52.0 million on the 7.12% Series C senior notes using proceeds from borrowings on the unsecured credit facility due 2010.

On August 4, 2008, the Company issued \$200.0 million in aggregate principal amount of its 6.75% senior notes due 2014 at an offering price equal to 85% of par.

#### *Unsecured credit facility*

On October 15, 2008, the operating partnership executed a second amendment to its Fifth Amended and Restated Credit Agreement due 2010 which increased the letter of credit sublimit from \$90.0 million to \$200.0 million through February 28, 2009 and to \$150.0 million thereafter. The letter of credit sublimit is part of, and not in addition to, the aggregate credit facility commitment. The amendment also requires the operating partnership to cash collateralize any outstanding letter of credit obligations in an amount equal to the pro rata share of any defaulting lender.

On April 20, 2009 the operating partnership terminated the \$150.0 million unsecured credit facility due August 1, 2009. In conjunction with this termination the operating partnership paid down the total borrowings outstanding under this facility of \$95.0 million using borrowing capacity available under the \$448.0 million unsecured credit facility due April 2010.

As of April 30, 2009, the operating partnership had total borrowings outstanding under its unsecured credit facility of \$120.0 million. The Company classified \$41.6 million of this amount as short-term borrowings since it was used to fund working capital needs that management intends to pay down within the following 12 months. The Company classified the remaining \$78.4 million as current portion of long term debt because the unsecured credit facility matures within one year. The Company intends to extend or renew this unsecured credit facility before its maturity date in April 2010. These borrowings have a weighted average interest rate of 2.2%.

As of July 31, 2008, the operating partnership had total borrowings outstanding under its two unsecured credit facilities of \$361.0 million. The Company classified \$125.7 million of this amount as short-term borrowings since it was used to fund working capital needs that management had intended to pay down within the following 12 months. These borrowings had a weighted average interest rate of 4.72%.

Letters of credit outstanding at April 30, 2009 totaled \$76.9 million and were used primarily to secure insurance arrangements, margin calls under certain risk management activities, and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2008 totaled \$42.3 million and were used primarily for insurance arrangements. At April 30, 2009, the Company had available letter of credit capacity of \$73.1 million.

As of April 30, 2009, the Company met all the required quarterly financial tests and covenants related to its senior notes and unsecured credit facility.

## **F. Derivatives**

### *Commodity Price Risk Management*

The Company'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. The Company attempts to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

The Company's risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to the Company'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 its 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.

The Company's 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. The Company 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. The Company also enters into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within SFAS 133 and are therefore not recorded prior to settlement on our financial statements.

### *Cash Flow Hedging Activity*

The Company uses financial derivative instruments for risk management purposes to hedge a portion of its exposure to market fluctuations in propane prices. These financial derivative instruments are designated as cash flow hedging instruments, thus the effective portions of changes in the fair value of the financial derivatives are recorded in OCI prior to settlement and are subsequently recognized in the condensed consolidated statements of earnings in "Cost of goods sold – propane and other gas liquids sales" when the forward or forecasted propane sales transaction impacts earnings. The effectiveness of cash flow hedges is evaluated at inception and on an on-going basis. Changes in the fair value of cash flow hedges due to hedge ineffectiveness, if any, are recognized in "Cost of product sold – propane and other gas liquids sales." During the nine months ended April 30, 2009 and 2008, the Company did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of the financial derivative contract gain or loss from the assessment of hedge effectiveness related to these cash flow hedges.

The fair value of financial derivative instruments are classified gross on the condensed consolidated balance sheets as "Price risk management assets" and "Price risk management liabilities" as follows:

	<u>April 30, 2009</u>	<u>July 31, 2008</u>
Derivatives – Price risk management assets	\$ 57	\$26,086
Derivatives – Price risk management liabilities	33,835	7,337

As of April 30, 2009, the Company had financial derivative contracts covering 1.2 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

During the nine months ended April 30, 2009 and 2008, the Company neither held nor entered into financial derivative contracts that contained credit risk related contingency features.

In accordance with SFAS 157, the Company determines the fair value of its assets and liabilities subject to fair value measurement by using the highest possible “Level” as defined within SFAS 157. The three levels defined by the SFAS 157 hierarchy are as follows:

- Level 1 – Quoted prices available in active markets for identical assets or liabilities.
- Level 2 – Pricing inputs not quoted in active markets but either directly or indirectly observable.
- Level 3 – Significant inputs to pricing that have little or no transparency with inputs requiring significant management judgment or estimation.

The Company considers over-the-counter derivative instruments entered into directly with third parties as Level 2 valuation since the values of these derivatives are quoted by third party brokers and are on an exchange for similar transactions. The market prices used to value the Company’s derivatives have been determined using independent third party prices, readily available market information, broker quotes, and appropriate valuation techniques.

At April 30, 2009 and July 31, 2008, all derivative assets and liabilities qualified for classification as Level 2 — other observable inputs as defined within SFAS 157. All financial derivatives assets and liabilities were non-trading positions.

## **G. Contingencies**

The Company’s operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane. As a result, at any given time, the Company is threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Currently, the Company 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 condensed consolidated financial condition of the Company.