

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

Form 10-Q

- (Mark One)
- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 30, 2012
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

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

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

(Exact name of registrants as specified in their charters)

Delaware	43-1698480
Delaware	43-1742520
Delaware	43-1698481
Delaware	14-1866671

(States or other jurisdictions of incorporation or organization)

(I.R.S. Employer Identification Nos.)

7500 College Boulevard,
Suite 1000, Overland Park, Kansas

66210

(Address of principal executive office)

(Zip Code)

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

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes No

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

Ferrellgas Partners, L.P.:

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> <i>(do not check if a smaller reporting company)</i>	Smaller reporting company <input type="checkbox"/>
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Ferrellgas Partners Finance Corp, Ferrellgas, L.P. and Ferrellgas Finance Corp.:

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/> <i>(do not check if a smaller reporting company)</i>	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Ferrellgas Partners, L.P. and Ferrellgas, L.P. Yes No
Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. Yes No

At May 31, 2012, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	78,965,469	Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock
Ferrellgas, L.P.	n/a	n/a
Ferrellgas Finance Corp.	1,000	Common Stock

Documents Incorporated by Reference: None

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

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

For the quarterly period ended April 30, 2012
FORM 10-Q QUARTERLY REPORT

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except unit data) (unaudited)

	April 30, 2012	July 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,873	\$ 7,437
Accounts and notes receivable, net (including \$194,762 and \$112,509 of accounts receivable pledged as collateral at April 30, 2012 and July 31, 2011, respectively)	193,016	159,532
Inventories	131,854	136,139
Prepaid expenses and other current assets	18,285	23,885
Total current assets	355,028	326,993
Property, plant and equipment (net of accumulated depreciation of \$594,172 and \$573,665 at April 30, 2012 and July 31, 2011, respectively)	635,881	642,205
Goodwill	248,944	248,944
Intangible assets (net of accumulated amortization of \$319,527 and \$303,360 at April 30, 2012 and July 31, 2011, respectively)	194,420	204,136
Other assets, net	39,967	38,308
Total assets	\$ 1,474,240	\$ 1,460,586
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	\$ 67,503	\$ 67,541
Short-term borrowings	58,291	64,927
Collateralized note payable	134,000	61,000
Other current liabilities	97,871	104,813
Total current liabilities	357,665	298,281
Long-term debt	1,044,187	1,050,920
Other liabilities	23,622	23,068
Contingencies and commitments (Note I)	—	—
Partners' capital:		
Common unitholders (78,965,469 and 75,966,353 units outstanding at April 30, 2012 and July 31, 2011, respectively)	111,336	139,614
General partner unitholder (797,631 and 767,337 units outstanding at April 30, 2012 and July 31, 2011, respectively)	(58,947)	(58,660)
Accumulated other comprehensive income (loss)	(5,993)	4,633
Total Ferrellgas Partners, L.P. partners' capital	46,396	85,587
Noncontrolling interest	2,370	2,730
Total partners' capital	48,766	88,317
Total liabilities and partners' capital	\$ 1,474,240	\$ 1,460,586

See notes to condensed consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per unit data)
(unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Revenues:				
Propane and other gas liquids sales	\$ 556,644	\$ 647,709	\$ 1,850,430	\$ 1,790,511
Other	72,975	84,664	146,887	183,046
Total revenues	629,619	732,373	1,997,317	1,973,557
Costs and expenses:				
Cost of product sold - propane and other gas liquids sales	401,521	483,101	1,405,243	1,299,003
Cost of product sold - other	49,117	60,074	80,211	111,432
Operating expense (includes \$0.1 million and \$0.6 million for the three months ended April 30, 2012 and 2011, respectively, and \$2.0 million and \$3.8 million for the nine months ended April 30, 2012 and 2011, respectively, for non-cash stock and unit-based compensation)	95,934	104,383	300,926	310,467
Depreciation and amortization expense	21,123	20,030	62,839	60,395
General and administrative expense (includes \$0.3 million and \$1.0 million for the three months ended April 30, 2012 and 2011, respectively, and \$2.9 million and \$9.9 million for the nine months ended April 30, 2012 and 2011, respectively, for non-cash stock and unit-based compensation)	9,236	18,937	31,586	49,148
Equipment lease expense	3,789	3,650	10,846	10,842
Non-cash employee stock ownership plan compensation charge	2,203	2,591	6,719	7,967
Loss on disposal of assets	1,220	463	2,052	834
Operating income	45,476	39,144	96,895	123,469
Interest expense	(23,471)	(24,933)	(70,904)	(78,205)
Loss on extinguishment of debt	0	(10,513)	0	(46,962)
Other income, net	201	243	248	509
Earnings (loss) before income taxes	22,206	3,941	26,239	(1,189)
Income tax expense	1,144	572	1,285	1,288
Net earnings (loss)	21,062	3,369	24,954	(2,477)
Net earnings attributable to noncontrolling interest	255	196	377	264
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	20,807	3,173	24,577	(2,741)
Less: General partner's interest in net earnings (loss)	208	32	246	(27)
Common unitholders' interest in net earnings (loss)	\$ 20,599	\$ 3,141	\$ 24,331	\$ (2,714)
Basic and diluted net earnings (loss) per common unitholders' interest	\$ 0.26	\$ 0.04	\$ 0.32	\$ (0.04)
Cash distributions declared per common unit	\$ 0.50	\$ 0.50	\$ 1.50	\$ 1.50

See notes to condensed consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)
(unaudited)

Number of units		Accumulated other comprehensive income (loss)			Total Ferrellgas Partners, L.P. partners' capital	Non-controlling interest	Total partners' capital
Common unitholders	General partner unitholder	Common unitholders	General partner unitholder	Risk management			

July 31, 2010	69,521.8	702.2	\$ 141,281	\$ (58,644)	\$ (166)	\$ 24	\$ (273)	\$ 82,222	\$ 3,680	\$ 85,902
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	0	0	21,243	215	0	0	0	21,458	218	21,676
Distributions	0	0	(105,601)	(1,067)	0	0	0	(106,668)	(2,312)	(108,980)
Common units issued in connection with acquisition	63.5	0.6	1,625	16	0	0	0	1,641	17	1,658
Common unit options issued	40.4	0.4	468	5	0	0	0	473	3	476
Common units issued in offering, net of issuance costs	6,275.1	63.4	157,212	1,588	0	0	0	158,800	1,608	160,408
Comprehensive income:										
Net earnings (loss)	0	0	(2,714)	(27)	0	0	0	(2,741)	264	(2,477)
Cumulative effect of change in accounting principle	0	0	1,230	12	0	0	0	1,242	13	1,255
Other comprehensive income:										
Net earnings on risk management derivatives	0	0	0	0	24,082	0	0			246
Reclassification of derivatives to earnings	0	0	0	0	(7,825)	0	0			(80)
Foreign currency translation adjustment	0	0	0	0	0	1	0			
Other comprehensive income								16,258		16,424
Comprehensive income								14,759	443	15,202
April 30, 2011	<u>75,900.8</u>	<u>766.6</u>	<u>\$ 214,744</u>	<u>\$ (57,902)</u>	<u>\$ 16,091</u>	<u>\$ 25</u>	<u>\$ (273)</u>	<u>\$ 172,685</u>	<u>\$ 3,657</u>	<u>\$ 176,342</u>
July 31, 2011	75,966.4	767.3	\$ 139,614	\$ (58,660)	\$ 5,098	\$ 26	\$ (491)	\$ 85,587	\$ 2,730	\$ 88,317
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	0	0	11,354	115	0	0	0	11,469	117	11,586
Distributions	0	0	(115,451)	(1,167)	0	0	0	(116,618)	(1,270)	(117,888)
Common units issued in connection with acquisition	68.2	0.7	1,300	13	0	0	0	1,313	13	1,326
Common unit options issued	35.5	0.3	413	4	0	0	0	417	1	418
Common units issued in offering, net of issuance costs	2,895.4	29.3	49,775	502	0	0	0	50,277	510	50,787
Comprehensive income (loss):										
Net earnings	0	0	24,331	246	0	0	0	24,577	377	24,954
Other comprehensive income (loss):										
Net loss on risk management derivatives	0	0	0	0	(9,503)	0	0			(97)
Reclassification of derivatives to earnings	0	0	0	0	(1,112)	0	0			(11)
Foreign currency translation adjustment	0	0	0	0	0	9	0			0
Tax effect on foreign currency translation adjustment	0	0	0	0	0	(20)	0			0
Other comprehensive income (loss)								(10,626)		(10,734)
Comprehensive income								13,951	269	14,220
April 30, 2012	<u>78,965.5</u>	<u>797.6</u>	<u>\$ 111,336</u>	<u>\$ (58,947)</u>	<u>\$ (5,517)</u>	<u>\$ 15</u>	<u>\$ (491)</u>	<u>\$ 46,396</u>	<u>\$ 2,370</u>	<u>\$ 48,766</u>

See notes to condensed consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	For the nine months ended	
	2012	2011
Cash flows from operating activities:		
Net earnings (loss)	\$ 24,954	\$ (2,477)
Reconciliation of net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	62,839	60,395
Non-cash employee stock ownership plan compensation charge	6,719	7,967
Non-cash stock and unit-based compensation charge	4,867	13,709
Loss on disposal of assets	2,052	834
Loss on extinguishment of debt	0	27,463
Provision for doubtful accounts	4,966	4,395
Deferred tax expense	584	362
Other	1,458	5,702
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net	(38,572)	(103,076)
Inventories	4,285	47,187
Prepaid expenses and other current assets	(2,078)	(1,981)
Accounts payable	165	32,596
Accrued interest expense	5,400	2,394
Other current liabilities	(15,601)	(11,359)
Other liabilities	(148)	289
Net cash provided by operating activities	61,890	84,400
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(10,327)	(5,113)
Capital expenditures	(37,747)	(36,662)
Proceeds from sale of assets	4,314	4,273
Net cash used in investing activities	(43,760)	(37,502)
Cash flows from financing activities:		
Distributions	(116,618)	(106,668)
Proceeds from increase in long-term debt	42,436	552,370

Payments on long-term debt	(52,391)	(649,827)
Net reductions in short-term borrowings	(6,636)	(26,739)
Net additions to collateralized short-term borrowings	73,000	37,000
Cash paid for financing costs	(3,575)	(9,655)
Noncontrolling interest activity	(759)	(701)
Proceeds from exercise of common unit options	413	468
Proceeds from equity offering, net of issuance costs	49,941	157,212
Cash contribution from general partner in connection with common unit issuances	506	1,591
Net cash used in financing activities	(13,683)	(44,949)
Effect of exchange rate changes on cash	(11)	1
Increase in cash and cash equivalents	4,436	1,950
Cash and cash equivalents - beginning of period	7,437	11,401
Cash and cash equivalents - end of period	\$ 11,873	\$ 13,351

See notes to condensed consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(Dollars in thousands, except per unit data, unless otherwise designated)

(unaudited)

A. Partnership organization and formation

Ferrellgas Partners, L.P. (“Ferrellgas Partners”) is a publicly traded limited partnership, owning an approximate 99% limited partner interest in Ferrellgas, L.P. (the “operating partnership”). Ferrellgas Partners and the operating partnership are collectively referred to as “Ferrellgas.” Ferrellgas, Inc. (the “general partner”), a wholly-owned subsidiary of Ferrell Companies, Inc. (“Ferrell Companies”), has retained a 1% general partner interest in Ferrellgas Partners and also holds an approximate 1% general partner interest in the operating partnership, representing an effective 2% general partner interest in Ferrellgas on a combined basis. As general partner, it performs all management functions required by Ferrellgas. As of April 30, 2012, Ferrell Companies beneficially owned 21.7 million of Ferrellgas Partners’ outstanding common units.

The condensed consolidated financial statements of Ferrellgas reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal, recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (ii) the consolidated financial statements and accompanying notes, each as set forth in Ferrellgas’ Annual Report on Form 10-K for fiscal 2011.

B. Summary of significant accounting policies

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

The operating partnership 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. Therefore, the results of operations for the nine months ended April 30, 2012 and 2011 are not necessarily indicative of the results to be expected for a full fiscal year. The operating partnership 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 and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for doubtful accounts, fair value of

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reporting units, fair values of derivative contracts and stock and unit-based compensation calculations.

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

activities are presented below:

	For the nine months ended April 30,	
	2012	2011
CASH PAID FOR:		
Interest	\$ 61,621	\$ 69,508
Income taxes	\$ 100	\$ 34
NON-CASH INVESTING ACTIVITIES:		
Issuance of common units in connection with acquisitions	\$ 1,300	\$ 1,625
Liabilities incurred in connection with acquisitions	\$ 2,321	\$ 1,684
Property, plant and equipment additions	\$ 604	\$ 800

(4) New accounting standards:

FASB Accounting Standard Update No. 2010-28

In December 2010, the Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standard Update No. 2010-28 (ASU 2010-28), which modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Ferrellgas’ adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-4

In May 2011, the FASB issued ASU 2011-04, “Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS.” The amendments result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards (“IFRS”). The new guidance applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, liability or an instrument classified in shareholders’ equity. Among other things, the new guidance requires quantitative information about unobservable inputs, valuation processes and sensitivity analysis associated with fair value measurements categorized within Level 3 of the fair value hierarchy. The new guidance is effective for interim periods beginning after December 31, 2011 and is required to be applied prospectively. Ferrellgas’ adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update Nos. 2011-05 and 2011-12

In June 2011, the FASB issued ASU 2011-05, which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, which indefinitely defers certain provisions of ASU 2011-05. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas does not expect the adoption of this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

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FASB Accounting Standard Update No. 2011-08

In September 2011, the FASB issued ASU 2011-08, which amends the existing guidance on goodwill impairment testing. Under the new guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Ferrellgas does not expect the adoption of this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

(5) Goodwill: Ferrellgas records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Based on the guidance in Accounting Standards Codification (“ASC”) 280 — “Segment Reporting” and ASC 350 — “Intangibles — Goodwill and other,” Ferrellgas has determined that it has three reporting units for goodwill impairment testing purposes. Two of these reporting units contain goodwill that is subject to at least an annual assessment for impairment by applying a fair-value-based test. Under this test, the carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification basis. To the extent a reporting unit’s carrying value exceeds its fair value, an indication exists that the reporting unit’s goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to its carrying amount. Ferrellgas has completed the impairment test for each of its reporting units and believes that estimated fair values exceed the carrying values of its reporting units as of January 31, 2012.

C. Supplemental financial statement information

Inventories consist of the following:

	April 30, 2012	July 31, 2011
Propane gas and related products	\$ 114,282	\$ 113,826
Appliances, parts and supplies	17,572	22,313
Inventories	\$ 131,854	\$ 136,139

In addition to inventories on hand, Ferrellgas enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All supply procurement fixed price contracts have terms of fewer than 24 months. As of April 30, 2012, Ferrellgas had committed, for supply procurement purposes, to take delivery of approximately 34.1 million gallons of propane at fixed prices.

Other current liabilities consist of the following:

	April 30, 2012	July 31, 2011
Accrued interest	\$ 25,179	\$ 19,779
Accrued litigation and insurance	7,836	16,565
Customer deposits and advances	17,364	19,784
Other	47,492	48,685
Other current liabilities	<u>\$ 97,871</u>	<u>\$ 104,813</u>

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

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	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Operating expense	\$ 47,472	\$ 45,596	\$ 139,197	\$ 135,494
Depreciation and amortization expense	1,636	1,535	4,920	4,505
Equipment lease expense	3,179	3,206	9,323	9,656
	<u>\$ 52,287</u>	<u>\$ 50,337</u>	<u>\$ 153,440</u>	<u>\$ 149,655</u>

D. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following:

	April 30, 2012	July 31, 2011
Accounts receivable pledged as collateral	\$ 194,762	\$ 112,509
Accounts receivable	2,222	51,104
Other	253	229
Less: Allowance for doubtful accounts	(4,221)	(4,310)
Accounts and notes receivable, net	<u>\$ 193,016</u>	<u>\$ 159,532</u>

During January 2012, the operating partnership executed a new accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This new accounts receivable securitization facility has up to \$225.0 million of capacity, matures on January 19, 2017 and replaces the operating partnership's previous 364-day facility which was to expire on April 4, 2013. As part of this new facility, the operating partnership, through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a commercial paper conduit for proceeds of up to \$225.0 million during the months of January, February, March and December, \$175.0 million during the months of April and May and \$145.0 million for all other months, depending on the availability of undivided interests in its accounts receivable from certain customers. Borrowings on the new accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20% lower than the previous facility. At April 30, 2012, \$194.8 million of trade accounts receivable were pledged as collateral against \$134.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from the operating partnership. The operating partnership does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

The operating partnership structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas' various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of April 30, 2012, the operating partnership had received cash proceeds of \$134.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. As of July 31, 2011, the operating partnership had received cash proceeds of \$61.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional \$3.0 million. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 2.2% and 3.6% as of April 30, 2012 and July 31, 2011, respectively.

E. Debt

Short-term borrowings

Ferrellgas classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of April 30, 2012 and July 31, 2011, \$58.3 million and \$64.9 million, respectively, were classified as short-term borrowings. For further discussion see the

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secured credit facility section below.

Secured credit facility

During September 2011, Ferrellgas executed an amendment to its secured credit facility. This amendment changed the maturity of the secured credit facility to five years, extending the maturity date to September 2016. There was no change to the size of the facility which remains at \$400.0 million with a letter of credit sublimit of \$200.0 million. Borrowings on the amended secured credit facility bear interest at rates ranging from 1.25% to 1.50% lower than the previous secured credit facility.

As of April 30, 2012, Ferrellgas had total borrowings outstanding under its secured credit facility of \$115.3 million, of which \$57.0 million was classified as long-term debt. As of July 31, 2011, Ferrellgas had total borrowings outstanding under its secured credit facility of \$129.5 million, of which \$64.6 million was classified as long-term debt.

Borrowings outstanding at April 30, 2012 and July 31, 2011 under the secured credit facility had a weighted average interest rate of 4.6% and 6.5%, respectively.

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

Letters of credit outstanding at April 30, 2012 totaled \$61.4 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2011 totaled \$47.5 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At April 30, 2012, Ferrellgas had available letter of credit remaining capacity of \$138.6 million. At July 31, 2011, Ferrellgas had available letter of credit remaining capacity of \$152.5 million.

The carrying amount of short-term financial instruments approximates fair value because of the short maturity of the instruments. The estimated fair value of Ferrellgas' long-term debt instruments was \$1,049.2 million and \$1,134.2 million as of April 30, 2012 and July 31, 2011, respectively. The fair values are estimated based on quoted market prices.

F. Partners' capital

Common unit issuances

During January 2012, Ferrellgas Partners, in a non-brokered registered direct offering, issued to Ferrell Companies 1.4 million common units. Net proceeds of approximately \$25.0 million were used to reduce outstanding indebtedness under the operating partnership's secured credit facility.

During January 2012, Ferrellgas Partners entered into an agreement with an institutional investor relating to a non-brokered registered direct offering of 1.5 million common units. Net proceeds of approximately \$25.0 million were used to reduce outstanding indebtedness under the operating partnership's secured credit facility.

During the nine months ended April 30, 2012, Ferrellgas issued 0.1 million common units valued at \$1.3 million in connection with an acquisition of propane distribution assets.

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Partnership distributions paid

Ferrellgas Partners has paid the following distributions:

	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Public common unitholders	\$ 26,443	\$ 23,072	\$ 77,727	\$ 68,578
Ferrell Companies (1)	10,735	10,040	30,815	30,120
FCI Trading Corp. (2)	98	98	294	294
Ferrell Propane, Inc. (3)	26	27	78	78
James E. Ferrell (4)	2,179	2,177	6,537	6,531
General partner	399	358	1,167	1,067
	<u>\$ 39,880</u>	<u>\$ 35,772</u>	<u>\$ 116,618</u>	<u>\$ 106,668</u>

- (1) Ferrell Companies is the owner of the general partner and a 27% direct owner of Ferrellgas Partner's common units and thus a related party. Ferrell Companies also beneficially owns 195,686 and 51,204 common units of Ferrellgas Partners held by FCI Trading Corp. ("FCI Trading") and Ferrell Propane, Inc. ("Ferrell Propane"), respectively, bringing Ferrell Companies' total beneficial ownership to 28%.
- (2) FCI Trading is an affiliate of the general partner and thus a related party.
- (3) Ferrell Propane is controlled by the general partner and thus a related party.
- (4) James E. Ferrell is the Executive Chairman and Chairman of the Board of Directors of the general partner and thus a related party.

On May 24, 2012, Ferrellgas Partners declared a cash distribution of \$0.50 per common unit for the three months ended April 30, 2012, which is expected to be paid on June 14, 2012.

Included in this cash distribution are the following amounts expected to be paid to related parties:

Ferrell Companies	\$ 10,735
FCI Trading	98
Ferrell Propane	26

See additional discussions about transactions with related parties in Note H — Transactions with related parties.

Other comprehensive income (“OCI”)

See Note G — Derivatives — for details regarding changes in fair value on risk management financial derivatives recorded within OCI for the nine months ended April 30, 2012 and 2011.

General partner’s commitment to maintain its capital account

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

During the nine months ended April 30, 2012, the general partner made cash contributions of \$1.0 million and non-cash contributions of \$0.2 million to Ferrellgas to maintain its effective 2% general partner interest.

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G. Derivatives

Commodity Price Risk Management

Ferrellgas’ risk management activities primarily attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies on a short-term basis. Ferrellgas attempts to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

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

Ferrellgas’ risk management activities 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. Ferrellgas enters into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. Ferrellgas also enters into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on Ferrellgas’ financial statements until settled.

See Note K — Subsequent events — for details regarding an interest rate swap agreement designed to manage interest rate risk exposure.

Cash Flow Hedging Activity

Ferrellgas 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 product 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, 2012 and 2011, Ferrellgas 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 the financial derivative instruments below is included within “Prepaid expenses and other current assets” and “Other current liabilities” on the condensed consolidated balance sheets:

	April 30, 2012	July 31, 2011
Derivatives — Price risk management assets	\$ 0	\$ 7,637
Derivatives — Price risk management liabilities	\$ 5,562	\$ 2,476

Ferrellgas had the following cash flow hedge activity included in OCI in the condensed consolidated statements of partners’ capital:

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	For the nine months ended April 30,	
	2012	2011
Fair value gain (loss) adjustment classified as OCI with offset in Price risk management assets and Price risk management liabilities	\$ (9,600)	\$ 24,328
Reclassification of net gains originally recorded within OCI to Cost of product sold — propane and other gas liquids	\$ 1,123	\$ 7,905

Ferrellgas expects to reclassify net losses of approximately \$5.6 million to earnings during the next 12 months. These net losses are expected to be offset by margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sales exception.

During the nine months ended April 30, 2012 and 2011, Ferrellgas had no reclassifications to earnings resulting from discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of April 30, 2012, Ferrellgas had financial derivative contracts covering 1.1 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, 2012 and 2011, four counterparties represented 81% and 82%, respectively, of net settled cash flow hedging positions reported in "Cost of product sold — propane and other gas liquids sales." During the nine months ended April 30, 2012 and 2011, Ferrellgas neither held nor entered into financial derivative contracts that contained credit risk related contingency features.

In accordance with GAAP, Ferrellgas determines the fair value of its assets and liabilities subject to fair value measurement by using the highest possible "Level" as defined within the GAAP hierarchy. The three levels defined by the GAAP 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.

Ferrellgas 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 Ferrellgas' derivatives are based upon industry price publications and independent broker quotes utilizing both current market transactions and indicators.

The following tables provide the amounts and their corresponding level of hierarchy for Ferrellgas' assets and liabilities that are measured at fair value. All financial derivatives assets and liabilities were non-trading positions.

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	As of April 30, 2012			
	Level 1	Level 2	Level 3	Total
Fair value of derivatives				
Price risk management assets	—	\$ 0	—	\$ 0
Price risk management liabilities	—	\$ 5,562	—	\$ 5,562
	As of July 31, 2011			
	Level 1	Level 2	Level 3	Total
Fair value of derivatives				
Price risk management assets	—	\$ 7,637	—	\$ 7,637
Price risk management liabilities	—	\$ 2,476	—	\$ 2,476

H. Transactions with related parties

General partner

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

	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Operating expense	\$ 48,165	\$ 50,342	\$ 151,476	\$ 158,857
General and administrative expense	\$ 6,103	\$ 4,172	\$ 18,809	\$ 16,344

See additional discussions about transactions with the general partner and related parties in Note F — Partners' capital.

I. Contingencies and commitments

Litigation

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

Ferrellgas has been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to its Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that Ferrellgas failed to inform consumers of the amount of propane contained in propane tanks they purchased and that Ferrellgas violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been

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coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. A settlement agreement has received approval by the Court. Ferrellgas believes these claims will not have a material impact on the consolidated financial condition, results of operations and cash flows of Ferrellgas beyond the \$10.0 million paid during March 2012 for these claims.

Ferrellgas has also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that Ferrellgas violates consumer protection laws in the manner Ferrellgas sets prices and fees for its customers. Based on Ferrellgas' business practices, Ferrellgas believes that the claims are without merit and intends to defend the claims vigorously. The court has stayed discovery on this matter pending Ferrellgas' motion to compel arbitration, and the case has not been certified for class treatment. Ferrellgas does not believe loss is probable or reasonably estimable at this time related to this class action lawsuit.

Operating lease commitments

Ferrellgas leases certain property, plant and equipment under non-cancelable and cancelable operating leases. Amounts shown in the table below represent minimum lease payment obligations under Ferrellgas' third-party operating leases with terms in excess of one year for the periods indicated. These arrangements include the leasing of transportation equipment, property, computer equipment and propane tanks. Ferrellgas accounts for these arrangements as operating leases.

The following table summarizes Ferrellgas' contractual operating lease commitments as of April 30, 2012:

	Future minimum rental amounts by fiscal year					
	2012	2013	2014	2015	2016	Thereafter
Operating lease obligations	\$ 5,647	\$ 22,309	\$ 16,898	\$ 13,706	\$ 11,519	\$ 17,824

J. Net earnings (loss) per common unitholders' interest

Below is a calculation of the basic and diluted net earnings (loss) available per common unitholders' interest in the condensed consolidated statements of earnings for the periods indicated. In accordance with guidance issued by the FASB regarding participating securities and the two-class method, Ferrellgas calculates net earnings (loss) per common unitholders' interest for each period presented according to distributions declared and participation rights in undistributed earnings, as if all of the earnings or loss for the period had been distributed. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the general partner and a dilution of the earnings to the limited partners. Due to the seasonality of the propane business, the dilution effect of the guidance on the two-class method typically impacts only the three months ending January 31. There was neither a dilutive effect resulting from this guidance on basic and diluted net earnings (loss) per common unitholders' interest for the three months ended April 30, 2012 and 2011, nor for the nine months ended April 30, 2012 and 2011.

In periods with net losses, the allocation of the net losses to the limited partners and the general partner will be determined based on the same allocation basis specified in the Ferrellgas Partners' partnership agreement that would apply to periods in which there were no undistributed earnings. Additionally, in periods with net losses, there are no dilutive securities.

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	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Common unitholders' interest in net earnings (loss)	\$ 20,599	\$ 3,141	\$ 24,331	\$ (2,714)
Weighted average common units outstanding (in thousands)	78,960.0	73,145.6	77,095.8	71,102.5
Dilutive securities	42.4	112.6	73.8	0.0
Weighted average common units outstanding plus dilutive securities	79,002.4	73,258.2	77,169.6	71,102.5
Basic and diluted net earnings (loss) per common unitholders' interest	\$ 0.26	\$ 0.04	\$ 0.32	\$ (0.04)

K. Subsequent events

In May 2012, the operating partnership entered into a \$140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its \$300.0 million 9.125% notes due 2017. Beginning in May 2012, the operating partnership will receive 9.125% and will pay one-month LIBOR plus 7.96% on the \$140.0 million swapped. Ferrellgas has accounted for this agreement as a fair value hedge.

In May 2012, the operating partnership entered into a \$140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its \$500.0 million 6.50% notes due 2021. Beginning in May 2012, the operating partnership will receive 6.50% and will pay one-month LIBOR plus 4.715%

on the \$140.0 million swapped. Ferrellgas has accounted for this agreement as a fair value hedge.

In May 2012, the operating partnership entered into a forward interest rate swap agreement to hedge against variability in forecasted interest payments on the operating partnership's secured credit facility and collateralized note payable borrowings. Beginning in August 2015, the operating partnership will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount swapped. Ferrellgas has accounted for this agreement as a cash flow hedge.

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

CONDENSED BALANCE SHEETS
(in dollars)
(unaudited)

	April 30, 2012	July 31, 2011
ASSETS		
Cash	\$ 969	\$ 969
Total assets	\$ 969	\$ 969
Contingencies and commitments (Note B)	—	—
STOCKHOLDER'S EQUITY		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	9,095	8,920
Accumulated deficit	(9,126)	(8,951)
Total stockholder's equity	\$ 969	\$ 969

CONDENSED STATEMENTS OF EARNINGS
(in dollars)
(unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
General and administrative expense	\$ 0	\$ 324	\$ 175	\$ 539
Net loss	\$ 0	\$ (324)	\$ (175)	\$ (539)

See notes to condensed financial statements.

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

CONDENSED STATEMENTS OF CASH FLOWS
(in dollars)
(unaudited)

	For the nine months ended April 30,	
	2012	2011
Cash flows from operating activities:		
Net loss	\$ (175)	\$ (539)
Cash used in operating activities	(175)	(539)
Cash flows from financing activities:		
Capital contribution	175	539
Cash provided by financing activities	175	539
Change in cash	0	0
Cash — beginning of period	969	969

See notes to condensed financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

A. Formation

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

The condensed financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the condensed financial statements were of a normal, recurring nature.

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

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership.

The senior unsecured notes contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of April 30, 2012, the Partnership is in compliance with all requirements, tests, limitations and covenants related to this debt agreement.

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	<u>April 30, 2012</u>	<u>July 31, 2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,310	\$ 7,342
Accounts and notes receivable, net (including \$194,762 and \$112,509 of accounts receivable pledged as collateral at April 30, 2012 and July 31, 2011, respectively)	193,016	159,532
Inventories	131,854	136,139
Prepaid expenses and other current assets	18,244	23,867
Total current assets	<u>354,424</u>	<u>326,880</u>
Property, plant and equipment (net of accumulated depreciation of \$594,172 and \$573,665 at April 30, 2012 and July 31, 2011, respectively)	635,881	642,205
Goodwill	248,944	248,944
Intangible assets (net of accumulated amortization of \$319,527 and \$303,360 at April 30, 2012 and July 31, 2011, respectively)	194,420	204,136
Other assets, net	36,620	34,651
Total assets	<u>\$ 1,470,289</u>	<u>\$ 1,456,816</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	\$ 67,503	\$ 67,541
Short-term borrowings	58,291	64,927
Collateralized note payable	134,000	61,000
Other current liabilities	91,727	102,674
Total current liabilities	<u>351,521</u>	<u>296,142</u>
Long-term debt	862,187	868,920
Other liabilities	23,622	23,068
Contingencies and commitments (Note I)	—	—
Partners' capital		
Limited partner	236,583	261,323
General partner	2,416	2,669
Accumulated other comprehensive income (loss)	(6,040)	4,694
Total partners' capital	<u>232,959</u>	<u>268,686</u>
Total liabilities and partners' capital	<u>\$ 1,470,289</u>	<u>\$ 1,456,816</u>

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)
(unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Revenues:				
Propane and other gas liquids sales	\$ 556,644	\$ 647,709	\$ 1,850,430	\$ 1,790,511
Other	72,975	84,664	146,887	183,046
Total revenues	629,619	732,373	1,997,317	1,973,557
Costs and expenses:				
Cost of product sold - propane and other gas liquids sales	401,521	483,101	1,405,243	1,299,003
Cost of product sold - other	49,117	60,074	80,211	111,432
Operating expense (includes \$0.1 million and \$0.6 million for the three months ended April 30, 2012 and 2011, respectively, and \$2.0 million and \$3.8 million for the nine months ended April 30, 2012 and 2011, respectively, for non-cash stock and unit-based compensation)	95,779	104,251	300,642	310,196
Depreciation and amortization expense	21,123	20,030	62,839	60,395
General and administrative expense (includes \$0.3 million and \$1.0 million for the three months ended April 30, 2012 and 2011, respectively, and \$2.9 million and \$9.9 million for the nine months ended April 30, 2012 and 2011, respectively, for non-cash stock and unit-based compensation)	9,236	18,937	31,586	49,148
Equipment lease expense	3,789	3,650	10,846	10,842
Non-cash employee stock ownership plan compensation charge	2,203	2,591	6,719	7,967
Loss on disposal of assets	1,220	463	2,052	834
Operating income	45,631	39,276	97,179	123,740
Interest expense	(19,442)	(19,546)	(58,815)	(60,422)
Loss on extinguishment of debt	0	0	0	(36,449)
Other income, net	201	243	248	509
Earnings before income taxes	26,390	19,973	38,612	27,378
Income tax expense	1,137	557	1,277	1,273
Net earnings	\$ 25,253	\$ 19,416	\$ 37,335	\$ 26,105

See notes to condensed consolidated financial statements.

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(in thousands)
(unaudited)

	Limited partner	General partner	Accumulated other comprehensive income (loss)			Total partners' capital
			Risk management	Currency translation adjustments	Pension liability	
July 31, 2011	\$ 261,323	\$ 2,669	\$ 5,161	\$ 26	\$ (493)	\$ 268,686
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	11,469	117	0	0	0	11,586
Contributions in connection with acquisitions and other	1,300	13	0	0	0	1,313

Cash contributed by Ferrellgas Partners and general partner	50,000	510	0	0	0	50,510
Quarterly distributions	(124,467)	(1,270)	0	0	0	(125,737)
Comprehensive income:						
Net earnings	36,958	377	0	0	0	37,335
Other comprehensive loss:						
Net loss on risk management derivatives	0	0	(9,600)	0	0	
Reclassification of derivatives to earnings	0	0	(1,123)	0	0	
Foreign currency translation adjustment	0	0	0	9	0	
Tax effect on foreign currency translation adjustment	0	0	0	(20)	0	
Other comprehensive income (loss)						(10,734)
Comprehensive income						26,601
April 30, 2012	\$ 236,583	\$ 2,416	\$ (5,562)	\$ 15	\$ (493)	\$ 232,959

See notes to condensed consolidated financial statements.

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

	For the nine months ended April 30,	
	2012	2011
Cash flows from operating activities:		
Net earnings	\$ 37,335	\$ 26,105
Reconciliation of net earnings to net cash provided by operating activities:		
Depreciation and amortization expense	62,839	60,395
Non-cash employee stock ownership plan compensation charge	6,719	7,967
Non-cash stock and unit-based compensation charge	4,867	13,709
Loss on disposal of assets	2,052	834
Loss on extinguishment of debt	0	25,403
Provision for doubtful accounts	4,966	4,395
Deferred tax expense	584	362
Other	1,149	5,198
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net	(38,572)	(103,076)
Inventories	4,285	47,187
Prepaid expenses and other current assets	(2,055)	(1,974)
Accounts payable	165	32,596
Accrued interest expense	1,475	(450)
Other current liabilities	(15,516)	(11,281)
Other liabilities	(148)	289
Net cash provided by operating activities	<u>70,145</u>	<u>107,659</u>
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(10,340)	(5,131)
Capital expenditures	(37,747)	(36,662)
Proceeds from sale of assets	4,314	4,273
Net cash used in investing activities	<u>(43,773)</u>	<u>(37,520)</u>
Cash flows from financing activities:		
Distributions	(125,737)	(228,906)
Contributions from partners	50,510	159,291
Proceeds from increase in long-term debt	42,436	552,370
Payments on long-term debt	(52,391)	(551,827)
Net reductions in short-term borrowings	(6,636)	(26,739)
Net additions to collateralized short-term borrowings	73,000	37,000
Cash paid for financing costs	(3,575)	(9,482)
Net cash used in financing activities	<u>(22,393)</u>	<u>(68,293)</u>
Effect of exchange rate changes on cash	(11)	1
Increase in cash and cash equivalents	3,968	1,847
Cash and cash equivalents - beginning of period	7,342	11,389

See notes to condensed consolidated financial statements.

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FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(Dollars in thousands, unless otherwise designated)

(unaudited)

A. Partnership organization and formation

Ferrellgas, L.P. is a limited partnership that owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. ("Ferrellgas Partners"), a publicly traded limited partnership, holds an approximate 99% limited partner interest in, and consolidates, Ferrellgas, L.P. Ferrellgas, Inc. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell Companies"), holds an approximate 1% general partner interest in Ferrellgas, L.P. and performs all management functions required by Ferrellgas, L.P.

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

The condensed consolidated financial statements of Ferrellgas, L.P. and subsidiaries reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal, recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (ii) the consolidated financial statements and accompanying notes, each as set forth in Ferrellgas, L.P.'s Annual Report on Form 10-K for fiscal 2011.

B. Summary of significant accounting policies

(1) Nature of operations: Ferrellgas, L.P. is a single reportable operating segment 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. Therefore, the results of operations for the nine months ended April 30, 2012 and 2011 are not necessarily indicative of the results to be expected for a full fiscal year. Ferrellgas, L.P. 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 and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for doubtful accounts, fair value of reporting units, fair values of derivative contracts and stock and unit-based compensation calculations.

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

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cash activities are presented below:

	For the nine months ended April 30,	
	2012	2011
CASH PAID FOR:		
Interest	\$ 53,773	\$ 55,015
Income taxes	\$ 92	\$ 19
NON-CASH INVESTING ACTIVITIES:		
Assets contributed from Ferrellgas Partners in connection with acquisitions	\$ 1,300	\$ 1,625
Liabilities incurred in connection with acquisitions	\$ 2,321	\$ 1,684
Property, plant and equipment additions	\$ 604	\$ 800

(4) New accounting standards:

FASB Accounting Standard Update No. 2010-28

In December 2010, the Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standard Update No. 2010-28 (ASU 2010-28), which modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Ferrellgas, L.P.’s adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-4

In May 2011, the FASB issued ASU 2011-04, “Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS.” The amendments result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards (“IFRS”). The new guidance applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, liability or an instrument classified in shareholders’ equity. Among other things, the new guidance requires quantitative information about unobservable inputs, valuation processes and sensitivity analysis associated with fair value measurements categorized within Level 3 of the fair value hierarchy. The new guidance is effective for interim periods beginning after December 31, 2011 and is required to be applied prospectively. Ferrellgas, L.P.’s adoption of this guidance in fiscal 2012 did not have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update Nos. 2011-05 and 2011-12

In June 2011, the FASB issued ASU 2011-05, which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, which indefinitely defers certain provisions of ASU 2011-05. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas, L.P. does not expect the adoption of this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

FASB Accounting Standard Update No. 2011-08

In September 2011, the FASB issued ASU 2011-08, which amends the existing guidance on goodwill impairment testing. Under the new guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than

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not less than the carrying amount, the two-step impairment test would be required. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Ferrellgas, L.P. does not expect the adoption of this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

(5) Goodwill: Ferrellgas, L.P. records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Based on the guidance in Accounting Standards Codification (“ASC”) 280 — “Segment Reporting” and ASC 350 — “Intangibles — Goodwill and other,” Ferrellgas, L.P. has determined that it has three reporting units for goodwill impairment testing purposes. Two of these reporting units contain goodwill that is subject to at least an annual assessment for impairment by applying a fair-value-based test. Under this test, the carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification basis. To the extent a reporting unit’s carrying value exceeds its fair value, an indication exists that the reporting unit’s goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to its carrying amount. Ferrellgas, L.P. has completed the impairment test for each of its reporting units and believes that estimated fair values exceed the carrying values of its reporting units as of January 31, 2012.

C. Supplemental financial statement information

Inventories consist of the following:

	April 30, 2012	July 31, 2011
Propane gas and related products	\$ 114,282	\$ 113,826
Appliances, parts and supplies	17,572	22,313
Inventories	<u>\$ 131,854</u>	<u>\$ 136,139</u>

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All supply procurement fixed price contracts have terms of fewer than 24 months. As of April 30, 2012, Ferrellgas, L.P. had committed, for supply procurement purposes, to take delivery of approximately 34.1 million gallons of propane at fixed prices.

Other current liabilities consist of the following:

	April 30, 2012	July 31, 2011
Accrued interest	\$ 19,248	\$ 17,773
Accrued litigation and insurance	7,836	16,565
Customer deposits and advances	17,364	19,784
Other	47,279	48,552
Other current liabilities	<u>\$ 91,727</u>	<u>\$ 102,674</u>

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

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	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Operating expense	\$ 47,472	\$ 45,596	\$ 139,197	\$ 135,494
Depreciation and amortization expense	1,636	1,535	4,920	4,505
Equipment lease expense	3,179	3,206	9,323	9,656
	<u>\$ 52,287</u>	<u>\$ 50,337</u>	<u>\$ 153,440</u>	<u>\$ 149,655</u>

D. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following:

	April 30, 2012	July 31, 2011
Accounts receivable pledged as collateral	\$ 194,762	\$ 112,509
Accounts receivable	2,222	51,104
Other	253	229
Less: Allowance for doubtful accounts	(4,221)	(4,310)
Accounts and notes receivable, net	<u>\$ 193,016</u>	<u>\$ 159,532</u>

During January 2012, Ferrellgas, L.P. executed a new accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This new accounts receivable securitization facility has up to \$225.0 million of capacity, matures on January 19, 2017 and replaces Ferrellgas, L.P.'s previous 364-day facility which was to expire on April 4, 2013. As part of this new facility, Ferrellgas, L.P., through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a commercial paper conduit for proceeds of up to \$225.0 million during the months of January, February, March and December, \$175.0 million during the months of April and May and \$145.0 million for all other months, depending on the availability of undivided interests in its accounts receivable from certain customers. Borrowings on the new accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20% lower than the previous facility. At April 30, 2012, \$194.8 million of trade accounts receivable were pledged as collateral against \$134.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from Ferrellgas, L.P. Ferrellgas, L.P. does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

Ferrellgas, L.P. structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas, L.P.'s various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of April 30, 2012, Ferrellgas, L.P. had received cash proceeds of \$134.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. As of July 31, 2011, Ferrellgas, L.P. had received cash proceeds of \$61.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional \$3.0 million. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 2.2% and 3.6% as of April 30, 2012 and July 31, 2011, respectively.

E. Debt*Short-term borrowings*

Ferrellgas, L.P. classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of April 30, 2012 and July 31, 2011, \$58.3 million and \$64.9 million, respectively, were classified as short-term borrowings. For further discussion see the

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secured credit facility section below.

Secured credit facility

During September 2011, Ferrellgas, L.P. executed an amendment to its secured credit facility. This amendment changed the maturity of the secured credit facility to five years, extending the maturity date to September 2016. There was no change to the size of the facility which remains at \$400.0 million with a letter of credit sublimit of \$200.0 million. Borrowings on the amended secured credit facility bear interest at rates ranging from 1.25% to 1.50% lower than the previous secured credit facility.

As of April 30, 2012, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of \$115.3 million, of which \$57.0 million was classified as long-term debt. As of July 31, 2011, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of \$129.5 million, of which \$64.6 million was classified as long-term debt.

Borrowings outstanding at April 30, 2012 and July 31, 2011 under the secured credit facility had a weighted average interest rate of 4.6% and 6.5%, respectively.

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

Letters of credit outstanding at April 30, 2012 totaled \$61.4 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2011 totaled \$47.5 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At April 30, 2012, Ferrellgas, L.P. had available letter of credit remaining capacity of \$138.6 million. At July 31, 2011, Ferrellgas, L.P. had available letter of credit remaining capacity of \$152.5 million.

The carrying amount of short-term financial instruments approximates fair value because of the short maturity of the instruments. The estimated fair value of Ferrellgas, L.P.'s long-term debt instruments was \$885.4 million and \$941.3 million as of April 30, 2012 and July 31, 2011, respectively. The fair values are estimated based on quoted market prices.

F. Partners' capital

Partnership contributions

During January 2012, Ferrellgas, L.P. received cash contributions of \$50.0 million from Ferrellgas Partners. The proceeds were used to reduce outstanding indebtedness under Ferrellgas, L.P.'s secured credit facility.

During the nine months ended April 30, 2012, Ferrellgas, L.P. received asset contributions of \$1.3 million from Ferrellgas Partners in connection with an acquisition of propane distribution assets.

Partnership distributions paid

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

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	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Ferrellgas Partners	\$ 39,880	\$ 143,623	\$ 124,467	\$ 226,594
General partner	407	1,465	1,270	2,312
	<u>\$ 40,287</u>	<u>\$ 145,088</u>	<u>\$ 125,737</u>	<u>\$ 228,906</u>

On May 24, 2012, Ferrellgas, L.P. declared distributions for the three months ended April 30, 2012 to Ferrellgas Partners and the general partner of \$47.5 million and \$0.5 million, respectively, which is expected to be paid on June 14, 2012.

See additional discussions about transactions with related parties in Note H — Transactions with related parties.

Other comprehensive income ("OCI")

See Note G — Derivatives — for details regarding changes in fair value on risk management financial derivatives recorded within OCI for the nine months ended April 30, 2012.

General partner's commitment to maintain its capital account

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

During the nine months ended April 30, 2012, the general partner made cash contributions of \$0.5 million and non-cash contributions of \$0.1 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

G. Derivatives

Commodity Price Risk Management

Ferrellgas, L.P.'s risk management activities primarily attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies on a short-term basis. Ferrellgas, L.P. attempts to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

Ferrellgas, L.P.'s risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to Ferrellgas, L.P.'s positions in the physical products market in order to minimize the risk of financial loss from an adverse price change. This risk management strategy is successful when Ferrellgas, L.P.'s gains or losses in the physical product markets are offset by its losses or gains in the forward or financial markets. These financial derivatives are designated as cash flow hedges.

Ferrellgas, L.P.'s risk management activities 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. Ferrellgas, L.P. enters into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. Ferrellgas, L.P. also enters into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on

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Ferrellgas, L.P.'s financial statements until settled.

See Note J — Subsequent events — for details regarding an interest rate swap agreement designed to manage interest rate risk exposure.

Cash Flow Hedging Activity

Ferrellgas, L.P. 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 product 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, 2012 and 2011, Ferrellgas, L.P. 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 the financial derivative instruments below is included within “Prepaid expenses and other current assets” and “Other current liabilities” on the condensed consolidated balance sheets:

	April 30, 2012	July 31, 2011
Derivatives — Price risk management assets	\$ 0	\$ 7,637
Derivatives — Price risk management liabilities	\$ 5,562	\$ 2,476

Ferrellgas, L.P. had the following cash flow hedge activity included in OCI in the condensed consolidated statement of partners' capital for the nine months ended April 30, 2012:

Fair value loss adjustment classified as OCI with offset in Price risk management assets and Price risk management liabilities	\$	(9,600)
Reclassification of net gains originally recorded within OCI to Cost of product sold — propane and other gas liquids	\$	1,123

Ferrellgas, L.P. expects to reclassify net losses of approximately \$5.6 million to earnings during the next 12 months. These net losses are expected to be offset by margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sales exception.

During the nine months ended April 30, 2012 and 2011, Ferrellgas, L.P. had no reclassifications to earnings resulting from discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of April 30, 2012, Ferrellgas, L.P. had financial derivative contracts covering 1.1 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, 2012 and 2011, four counterparties represented 81% and 82%, respectively, of net settled cash flow hedging positions reported in “Cost of product sold — propane and

other gas liquids sales.” During the nine months ended April 30, 2012 and 2011, Ferrellgas, L.P. neither held nor entered into financial derivative contracts that contained credit risk related contingency features.

In accordance with GAAP, Ferrellgas, L.P. determines the fair value of its assets and liabilities subject to fair value measurement by using the highest possible “Level” as defined within the GAAP hierarchy. The three levels defined by the GAAP 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.

Ferrellgas, L.P. 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 Ferrellgas, L.P.'s derivatives are based upon industry price publications and independent broker quotes utilizing both current market transactions and indicators.

The following tables provide the amounts and their corresponding level of hierarchy for Ferrellgas, L.P.'s assets and liabilities that are measured at fair value. All financial derivatives assets and liabilities were non-trading positions.

	As of April 30, 2012			Total
	Level 1	Level 2	Level 3	
Fair value of derivatives				
Price risk management assets	—	\$ 0	—	\$ 0
Price risk management liabilities	—	\$ 5,562	—	\$ 5,562
	As of July 31, 2011			
	Level 1	Level 2	Level 3	Total

Fair value of derivatives

Price risk management assets	—	\$	7,637	—	\$	7,637
Price risk management liabilities	—	\$	2,476	—	\$	2,476

H. Transactions with related parties*General partner*

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

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	For the three months ended April 30,		For the nine months ended April 30,	
	2012	2011	2012	2011
Operating expense	\$ 48,165	\$ 50,342	\$ 151,476	\$ 158,857
General and administrative expense	\$ 6,103	\$ 4,172	\$ 18,809	\$ 16,344

See additional discussions about transactions with the general partner and related parties in Note F — Partners' capital.

I. Contingencies and commitments*Litigation*

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

Ferrellgas, L.P. has been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to its Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that Ferrellgas, L.P. failed to inform consumers of the amount of propane contained in propane tanks they purchased and that Ferrellgas, L.P. violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. A settlement agreement has received approval by the Court. Ferrellgas, L.P. believes these claims will not have a material impact on the consolidated financial condition, results of operations and cash flows of Ferrellgas, L.P. beyond the \$10.0 million paid during March 2012 for these claims.

Ferrellgas, L.P. has also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that Ferrellgas, L.P. violates consumer protection laws in the manner Ferrellgas, L.P. sets prices and fees for its customers. Based on Ferrellgas, L.P.'s business practices, Ferrellgas, L.P. believes that the claims are without merit and intends to defend the claims vigorously. The court has stayed discovery on this matter pending Ferrellgas, L.P.'s motion to compel arbitration, and the case has not been certified for class treatment. Ferrellgas, L.P. does not believe loss is probable or reasonably estimable at this time related to this class action lawsuit.

Operating lease commitments

Ferrellgas, L.P. leases certain property, plant and equipment under non-cancelable and cancelable operating leases. Amounts shown in the table below represent minimum lease payment obligations under Ferrellgas, L.P.'s third-party operating leases with terms in excess of one year for the periods indicated. These arrangements include the leasing of transportation equipment, property, computer equipment and propane tanks. Ferrellgas, L.P. accounts for these arrangements as operating leases.

The following table summarizes Ferrellgas, L.P.'s contractual operating lease commitments as of April 30, 2012:

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	Future minimum rental amounts by fiscal year					
	2012	2013	2014	2015	2016	Thereafter
Operating lease obligations	\$ 5,647	\$ 22,309	\$ 16,898	\$ 13,706	\$ 11,519	\$ 17,824

J. Subsequent events

In May 2012, Ferrellgas, L.P. entered into a \$140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its \$300.0 million 9.125% notes due 2017. Beginning in May 2012, Ferrellgas, L.P. will receive 9.125% and will pay one-month LIBOR plus 7.96% on the \$140.0 million swapped. Ferrellgas, L.P. has accounted for this agreement as a fair value hedge.

In May 2012, Ferrellgas, L.P. entered into a \$140.0 million interest rate swap agreement to hedge against changes in fair value on a portion of its \$500.0 million 6.50% notes due 2021. Beginning in May 2012, Ferrellgas, L.P. will receive 6.50% and will pay one-month LIBOR plus 4.715% on the \$140.0 million swapped. Ferrellgas, L.P. has accounted for this agreement as a fair value hedge.

In May 2012, Ferrellgas, L.P. entered into a forward interest rate swap agreement to hedge against variability in forecasted interest payments on Ferrellgas, L.P.'s secured credit facility and collateralized note payable borrowings. Beginning in August 2015, Ferrellgas, L.P. will pay 1.95% and receive variable payments based on one-month LIBOR for the notional amount swapped. Ferrellgas, L.P. has accounted for this agreement as a cash flow hedge.

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

CONDENSED BALANCE SHEETS
(in dollars)
(unaudited)

	April 30, 2012	July 31, 2011
ASSETS		
Cash	\$ 1,100	\$ 1,100
Total assets	\$ 1,100	\$ 1,100
Contingencies and commitments (Note B)	—	—
STOCKHOLDER'S EQUITY		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	38,547	35,382
Accumulated deficit	(38,447)	(35,282)
Total stockholder's equity	\$ 1,100	\$ 1,100

CONDENSED STATEMENTS OF EARNINGS
(in dollars)
(unaudited)

	For the three months ended		For the nine months ended	
	April 30,		April 30,	
	2012	2011	2012	2011
General and administrative expense	\$ 0	\$ 323	\$ 3,165	\$ 8,163
Net loss	\$ 0	\$ (323)	\$ (3,165)	\$ (8,163)

See notes to condensed financial statements.

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

CONDENSED STATEMENTS OF CASH FLOWS
(in dollars)
(unaudited)

	For the nine months ended April 30,	
	2012	2011
Cash flows from operating activities:		
Net loss	\$ (3,165)	\$ (8,163)
Cash used in operating activities	(3,165)	(8,163)
Cash flows from financing activities:		
Capital contribution	3,165	8,163
Cash provided by financing activities	3,165	8,163

Change in cash	0	0
Cash — beginning of period	1,100	1,100
Cash — end of period	\$ 1,100	\$ 1,100

See notes to condensed financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS

April 30, 2012
(unaudited)

A. **Formation**

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

The condensed financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the condensed financial statements were of a normal, recurring nature.

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

B. **Contingencies and commitments**

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership.

The senior notes agreements contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of April 30, 2012, the Partnership is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

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

Our management’s discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners, L.P. and Ferrellgas, L.P.

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

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

- “us,” “we,” “our,” “ours,” or “consolidated” are references exclusively to Ferrellgas Partners, L.P. together with its consolidated subsidiaries, including Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp., except when used in connection with “common units,” in which case these terms refer to Ferrellgas Partners, L.P. without its consolidated subsidiaries;
- “Ferrellgas Partners” refers to Ferrellgas Partners, L.P. itself, without its consolidated subsidiaries;
- the “operating partnership” refers to Ferrellgas, L.P., together with its consolidated subsidiaries, including Ferrellgas Finance Corp.;
- our “general partner” refers to Ferrellgas, Inc.;
- “Ferrell Companies” refers to Ferrell Companies, Inc., the sole shareholder of our general partner;
- “unitholders” refers to holders of common units of Ferrellgas Partners;
- “retail sales” refers to Propane and other gas liquid sales: Retail — Sales to End Users or the volume of propane sold primarily to our residential, industrial/commercial and agricultural customers;
- “wholesale sales” refers to Propane and other gas liquid sales: Wholesale — Sales to Resellers or the volume of propane sold primarily to our portable tank exchange customers and bulk propane sold to wholesale customers;
- “other gas sales” refers to Propane and other gas liquid sales: Other Gas Sales or the volume of bulk propane sold to other third party propane distributors or marketers and the volume of refined fuel sold;
- “propane sales volume” refers to the volume of propane sold to our retail sales and wholesale sales customers; and
- “Notes” refers to the notes of the condensed consolidated financial statements of Ferrellgas Partners or the operating partnership, as applicable.

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

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

Our general partner performs all management functions for us and our subsidiaries and holds a 1% general partner interest in Ferrellgas Partners and an approximate 1% general partner interest in the operating partnership. The parent company of our general partner, Ferrell Companies, beneficially owns approximately 28% of our outstanding common units. Ferrell Companies is owned 100% by an employee stock ownership trust.

We file annual, quarterly, and other reports and information with the SEC. You may read and download our SEC filings over the Internet from several commercial document retrieval services as well as at the SEC's website at www.sec.gov. You may also read and copy our SEC filings at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information concerning the Public Reference Room and any applicable copy charges. Because our common units are traded on the New York Stock Exchange under the ticker symbol of "FGP," we also provide our SEC filings and particular other information to the New York Stock Exchange. You may obtain copies of these filings and such other information at the offices of the New York Stock Exchange located at 11 Wall Street, New York, New York 10005. In addition, our SEC filings are available on our website at www.ferrellgas.com at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any Internet addresses provided in this Quarterly Report on Form 10-Q are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet addresses is intended or deemed to be incorporated by reference herein.

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

The discussions set forth in the "Results of Operations" and "Liquidity and Capital Resources" sections generally refer to Ferrellgas Partners and its consolidated subsidiaries. However, in these discussions there exist two material differences between Ferrellgas Partners and the operating partnership. Those material differences are:

- because Ferrellgas Partners has outstanding \$182.0 million in aggregate principal amount of 8.625% senior notes due fiscal 2020, the two partnerships incur different amounts of interest expense on their outstanding indebtedness; see the statements of earnings in their respective condensed consolidated financial statements; and
- Ferrellgas Partners issued common units during both fiscal 2012 and 2011.

Overview

We believe we are a leading distributor of propane and related equipment and supplies to customers primarily in the United States and conduct our business as a single reportable operating segment. We believe that we are the second largest retail marketer of propane in the United States as measured by the volume of our retail sales in fiscal 2011, and the largest national provider of propane by portable tank exchange.

We serve 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. Our operations primarily include the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Our propane distribution business consists principally of transporting propane purchased from third parties to propane distribution locations and then to tanks on customers' premises or to portable propane tanks

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delivered to nationwide and local retailers. Our portable tank exchange operations, nationally branded under the name Blue Rhino, are conducted through a network of independent and partnership-owned distribution outlets. Our market areas for our residential and agricultural customers are generally rural, while our market areas for our industrial/commercial and portable tank exchange customers are generally urban.

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

The market for propane is seasonal because of increased demand during the months of November through March (the "winter heating season") primarily for the purpose of providing heating in residential and commercial buildings. Consequently, sales and operating profits are concentrated in our second and third fiscal quarters, which are during the winter heating season. However, our propane by portable tank exchange sales volume provides us increased operating profits during our first and fourth fiscal quarters due to its counter-seasonal business activities. These sales also provide us the ability to better utilize our seasonal resources at our propane distribution locations. Other factors affecting our results of operations include competitive conditions, volatility in energy commodity prices, demand for propane, timing of acquisitions and general economic conditions in the United States.

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

Weather conditions have a significant impact on demand for propane for heating purposes during the winter heating season. Accordingly, the volume of propane used by our customers for this purpose is affected by the severity of the winter weather in the regions we serve and can vary substantially from year to year. In any given region, sustained warmer-than-normal temperatures will tend to result in reduced propane usage, while sustained colder-than-normal

temperatures will tend to result in greater usage. Although there is a strong correlation between weather and customer usage, general economic conditions in the United States and the wholesale price of propane can have a significant impact on this correlation. Additionally, there is a natural time lag between the onset of cold weather and increased sales to customers. If the United States were to experience a cooling trend, we could expect nationwide demand for propane to increase which could lead to greater sales, income and liquidity availability. Conversely, if the United States were to experience a warming trend, we could expect nationwide demand for propane to decrease which could lead to a reduction in our sales, income and liquidity availability. For the three and nine months ended April 30, 2012, weather in the more highly concentrated geographic areas we serve was 23% and 18%, respectively, warmer than that of the prior year.

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

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volatile in fiscal 2012 as the average wholesale market price at one of the major supply points, Mt. Belvieu, Texas during the nine months ended April 30, 2012, averaged 7% more than the prior year period. Moreover in the trailing twelve month period ending April 30, 2012, the average wholesale market price at Mt. Belvieu averaged 15% more than the comparable prior period. We believe the effect of the sustained higher wholesale prices in the past 12 months have negatively impacted our volume sales as we have passed on price increases to our customers.

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. These commitments can expose us to product price risk if not immediately economically hedged with an offsetting propane purchase commitment. Moreover, customers may not fulfill their purchase agreement due to the effects of warmer than normal weather, customer conservation or other economic conditions.

Our open financial derivative purchase commitments are designated as hedges primarily for fiscal 2013 sales commitments and, as of April 30, 2012, have experienced net mark to market losses of approximately \$5.6 million. Because these financial derivative purchase commitments qualify for hedge accounting treatment, the resulting asset, liability and related mark to market gains or losses are recorded on the condensed consolidated balance sheets as "Prepaid expenses and other current assets," "Other current liabilities" and "Accumulated other comprehensive income (loss)," respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to "Cost of product sold-propane and other gas liquid sales" in the condensed consolidated statements of earnings as the underlying inventory is sold. These financial derivative purchase commitment net losses are expected to be offset by increased margins on propane sales commitments that qualify for the normal purchase normal sale exception. At April 30, 2012, we estimate 100% of currently open financial derivative purchase commitments, the related propane sales commitments, and the resulting gross margin will be realized into earnings during the next twelve months.

Our business strategy is to:

- expand our operations through disciplined acquisitions and internal growth;
- capitalize on our national presence and economies of scale;
- maximize operating efficiencies through utilization of our technology platform; and
- align employee interests with our investors through significant employee ownership.

"Net earnings attributable to Ferrellgas Partners, L.P." in the three months ended April 30, 2012 was \$20.8 million as compared to \$3.2 million in the prior period. This increase in net earnings of \$17.6 million was primarily due to a \$10.5 million loss on extinguishment of debt and a \$10.5 million litigation accrual and related legal fees in fiscal 2011 that were not repeated in the current quarter and an \$8.3 million decrease in operating expense, partially offset by a \$9.5 million decrease in "gross margin — propane and other gas liquids".

"Net earnings (loss) attributable to Ferrellgas Partners, L.P." in the nine months ended April 30, 2012 was net earnings of \$24.6 million as compared to a net loss of \$2.7 million in the prior period. This increase of \$27.3 million was primarily due to a \$47.0 million loss on extinguishment of debt and a \$10.2 million litigation accrual and related legal fees in fiscal 2011 that were not repeated in the current year, an \$8.8 million decrease in non-cash stock and unit based compensation charges, an 8.2 million decrease in operating expenses and a \$7.3 million decrease in interest expense, partially offset by a \$46.3 million decrease in "gross margin — propane and other gas liquids", and a \$4.9 million decrease in "gross margin — other".

We have completed our goodwill impairment tests for each of our applicable reporting units and believe estimated fair values substantially exceed the carrying values of our reporting units as of January 31, 2012.

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Forward-looking Statements

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

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

Some of our forward-looking statements include the following:

- whether the operating partnership will have sufficient funds to meet its obligations, including its obligations under its debt securities, and to enable it to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations with respect to its existing debt;
- whether Ferrellgas Partners and the operating partnership will continue to meet all of the quarterly financial tests required by the agreements governing their indebtedness; and
- our expectations that “Net earnings” will be greater in fiscal 2012 compared to fiscal 2011 primarily due to our expectation that “Loss on extinguishment of debt” will not reoccur.

When considering any forward-looking statement, you should also keep in mind the risk factors set forth in the section in our Annual Report on Form 10-K for our fiscal 2011 entitled, “Item 1A. Risk Factors.” Any of these risks could impair our business, financial condition or results of operations. Any such impairment may affect our ability to make distributions to our unitholders or pay interest on the principal of any of our debt securities. In addition, the trading price, if any, of our securities could decline as a result of any such impairment.

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

In addition, the classification of Ferrellgas Partners and the operating partnership as partnerships for federal income tax purposes means that we do not generally pay federal income taxes. We do, however, pay taxes on the income of our subsidiaries that are corporations. We rely on a legal opinion from our counsel, and not a ruling from the Internal Revenue Service, as to our proper classification for federal income tax purposes. See the section in our Annual Report on Form 10-K for our fiscal 2011 entitled, “Item 1A. Risk Factors — Tax Risks.” The IRS could treat us as a corporation for tax purposes or changes in federal or state laws could subject us to entity-level taxation, which would substantially reduce the cash available for distribution to our unitholders or to pay interest on the principal of any of our debt securities.

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Results of Operations

Three months ended April 30, 2012 compared to April 30, 2011

(amounts in thousands) Three months ended April 30,	2012	2011	Favorable (unfavorable) Variance	
Propane sales volumes (gallons):				
Retail — Sales to End Users	167,462	190,009	(22,547)	(12)%
Wholesale — Sales to Resellers	58,421	62,441	(4,020)	(6)%
	<u>225,883</u>	<u>252,450</u>	<u>(26,567)</u>	<u>(11)%</u>
Revenues - Propane and other gas liquids sales:				
Retail — Sales to End Users	\$ 349,472	\$ 394,319	\$ (44,847)	(11)%
Wholesale — Sales to Resellers	127,827	133,885	(6,058)	(5)%
Other Gas Sales	79,345	119,505	(40,160)	(34)%
	<u>\$ 556,644</u>	<u>\$ 647,709</u>	<u>\$ (91,065)</u>	<u>(14)%</u>
Gross margin — Propane and other gas liquids sales: (a)				
Retail — Sales to End Users	\$ 130,959	\$ 114,850	\$ 16,109	14%
Wholesale — Sales to Resellers	39,591	39,455	136	0%
Other Gas Sales	(15,427)	10,303	(25,730)	NM
	<u>\$ 155,123</u>	<u>\$ 164,608</u>	<u>\$ (9,485)</u>	<u>(6)%</u>
Gross margin - Other	\$ 23,858	\$ 24,590	\$ (732)	(3)%
Operating income	45,476	39,144	6,332	16%
Adjusted EBITDA (b)	70,797	74,322	(3,595)	(5)%
Interest expense	(23,471)	(24,933)	1,462	6%
Interest expense - operating partnership	(19,422)	(19,546)	124	1%
Loss on extinguishment of debt	0	(10,513)	10,513	NM

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

(b) Adjusted EBITDA is calculated as earnings (loss) before income tax expense (benefit), interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets, other income, net, severance charges, nonrecurring litigation accrual and related legal fees and net earnings attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership’s performance in a manner similar to the method management uses, adjusted for items management believes makes it easier to compare

its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

NM — Not meaningful

The following table summarizes EBITDA and Adjusted EBITDA for the three months ended April 30, 2012 and 2011, respectively:

<u>(amounts in thousands)</u>	<u>2012</u>	<u>2011</u>
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	\$ 20,807	\$ 3,173
Income tax expense	1,144	572
Interest expense	23,471	24,933
Depreciation and amortization expense	21,123	20,030
EBITDA	\$ 66,545	\$ 48,708
Loss on extinguishment of debt	0	10,513
Non-cash employee stock ownership plan compensation charge	2,203	2,591
Non-cash stock and unit-based compensation charge	385	1,628
Loss on disposal of assets	1,220	463
Other income, net	(201)	(243)
Severance charges	390	0
Nonrecurring litigation accrual and related legal fees	0	10,466
Net earnings attributable to noncontrolling interest	255	196
Adjusted EBITDA	\$ 70,797	\$ 74,322

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Propane sales volumes during the three months ended April 30, 2012 decreased 26.6 million gallons from that of the prior year period primarily due to 24.3 million of decreased gallon sales to our retail customers and by 4.0 million of decreased gallon sales to our wholesale customers, partially offset by 1.7 million of acquisition related gallons.

Weather in the more highly concentrated geographic areas we serve for the fiscal quarter ended April 30, 2012 was approximately 23% warmer than that of the prior year period, which we believe was the primary factor in the decline of propane sales volumes. We also believe our decrease in sales volume was due to customer conservation resulting from the continuing overall poor economic environment.

Our sales price per gallon is impacted by the wholesale market price of propane. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, during the three months ended April 30, 2012 averaged 14% less than the prior year period. The wholesale market price averaged \$1.23 and \$1.43 per gallon during the three months ended April 30, 2012 and 2011, respectively. Additionally, we were able to maintain our retail sales price per gallon during the period which allowed us to increase our retail gross margin per gallon.

Revenues - Propane and other gas liquids sales

Retail sales decreased \$44.8 million compared to the prior year period. This decrease resulted primarily from a \$51.3 million decrease in propane sales volumes as discussed above, partially offset by \$4.5 million from gallons gained through acquisitions completed during the last twelve months.

Wholesale sales decreased \$6.1 million compared to the prior year period. This decrease resulted from a \$4.2 million decrease in sales price per gallon and a \$1.9 million decrease in sales volumes.

Other gas sales decreased \$40.2 million compared to the prior year period primarily due to \$32.4 million of decreased sales volumes resulting from the timing of excess inventory sales to third party propane distributors and marketers and \$7.8 million of decreased sales price per gallon.

Gross margin - Propane and other gas liquids sales

Retail sales gross margin increased \$16.1 million compared to the prior year period. This increase resulted primarily from \$29.7 million related to increased gross margin per gallon as discussed above and \$1.9 million from gallons gained through acquisitions completed during the last twelve months. These increases were partially offset by a \$15.5 million decrease in propane sales volumes, as discussed above.

Other gas sales gross margin decreased \$25.7 million compared to the prior year period due to losses on sales of excess inventory to other third party propane distributors and marketers in a declining wholesale market price environment.

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Operating income

Operating income increased \$6.3 million compared to the prior year period primarily due to a \$10.5 million litigation accrual and related legal fees classified as "General and administrative expense" incurred in the prior year period that was not repeated during the current year period and \$8.7 million of decreased "Operating expense", partially offset by a \$9.5 million decrease in "Gross margin — Propane and other gas liquid sales" as discussed above.

"Operating expense" decreased primarily due to management's focus on long-term cost reductions which resulted in a \$3.8 million reduction in personnel related costs, a \$2.6 million reduction in plant and office costs and a \$2.4 million reduction in selling costs.

Adjusted EBITDA

Adjusted EBITDA decreased \$3.5 million compared to the prior year period primarily due to a \$9.5 million decrease in “Gross margin — Propane and other gas liquid sales”, as discussed above and \$1.4 million of increased “General and administrative expense”, partially offset by \$8.3 million of decreased “Operating expense” as discussed above.

“General and administrative expense” increased primarily due to a \$2.5 million reversal of discretionary bonus accruals during the prior year period that was not repeated during the current year period.

Interest expense - consolidated

Interest expense decreased \$1.5 million primarily due to the prepayment of \$98.0 million of our \$280.0 million 8.625% fixed rate senior notes due June 15, 2020 during the three months ended April 30, 2011.

Loss on extinguishment of debt

During the three months ended April 30, 2011, we prepaid \$98.0 million of the outstanding principal amount on our \$280.0 million 8.625% fixed rate senior notes due June 15 2020, incurring a “Loss on extinguishment of debt” of \$10.5 million.

Nine months ended April 30, 2012 compared to April 30, 2011

(amounts in thousands) Nine months ended April 30,	2012	2011	Favorable (Unfavorable) Variance	
Propane sales volumes (gallons):				
Retail — Sales to End Users	524,287	559,797	(35,510)	(6)%
Wholesale — Sales to Resellers	202,971	189,373	13,598	7%
	<u>727,258</u>	<u>749,170</u>	<u>(21,912)</u>	<u>(3)%</u>
Revenues - Propane and other gas liquids sales:				
Retail — Sales to End Users	\$ 1,125,653	\$ 1,130,208	\$ (4,555)	0%
Wholesale — Sales to Resellers	428,071	390,723	37,348	10%
Other Gas Sales	296,706	269,580	27,126	10%
	<u>\$ 1,850,430</u>	<u>\$ 1,790,511</u>	<u>\$ 59,919</u>	<u>3%</u>
Gross margin — Propane and other gas liquids sales: (a)				
Retail — Sales to End Users	\$ 358,221	\$ 357,926	\$ 295	0%
Wholesale — Sales to Resellers	109,155	113,242	(4,087)	(4)%
Other Gas Sales	(22,189)	20,340	(42,529)	NM
	<u>\$ 445,187</u>	<u>\$ 491,508</u>	<u>\$ (46,321)</u>	<u>(9)%</u>
Gross margin — Other	\$ 66,676	\$ 71,614	\$ (4,938)	(7)%
Operating income	96,895	123,469	(26,574)	(22)%
Adjusted EBITDA (b)	175,027	217,507	(42,480)	(20)%
Interest expense	(70,904)	(78,205)	7,301	9%
Interest expense - operating partnership	(58,815)	(60,422)	1,607	3%
Loss on extinguishment of debt	0	(46,962)	46,962	NM

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- (a) Gross margin from propane and other gas liquids sales represents “Revenues - Propane and other gas liquids sales” less “Cost of product sold — propane and other gas liquids sales” and does not include depreciation and amortization.
- (b) Adjusted EBITDA is calculated as earnings (loss) before income tax expense (benefit), interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets, other income, net, severance charges, nonrecurring litigation accrual and related legal fees and net earnings attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership’s performance in a manner similar to the method management uses, adjusted for items management believes makes it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table summarizes EBITDA and Adjusted EBITDA for the nine months ended April 30, 2012 and 2011, respectively:

(amounts in thousands)	2012	2011
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	\$ 24,577	\$ (2,741)
Income tax expense	1,285	1,288
Interest expense	70,904	78,205
Depreciation and amortization expense	62,839	60,395
EBITDA	<u>\$ 159,605</u>	<u>\$ 137,147</u>
Loss on extinguishment of debt	0	46,962
Non-cash employee stock ownership plan compensation charge	6,719	7,967
Non-cash stock and unit-based compensation charge	4,867	13,709
Loss on disposal of assets	2,052	834

Other income, net	(248)	(509)
Severance charges	763	0
Nonrecurring litigation accrual and related legal fees	892	11,133
Net earnings attributable to noncontrolling interest	377	264
Adjusted EBITDA	\$ 175,027	\$ 217,507

Propane sales volumes during the nine months ended April 30, 2012 decreased 21.9 million gallons from that of the prior year period due to 40.4 million of decreased gallon sales to our retail customers, partially offset by 13.6 million of increased gallon sales to our wholesale customers and 4.9 million of acquisition related gallons.

Weather in the more highly concentrated geographic areas we serve for the fiscal year to date was approximately 18% warmer than that of the prior year period, which we believe was the primary factor in the decline of propane sales volumes. We also believe our decrease in sales volume was due to customer conservation resulting from the continuing overall poor economic environment.

Our sales price per gallon is impacted by the wholesale market price of propane. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, during the nine months ended April 30, 2012 averaged 7% more than the prior year period. The wholesale market price averaged \$1.38 and

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\$1.29 per gallon during the nine months ended April 30, 2012 and 2011, respectively. Although the average fiscal 2012 price was higher than the prior year price, the significant decrease in wholesale prices during the third quarter ended April 30, 2012 enabled us to increase our retail gross margin per gallon during the period.

We believe wholesale customer sales volume increased due to our emphasis on expanding this portion of our business.

Revenues - Propane and other gas liquids sales

Retail sales decreased \$4.6 million compared to the prior year period. This decrease resulted primarily from an \$84.3 million decrease in retail propane sales volumes, as discussed above, partially offset by a \$67.1 million increase in sales price per gallon and \$12.6 million from gallons gained through acquisitions completed during the last twelve months, both as discussed above.

Wholesale sales increased \$37.4 million compared to the prior year period. This increase resulted from \$27.0 million of increased sales volumes and \$10.4 million of increased sales price per gallon, both as discussed above.

Other gas sales increased \$27.1 million compared to the prior year period primarily due to \$21.1 million of increased sales price per gallon, as discussed above and \$6.0 million of increased propane sales volumes due to increased sales of excess inventory to third party propane distributors and marketers.

Gross margin - Propane and other gas liquids sales

Retail sales gross margin increased \$0.3 million compared to the prior year period. This slight increase resulted primarily from a \$23.0 million increase in gross margin per gallon and \$5.0 million from gallons gained through acquisitions completed during the last twelve months, offset by a \$27.7 million decrease in propane sales volumes, each as discussed above.

Wholesale sales gross margin decreased \$4.1 million compared to the prior year period. This decrease resulted primarily from \$11.4 million of decreased gross margin per gallon resulting from the negative impact of higher wholesale market prices for propane, partially offset by \$7.3 million related to increased sales volumes, both as discussed above.

Other gas sales gross margin decreased \$42.5 million compared to the prior year period due to losses on sales of excess inventory to other third party propane distributors and marketers in a declining wholesale market pricing environment.

Operating income

Operating income decreased \$26.6 million compared to the prior year period primarily due to \$46.3 million of decreased "Gross margin — Propane and other gas liquid sales" as discussed above, and \$4.9 million of decreased "Gross margin — Other", partially offset by a \$10.2 million litigation accrual and related legal fees classified as "general and administrative expense" incurred in the prior year period that was not repeated during the current year period, a \$7.0 million and \$1.9 million decrease in non-cash stock and unit based compensation charges classified as "General and administrative expense" and "Operating expense," respectively, and an \$8.2 million decrease in "Operating expense."

"Gross margin — Other" decreased primarily due to a \$3.0 million decrease in material and appliance sales and a \$1.9 million decrease in miscellaneous fees billed to customers. "Operating expense" decreased primarily due to management's focus on long-term cost reductions which resulted in a \$6.2 million reduction in personnel related costs, a \$4.2 million reduction in selling costs and a \$4.1 million reduction in plant and office costs, partially offset by \$3.7 million in increased fuel costs.

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Adjusted EBITDA

Adjusted EBITDA decreased \$42.5 million compared to the prior year period primarily due to a \$46.3 million decrease in "Gross margin — Propane and other gas liquid sales" and a \$4.9 million decrease in "Gross margin — Other" both as discussed above, partially offset by an \$8.2 million decrease in

“Operating expense” as discussed above.

Interest expense - consolidated

Interest expense decreased \$7.3 million primarily due to \$3.1 million resulting from a decrease in long-term debt borrowings, \$2.4 million of decreased amortization of discounts and capitalized debt costs, both of which are the result of refinancings completed during the last 12 months and \$1.9 million primarily from lower rates on our secured credit facility.

Interest expense - operating partnership

Interest expense decreased \$1.6 million primarily due to \$2.3 million of decreased amortization of discounts and capitalized debt costs, which is the result of refinancings completed during the last 12 months and \$1.9 million primarily from lower rates on our secured credit facility, partially offset by a \$2.5 million increase due to increased borrowings.

Loss on extinguishment of debt

During the nine months ended April 30, 2011, we prepaid both the outstanding principal amount on our \$450.0 million 6.75% fixed rate senior notes due May 1, 2014 and \$98.0 million of our \$280.0 million 8.625% fixed rate senior notes due June 15, 2020, incurring a “Loss on extinguishment of debt” of \$47.0 million.

Forward-looking statements

We expect “Net earnings” to increase in fiscal 2012 compared to fiscal 2011 primarily due to our expectation that “Loss on extinguishment of debt” will not reoccur.

Liquidity and Capital Resources

General

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

During the first nine months of fiscal 2012, our propane operations were negatively affected by the significantly warmer than normal temperatures in the areas in which we serve and the impact of the sustained increase in the wholesale price of propane throughout most of the winter heating season, both of which caused us to generate significantly less operating income than in the same period in the prior year. We also believe that the economic downturn that began in the second half of 2008 has caused certain of our retail propane customers to conserve and thereby purchase less propane, shop for lower prices that may be available from other suppliers or begin using alternative energy sources.

For the trailing twelve months ended April 30, 2012, our distributable cash flow is approximately 55% of the total cash distributions paid for that period. To mitigate this shortfall, we have enacted a series of efficiency initiatives and other cost cutting projects, as well as pricing initiatives designed to improve our sales margins. Until these projects are complete and weather patterns return to a more normal level, we anticipate an ongoing cash flow shortfall to our current distribution level.

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Subject to meeting the financial tests discussed below and also subject to the risk factors identified in the section in our Annual Report on Form 10-K for our fiscal 2011 entitled, “Item 1A. Risk Factors,” we believe we will continue to have sufficient access to capital markets at yields acceptable to us to support our expected growth expenditures and refinancing of debt maturities. Our disciplined approach to fund necessary capital spending and other partnership needs, combined with sufficient trade credit to operate our business efficiently and available credit under our secured credit facility and our accounts receivable securitization facility should provide us the means to meet our anticipated liquidity and capital resource requirements.

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

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

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

A quarterly distribution of \$0.50 is expected to be paid on June 14, 2012, to all common units that were outstanding on June 7, 2012. This represents the seventy-first consecutive minimum quarterly distribution paid to our common unitholders dating back to October 1994.

Our secured credit facility, public debt and accounts receivable securitization facility contain several financial tests and covenants restricting our ability to pay distributions, incur debt and engage in certain other business transactions. In general, these tests are based on our debt-to-cash flow ratio and cash

flow-to-interest expense ratio. Our general partner currently believes that the most restrictive of these tests are debt incurrence limitations under the terms of our secured credit and accounts receivable securitization facilities and limitations on the payment of distributions within our 8.625% senior notes due 2020.

As of April 30, 2012, we met all of our required quarterly financial tests and covenants. Based upon current estimates of our cash flow, our general partner believes that we will be able to continue to meet all of our required quarterly financial tests and covenants during the remainder of fiscal 2012. However, we may not meet the applicable financial tests in future quarters if we were to experience:

- significantly warmer than normal temperatures during the winter heating season;
- a continued volatile energy commodity cost environment;
- an unexpected downturn in business operations;
- a change in customer retention or purchasing patterns due to economic or other factors in the United States; or
- a material downturn in the credit and/or equity markets.

Failure to meet applicable financial tests could have a material effect on our operating capacity and

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

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

Toward this purpose, the following registration statement was effective upon filing or declared effective by the SEC:

- an “acquisition” shelf registration statement for the periodic sale of up to \$250.0 million in common units to fund acquisitions; as of May 31, 2012, we had \$227.3 million available under this shelf agreement.

Our shelf registration statement for the periodic sale of up to \$750.0 million expired during April 2012. We are in the process of applying for a new shelf registration with a capacity similar to the expired shelf’s capacity.

Operating Activities

Net cash provided by operating activities was \$61.9 million for the nine months ended April 30, 2012, compared to net cash provided by operating activities of \$84.4 million for the prior year period. This decrease in cash provided by operating activities was primarily due to a \$12.2 million increase in working capital requirements and a \$9.9 million decrease in cash flow from operations.

The increase in working capital requirements was primarily due to \$42.9 million from the timing of inventory purchases and \$32.4 million from the timing of accounts payable disbursements, which were partially offset by \$64.5 million due to the timing of billings and collections on accounts receivable and \$3.0 million in lower interest payments.

The decrease in cash flow from operations is primarily due to a decrease in “Gross margin — Propane and other gas liquid sales” as discussed above.

The operating partnership

Net cash provided by operating activities was \$70.1 million for the nine months ended April 30, 2012, compared to net cash provided by operating activities of \$107.7 million for the prior year period. This decrease in cash provided by operating activities was primarily due to a \$23.9 million decrease in cash flow from operations and a \$13.2 million increase in working capital requirements.

The decrease in cash flow from operations is primarily due to a decrease in “Gross margin — Propane and other gas liquid sales” as discussed above.

The increase in working capital requirements was primarily due to \$42.9 million from the timing of inventory purchases and \$32.4 million from the timing of accounts payable disbursements, which were partially offset by \$64.5 million due to the timing of billings and collections on accounts receivable.

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Investing Activities

Net cash used in investing activities was \$43.8 million for the nine months ended April 30, 2012, compared to net cash used in investing activities of \$37.5 million for the prior year period. This increase in net cash used in investing activities is primarily due to increases of \$5.2 million in capital expenditures related to acquisitions and \$1.1 million in growth and maintenance capital expenditures.

Financing Activities

Net cash used in financing activities was \$13.7 million for the nine months ended April 30, 2012, compared to net cash used in financing activities of \$44.9 million for the prior year period. This decrease in net cash used in financing activities was primarily due to a \$87.5 million net increase in long-term

borrowings and a \$56.1 million net increase in secured credit facility and accounts receivable securitization facility short-term borrowings, partially offset by a \$107.3 million decrease in proceeds from common unit offerings.

Distributions

Ferrellgas Partners paid a \$0.50 per unit quarterly distribution on all common units, as well as the related general partner distributions, totaling \$116.6 million during the nine months ended April 30, 2012 in connection with the distributions declared for the three months ended July 31, 2011, October 31, 2011 and January 31, 2012. The estimated quarterly distribution on all common units and the related general partner distributions for the three months ended April 30, 2012 of \$39.9 million are expected to be paid on June 14, 2012 to holders of record on June 7, 2012.

Secured credit facility

During September 2011, we executed an amendment to our secured credit facility extending the maturity date to September 2016. There was no change to the size of the facility which remains at \$400.0 million with a letter of credit sublimit of \$200.0 million. Borrowings on the amended secured credit facility bear interest at rates ranging from 1.25% to 1.50% lower than the previous secured credit facility.

The secured credit facility contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of April 30, 2012, we had total borrowings outstanding under this secured credit facility of \$115.3 million, of which \$57.0 million was classified as long-term debt.

Borrowings outstanding at April 30, 2012 under the secured credit facility had a weighted average interest rate of 4.6%. All borrowings under the secured credit facility bear interest, at our option, at a rate equal to either:

- for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America's prime rate; or iii) the Eurodollar Rate plus 1%; plus a margin varying from 1.00% to 2.00% (as of April 30, 2012, the margin was 2.00%); or
- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 2.00% to 3.00% (as of April 30, 2012, the margin was 3.00%).

As of April 30, 2012, the federal funds rate and Bank of America's prime rate were 0.16% and 3.25%, respectively. As of April 30, 2012, the one-month and three-month Eurodollar Rates were 0.31% and 0.44%, respectively.

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

The obligations under this credit facility are secured by substantially all assets of the operating

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

Letters of credit outstanding at April 30, 2012 totaled \$61.4 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At April 30, 2012, we had available letter of credit remaining capacity of \$138.6 million.

All standby letter of credit commitments under our secured credit facility bear a per annum rate varying from 2.00% to 3.00% (as of April 30, 2012, the rate was 3.00%) times the daily maximum amount available to be drawn under such letter of credit. Letter of credit fees are computed on a quarterly basis in arrears.

Accounts receivable securitization

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

Cash flows from our accounts receivable securitization facility increased \$36.0 million. We received net funding of \$73.0 million from this facility during the nine months ended April 30, 2012 as compared to receiving net funding of \$37.0 million from this facility in the prior year period.

Our strategy is to maximize liquidity by utilizing the accounts receivable securitization facility along with borrowings under the secured credit facility. See additional discussion about the secured credit facility in "Financing Activities — Secured credit facility." Our utilization of the accounts receivable securitization facility is limited by the amount of accounts receivable that we are permitted to securitize according to the facility agreement. During January 2012, we executed a new accounts receivable securitization facility with Wells Fargo Bank, N.A., Fifth Third Bank and SunTrust Bank. This new accounts receivable securitization facility has \$225.0 million of capacity, matures on January 19, 2017 and replaces the previous 364-day facility which was to expire on April 4, 2013. This agreement allows for proceeds of up to \$225.0 million during the months of January, February, March and December, \$175.0 million during the months of April and May and \$145.0 million for all other months, depending on available undivided interests in our accounts receivable from certain customers. Borrowings on the new accounts receivable securitization facility bear interest at rates ranging from 1.45% to 1.20% lower than the previous facility. As of April 30, 2012, we had received cash proceeds of \$134.0 million related to the securitization of our trade accounts receivable, with no remaining capacity to receive additional proceeds. As of April 30, 2012, the weighted average interest rate was 2.2%. As our trade accounts receivable increase during the winter heating season, the securitization facility permits us to receive greater proceeds as eligible trade accounts receivable increases, thereby providing additional cash for working capital needs.

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

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

Ferrellgas issued \$1.3 million of common units in connection with an acquisition during the nine

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months ended April 30, 2012.

We believe that the liquidity available from our secured credit facility and the accounts receivable securitization facility will be sufficient to meet our capital expenditure, working capital and letter of credit requirements for the remainder of fiscal 2012. See “Accounts Receivable Securitization” for discussion about our accounts receivable securitization facility. However, if we were to experience an unexpected significant increase in these requirements, our needs could exceed our immediately available resources. Events that could cause increases in these requirements include, but are not limited to the following:

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

If one or more of these or other events caused a significant use of available funding, we may consider alternatives to provide increased liquidity and capital funding. No assurances can be given, however, that such alternatives would be available, or, if available, could be implemented. See a discussion of related risk factors in the section in our Annual Report on Form 10-K for our fiscal 2011 entitled, Item 1A. “Risk Factors.”

The operating partnership

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

Distributions

The operating partnership paid cash distributions of \$125.7 million during the nine months ended April 30, 2012. The operating partnership expects to pay cash distributions of \$48.0 million on June 14, 2012.

Contributions received by the operating partnership

During January 2012, the operating partnership received cash contributions of \$50.0 million from Ferrellgas Partners. The proceeds were used to reduce outstanding indebtedness under the credit facility. During the nine months ended April 30, 2012, the operating partnership received asset contributions from Ferrellgas Partners of \$1.3 million in connection with an acquisition. The general partner made cash contributions of \$0.5 million and non-cash contributions of \$0.1 million to the operating partnership to maintain its 1.0101% general partner interest in connection with these contributions from Ferrellgas Partners.

Disclosures about Effects of Transactions with Related Parties

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreement, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled \$170.3 million for the nine months ended April 30, 2012, include operating expenses such as compensation and benefits paid to employees of our general partner who perform services on our behalf, as well as related general and administrative expenses and severance costs.

Related party common unitholder information consisted of the following:

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	Common unit ownership at April 30, 2012		Distributions paid during the nine months ended April 30, 2012
Ferrell Companies (1)	21,469,664	\$	30,815
FCI Trading Corp. (2)	195,686		294
Ferrell Propane, Inc. (3)	51,204		78
James E. Ferrell (4)	4,358,475		6,537

(1) Ferrell Companies is the sole shareholder of our general partner.

- (2) FCI Trading Corp. is an affiliate of the general partner and is wholly-owned by Ferrell Companies.
- (3) Ferrell Propane, Inc. is wholly-owned by our general partner.
- (4) James E. Ferrell is the Executive Chairman and Chairman of the Board of Directors of our general partner.

During the nine months ended April 30, 2012, Ferrellgas Partners and the operating partnership together paid the general partner distributions of \$2.4 million.

On June 14, 2012, Ferrellgas Partners expects to pay distributions to Ferrell Companies, FCI Trading Corp., Ferrell Propane, Inc., James E. Ferrell (indirectly) and the general partner of \$10.7 million, \$0.1 million, \$26 thousand, \$2.2 million and \$0.4 million, respectively.

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

Contractual Obligations

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

The following table summarizes our contractual obligations at April 30, 2012, adjusted primarily for the effect of entering into leases, during the nine months ending April 30, 2012, of transportation equipment with operating lease commitments of \$23.7 million.

(in thousands)	Payment or settlement due by fiscal year						Total
	2012	2013	2014	2015	2016	Thereafter	
Operating lease obligations							
(1)	\$ 5,647	\$ 22,309	\$ 16,898	\$ 13,706	\$ 11,519	\$ 17,824	\$ 87,903

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

The operating partnership

The contractual obligation table above also applies to the operating partnership, which are summarized in the table below:

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(in thousands)	Payment or settlement due by fiscal year						Total
	2012	2013	2014	2015	2016	Thereafter	
Operating lease obligations							
(1)	\$ 5,647	\$ 22,309	\$ 16,898	\$ 13,706	\$ 11,519	\$ 17,824	\$ 87,903

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We did not enter into any risk management trading activities during the nine months ended April 30, 2012. Our remaining market risk sensitive instruments and positions have been determined to be "other than trading."

Commodity Price Risk Management

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

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

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

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

We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of April 30, 2012 and July 31, 2011, that were used in our risk management activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions due to a 10% adverse

movement in market prices of the underlying energy commodities was estimated at \$3.8 million and \$7.5 million as of April 30, 2012 and July 31, 2011, respectively. The preceding hypothetical analysis is limited because changes in prices may or may not

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equal 10%, thus actual results may differ.

Our sensitivity analysis includes designated hedging and the anticipated transactions associated with these hedging transactions. These hedging transactions are anticipated to be 100% effective; therefore, there is no effect on our sensitivity analysis from these hedging transactions. To the extent option contracts are used as hedging instruments for anticipated transactions we have included the offsetting effect of the anticipated transactions, only to the extent the option contracts are in the money, or would become in the money as a result of the 10% hypothetical movement in prices. All other anticipated transactions for risk management activities have been excluded from our sensitivity analysis.

Credit Risk

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

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

Interest Rate Risk

We have both fixed-rate and variable-rate borrowings. Changes in interest rates impact the cash flows of variable-rate debt but generally do not impact their fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

At April 30, 2012 and July 31, 2011, we had \$249.3 million and \$190.5 million, respectively, in variable rate secured credit facility and collateralized note payable borrowings. Thus, assuming a one percent increase in our variable interest rate, our interest rate risk related to these borrowings would result in a loss in future earnings of \$2.5 million for the twelve months ending April 30, 2013. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus actual results may differ.

In May 2012, we entered into both a \$140.0 million and a \$140.0 million of interest rate swap agreement to hedge against changes in fair value of the \$300.0 million of 9.125% notes due 2017 and the \$500.0 million of 6.50% notes due 2021, respectively. These agreements effectively will convert \$140.0 million and \$140.0 million of our 9.125% and 6.50% fixed rate notes, respectively, to floating-rate debt. If the floating rate were to fluctuate by 100 basis points from April 2012 levels, our combined interest expense would change by a total of approximately \$2.8 million per year.

ITEM 4. CONTROLS AND PROCEDURES.

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

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. does not expect that our disclosure controls and procedures will prevent all

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errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the above mentioned Partnerships and Corporations have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the principal executive officer and principal financial officer of our general partner have concluded, as of April 30, 2012, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

During the most recent fiscal quarter ended April 30, 2012, there have been no changes in our internal control over financial reporting (as defined in Rule 13a—15(f) or Rule 15d—15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Our 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, we are threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, we are not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material effect on our financial condition, results of operations and cash flows.

We have been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to our Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that we failed to inform consumers of the amount of propane contained in propane tanks they purchased and that we violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. A settlement agreement has received approval by the Court. We believe these claims will not have a material impact on our financial condition, results of operations and cash flows beyond the \$10.0 million paid during March 2012 for these claims.

We have also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that we violate consumer protection laws in the manner we set prices and fees for our customers. Based on our business practices, we believe that the claims are without merit and intend to defend the claims vigorously. The court has stayed discovery on this matter pending our motion to compel arbitration, and the case has not been certified for class treatment. We do not believe loss is probable or reasonably estimable at this time related to this class action lawsuit.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for fiscal 2011.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

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

<u>Exhibit Number</u>	<u>Description</u>
3.1	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of February 18, 2003. Incorporated by reference to Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.
3.2	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of March 8, 2005. Incorporated by reference to Exhibit 3.2 to our registration statement on Form S-3 filed March 6, 2009.
3.3	Second Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of June 29, 2005. Incorporated by reference to Exhibit 3.3 to our registration statement on Form S-3 filed March 6, 2009.
3.4	Third Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of October 11, 2006. Incorporated by reference to Exhibit 3.4 to our registration statement on Form S-3 filed March 6, 2009.
3.5	Certificate of Incorporation of Ferrellgas Partners Finance Corp. filed with the Delaware Division of Corporations on March 28, 1996. Incorporated by reference to Exhibit 3.6 to our registration statement on Form S-3 filed March 6, 2009.
3.6	Bylaws of Ferrellgas Partners Finance Corp. adopted as of April 1, 1996. Incorporated by reference to Exhibit 3.7 to our registration statement on Form S-3 filed March 6, 2009.
3.7	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of April 7, 2004. Incorporated by reference to Exhibit 3.5 to our registration statement on Form S-3 filed March 6, 2009.

- 3.8 Certificate of Incorporation of Ferrellgas Finance Corp. filed with the Delaware Division of Corporations on January 16, 2003. Incorporated by reference to Exhibit 3.8 to our registration statement on Form S-3 filed March 6, 2009.
- 3.9 Bylaws of Ferrellgas Finance Corp. adopted as of January 16, 2003. Incorporated by reference to Exhibit 3.9 to our registration statement on Form S-3 filed March 6, 2009.
- 4.1 Specimen Certificate evidencing Common Units representing Limited Partner Interests. Incorporated by reference to Exhibit A of Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.

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- 4.2 Indenture dated as of September 14, 2009 with form of Note attached, among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to \$300 million aggregate amount of the Registrant's 9 1/8% Senior Notes due 2017. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 14, 2009.
- 4.3 Indenture dated as of April 13, 2010, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to \$280 million aggregate amount of the Registrant's 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 13, 2010.
- 4.4 First Supplemental Indenture dated as of April 13, 2010, with form of Note attached, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to \$280 million aggregate amount of the Registrant's 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed April 13, 2010.
- 4.5 Indenture dated as of November 24, 2010, among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to \$500 million aggregate amount of the Registrant's 6 1/2% Senior Notes due 2021. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 30, 2010.
- 4.6 Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.8 to our Quarterly Report on Form 10-Q filed March 10, 2009.
- 4.7 First Amendment to Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.9 to our Quarterly Report on Form 10-Q filed March 10, 2009.
- 4.8 Second Amendment to Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 4.10 to our Quarterly Report on Form 10-Q filed March 10, 2009.
- 4.9 Third Amendment to Registration Rights Agreement dated as of June 29, 2005, by and between Ferrellgas Partners, L.P. and JEF Capital Management, Inc. Incorporated by reference to Exhibit 4.13 to our Quarterly Report on Form 10-Q filed June 9, 2010.
- 10.1 Credit Agreement dated as of November 2, 2009, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 4, 2009.
- 10.2 First Amendment to Credit Agreement dated as of September 23, 2011, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K filed September 26, 2011.

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- 10.3 Amended and Restated Receivable Sale Agreement dated as of January 19, 2012, between Ferrellgas, L.P. and Blue Rhino Global Sourcing, Inc., as originators, and Ferrellgas Receivables, LLC, as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 20, 2012.
- 10.4 Receivables Purchase Agreement dated as of January 19, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed January 20, 2012.
- * 10.5 First Amendment to Receivables Purchase Agreement dated as of April 30, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent.
- # 10.6 Ferrell Companies, Inc. Supplemental Savings Plan, as amended and restated effective January 1, 2010. Incorporated by reference to Exhibit 10.14 to our Quarterly Report on Form 10-Q filed March 10, 2010.
- # 10.7 Second Amended and Restated Ferrellgas Unit Option Plan, effective April 19, 2001. Incorporated by reference to Exhibit 10.5 to our Annual Report on Form 10-K filed September 28, 2010.
- # 10.8 Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by

reference to Exhibit 10.22 to our Annual Report on Form 10-K filed September 28, 2009.

#	10.9	Amendment to Ferrell Companies, Inc. 1998 Incentive Compensation Plan, dated as of March 7, 2010. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010.
#	10.10	Employment, Confidentiality, and Noncompete Agreement dated as of July 17, 1998 by and among Ferrell Companies, Inc. as the company, Ferrellgas, Inc. as the company, James E. Ferrell as the executive and LaSalle National Bank as trustee of the Ferrell Companies, Inc. Employee Stock Ownership Trust. Incorporated by reference to Exhibit 10.19 to our Quarterly Report on Form 10-Q filed March 10, 2009.
#	10.11	Change In Control Agreement dated as of October 9, 2006 by and between Ferrellgas, Inc. as the company and James E. Ferrell as the executive. Incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q filed December 9, 2011.
#	10.12	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Stephen L. Wambold as the executive. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed August 10, 2009.

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#	10.13	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and James R. VanWinkle as the executive. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed August 10, 2009.
#	10.14	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Tod Brown as the executive. Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed August 10, 2009.
#	10.15	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and George L. Koloroutis as the executive. Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed August 10, 2009.
#	10.16	Agreement and Release dated as of January 19, 2012 by and between Ferrellgas, Inc. as the company and George L. Koloroutis as the executive. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed January 20, 2012.
*	10.17	ISDA 2002 Master Agreement and Schedule to the 2002 ISDA Master Agreement both dated as of May 3, 2012 together with three Confirmation of Swap Transaction documents each dated as of May 8, 2012, all between SunTrust Bank and Ferrellgas, L.P.
#	10.18	Form of Director/Officer Indemnification Agreement, by and between Ferrellgas, Inc. and each director and executive officer. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed March 9, 2012.
*	31.1	Certifications of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.2	Certifications of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.3	Certifications of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.4	Certifications of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
*	32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
*	32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
*	32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.
*	101.INS	XBRL Instance Document. (a)
*	101.SCH	XBRL Taxonomy Extension Schema Document. (a)
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (a)
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (a)

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*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (a)
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (a)

* Filed herewith

Management contracts or compensatory plans.

(a) XBRL (eXtensible Business Reporting Language) information is furnished and deemed not filed for purposes of Section 11 or 12 of the Securities

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SIGNATURES

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

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

Date: June 8, 2012

By /s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer;
Treasurer (Principal Financial and Accounting Officer)

FERRELLGAS PARTNERS FINANCE CORP.

Date: June 8, 2012

By /s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

FERRELLGAS, L.P.

By Ferrellgas, Inc. (General Partner)

Date: June 8, 2012

By /s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer;
Treasurer (Principal Financial and Accounting Officer)

FERRELLGAS FINANCE CORP.

Date: June 8, 2012

By /s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Chief Financial Officer and Sole Director

AMENDMENT NO. 1 TO RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO RECEIVABLES PURCHASE AGREEMENT, dated as of April 30, 2012 (this “**Amendment**”), is

among:

- (a) Ferrellgas Receivables, LLC, a Delaware limited liability company (“**Seller**”),
- (b) Ferrellgas, L.P., a Delaware limited partnership (“**Ferrellgas**”), as initial Servicer (the initial Servicer together with Seller, the “**Seller Parties**” and each a “**Seller Party**”),
- (c) Wells Fargo Bank, N.A., individually (“**Wells**” or a “**Purchaser**”),
- (d) Fifth Third Bank, individually (“**Fifth Third**” or a “**Purchaser**”) and as a co-agent (a “**Co-Agent**”),
- (e) SunTrust Bank, individually (“**SunTrust**” or a “**Purchaser**”) and as a co-agent (a “**Co-Agent**”), and
- (f) Wells, as administrative agent for the Purchasers (hereinafter defined) (together with its successors and assigns, the “**Administrative Agent**” and, together with the Co-Agents, the “**Agents**”).

Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I and, if not defined therein, the meanings assigned to such terms in the Receivable Sale Agreement referenced therein.

PRELIMINARY STATEMENTS

A. The Seller Parties, the Purchasers and the Agents are party to that certain Receivables Purchase Agreement dated as of January 19, 2012 (as modified from time to time, the “**Agreement**”; capitalized terms used and not otherwise defined herein shall have the meanings attributed thereto in the Agreement).

B. The Seller Parties have requested that the Purchasers and the Agents agree to amend the Agreement as set forth in Section 1 below.

C. The Agents and the Purchasers are willing to agree to the requested amendments, on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby further agree as follows:

Section 1. Amendments.

1.1. The definition of “**Interim Reporting Date**” set forth in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

“**Interim Reporting Date**” means (a) the third Business Day of each calendar week, (b) the eighth Business Day of each calendar month beginning on or after May 1, 2012, and (c) each Business Day following not less than three Business Days’ prior written notice from the Administrative Agent that it desires daily reporting.

1.2. The definition of “**Net Receivables Balance**” set forth in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

“**Net Receivables Balance**” means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time, reduced by the aggregate amount (without double-counting) by which the Outstanding Balance of all Eligible Receivables of any one Obligor exceeds the Concentration Percentage of the Outstanding Balance of all Eligible Receivables.

1.3. The following new definition is hereby added to Exhibit I to the Agreement in its appropriate alphabetical order:

“**Concentration Percentage**” means, at any time in relation to the aggregate Outstanding Balance of Receivables owed by any single Obligor and its Affiliates (if any), the percentage determined according to the following table for Obligors who have a non-credit-enhanced, senior unsecured short term debt rating currently assigned to them by S&P or Moody’s (or in the absence thereof, the equivalent non-credit enhanced long-term unsecured senior debt ratings):

Level	S&P Short-Term Rating (if no long-term rating is available)	Moody’s Short-Term Rating (if no long-term rating is available)	S&P Rating Long-Term Rating	Moody’s Long-Term Rating	Concentration Percentage
1	A-1+	P-1	AA or better	Aa2 or better	10%
2	A-1	P-1	≥ A	≥ A2	8%
3	A-2	P-2	≥ BBB	≥ Baa2	6%
4	A-3	P-3	BBB-	Baa3	4%
5	Below A-3 or Not Rated by either S&P or Moody’s	Below P-3 or Not Rated by either S&P or Moody’s	Below BBB- or Not Rated by either S&P or Moody’s	Below Baa3 or Not Rated by either S&P or Moody’s	2.5%

; **provided, however**, that (i) if any Obligor has a split rating, the applicable rating will be the lower of the two (if there is only one rating level difference), and one rating above the lower rating (if there are two or more rating levels difference), (ii) if any Obligor has only one rating available, the next lower rating category will apply, (iii) if any Obligor is not rated by either S&P or Moody's, the Concentration

Percentage shall be the percentage set forth in level 5 above shall apply, and (iv) if any Obligor's payment obligation with respect to a Receivable is guaranteed by such Obligor's parent, the parent's ratings will be used but shall be subject to the other provisions of this definition.

1.4. Exhibit VI to the Agreement is hereby amended and restated in its entirety to read as set forth in Annex A to this Amendment.

1.5. Exhibit VII to the Agreement is hereby amended and restated in its entirety to read as set forth in Annex B to this Amendment.

Section 2. Representations and Warranties. Each Seller Party hereby represents and warrants to the Agents and the Purchasers, as to itself, as of the date hereof that:

2.1. The execution and delivery by such Seller Party of this Amendment, and the performance of its obligations under the Agreement as amended hereby, are within its organizational powers and authority and have been duly authorized by all necessary action on its part. This Amendment has been duly executed and delivered by such Seller Party.

2.2. After giving effect to this Amendment, each of such Seller Party's representations and warranties set forth in Section 5.1 of the Agreement is true and correct in all material respects as of the date hereof (except for such representations and warranties that speak only as of an earlier date, in which case they are true and correct as of such date).

Section 3. Conditions Precedent. This Amendment shall become effective as of the date specified in the preamble hereto upon satisfaction of each of the following conditions precedent:

3.1. The Administrative Agent shall have received counterparts hereof duly executed by each the Seller Parties, the Agents and the Required Purchasers.

3.2. Each of the Agents shall have received a fully-earned and non-refundable amendment fee in an amount equal to the product of 0.025% and its related Purchaser's Commitment.

3.3. All outstanding invoices of Barnes & Thornburg LLP shall have been paid, and all reasonable fees and disbursements of Barnes & Thornburg LLP in connection with the preparation of this Amendment for which the Seller has received an invoice shall have been paid in full.

Section 4. Miscellaneous.

4.1. Except as expressly amended hereby, the Agreement remains unaltered and in full force and effect.

4.2. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

4.3. SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST ANY AGENT OR ANY PURCHASER OR ANY AFFILIATE OF ANY AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT OR THE AGREEMENT AS AMENDED HEREBY SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

4.3. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, THE AGREEMENT AS AMENDED HEREBY OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

4.4. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy).

4.5. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Any executed counterpart of this Amendment that is delivered by facsimile or electronic mail message attaching a .PDF or other image of such executed counterpart shall, to the fullest extent permitted by applicable law, have the same force and effect as an original of such executed counterpart.

4.6. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or

[The remainder of this page is blank intentionally]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

FERRELLGAS RECEIVABLES, LLC

By: /s/ J. Ryan VanWinkle
Name: J. Ryan VanWinkle
Title: Senior Vice President and Chief Financial Officer

FERRELLGAS, L.P.

BY: *FERRELLGAS, INC., ITS GENERAL PARTNER*

By: /s/ J. Ryan VanWinkle
Name: J. Ryan VanWinkle
Title: Senior Vice President and Chief Financial Officer

WELLS FARGO BANK, N.A.,
Individually as Purchaser and as Administrative Agent

By: /s/ Eero Maki
Name: Eero Maki
Title: SVP

SUNTRUST BANK,
Individually as Purchaser and as a Co-Agent

By: /s/ Joseph Franke
Name: Joseph Franke
Title: Senior Vice President

FIFTH THIRD BANK, individually as Purchaser and as a Co-Agent

By: /s/ Mike Mendenhall
Name: Mike Mendenhall
Title: Vice President

Ferrellgas Receivables, LLC Monthly Servicer Report
For the Month Ended:
MM/DD/YY
 (\$)

A/R ROLLFORWARD

Beginning Balance
Sales
Credit Memos
Payment Discounts
Chargeback Adjustments
Debit Memos
Total Bad Debt Write-offs
Net Collections - Includes Non A/R Cash
Revoace Direct Pay
Finance Charges
EOM AR Balance

AGING SCHEDULE

	<u>Current</u>	<u>Current Month</u>	<u>% of Total Aging 1 Month Prior</u>	<u>2 Months Prior</u>
Current				
1-30 DPD				
31-60 DPD				
61-90 DPD				
91-120 DPD				
121+ Days Past Due				
Total Credits in Agings				
Total Aging				

A/R RECONCILIATIONS

Calculated Ending A/R
Reported Ending A/R
Difference
Calculated Ending A/R
Total Aging
Difference

INELIGIBLES

Defaulted Receivables (Gross)
Non - U.S. Receivables
Receivables of Affiliates
Government Receivables > 2% of Outstanding Balance
Obligors of Defaulted Receivables (50%)
Rec.w/ Terms 31-90 > 10% of Outstanding Balance
Rec. w/ Terms > 90
Bankrupt Obligors
31-60 DPD if 31-60 DPD>11% Total A/R (Retail Division Only)
Customer Deposits
Remaining Balance of Customers now C.I.A.
Excess Level Pay A/R (> 20% of Retail A/R)
Unbilled Receivables
Account in Credit Hold
Accounts Placed with Collection Agencies
Credits less than 60 DPD
Aging Variance
Total Ineligibles (Excluding Contras)
Contra Accounts
Total Ineligibles
Eligible Receivables

Ferrellgas Receivables, LLC Monthly Servicer Report
For the Month Ended:
MM/DD/YY
(\$)

<u>BORROWING BASE</u>	<u>Current Month</u>	<u>One Month Prior</u>	<u>Two Months Prior</u>
Total A/R			
Less: Total Ineligibles			
Eligible Receivables			
Less: Total Excess Amounts			
NET RECIEVABLES BALANCE			

<u>RESERVES</u>
Loss Reserve
Dilution Reserve
Total Dynamic Reserve
Reserve Floor
Yield Reserve
Servicing Reserve
Required Reserve %
Required Reserve \$ (RR)

<u>FUNDING AVAILABILITY</u>
Net Receivables Balance (NRB)
Less: Required Reserve
BORROWING BASE
Current Outstanding (CO)
Purchase Availability or Required Paydown

<u>TRIGGER COMPLIANCE</u>	<u>Compliance Test</u>	<u>Compliance Level</u>
Asset Interest	(CO+RR) / NPB < 100%	In Compliance
3M Avg. 61+ DPD Ratio	Less than 14%	In Compliance
3M Charge-Off Ratio	Less than 0.9%	In Compliance
3M Dilution Ratio	Less than 4.25%	In Compliance

<u>EXCESS CONCENTRATIONS</u>	<u>Obligor Name</u>	<u>Short Term Debt Rating</u>	<u>Allowable %</u>	<u>Total Receivables</u>	<u>% of Total</u>	<u>Excess Receivables</u>
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

The undersigned hereby represents and warrants that the foregoing is a true and accurate accounting with respect to outstanding receivables as of MM/DD/YY is in accordance with the Receivables Purchase Agreement dated January 19, 2012 and that all representations and warranties related to such Agreement are restated and reaffirmed.

Signed: _____ Date: _____
Title: Director - Ferrellgas Receivables LLC

EXHIBIT VII

FORM OF INTERIM REPORT

[See attached]

Exhibit VII-1

Ferrellgas Receivables, LLC Interim Servicer Report

For the Period Ended:

MM/DD/YY

(\$ in 000)

Enter Date of Interim Report:	MM/DD/YY
Retail Ending A/R	
Blue Rhino Ending A/R	
FNA Ending A/R	
Total Ending A/R	
Retail Unapplied Cash	
Blue Rhino Unapplied Cash	
FNA Unapplied Cash	
Total Unapplied Cash	
Total Net Ending A/R	
Less: (from most recent Monthly Report)	
Ineligible Receivables (excluding contras)	
Contra Ineligibles *	
Excess Concentration Amounts	
Net Receivables Balance	
Aggregate Reserve (%) (from most recent Monthly Report)	
Required Reserves (\$)	
Calculated Availability	
Aggregate Commitment	
Maximum Potential Aggregate Capital	
Current Outstanding Balance	
(Capital Reduction Required) or Additional Available	
Action Taken: Incremental Purchase / (Reduction Amount)	
New Capital Outstanding	
In Asset Compliance (Y/N)	

* Contra Ineligibles to be updated on the 8th business day of each calendar month.

The undersigned hereby represents and warrants that the foregoing is a true and accurate accounting with respect to outstanding receivables as of MM/DD/YY in accordance with the Receivables Purchase Agreement dated January 19, 2012. Each of the conditions set forth in Section 6.2 of the RPA are met as of the date hereof except the following exceptions to Section 6.2: **None**

Signed by one of following:

Signed: _____ Date: _____
Title: Director - Ferrellgas Receivables LLC

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of May 3, 2012

SUNTRUST BANK and FERRELGAS, L.P.

Have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement."

Accordingly, the parties agree as follows:—

1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

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- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

- (b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

- (c) **Netting of Payments.** If on any date amounts would otherwise be payable:—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:—

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

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(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) **Liability.** If:—

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) **Basic Representations.**

- (i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

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(iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency,

moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

- (b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.
- (c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.
- (d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.
- (e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.
- (f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.
- (g) **No Agency.** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

- (a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:—
 - (i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;
 - (ii) any other documents specified in the Schedule or any Confirmation; and

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(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

- (b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.
- (c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.
- (d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.
- (e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located (“Stamp Tax Jurisdiction”), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party’s execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

- (a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an “Event of Default”) with respect to such party:—
 - (i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;
 - (ii) **Breach of Agreement; Repudiation of Agreement.**

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

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Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) **Misrepresentation.** A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such defaults result in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

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(vi) **Cross Default.** If “Cross Default” is specified in the Schedule as applying to the party, the occurrence or existence of:—

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above, and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

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(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:—

- (1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or
- (2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:—

(i) **Illegality.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):—

- (1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
- (2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) **Force Majeure Event.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:—

- (1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

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impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

- (2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support

Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day);

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) **Tax Event.** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) **Tax Event Upon Merger.** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:—

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted

by X as of the date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Hierarchy of Events.**

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5(a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) **Deferral of Payments and Deliveries During Waiting Period.** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality

or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) **Inability of Head or Home Office to Perform Obligations of Branch.** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

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compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) with respect to such party then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) **Notice.** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event.** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into Transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties.** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

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(iv) **Right to Terminate.**

(1) If:—

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:—

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Sections 6(e) and 9(h)(ii).

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(d) ***Calculations; Payment Date.***

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) ***Payment Date.*** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:—

(1) ***One Affected Party.*** Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) ***Two Affected Parties.*** Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

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(3) ***Mid-Market Events.*** If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or

Close-out Amounts, the Determining Party will:—

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Adjustment for Illegality or Force Majeure Event.** The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) **Pre-Estimate.** The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) **Set-Off.** Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

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If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii), and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) **Payment in the Contractual Currency.** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) **Judgments.** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive

immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) **Separate Indemnities.** To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) **Evidence of Loss.** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) **Amendments.** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, or by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message or e-mail constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) **Interest and Compensation.**

(i) **Prior to Early Termination.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:—

(1) **Interest on Defaulted Payments.** If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) **Compensation for Defaulted Deliveries.** If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be

determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payment.* If:—

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5(d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment

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due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries.* If:—

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) **Early Termination.** Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:—

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) **Interest Calculation.** Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

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10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking office or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment

or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:—

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, on the date it is received, or

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- (vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Details.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:—

- (i) submits:—
 - (1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or
 - (2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City.
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and
- (iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) **Service of Process.** Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) **Waiver of Immunities.** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:—

“Additional Representation” has the meaning specified in Section 3.

“Additional Termination Event” has the meaning specified in Section 5(b).

“Affected Party” has the meaning specified in Section 5(b).

“Affected Transactions” means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

“Affiliate” means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“Agreement” has the meaning specified in Section 1(c).

“Applicable Close-out Rate” means:—

(a) in respect of the determination of an Unpaid Amount:—

- (i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;
- (ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;
- (iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and
- (iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:—

- (i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:—
 - (1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;
 - (2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and
 - (3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:—

- (1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

- (2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;
- (3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and
- (4) in all other cases, the Termination Rate.

“Applicable Deferral Rate” means:—

- (a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;
- (b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and
- (c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

“Automatic Early Termination” has the meaning specified in Section 6(a).

“Burdened Party” has the meaning specified in Section 5(b)(iv).

“Change in Tax Law” means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the parties enter into the relevant Transaction.

“Close-out Amount” means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in Section 2(a)(iii) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information:—

- (i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;
- (ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or
- (iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party’s Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:—

- (1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and
- (2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

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“**Confirmation**” has the meaning specified in the preamble.

“**consent**” includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

“**Contractual Currency**” has the meaning specified in Section 8(a).

“**Convention Court**” means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

“**Credit Event Upon Merger**” has the meaning specified in Section 5(b).

“**Credit Support Document**” means any agreement or instrument that is specified as such in this Agreement.

“**Credit Support Provider**” has the meaning specified in the Schedule.

“**Cross-Default**” means the event specified in Section 5(a)(vi).

“**Default Rate**” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

“**Defaulting Party**” has the meaning specified in Section 6(a).

“**Designated Event**” has the meaning specified in Section 5(b)(v).

“**Determining Party**” means the party determining a Close-out Amount.

“**Early Termination Amount**” has the meaning specified in Section 6(e).

“**Early Termination Date**” means the date determined in accordance with Section 6(a) or 6(b)(iv).

“**electronic messages**” does not include e-mails but does include documents expressed in markup languages, and “**electronic messaging system**” will be construed accordingly.

“**English Law**” means the law of England and Wales, and “**English**” will be construed accordingly.

“**Event of Default**” has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

“**Force Majeure Event**” has the meaning specified in Section 5(b).

“**General Business Day**” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

“**Illegality**” has the meaning specified in Section 5(b).

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“**Indemnifiable Tax**” means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

“**law**” includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and “**unlawful**” will be construed accordingly.

“**Local Business Day**” means, (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this

Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

“Local Delivery Day” means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

“Master Agreement” has the meaning specified in the preamble.

“Merger Without Assumption” means the event specified in Section 5(a)(viii).

“Multiple Transaction Payment Netting” has the meaning specified in Section 2(c).

“Non-affected Party” means, so long as there is one Affected Party, the other party.

“Non-default Rate” means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

“Non-defaulting Party” has the meaning specified in Section 6(a).

“Office” means a branch or office of a party, which may be such party’s head or home office.

“Other Amounts” has the meaning specified in Section 6(f).

“Payee” has the meaning specified in Section 6(f).

“Payer” has the meaning specified in Section 6(f).

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Proceedings” has the meaning specified in Section 13(b).

“Process Agent” has the meaning specified in the Schedule.

“rate of exchange” includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

“Relevant Jurisdiction” means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

“Schedule” has the meaning specified in the preamble.

“Scheduled Settlement Date” means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

“Specified Entity” has the meaning specified in the Schedule.

“Specified Indebtedness” means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

“Specified Transaction” means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

“Stamp Tax” means any stamp, registration, documentation or similar tax.

“Stamp Tax Jurisdiction” has the meaning specified in Section 4(e).

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“Tax” means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

“Tax Event” has the meaning specified in Section 5(b).

“Tax Event Upon Merger” has the meaning specified in Section 5(b).

“Terminated Transactions” means with respect to any Early Termination Date (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date (or, if “Automatic Early Termination” applies, immediately before that Early Termination Date).

“Termination Currency” means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

“Termination Currency Equivalent” means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the “Other Currency”), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

“Termination Event” means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

“Termination Rate” means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

“Threshold Amount” means the amount, if any, specified as such in the Schedule.

“Transaction” has the meaning specified in the preamble.

“Unpaid Amounts” owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) or due but for Section 5(d) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) or 5(d) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest

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accrued or other compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

“Waiting Period” means:—

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

By: /s/ Fred D. Woolf
 Name: Fred D. Woolf
 Title: Director
 Date: 5/23/12

By: /s/ J. Ryan VanWinkle
 Name: J. Ryan VanWinkle
 Title: EVP & CFO
 Date: 5/18/12

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SCHEDULE

to the

2002 ISDA Master Agreement

dated as of May 3, 2012, between

SUNTRUST BANK
 (“Party A”)

and

FERRELLGAS, L.P.
 (“Party B”)

Part 1. Termination Provisions.

(a) **“Specified Entity”** means for the purposes of Sections 5(a)(v), (vi), and (vii), and Section 5(b)(v) of this Agreement, in the case of Party A, not applicable and, in the case of Party B, not applicable.

(b) **“Specified Transaction”** will have the meaning specified in Section 14 of this Agreement.

(c) The **“Cross-Default”** provisions of Section 5(a)(vi) of this Agreement will apply to each of Party A and Party B.

“Specified Indebtedness” will have the meaning specified in Section 14 of this Agreement, except that such term will not include obligations in respect of deposits received in the ordinary course of a party’s banking business.

“Threshold Amount” means:

(i) with respect to Party A, an amount equal to three percent (3%) of its Shareholders’ Equity; and

(ii) with respect to Party B, an amount equal to \$25,000,000 (or the equivalent thereof in any other currency or currencies).

“Loan Agreement” means the Credit Agreement dated as November 2, 2009 among Party B, Ferrellgas, Inc., as general partner of Party B, Bank of America, N.A., as administrative agent, and the lenders party thereto, including Party A, as amended by the Amendment No. 1 to Credit Agreement dated as of September 23, 2011 without regard to any termination or cancellation thereof, whether by reason of payment of all indebtedness incurred thereunder or otherwise, or, unless consented to in writing by Party A or Party A or one of its Affiliates is a party thereto, any other amendment or modification, addition, replacement, refinancing, waiver, or consent thereto or thereof.

“Shareholders’ Equity” means, with respect to any entity, at any time, the sum (as shown in the most recent annual audited financial statements of such entity) of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with generally accepted accounting principles.

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(d) The **“Credit Event Upon Merger”** provisions of Section 5(b)(v) of this Agreement will apply to Party A and to Party B.

For purposes hereof, (i) Party A or its successor, surviving or transferee entity will be deemed “materially weaker” following a merger only if its long-term senior unsecured debt is rated below BBB- by Standard & Poor’s Corporation (S&P) or below Baa3 by Moody’s Investors Service, Inc. (Moody’s), or ceases to be rated and (ii) Party B or its successor, surviving or transferee entity will be deemed “materially weaker” following a merger only if its long-term senior unsecured debt is rated B- or below by S&P or Caa1 or below by Moody’s, or ceases to be rated.

(e) The **“Automatic Early Termination”** provision of Section 6(a) of this Agreement will not apply to Party A or to Party B.

(f) **“Termination Currency”** means United States Dollars.

(g) **“Additional Termination Event”** will apply. The following will constitute an Additional Termination Event:

If (i) Party A ceases to be a Hedge Bank (as defined in the Loan Agreement) or otherwise ceases to have the obligations under this agreement secured under the terms of the Loan Agreement and of the Security Agreement (as defined in the Loan Agreement) with the same priorities as set forth in Section 8.03 of the Loan Agreement and the same collateral as set forth in the Security Agreement and (ii) within thirty (30) days thereafter, Party B does not either (A) enter into a Credit Support Annex with Party A in the form of the ISDA 1994 Credit Support Annex (Security Interest-New York Law) with a Paragraph 13 containing the terms set forth in Exhibit 1 attached hereto or such other terms acceptable to both parties or (B) provide other collateral for its obligations hereunder in a form and amount and subject to such documentation as are acceptable to Party A.

For the purpose of the foregoing Additional Termination Event, the sole Affected Party will be Party B and all Transactions shall be Affected Transactions.

Part 2. Tax Representations

(a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B each make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement;
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and

- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement:

(i) Party A makes the following representation:

it is duly organized under the laws of the State of Georgia in the United States and is a U.S. person (as that term is used in § 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal tax purposes.

(ii) Party B makes the following representation:

it is duly organized under the laws of the United States, or the laws of one of the states of the United States, or the laws of the District of Columbia, and/or is a U.S. person (as that term is used in § 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal tax purposes.

Part 3. Agreement to Deliver Documents.

For purposes of Section 4(a)(i) and 4(a)(ii) of this Agreement, each party agrees to deliver to the other party the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
Party A and Party B	An original, duly completed, dated and executed current United States Internal Revenue Service Form W-9 (or successor form)	(i) Upon execution of the Agreement; (ii) promptly upon learning that any form provided pursuant to this section has become obsolete or incorrect; and (iii) upon request of Party A.

(b) Other documents to be delivered are:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	Annual Report of Party B containing audited, consolidated financial statements certified by independent certified public accountants and prepared in	As soon as available and in any event within 90 days after the end of each fiscal year	Yes

Party A and Party B	accordance with generally accepted accounting principles in the United States. Filing with the SEC or posting on Party B's website will constitute delivery of this document.	of Party B	
Party A and Party B	Certified copies of all corporate or partnership authorizations, as the case may be, and any other documents with respect to the execution, delivery and performance of this Agreement, any Credit Support Document and any Confirmation	Upon execution and delivery of this Agreement	Yes
Party A and Party B	Certificate of authority and specimen signatures of individuals executing this Agreement, any Credit Support Document and any Confirmation	Upon execution and delivery of this Agreement and, if requested, upon execution of any Confirmation	Yes

Part 4. Miscellaneous.

(a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

(i) The address for notices or communications to Party A is:

SunTrust Bank
Financial Risk Management, Operations
3333 Peachtree Road, N.E.
11th Floor, Center Code 3913
Atlanta, GA 30326
Telephone Number: 404-926-5821
Facsimile Number: 404-926-5826

(ii) The address for notices or communications to Party B is:

Mr. Ryan VanWinkle, CFO
Ferrellgas, L.P.
One Liberty Plaza
Liberty, MO 64068
Telephone Number: 913-661-1528
Email: ryanvanwinkle@Ferrellgas.com

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(b) **Process Agent.**

Party A appoints as its Process Agent: not applicable.

Party B appoints as its Process Agent: not applicable.

With respect to the third sentence of Section 13(c), the reference therein to Section 12 to the contrary notwithstanding, no consent is given by Party B to service of process by facsimile transmission or electronic messaging system.

(c) **Offices.** The provisions of Section 10(a) of this Agreement will apply to this Agreement.

(d) **Multibranch Party.** For purposes of Section 10(b) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A; provided, however, if Party A is the Defaulting Party, the Calculation Agent shall be Party B until such time as Party A is no longer a Defaulting Party; provided, further, that if Party A is an Affected Party and Party B is not an Affected Party, the Calculation Agent shall be Party B until such time as Party A is no longer an Affected Party.

(f) **Credit Support Document.**

Credit Support Document means in relation to Party A: Each Credit Support Annex entered into by Party A and Party B or, if none exists, not applicable.

Credit Support Document means in relation to Party B: Each Credit Support Annex entered into by Party A and Party B or, if none exists, the Security Agreement (as defined in the Loan Agreement).

(g) **Credit Support Provider.**

Credit Support Provider means in relation to Party A: none.

Credit Support Provider means in relation to Party B: Unless Party A and Party B have entered into a Credit Support Annex, the Guarantors (as defined in the Loan Agreement).

(h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine, but giving effect to Sections 5-1401 and 5-1402 of the New York General Obligations Law.

(i) **Netting of Payments.** "Multiple Transaction Payment Netting" will not apply for the purpose of Section 2(c) of this Agreement. Both parties may agree at least one Local Business Day in advance of one or more Scheduled Settlement Dates that, with regard to payments due on such date(s), Multiple Transaction Payment Netting will apply. Unless

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otherwise so agreed, Multiple Transaction Payment Netting will not apply for purposes of Section 2(c) of this Agreement.

- (j) **Affiliate** will have the meaning specified in Section 14 of this Agreement.
- (k) **Absence of Litigation.** For the purpose of Section 3(c):
“**Specified Entity**” means in relation to Party A: none
“**Specified Entity**” means in relation to Party B: any Subsidiary of Party B.
- (l) **No Agency.** The provisions of Section 3(g) will apply to this Agreement.
- (m) **Additional Representation** will apply. For the purpose of Section 3 of this Agreement, each of the following will constitute an Additional Representation:
- (i) **Relationship Between the Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction): -
- (A) **Non-Reliance.** It is acting for its own account and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction will not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.
- (B) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.
- (C) **Status of Parties.** THE OTHER PARTY IS NOT ACTING AS A FIDUCIARY FOR OR AN ADVISER TO IT IN RESPECT OF THAT TRANSACTION.
- (ii) **Commodity Exchange Act.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction:
- (A) **Eligible Contract Participant.** It is an “eligible contract participant” as defined in the Commodity Exchange Act and any rules thereunder, each as amended from time to time;
- (B) **Line of Business.** It has entered into the Transaction for the purposes of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with its line of business;
- (C) **Individually Negotiated.** This Agreement and each Transaction is subject to individual negotiation by each party; and
- (D) **No Trading Facilities.** Neither this Agreement nor any Transaction will be executed or traded on a “trading facility” within the meaning of Section 1a(33) of the Commodity Exchange Act, as amended.
- (iii) **ERISA.** Party B represents and warrants to Party A as of the date of this Agreement (which representations will be deemed to be repeated by such party on each date on which a Transaction is entered into) that it is not (i) an “employee benefit plan” that is subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) a “plan” within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), (iii) a governmental plan or other governmental entity that is subject to federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (iv) a person or entity the underlying assets of which are “plan assets” within the meaning of Section 3(42) of ERISA, Department of Labor Reg., 29 CFR § 2510.3-101 or otherwise.
- (n) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

Part 5. Other Provisions

- (a) **2002 Master Agreement Protocol.** The parties agree that the definitions and provisions of the ISDA 2002 Master Agreement Protocol as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003 (the “Protocol”) are incorporated into and apply to this Agreement as if set out in full herein, for the purpose of indicating agreement by the parties to the amendments set out in Annexes 1 to 18 of the Protocol. References in the Protocol to a 2002 Master shall be deemed to be references to this Agreement.
- (b) **Escrow Payments.** If by reason of the time difference between the cities in which payments are to be made, it is not possible for simultaneous payments to be made on any date on which both parties are required to make payments hereunder, either party may at its option and in its sole discretion notify the other party that payments on that date are to be made in escrow. In this case the deposit of the payment due earlier on that date shall be made by 2:00 p.m. (local time at the place for the earlier payment) on that date with an escrow agent selected by the party giving the notice, accompanied by irrevocable payment instructions (i) to release the deposited payment to the intended recipient upon receipt by the escrow agent of the required deposit of the corresponding payment from the other party on the same date accompanied by the irrevocable payment instructions to the same effect or (ii) if the required deposit of the corresponding payment is not made on the same date, to return the payment deposited to the party

that paid it into escrow. The party that elects to have payments made in escrow shall pay the costs of the escrow arrangements and shall cause those arrangements to provide that the intended recipient of the payment due to be deposited first shall be entitled to interest on that deposited payment for each day in the period of its deposit at the rate offered by the escrow agent

for that day for overnight deposits in the relevant currency in the office where it holds that deposited payment (at 11:00 a.m. local time on that day) if that payment is not released by 5:00 p.m. on the date it is deposited for any reason other than the intended recipients' failure to make the escrow deposit it is required to make hereunder in a timely fashion.

(c) **Set Off.** Section 6 (f) of the Agreement is amended by deleting the first paragraph thereof and replacing it with the following:

“(f) **Set-Off.** Any Early Termination Amount in circumstances where an Event of Default has occurred with respect to the Defaulting Party or a Termination Event has occurred pursuant to Section 5(b)(v) (Credit Event Upon Merger) or Section 5(b)(vi) (Additional Termination Event) with respect to the Affected Party (in either case “Y”), will, at the option of the Non-defaulting party or the party that is not the Affected Party (in either case, “X”), and without prior notice to Y, be reduced by its set off against any other amounts (“Other Amounts”) payable by Y to X or its affiliates (where the Early Termination Amount is payable by X to Y) or by X or its affiliates to Y (where the Early Termination Amount is payable by Y to X) (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to Y of any set off effected under this Section 6(f).”

(d) **USA PATRIOT ACT Notice.** Party A hereby notifies Party B that pursuant to the requirements of the USA Patriot Act (Title III of Pub.L. 107-56, signed into law October 26, 2001, and hereinafter referred to as the “Act”), it is required to obtain, verify and record information that identifies Party B, which information includes the name and address of Party B, and such other information as will allow Party A to identify Party B in accordance with the Act.

(e) **FDIC.** Party B acknowledges that Transactions are not insured by the Federal Deposit Insurance Corporation.

(f) **Change of Account.** Section 2(b) of this Agreement is hereby amended by the addition of the following after the word “delivery” in the first line thereof: “to another account in the same legal and tax jurisdiction as the original account.”

(g) **Waiver of Jury Trial.** Each party hereby irrevocably waives any and all right to trial by jury in any suit, action or proceeding arising out of or relating to this Agreement or any Transaction and acknowledges that this waiver is a material inducement to the other party's entering into this Agreement.

(h) **Transfer.** Section 7 of the Agreement is amended by adding the words “which consent shall not be unreasonably withheld or delayed” in the third line thereof after the word “party” and before the comma.

Part 6. FX Transactions and Currency Option Transactions

(a) **Incorporation of Definitions.** The 1998 FX and Currency Option Definitions (the “FX Definitions”), published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee, are hereby incorporated by reference with respect to FX Transactions (as defined in the FX Definitions) and Currency Option Transactions (as defined in the FX Definitions). Terms defined in the FX Definitions shall have the same meanings in this Part 6.

(b) **Scope.** Unless otherwise agreed in writing by the parties, each FX Transaction and Currency Option Transaction entered into between the parties before, on or after the date of this Agreement shall be a Transaction under this Agreement and shall be part of, subject to and governed by this Agreement even if the Confirmation in respect thereof does not state that such FX Transaction or Currency Option Transaction is subject to or governed by this Agreement or does not otherwise reference this Agreement. For the avoidance of doubt, this Agreement shall supersede and replace in their entirety any SunTrust Terms and Conditions for Foreign Exchange Transactions in effect between the parties.

(c) **Amendments to FX Definitions.** The following amendments are to be made to the FX Definitions:

(i) Section 3.4 of the FX and Currency Option Definitions is hereby amended by adding the following subsection (c):

(c) **Premium Payment.** If a Premium is not received on the Premium Payment Date, the Seller may elect: (i) to accept a late payment of such Premium; or (ii) to give written notice of such non-payment and, if such payment shall not be received within three Local Business Days of such notice, treat the related Currency Option Transaction as void; or (iii) to give written notice of such non-payment and, if such payment shall not be received within three Local Business Days of such notice, treat such non-payment as an Event of Default under Section 5(a)(i) of this Agreement. If the Seller elects to act under either clause (i) or (ii) of the preceding sentence, the Buyer shall pay all out-of-pocket costs and actual damages incurred in connection with such unpaid or late Premium or void Currency Option Transaction, including without limitation, interest on such Premium in the same currency as such Premium at the then prevailing market rate and any other losses, costs or expenses incurred by the Seller in connection with such terminated Currency Option Transaction, for the loss of its bargain, its costs of funding, or the loss incurred as a result of terminating, liquidating, obtaining or re-establishing a delta hedge or related trading position with respect to such Currency Option Transaction.

(ii) Section 3.7 of the FX and Currency Option Definitions is hereby amended by adding the following subsection (d):

(d) **Event of Default.** If an Event of Default or a Potential Event of Default has occurred and is continuing and an Early Termination Date has not been designated by the Non-Defaulting Party (the “Default Period”), the Non-Defaulting Party may, by written notice, specify that any or all Currency Option Transactions with an Exercise Date in the Default Period shall be settled in accordance with Section 3.7(b) of the FX Definitions.

(iii) The FX Definitions are hereby amended by adding the following Section 3.9:

Section 3.9 Discharge and Termination of Currency Option Transactions. Unless otherwise agreed, any Call or any Put written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call or Put, respectively, written by the other party, such termination and discharge to occur automatically upon the payment in full of the last Premium payable in respect of such Currency Option Transactions; provided that such termination and discharge may only occur in respect of Currency Option Transactions:

- (i) each being with respect to the same Put Currency and the same Call Currency;
- (ii) each having the same Expiration Date and Expiration Time;
- (iii) each being the same style (i.e., either both being American or both being European);
- (iv) each having the same Strike Price;
- (v) neither of which shall have been exercised by delivery of a Notice of Exercise;
- (vi) each being transacted by the same pair of Offices of Buyer and Seller;

and upon the occurrence of such termination and discharge, neither party shall have any further obligation to the other party in respect of the relevant Currency Option Transactions so terminated and discharged. In the case of a partial termination and discharge (i.e., where the Currency Option Transactions are for different amounts of the Currency Pair), the remaining portion of the Currency Option Transaction which is partially discharged and terminated shall continue to be a Currency Option Transaction for all purposes of this Agreement.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document

SUNTRUST BANK

FERRELLGAS, L.P.

By: Ferrellgas, Inc., its general partner

By: /s/ Fred D. Woolf
Name: Fred D. Woolf
Title: Director
Dated: 5/23/12

By: /s/ J. Ryan VanWinkle
Name: J. Ryan VanWinkle
Title: EVP & CFO
Dated: 5/18/12

Exhibit 1

- (a) Eligible Collateral. Cash, which will have a Valuation Percentage of 100%.
- (b) Other Eligible Support. “Other Eligible Support” shall be a letter of credit procured by the Pledgor for the benefit of the Secured Party in form and substance reasonably satisfactory to the Secured Party (a “Letter of Credit”).
- (c) The Independent Amount for Pledgor is \$0.
- (d) “Threshold” means, with respect to either party, the amounts determined on the basis of the lower of the Ratings set forth in the following table. If an Event of Default has occurred and is continuing with respect to a party, or if a party is unrated by both of the following agencies, its Threshold shall be \$0.

Rating (S&P/Moody’s)	Threshold
BB- / Ba3 and above	\$ 4,000,000
B+ / B1	\$ 2,000,000
B / B2	\$ 2,000,000
B- / B3	\$ 2,000,000
CCC+ / Caa1 and below	\$ 0

As used herein:

“Rating” means the rating assigned by either S&P or Moody’s to the long term, senior, unsecured and otherwise unsupported obligations of a party, or, as the case may be, a party’s financial strength rating as assigned by either of these ratings agencies.

“S&P” means Standard & Poor’s Ratings Services.

“Moody’s” means Moody’s Investors Service, Inc.

(e) The Minimum Transfer Amount is \$250,000 for any Delivery Amount of Pledgor and \$250,000 for any Return Amount of Secured Party. The Delivery Amount and the Return Amount will be rounded up and down, respectively, to the nearest integral multiple of \$10,000.

(f) “Valuation Agent” means Party A; provided, however, that notwithstanding anything to the contrary set forth in this Annex, the Valuation Agent shall not be required to notify Party B of the Valuation Agent’s calculations of Value, Exposure, Delivery Amount or Return Amount hereunder unless requested to do so by Party B in each instance.

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(g) “Valuation Date” means any Local Business Day.

(h) “Valuation Time” means the close of business in the city of the Valuation Agent on the Valuation Date or the date of calculation, as applicable; *provided* that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(i) “Notification Time” means 1:00 p.m., New York time, on a Local Business Day.

(j) Conditions Precedent and Secured Party’s Rights and Remedies. With respect to Party A, an Illegality, Credit Event Upon Merger or Additional Termination Event (if Party A is the Affected Party with respect to such Termination Event) will be a “Specified Condition.” With respect to Party B, an Illegality, Credit Event Upon Merger or Additional Termination Event (if Party B is the Affected Party with respect to such Termination Events) will be a “Specified Condition.”

(k) Consent is required for any substitution pursuant to Paragraph 4(d) of the Credit Support Annex.

(l) For purposes of Paragraph 5 of the Credit Support Annex, the Resolution Time is 1:00 p.m., New York time, on the Local Business Day following the date on which notice of the dispute is given.

(m) For the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support will be calculated as follows: in the case of Cash, the face amount thereof; with respect to any Letter of Credit, the amount then available to be unconditionally drawn upon by the Secured Party (subject only to the conditions to drawing specified in the letter of credit documentation).

(n) Party A or its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

- (A) Party A will only be entitled to hold Posted Collateral if it (1) is not a Defaulting Party and (2) has an unsecured and unsubordinated long-term debt or issuer credit rating of at least BBB+ from Standard & Poor’s Ratings Services or any successor thereto (“S&P”) and Baa1 from Moody’s Investors Service, Inc. or any successor thereto (“Moody’s”).
- (B) The Custodian is a “bank” (as defined in the Federal Deposit Insurance Act) whose Rating is at least BBB+ by S&P and Baa1 by Moody’s.
- (C) The Posted Collateral is held only in the United States of America.

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(o) Party B or its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

- (A) Party B will only be entitled to hold Posted Collateral if it (1) is not a Defaulting Party and (2) has an unsecured and unsubordinated long-term debt or issuer credit rating of at least BBB+ from Standard & Poor’s Ratings Services or any successor thereto (“S&P”) and Baa1 from Moody’s Investors Service, Inc. or any successor thereto (“Moody’s”).
- (B) The Custodian is a “bank” (as defined in the Federal Deposit Insurance Act) whose Rating is at least BBB+ by S&P and Baa1 by Moody’s.
- (C) The Posted Collateral is held only in the United States of America.

(p) The provisions of Paragraph 6(c) will apply to Party A and Party B.

(q) The Interest Amount provisions of Paragraph 6(d)(ii) of the Credit Support Annex will apply. The “Interest Rate” for any day will be the Federal Funds (Effective) rate published in N.Y. Federal Reserve Statistical Release H.15(519) for that day or such other recognized source used for the purpose of displaying such rate. If the Interest Rate for the relevant day is a negative number, such Interest Rate will be deemed to be zero.

(r) Other Eligible Support and Other Posted Support.

(i) "Value" shall mean, with respect to any Letter of Credit, the amount then available to be unconditionally drawn upon by the Secured Party (subject only to the conditions to drawing specified in the letter of credit documentation).

(ii) "Transfer" shall mean, with respect to any Letter of Credit, the creation of an unconditional right of the Secured Party for whose benefit the letter of credit is established to draw upon that letter of credit (subject only to the conditions to drawing specified in the letter of credit documentation) including, without limitation, delivery of the original letter of credit documentation to the Secured Party.

(s) For each Transfer to Secured Party instructions will be provided by Secured Party for that specific Transfer. For each Transfer to Pledgor, instructions will be provided by Pledgor for that specific Transfer.

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303 Peachtree Street, N.E.
Center Code 3913
Atlanta, Georgia 30308

May 8, 2012

Confirmation of Swap Transaction

THIS LETTER AGREEMENT SHOULD BE REVIEWED, EXECUTED BY AN AUTHORIZED PERSON(S), AND RETURNED IMMEDIATELY VIA EMAIL OR BY FAX TO 404-926-5827.

Mr. Alan C. Heitman
Vice President
Ferrellgas, L.P.
7500 College Blvd.
Suite 1000
Overland Park, KS 66210
Ph: 816-792-6879
alheitmann@ferrellgas.com

REF: 161483

The purpose of this communication is to set forth the terms and conditions of the Swap Transaction entered into between SunTrust Bank ("SunTrust") and Ferrellgas, L.P. ("Counterparty") on the Trade Date specified below. This communication constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 Definitions, as published by the International Swaps and Derivatives Association, Inc. (the "Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement between SunTrust and the Counterparty, dated as of May 3, 2012, as amended and supplemented from time to time (the "Agreement"). All provisions contained in, or incorporated by reference into, the Agreement will govern this Confirmation except as expressly modified below.

1. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	\$140,000,000
Trade Date:	May 7, 2012
Effective Date:	May 9, 2012

Termination Date: October 1, 2017, with adjustment in accordance with the Modified Following Business Day Convention for the Floating Rate Payer only, and subject to the following terms:

SunTrust shall have the right at any time, from and including October 1, 2013 up to the September 1, 2017, to notify the Counterparty of its desire to terminate this Transaction, in whole but not in part, (the "Optional Early Termination"), which notice may be given by telephone, to be followed by written confirmation of such notice within one Business Day. However, failure by SunTrust to provide written notice does not affect the validity of the telephonic notice. The date on which the Optional Early Termination is to occur (the "Optional Termination Date") shall be determined by SunTrust and shall be any Business Day which is at least thirty calendar days after the date on which the Counterparty has been notified of such Optional Early Termination. The Optional Termination Date shall be deemed an Early Termination Date and the amount payable in respect of such

Early Termination Date shall be the net of (i) the amount determined in accordance with the table below and (ii) unpaid accrued interest from the last Period End Date to but excluding the Optional Termination Date. This amount shall be payable by SunTrust or by the Counterparty on the Optional Termination Date.

<u>Optional Termination Date</u>	<u>Fee to Counterparty</u>
October 1, 2013 through (but excluding) October 1, 2014	\$ 6,388,200
October 1, 2013 through (but excluding) October 1, 2015	\$ 3,193,400
October 1, 2015 to the Termination Date	\$ 0

Business Days: New York and London

Calculation Agent: SunTrust

Fixed Amounts

Fixed Rate Payer: SunTrust

Fixed Rate Payer Payment Dates: The 1st day of each October and April, beginning October 1, 2012, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention

Fixed Rate: 9.125% per annum

Fixed Rate Day Count Fraction: 30/360

Adjustment to Period End Dates: Inapplicable

Floating Amounts

Floating Rate Payer: Counterparty

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Floating Rate Payer Payment Dates: The 1st day of each October and April, beginning October 1, 2012, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Rate Option: USD-LIBOR-BBA

Designated Maturity: 1 Month

Floating Rate for initial Calculation Period: 0.238750% per annum (exclusive of spread)

Floating Rate Day Count Fraction: Actual/360

Spread: Plus 7.96% per annum

Adjustment to Period End Dates: Applicable

Compounding: Flat Compounding

Compounding Dates: The 1st day of each month, beginning June 1, 2012

Reset Dates: The first day of each Compounding Period

2. Other Provisions

(a) *Relationship Between the Parties.* Each party hereto represents to the other as of the Trade Date that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Swap Transaction):

(i) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Swap Transaction and as to whether this Swap Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Swap Transaction, it being understood that information and explanations related to the terms and conditions of this Swap Transaction will not be considered investment advice or a recommendation to enter into this Swap Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Swap Transaction.

(ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Swap Transaction. It is also capable of assuming, and assumes, the risks of this Swap Transaction.

(iii) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of this Swap Transaction.

(b) *Customer Identification:* To help the government fight the funding of terrorism and money-laundering activities, federal law requires SunTrust to obtain, verify, and record certain identifying information about its customers. The Counterparty will need to provide to SunTrust its legal name, physical address, date of birth, if applicable, and other identifying information, including identifying documents, to assist in this verification process.

3. Account Details noted below are to be used for electronic funds transfer payments orders and instructions for payments to SunTrust or to the Counterparty.

Payments to SunTrust

SunTrust Bank
ABA # 061000104
FBO: Bond Wire Clearing
Account # 9088000095
Attn: Financial Risk Management, Operations

Payments to the Counterparty.

Depository: Wells Fargo
Routing Number: 121000248
Favor of: Ferrellgas, LP
Account #451805xxxx

Counterparty shall ensure the accuracy of its payments orders and electronic funds instructions. If the payment orders and instructions inconsistently describe the beneficiary, beneficiary's bank, or any intermediary bank by name and number, payment might be made by the intermediary or beneficiary's bank on basis of the number even if the number identifies a person or bank other than the named beneficiary or bank. Counterparty shall be responsible for any loss associated with such inconsistency.

Please confirm that the foregoing correctly sets forth the terms of the Swap Transaction by signing this Confirmation and immediately returning all its pages via email or by fax (without a cover sheet) to 404-926-5827.

Accepted and Confirmed as of the date first written:

SUNTRUST BANK

FERRELLGAS, L.P.

By: /s/ Rafeek Ghafur
Rafeek Ghafur
Vice President

By: Ferrellgas, Inc.
Its: General Partner

By: /s/ J. Ryan VanWinkle
Name: J. Ryan VanWinkle
Title: EVP & CFO



303 Peachtree Street, N.E.
Center Code 3913
Atlanta, Georgia 30308

May 8, 2012

Confirmation of Swap Transaction

THIS LETTER AGREEMENT SHOULD BE REVIEWED, EXECUTED BY AN AUTHORIZED PERSON(S), AND RETURNED IMMEDIATELY VIA EMAIL OR BY FAX TO 404-926-5827.

Mr. Alan C. Heitman
Vice President
Ferrellgas, L.P.
7500 College Blvd.
Suite 1000
Overland Park, KS 66210
Ph: 816-792-6879
alheitmann@ferrellgas.com

The purpose of this communication is to set forth the terms and conditions of the Swap Transaction entered into between SunTrust Bank (“SunTrust”) and Ferrellgas, L.P. (“Counterparty”) on the Trade Date specified below. This communication constitutes a “Confirmation” as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 Definitions, as published by the International Swaps and Derivatives Association, Inc. (the “Definitions”), are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement between SunTrust and the Counterparty, dated as of May 3, 2012, as amended and supplemented from time to time (the “Agreement”). All provisions contained in, or incorporated by reference into, the Agreement will govern this Confirmation except as expressly modified below.

1. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	\$140,000,000
Trade Date:	May 7, 2012
Effective Date:	May 9, 2012

Termination Date:	May 1, 2021, with adjustment in accordance with the Modified Following Business Day Convention for the Floating Rate Payer only, and subject to the following terms:
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SunTrust shall have the right at any time, from and including May 1, 2016 up to the April 1, 2021, to notify the Counterparty of its desire to terminate this Transaction, in whole but not in part, (the “Optional Early Termination”), which notice may be given by telephone, to be followed by written confirmation of such notice within one Business Day. However, failure by SunTrust to provide written notice does not affect the validity of the telephonic notice. The date on which the Optional Early Termination is to occur (the “Optional Termination Date”) shall be determined by SunTrust and shall be any Business Day which is at least thirty calendar days after the date on which the Counterparty has been notified of such Optional Early Termination. The Optional Termination Date shall be deemed an Early Termination Date and the amount payable in respect of such Early Termination Date shall be the net of (i) the amount determined in accordance with the table below and (ii) unpaid accrued interest from the last Period End Date to but excluding the Optional Termination Date. This amount shall be payable by SunTrust or by the Counterparty on the Optional Termination Date.

<u>Optional Termination Date</u>	<u>Fee to Counterparty</u>
May 1, 2016 through (but excluding) May 1, 2017	\$ 4,550,000
May 1, 2017 through (but excluding) May 1, 2018	\$ 3,033,800
May 1, 2018 through (but excluding) May 1, 2019	\$ 1,516,200
May 1, 2019 to the Termination Date	\$ 0

Business Days:	New York and London
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Calculation Agent:	SunTrust
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Fixed Amounts

Fixed Rate Payer:	SunTrust
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Fixed Rate Payer Payment Dates:	The 1st day of each November and May, beginning November 1, 2012, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
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Fixed Rate:	6.50% per annum
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Fixed Rate Day Count Fraction:	30/360
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Adjustment to Period End Dates:	Inapplicable
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Floating Amounts

Floating Rate Payer:	Counterparty
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Floating Rate Payer Payment Dates:	The 1st day of each November and May, beginning November 1, 2012, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
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Floating Rate Option:	USD-LIBOR-BBA
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Designated Maturity:	1 Month
Floating Rate for initial Calculation Period:	0.238750% per annum (exclusive of spread)
Floating Rate Day Count Fraction:	Actual/360
Spread:	Plus 4.715% per annum
Adjustment to Period End Dates:	Applicable
Compounding:	Flat Compounding
Compounding Dates:	The 1st day of each month, beginning June 1, 2012
Reset Dates:	The first day of each Compounding Period

2. Other Provisions

(a) *Relationship Between the Parties.* Each party hereto represents to the other as of the Trade Date that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Swap Transaction):

(i) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Swap Transaction and as to whether this Swap Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Swap Transaction, it being understood that information and explanations related to the terms and conditions of this Swap Transaction will not be considered investment advice or a recommendation to enter into this Swap Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Swap Transaction.

(ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Swap Transaction. It is also capable of assuming, and assumes, the risks of this Swap Transaction.

(iii) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of this Swap Transaction.

(b) *Customer Identification:* To help the government fight the funding of terrorism and money-laundering activities, federal law requires SunTrust to obtain, verify, and record certain identifying information about its customers. The Counterparty will need to provide to SunTrust its legal name, physical address, date of birth, if applicable, and other identifying information, including identifying documents, to assist in this verification process.

3. Account Details noted below are to be used for electronic funds transfer payments orders and instructions for payments to SunTrust or to the Counterparty.

Payments to SunTrust

SunTrust Bank
 ABA # 061000104
 FBO: Bond Wire Clearing
 Account # 9088000095
 Attn: Financial Risk Management, Operations

Payments to the Counterparty

Depository: Wells Fargo
 Routing Number: 121000248
 Favor of: Ferrellgas, LP
 Account #451805xxxx

Counterparty shall ensure the accuracy of its payments orders and electronic funds instructions. If the payment orders and instructions inconsistently describe the beneficiary, beneficiary's bank, or any intermediary bank by name and number, payment might be made by the intermediary or beneficiary's bank on basis of the number even if the number identifies a person or bank other than the named beneficiary or bank. Counterparty shall be responsible for any loss associated with such inconsistency.

Please confirm that the foregoing correctly sets forth the terms of the Swap Transaction by signing this Confirmation and immediately returning all its pages via email or by fax (without a cover sheet) to 404-926-5827.

Accepted and Confirmed as of the date first written:

SUNTRUST BANK

FERRELLGAS, L.P.

By: /s/ Rafeek Ghafur
 Rafeek Ghafur
 Vice President

By: Ferrellgas Inc.
 Its: General Partner



303 Peachtree Street, N.E.
Center Code 3913
Atlanta, Georgia 30308

May 8, 2012

Confirmation of Swap Transaction

THIS LETTER AGREEMENT SHOULD BE REVIEWED, EXECUTED BY AN AUTHORIZED PERSON(S), AND RETURNED IMMEDIATELY VIA EMAIL OR BY FAX TO 404-926-5827

Alan C. Heitman
Vice President
Ferrellgas, L.P.
7500 College Blvd.
Suite 1000
Overland Park, KS 66210
Ph#: 816-792-6879
Email: alheitmann@ferrellgas.com
REF: 165366

The purpose of this communication is to set forth the terms and conditions of the Swap Transaction entered into between SunTrust Bank ("SunTrust") and Ferrellgas, L.P. ("Counterparty") on the Trade Date specified below. This communication constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 Definitions, as published by the International Swaps and Derivatives Association, Inc. (the "Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement between SunTrust and the Counterparty, dated as of May 3, 2012, as amended and supplemented from time to time (the "Agreement"). All provisions contained in, or incorporated by reference into, the Agreement will govern this Confirmation except as expressly modified below.

1. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	See attached Schedule A
Trade Date:	May 7, 2012
Effective Date:	August 1, 2015
Termination Date:	August 1, 2018, with adjustment in accordance with the Modified Following Business Day Convention
Business Days:	New York
Calculation Agent:	SunTrust

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The 1st day of each month, commencing September 1, 2015, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day convention
Fixed Rate:	1.95000% per annum
Fixed Rate Day Count Fraction:	Actual/360
Adjustment to Period End Dates:	Applicable

Floating Amounts:

Floating Rate Payer: SunTrust

Floating Rate Payer Payment Dates: The 1st day of each month, commencing September 1, 2015, through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day convention

Floating Rate Option: USD-LIBOR-BBA

Designated Maturity: 1 Month

Floating Rate for initial Calculation Period: To be determined

Floating Rate Day Count Fraction: Actual/360

Spread: Inapplicable

Adjustment to Period End Dates: Applicable

Reset Dates: The first day of each Calculation Period

2. Other Provisions

(a) *Relationship Between the Parties.* Each party hereto represents to the other as of the Trade Date that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Swap Transaction):

(i) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Swap Transaction and as to whether this Swap Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Swap Transaction, it being understood that information and explanations related to the terms and conditions of this Swap Transaction will not be considered investment advice or a recommendation to enter into this Swap Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Swap Transaction.

(ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Swap Transaction. It is also capable of assuming, and assumes, the risks of this Swap Transaction.

(iii) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of this Swap Transaction.

(b) *Customer Identification:* To help the government fight the funding of terrorism and money-laundering activities, federal law requires SunTrust to obtain, verify, and record certain identifying information about its customers. The Counterparty will need to provide to SunTrust its legal name, physical address, date of birth, if applicable, and other identifying information, including identifying documents, to assist in this verification process.

3. Account Details noted below are to be used for electronic funds transfer payments orders and instructions for payments to SunTrust or to the Counterparty.

Payments to SunTrust:

SunTrust Bank
ABA# 061000104
FBO: Bond Wire Clearing
Account# 9088000095
Attn: Financial Risk Management, Operations

Payments to Counterparty:

Depository: Wells Fargo
Routing Number: 121000248
Favor of: Ferrellgas, LP
Account #451805xxxx

Counterparty shall ensure the accuracy of its payments orders and electronic funds instructions. If the payment orders and instructions inconsistently describe the beneficiary, beneficiary's bank, or any intermediary bank by name and number, payment might be made by the intermediary or beneficiary's bank on basis of the number even if the number identifies a person or bank other than the named beneficiary or bank. Counterparty shall be responsible for any loss associated with such inconsistency.

Please confirm that the foregoing correctly sets forth the terms of the Swap Transaction by signing this Confirmation and immediately returning all its pages via email or by fax (without a cover sheet) to 404-926-5827.

Accepted and Confirmed as of the date first written:

SUNTRUST BANK

FERRELLGAS, L.P.

By: /s/ Rafeek Ghafur
Rafeek Ghafur
Vice President

By: Ferrellgas, Inc.
Its: General Partner

By: /s/ J. Ryan VanWinkle
Name: J. Ryan VanWinkle
Title: EVP & CFO

SCHEDULE A

<u>Period Begin Dates</u>	<u>Period End Dates</u>	<u>Notional Amount</u>
August 1, 2015	September 1, 2015	175,000,000.00
September 1, 2015	October 1, 2015	175,000,000.00
October 1, 2015	November 2, 2015	175,000,000.00
November 2, 2015	December 1, 2015	175,000,000.00
December 1, 2015	January 4, 2016	175,000,000.00
January 4, 2016	February 1, 2016	175,000,000.00
February 1, 2016	March 1, 2016	175,000,000.00
March 1, 2016	April 1, 2016	175,000,000.00
April 1, 2016	May 2, 2016	175,000,000.00
May 2, 2016	June 1, 2016	175,000,000.00
June 1, 2016	July 1, 2016	175,000,000.00
July 1, 2016	August 1, 2016	175,000,000.00
August 1, 2016	September 1, 2016	175,000,000.00
September 1, 2016	October 3, 2016	175,000,000.00
October 3, 2016	November 1, 2016	175,000,000.00
November 1, 2016	December 1, 2016	175,000,000.00
December 1, 2016	January 3, 2017	175,000,000.00
January 3, 2017	February 1, 2017	175,000,000.00
February 1, 2017	March 1, 2017	175,000,000.00
March 1, 2017	April 3, 2017	175,000,000.00
April 3, 2017	May 1, 2017	175,000,000.00
May 1, 2017	June 1, 2017	175,000,000.00
June 1, 2017	July 3, 2017	175,000,000.00
July 3, 2017	August 1, 2017	175,000,000.00
August 1, 2017	September 1, 2017	100,000,000.00
September 1, 2017	October 2, 2017	100,000,000.00
October 2, 2017	November 1, 2017	100,000,000.00
November 1, 2017	December 1, 2017	100,000,000.00
December 1, 2017	January 2, 2018	100,000,000.00
January 2, 2018	February 1, 2018	100,000,000.00
February 1, 2018	March 1, 2018	100,000,000.00
March 1, 2018	April 2, 2018	100,000,000.00
April 2, 2018	May 1, 2018	100,000,000.00
May 1, 2018	June 1, 2018	100,000,000.00
June 1, 2018	July 2, 2018	100,000,000.00
July 2, 2018	August 1, 2018	100,000,000.00

**CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.**

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Partners, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold

Chief Executive Officer and President of

Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.**

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Partners, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle

Executive Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.**

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Partners Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

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

**CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.**

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Partners Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle

Chief Financial Officer and Sole Director

**CERTIFICATIONS
FERRELLGAS, L.P.**

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold

Chief Executive Officer and President of

Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATIONS
FERRELLGAS, L.P.**

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle

Executive Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATIONS
FERRELLGAS FINANCE CORP.**

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

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

**CERTIFICATIONS
FERRELLGAS FINANCE CORP.**

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2012 of Ferrellgas Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2012

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle

Chief Financial Officer and Sole Director

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Partnership") for the period ended April 30, 2012, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership at the dates and for the periods indicated within the Report.

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

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

Dated: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's
general partner

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; Treasurer (Principal
Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general
partner

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. for the period ended April 30, 2012, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Partners Finance Corp. at the dates and for the periods indicated within the Report.

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

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

Dated: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold
Chief Executive Officer and President

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Chief Financial Officer and Sole Director

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Partners Finance Corp.**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the "Partnership") for the period ended April 30, 2012, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership at the dates and for the periods indicated within the Report.

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

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

Dated: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's
general partner

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Executive Vice President and Chief Financial Officer; Treasurer (Principal
Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general
partner

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. for the period ended April 30, 2012, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Finance Corp. at the dates and for the periods indicated within the Report.

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

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

Dated: June 8, 2012

/s/ Stephen L. Wambold

Stephen L. Wambold
Chief Executive Officer and President

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Chief Financial Officer and Sole Director

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Finance Corp.**
